**Dated: Date of Issuance** 

Due: June 15, as shown on inside front cover

In the opinion of Nelson Mullins Riley & Scarborough LLP, Bond Counsel, under current law, interest on the Series 2020 Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on taxpayers other than corporations, and (iii) is exempt from State of Georgia income taxation, subject to the exceptions, conditions, and limitations described herein. The opinion contains greater detail and is subject to exceptions, as noted in "Tax Matters" herein.

# \$47,640,000 GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY Refunding Revenue Bonds

(USG Real Estate Foundation III, LLC Projects), Series 2020

The Georgia Higher Education Facilities Authority (the "Issuer") is offering \$47,640,000 in aggregate principal amount of its Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020 (the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to a Trust Indenture dated as of August 1, 2010, as amended and supplemented by a First Supplemental Trust Indenture dated as of March 1, 2020 (collectively, the "Indenture") between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The proceeds of the sale of the Series 2020 Bonds will be loaned to USG Real Estate Foundation III, LLC (the "Company"), the sole member of which is the University System of Georgia Foundation, Inc., a Georgia nonprofit corporation (the "Foundation"), pursuant to the terms of a Loan Agreement dated as of August 1, 2010, as amended and supplemented by a First Amendment to Loan Agreement dated as of March 1, 2020 between the Issuer and the Company.

The Issuer previously issued its Revenue Bonds (USG Real Estate Foundation III, LLC Project), Series 2010A in the original aggregate principal amount of \$94,210,000 (the "Series 2010A Bonds"). The proceeds of the Series 2010A Bonds were loaned to the Company and used, among other things, to finance the cost of the acquisition, construction and equipping of certain Projects (as defined herein) that are owned by the Company and rented to the Board of Regents of the University System of Georgia (the "Board of Regents") for use by Participating Constituent Institutions (as defined herein) of the University System of Georgia and certain other projects that are no longer owned by the Company. The proceeds of the Series 2020 Bonds, together with certain other available funds, will be used by the Company for the purpose of providing funds to (i) pay when due and refund all of the outstanding Series 2010A Bonds and (ii) pay the costs of issuance of the Series 2020 Bonds. See "Plan of Financing" herein.

The Series 2020 Bonds and any Additional Bonds as defined herein are payable solely from the Trust Estate. The Trust Estate, from which the Series 2020 Bonds and any Additional Bonds are payable, includes all rights, title and interest of the Issuer in and to (a) the Loan Agreement (except for the Issuer's rights to payment of fees and expenses and to indemnification pursuant to the terms thereof); (b) the Promissory Notes, (c) the Security Deeds, (d) moneys and securities held in any and all funds created under the Indenture (except the Rebate Fund) and (e) any and all other property from time to time by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture. See "Security and Source of Payment for the Series 2020 Bonds" herein.

THE SERIES 2020 BONDS, INCLUDING INTEREST THEREON, ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED FOR THE PAYMENT THEREOF UNDER THE INDENTURE. THE SERIES 2020 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR MORAL OR LEGAL OBLIGATION OF THE BOARD OF REGENTS, THE PARTICIPATING CONSTITUENT INSTITUTIONS, THE FOUNDATION OR THE STATE OF GEORGIA (THE "STATE"). NO OWNERS OF THE SERIES 2020 BONDS WILL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE TO PAY THE SERIES 2020 BONDS OR THE INTEREST THEREON OR ANY COST RELATING THERETO OR TO ENFORCE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE STATE. THE SERIES 2020 BONDS WILL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

The Series 2020 Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). Payment of the principal of and interest on the Series 2020 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2020 Bonds, and subsequently disbursed by Cede & Co. to DTC Participants and thereafter to Beneficial Owners of the Series 2020 Bonds, all as further described herein. See "Description of the Series 2020 Bonds – Book-Entry System of Registration" herein. Interest on the Series 2020 Bonds will be payable semiannually on each June 15 and December 15, commencing June 15, 2020. See "Description of the Series 2020 Bonds" herein.

The Series 2020 Bonds are subject to optional and extraordinary redemption prior to maturity as described herein. See "Description of the Series 2020 Bonds-Redemption Provisions" herein.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY FOR OR TERMS OF THE SERIES 2020 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2020 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to approval of the legality of the Series 2020 Bonds and certain other matters by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia; for the Company and the Foundation by Stover Legal Group, LLC, Atlanta, Georgia; and for the Underwriters by Kutak Rock LLP, Atlanta, Georgia. Public Resources Advisory Group, New York, New York, serves as financial advisor to the Issuer. The Series 2020 Bonds are expected to be available for delivery to the Trustee on behalf of DTC under the DTC FAST system of registration on or about March 19, 2020.

**Wells Fargo Securities** 

**BofA Securities** 

Citigroup

## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Maturity (June 15)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <u>Number</u> <sup>2</sup>
2021	\$1,355,000	5.00%	0.79%	373511JE5
2022	1,425,000	5.00	0.84	373511JF2
2023	1,500,000	5.00	0.88	373511JG0
2024	1,575,000	5.00	0.93	373511ЈН8
2025	1,650,000	5.00	0.98	373511JJ4
2026	1,735,000	5.00	1.07	373511JK1
2027	1,815,000	5.00	1.17	373511JL9
2028	1,915,000	5.00	1.28	373511JM7
2029	2,005,000	5.00	1.40	373511JN5
2030	2,110,000	5.00	1.49	373511JP0
2031	2,215,000	5.00	$1.56^{1}$	373511JQ8
2032	2,320,000	5.00	$1.63^{1}$	373511JR6
2033	2,430,000	5.00	$1.69^{1}$	373511JS4
2034	2,560,000	5.00	$1.72^{1}$	373511JT2
2035	2,690,000	4.00	$1.96^{1}$	373511JU9
2036	2,790,000	4.00	$2.00^{1}$	373511JV7
2037	2,900,000	4.00	$2.04^{1}$	373511JW5
2038	3,020,000	3.00	$2.33^{1}$	373511JX3
2039	3,120,000	3.00	$2.37^{1}$	373511JY1
2040	3,205,000	3.00	$2.40^{1}$	373511JZ8
2041	3,305,000	4.00	$2.18^{1}$	373511KA1

Priced to first optional redemption date of June 15, 2030.

<sup>&</sup>lt;sup>2</sup> CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Series 2020 Bonds. Neither the Issuer nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2020 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2020 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2020 Bonds.

No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2020 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 2020 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Information contained herein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation of, the Underwriters. Expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Company, the Participating Constituent Institutions, the Board of Regents or the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

The Series 2020 Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance on exemptions contained in such Acts.

In making an investment decision, investors must rely on their own examination of the Company, the Participating Constituent Institutions, the Issuer, the Board of Regents and the State of Georgia and the terms of the offering, including the merits and risks involved. The Series 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Neither the delivery of this Official Statement nor the sale of any of the Series 2020 Bonds implies that the information herein is correct as of any time subsequent to the date hereof.

No registration statement relating to the Series 2020 Bonds has been filed with the Securities and Exchange Commission (the "SEC") or with any state securities agency. The Series 2020 Bonds have not been approved or disapproved by the SEC or any state securities agency, nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.



## Table of Contents

Page

	_
INTRODUCTION	1
General	1
Background	1
Purpose	2
The Issuer	3
The Board of Regents	
The Company and the Foundation	
Participating Constituent Institutions	
Trustee	
Security for the Series 2020 Bonds	
Description of the Series 2020 Bonds.	
Tax Exemption	
Professionals Involved in the Offering	
Offering and Delivery of Series 2020 Bonds	
Continuing Disclosure Undertaking	
Bondholders' Risks	
Other Information	7
THE ISSUER	7
THE GENIEG ASSA DONDS	0
THE SERIES 2020 BONDS	
General	8
Book-Entry Only System	
Special Limited Obligations	
Optional Redemption of Series 2020 Bonds	9
Extraordinary Redemption of Series 2020 Bonds	9
Partial Redemption	
Notice of Redemption	.10
Effect of Redemption	
Issuance of Additional Bonds	.10
SECURITY FOR THE SERIES 2020 BONDS	12
General	
Ground Leases	
Rental Agreements	
Other Funds and Accounts	
Covenants	
Parity Obligations	.15
PLAN OF FINANCING	.16
Sources and Uses of Funds	16
Plan of Refunding	
Sufficient of Payments under Rental Agreements	
· ·	
ANNUAL DEBT SERVICE REQUIREMENTS	.18

## Table of Contents (continued)

Page

THE COMPANY AND THE FOUNDATION	18
CompanyFoundation	
THE BOARD OF REGENTS	19
General	
Members	
University System	
Consolidation of Institutions	
Public Private Venture Program	
Funding for the University System  Teachers Retirement System and Optional Retirement Plan	
State Treasury Receipts	
Student Financial Aid	
INVESTMENT CONSIDERATIONS	25
Limitations on Board of Regents' Obligations Under Rental Agreements; Risk of Non-	
Renewal	
State Budgetary Constraints	
Reimbursement Obligations of the Company	
Condemnation/Casualty Risk of Rent Abatement	
Limited Operating History  Limited Assets of the Company	
No Cross-Default or Cross-Collateralization	
Enforceability of Remedies	
Ad Valorem Property Taxes	
Change in Tax Law	
Limited Protection Against Loss of Tax Exemption	29
Liquidation of Security May Not be Sufficient in the Event of a Default	
Normal Risks Attending Any Investment in Real Estate	
Environmental Issues	
Amendments to Documents	
Secondary Market and Prices	
Ratings	
Taxation of Series 2020 Bonds	
Federal Income Tax Matters; 501(c)(3) Status of the Foundation	
•	
LITIGATION	32
The Issuer	32
The Company	32
Validation Proceedings	
Closing Certificates	33

## Table of Contents (continued)

			Page
TAX MATTERS	S		33
Opinion	of Bo	ond Counsel	33
		ne Taxation	
	-	gia Taxation	
		Premium	
		eral Tax Consequences	
Changes	s in Fe	deral and State Tax Law	35
APPROVAL OF	F LEG	AL PROCEEDINGS	36
UNDERWRITIN	NG		36
RATING			37
FINANCIAL ST	ΓΑΤΕΊ	MENTS	38
FINANCIAL AI	DVIS	OR	38
VERIFICATION	N		38
MISCELLANEO	OUS		38
CERTIFICATIO	)N		40
APPENDIX A APPENDIX B APPENDIX C APPENDIX D APPENDIX E	- - - -	Information Regarding Each Participating Constituent Inst Definitions and Summaries of Principal Documents Form of Bond Counsel Opinion Form of Disclosure Dissemination Agent Agreement Copy and Form of Rental Agreements	ΓΙΤUTION
APPENDIX F	-	COPY AND FORM OF GROUND LEASES	
APPENDIX G	_	BOOK-ENTRY ONLY SYSTEM	
APPENDIX H	_	FINANCIAL STATEMENTS OF THE UNIVERSITY SYSTEM OF GEORGIA I THE FISCAL YEAR ENDED JUNE 30, 2019	·OR



#### OFFICIAL STATEMENT

\$47,640,000
Georgia Higher Education Facilities Authority
Refunding Revenue Bonds
(USG Real Estate Foundation III, LLC Projects),
Series 2020

#### INTRODUCTION

## General

This Official Statement, including the cover page and Appendices, is furnished in connection with the offering of \$47,640,000 in aggregate principal amount of Georgia Higher Education Facilities Authority Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020 (the "Series 2020 Bonds"). Capitalized terms used in this Official Statement and not otherwise defined herein are defined in Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS."

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement prior to making an investment decision. The offering of the Series 2020 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement, including the Appendices hereto.

## **Background**

The Issuer previously issued its Revenue Bonds (USG Real Estate Foundation III, LLC Project), Series 2010A in the original aggregate principal amount of \$94,210,000 and currently outstanding in the aggregate principal amount of \$58,955,000 (the "Series 2010A Bonds"). The proceeds of the Series 2010A Bonds were applied to:

- (a) finance the acquisition, construction and equipping of an approximately 47,500 square foot campus center and related improvements (the "Coastal College Campus Center Project") and an approximately 352-bed student housing facility and related improvements (the "Coastal College Student Housing Project"), both located on the campus of College of Coastal Georgia in Brunswick, Georgia;
- (b) finance the acquisition, construction and equipping of an approximately 200 bed student housing facility and related improvements (the "East Georgia Project"), located on the campus of East Georgia College in Swainsboro, Georgia;
- (c) finance the acquisition, construction and equipping of an approximately 101,430 square foot wellness and recreation center and related improvements (the "Georgia College Project"), located on the campus of Georgia College & State University in Milledgeville, Georgia;
- (d) finance the acquisition, construction and equipping of facilities in connection with the renovation of an existing stadium and related improvements (the "Savannah State Stadium Project") and an approximately 47,239 square foot student center and related improvements (the "Savannah State Student Center Project" and together with the Savannah State Stadium Project, the "Savannah State Project"), both located on the campus of Savannah State University in Savannah, Georgia; and

(e) finance the acquisition, construction and equipping of an approximately 23,478 square foot bookstore and related improvements (the "West Georgia Project"), located on the campus of the University of West Georgia in Carrollton, Georgia;

College of Coastal Georgia, Georgia College & State University, Savannah State University and the University of West Georgia collectively are the "Participating Constituent Institutions" and each individually is a "Participating Constituent Institution." The Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project and the West Georgia Project collectively are the "Projects" and each individually is a "Project." The acquisition, construction and equipping of each of the Projects was completed in 2011.

The Series 2010A Bonds were issued pursuant to a Trust Indenture dated as of August 1, 2010 (the "Original Indenture") between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The proceeds of the sale of the Series 2010A Bonds were loaned to USG Real Estate Foundation III, LLC, a Georgia limited liability company (the "Company"), the sole member of which is University System of Georgia Foundation, Inc., a Georgia nonprofit corporation (the "Foundation"), pursuant to the terms and provisions of a Loan Agreement dated as of August 1, 2010 (the "Original Loan Agreement") between the Issuer and the Company for the purpose of financing the costs of the Projects, the Coastal College Student Housing Project and the East Georgia Project. The Company agreed in the Original Loan Agreement to issue multiple promissory notes, each in an amount allocable to each of the Projects, the Coastal College Student Housing Project and the East Georgia Project, respectively (collectively, the "Original Promissory Notes" and each individually, an "Original Promissory Note") to the Issuer, which collectively obligated the Company to pay amounts calculated to be sufficient to enable the Issuer to pay the principal of and interest on the Series 2010A Bonds when due.

On May 14, 2015, the Company prepaid the Original Promissory Notes related to the Coastal College Student Housing Project and the East Georgia Project. The Issuer applied such prepayment to defease the portion of the outstanding Series 2010A Bonds in the principal amount of \$23,245,000 allocable to the Coastal College Student Housing Project and the East Georgia Project pursuant to the terms of an Escrow Deposit Agreement dated May 14, 2015 among the Issuer, the Company and Wells Fargo Bank, National Association, as escrow agent. The Company no longer owns the Coastal College Student Housing Project or the East Georgia Project.

## **Purpose**

The proceeds of the Series 2020 Bonds, together with moneys transferred from the Bond Fund, the Debt Service Reserve Fund and the Surplus Fund created under the Original Indenture to the hereinafter defined Escrow Fund, will be used by the Company for the purpose of providing funds to (a) pay when due and refund all of the outstanding Series 2010A Bonds and (b) pay the costs of issuance of the Series 2020 Bonds. See "PLAN OF FINANCING" herein.

The Series 2020 Bonds are being issued pursuant to the Original Trust Indenture, as amended and supplemented by a First Supplemental Trust Indenture dated as of March 1, 2020 (collectively, the "Indenture"), between the Issuer and the Trustee. The proceeds of the sale of the Series 2020 Bonds will be loaned to the Company pursuant to the terms and provisions of the Original Loan Agreement, as amended and supplemented by a First Amendment to Loan Agreement, dated as of March 1, 2020 (collectively, the "Loan Agreement"), between the Issuer and the Company. The Company will agree in the Loan Agreement to amend and restate the Original Promissory Notes related to the Projects (collectively, the "Promissory Notes" and each individually, a "Promissory Note") in favor of the Issuer, which will obligate the Company to pay amounts calculated to be sufficient to enable the Issuer to pay the principal of and interest on the Series 2020 Bonds when due.

#### The Issuer

The Issuer is a public body corporate and politic and an instrumentality of the State of Georgia created pursuant to the provisions of the Georgia Higher Education Facilities Authority Act, Section 20-16-1 *et seq.*, as amended, Official Code of Georgia Annotated (the "Act"). See "THE ISSUER" herein.

## The Board of Regents

The Board of Regents of the University System of Georgia (the "Board of Regents") is a constitutionally created agency of the State of Georgia (the "State") that governs, controls and manages the University System of the State of Georgia (the "University System of Georgia" or "University System") and all of the 26 colleges and universities in the University System, including the Participating Constituent Institutions. See "The Board of Regents" herein.

The real property upon which each Project is located is owned by the Board of Regents and is leased by the Board of Regents to the Company pursuant to five separate but substantially similar Ground Leases each dated as of August 12, 2010, as amended prior to the date of this Official Statement (collectively, the "Original Ground Leases") between the Board of Regents and the Company. Each of the Original Ground Leases related to the Projects will be amended by a First Amendment to Ground Lease to be dated on or prior to the date of issuance and delivery of the Series 2020 Bonds (collectively, the "First Amendment to Ground Leases" and together with the Original Ground Leases, the "Ground Leases") for the purpose of amending the related legal description. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

#### The Company and the Foundation

The Company was formed for the purpose of constructing the Projects and renting the Projects to the Board of Regents. The Company is managed by USGREF Manager, LLC (the "Manager"), a Georgia limited liability company that has the Foundation as its sole member. The Foundation has received a determination from the Internal Revenue Service (the "IRS") that it is an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Foundation supports the educational mission of the University System through fundraising and the distribution of scholarships and awards. See "THE COMPANY AND THE FOUNDATION" herein.

## **Participating Constituent Institutions**

The Projects will be refinanced with the proceeds of the Series 2020 Bonds. See Appendix A – "INFORMATION REGARDING EACH PARTICIPATING CONSTITUENT INSTITUTION" hereto.

Pursuant to four separate but substantially similar Rental Agreements each dated as of August 12, 2010, as amended in 2017 with respect to the Rental Agreement for the Savannah State Project and as further amended and supplemented by a First Amendment to Rental Agreement (and a Second Amendment to Rental Agreement with respect to the Rental Agreement for the Savannah State Project) each to be dated on or prior to the date of issuance of the Series 2020 Bonds, each between the Company and the Board of Regents (collectively, the "Rental Agreements" and each individually, a "Rental Agreement"), the Company rents the Projects to the Board of Regents for use by the related Participating Constituent Institution. Each Rental Agreement may be renewed annually at the discretion of the Board of Regents. Each of the Rental Agreement obligates the Board of Regents to make fixed rental payments for the use and occupancy of the related Project in amounts that the Company has determined will be sufficient in the aggregate to enable the Company to pay, among other things, debt service on the related Promissory Note. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

#### **Trustee**

Wells Fargo Bank, National Association has been designated as Trustee for the Series 2020 Bonds. The designated corporate trust office of the Trustee is 123 South Broad Street, Suite 1500, Philadelphia, Pennsylvania 19109, Attention: Corporate Trust Services.

## **Security for the Series 2020 Bonds**

General. The Series 2020 Bonds and any Additional Bonds as defined in the Indenture (collectively, the "Bonds") that may be issued are payable solely from the Trust Estate. The Trust Estate includes all of the Issuer's right, title and interest in and to (a) the Loan Agreement (except for the Issuer's rights to payment of fees and expenses, to receive notices and documents and to indemnification pursuant to the terms thereof); (b) the Promissory Notes; (c) a separate Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement for the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project and the West Georgia Project, respectively, each dated as of August 1, 2010, and each as amended and supplemented by a First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases and Security Agreement dated as of March 1, 2020, from the Company in favor of the Issuer (collectively, the "Security Deeds" and each individually, a "Security Deed"); (d) moneys and securities held in any and all funds created under the Indenture (except the Rebate Fund); and (e) any and all other property from time to time by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent to the Trustee. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

Promissory Notes. Each Promissory Note will be in the principal amount of the Series 2020 Bonds allocated to the related Project and will obligate the Company to make additional loan payments sufficient to fund a replacement reserve for and pay expenses of the related Project. The Company's sole source of revenue to make its periodic debt service payments due under each Promissory Note will be the rents it receives under the related Rental Agreement or from renting the related Project to a substitute tenant.

The Company's liability under each Promissory Note is limited to the interest of the Company in the related Project, and no judgment for any deficiency may be sought against the Company in the event the liquidation of the collateral pledged to any Promissory Note is not sufficient to satisfy the amount due under such Promissory Note. Each Promissory Note will be a nonrecourse obligation of the Company, secured solely by the related Security Deed.

Security Deeds. Pursuant to each Security Deed, the Company has (a) granted to the Issuer a first lien on and first security title to its leasehold interest in certain real property constituting the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project and the West Georgia Project, respectively, (b) assigned and pledged to the Issuer the Company's interest in certain rents and leases derived from the related Project, and (c) granted to the Issuer a first priority security interest in certain personal property constituting the related Project and in certain revenues derived from the related Project, all of which have been assigned by the Issuer to the Trustee. **Prospective investors should regard each Security Deed as collateral for only the related Promissory Note.** 

Each Promissory Note and the related Security Deed will <u>not</u> be cross-collateralized or cross-defaulted with any other Promissory Note or Security Deed. The revenues derived from a particular Project will not be available to pay amounts due on a Promissory Note related to another Project and vice versa. A default with respect to one Promissory Note will not be a default with respect to another Promissory Note. A default with respect to the Series 2020 Bonds will not, by itself, cause a default with respect to any of the Promissory Notes or permit the Trustee to exercise remedies under any Security Deed. The Trustee will be permitted to exercise remedies under a

Security Deed only in the event of a payment default under the related Promissory Note, or a covenant breach under that particular Security Deed.

## **Description of the Series 2020 Bonds**

*Redemption.* The Series 2020 Bonds are subject to redemption prior to their stated maturity. See "THE SERIES 2020 BONDS" herein.

*Denominations.* The Series 2020 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See "THE SERIES 2020 BONDS" herein.

Registration, Transfers and Exchanges. The Series 2020 Bonds will be issued in book-entry form and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), on behalf of the beneficial owners thereof (the "Beneficial Owners"). Purchasers will not receive certificates representing their ownership interest in the Series 2020 Bonds purchased. Beneficial ownership may be transferred by entries made on the books of direct and indirect participants of DTC. See "THE SERIES 2020 BONDS" herein and Appendix G – "BOOK-ENTRY ONLY SYSTEM" hereto.

Payments. Interest on the Series 2020 Bonds is payable on June 15 and December 15 of each year (each such date, an "Interest Payment Date"), commencing June 15, 2020. Payment of the principal of and interest on Series 2020 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants (as herein defined) and thereafter to Beneficial Owners of the Series 2020 Bonds. See "THE SERIES 2020 BONDS" herein and Appendix G hereto.

For a more complete description of the Series 2020 Bonds, see "THE SERIES 2020 BONDS" herein.

## **Tax Exemption**

In the opinion of Bond Counsel, under existing law, interest on the Series 2020 Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on taxpayers other than corporations, and (iii) is exempt from State of Georgia income taxation, subject to the exceptions, conditions, and limitations described herein. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2020 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2020 Bonds, including certain exceptions to the exclusion of the interest on the Series 2020 Bonds from gross income, see "TAX MATTERS" herein.

## **Professionals Involved in the Offering**

Wells Fargo Bank, National Association and the other members of the underwriting group listed on the cover page of this Official Statement (collectively, the "Underwriters") are serving as underwriters of the Series 2020 Bonds. Public Resources Advisory Group, New York, New York ("PRAG") is serving as financial advisor to the Issuer in connection with the issuance of the Series 2020 Bonds.

Certain legal matters pertaining to the issuance of the Series 2020 Bonds are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia; for the Company and the Foundation by their counsel, Stover Legal Group, LLC, Atlanta, Georgia; and for the Underwriters by their counsel, Kutak Rock LLP, Atlanta, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. The rendering of a legal opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

## Offering and Delivery of Series 2020 Bonds

The Series 2020 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriters, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2020 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about March 19, 2020.

## **Continuing Disclosure Undertaking**

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2020 Bonds, and the Issuer will not provide any such information. The Company has undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2020 Bonds as described below, and the Issuer will have no liability to the beneficial owners of the Series 2020 Bonds or any other person with respect to such disclosures.

The Company has covenanted in a Disclosure Dissemination Agent Agreement dated as of the date of issuance and delivery of the Series 2020 Bonds (the "Disclosure Agreement") between the Company and Digital Assurance Certification, L.L.C. for the benefit of Bondholders to provide certain financial information and operating data (the "Operating and Financial Data"), and to provide notices of the occurrence of certain enumerated events (the "Events Notices"). The Company has covenanted in the Loan Agreement to comply with the Disclosure Agreement. The Operating and Financial Data will be filed annually by the Company with the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by MSRB and presently known as the Electronic Municipal Market Access System ("EMMA"). The Events Notices will be filed by the Company with the MSRB on EMMA. A form of the Disclosure Agreement is attached hereto as Appendix D. The covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Act of 1934 Rule 15c2-12(b)(5) (the "Rule").

The Company previously entered into a continuing disclosure undertaking pursuant to the Rule with respect to the Series 2010A Bonds. The Company's affiliates also have entered into continuing disclosure certificates in connection with the issuance of other bonds. For fiscal year 2018, an affiliate of the Company made timely filings of unaudited financial statements for the University System of Georgia, Fort Valley State University and Kennesaw State University but failed to file the final financial statements accompanied by an audit report for the University System of Georgia and such institutions once available in a timely manner. The Company's affiliate made the filings of such final financial statements accompanied by an audit report for the University System of Georgia approximately three months after the date of the related audit letter and for such institutions approximately 5½ months after the date of the related audit letter. The Company believes that it has processes and procedures in place in order to make timely and complete filings in the future. Except as described above in this paragraph, the Company and the Company's affiliates have complied in all material respects with its existing continuing disclosure undertakings pursuant to the Rule during the past five years.

## **Bondholders' Risks**

There are certain considerations and risks relating to an investment in the Series 2020 Bonds, which are set forth in this Official Statement under the caption "INVESTMENT CONSIDERATIONS" and

which should be reviewed carefully by prospective purchasers of the Series 2020 Bonds. See "INVESTMENT CONSIDERATIONS" herein.

#### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer and the Company disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Company, the Board of Regents, the Participating Constituent Institutions, the Series 2020 Bonds, the Projects, the Indenture, the Loan Agreement, the Promissory Notes, the Ground Leases, the Security Deeds, the Rental Agreements, the Disclosure Agreement and the security and sources of payment for the Series 2020 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes and documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2020 Bonds are qualified in their entirety to the form thereof included in the Indenture. Copies of such contracts and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing and handling, from the Trustee at 123 South Broad Street, Suite 1500, Philadelphia, Pennsylvania 19109, Attention: Corporate Trust Services. During the period of offering of the Series 2020 Bonds copies of such documents are available, upon request and upon payment of a charge for copying, mailing and handling, from Wells Fargo Bank, National Association, 550 South Tryon Street, 27th Floor, Charlotte, North Carolina 28202, Attention: Patrick L. Russell; telephone: (704) 410-0766.

#### THE ISSUER

The Issuer is a public body corporate and politic and was created pursuant to the laws of the State, including the Act. The Issuer was created for the purpose of financing the acquisition, construction and equipping of facilities for the benefit of public colleges, universities and technical colleges in the State and is empowered pursuant to the Act to issue revenue bonds in furtherance of the public purpose for which it was created. The Act further authorizes the Issuer to enter into loan agreements with persons, firms, corporations, limited liability companies or other entities and to assign and pledge its interest in and rights under loan agreements made in connection with bonds it issues. THE ISSUER HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE STATE.

The Issuer has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the captions "THE ISSUER" and "LITIGATION – The Issuer" and "LITIGATION – Validation Proceedings" pertaining to the Issuer, has not provided or made any investigation with respect to any of the information contained in this Official

Statement, and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The affairs of the Issuer are conducted by five members who are appointed pursuant to the provisions of the Act. The names and terms of the members of the Issuer are set forth below:

<u>Name</u>	Expiration of Term <sup>1</sup>
Tommy David, Chair	June 30, 2020
Teresa MacCartney, Vice Chair	June 30, 2019
Richard A. Anderson	June 30, 2019
Gary Bishop	June 30, 2019
Don L. Waters	June 30, 2018

Pursuant to the Act, members of the Issuer whose terms have expired continue to serve until the appointment of a successor.

#### THE SERIES 2020 BONDS

#### General

The Series 2020 Bonds will be issued in the aggregate principal amount shown on the front cover of this Official Statement, will be dated their date of issuance, and will mature as described on the inside front cover hereof, subject to the mandatory redemption provisions of the Indenture. The Series 2020 Bonds will be issuable in the denomination of \$5,000 or any integral multiple thereof.

The Series 2020 Bonds will bear interest at the rates shown on the inside front cover of this Official Statement, payable on each Interest Payment Date until paid. The Series 2020 Bonds will bear interest (computed on the basis of a 360-day year composed of twelve 30-day months) (a) from their dated date if authenticated prior to the first Interest Payment Date or (b) otherwise from the Interest Payment Date that is, or that immediately precedes, the date on which such Series 2020 Bond is authenticated (unless such payment of interest is in default, in which case such Series 2020 Bond will bear interest from the date to which interest has been paid).

## **Book-Entry Only System**

The Series 2020 Bonds will be issued in book-entry form and registered in the name of Cede & Co., as nominee of DTC. Beneficial ownership interests in the Series 2020 Bonds will be available only in the book-entry system as maintained by DTC. Beneficial Owners will not receive physical bond certificates representing their interests in the Series 2020 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2020 Bonds, references in this Official Statement to the owners of the Series 2020 Bonds will mean DTC or its nominee and will not mean the Beneficial Owners. So long as DTC or its nominee is the registered owner of the Series 2020 Bonds, payments of principal of and interest on the Series 2020 Bonds will be paid directly to DTC or its nominee, which is to remit such payments to the DTC Participants (as defined herein), which in turn are to remit such payments to the Beneficial Owners of the Series 2020 Bonds. See Appendix G – "BOOK-ENTRY ONLY SYSTEM" hereto.

In the event the book-entry system is discontinued, ownership, transfers and exchanges and payment of principal and interest on the Series 2020 Bonds will be made in accordance with the provisions of the Indenture.

## **Special Limited Obligations**

THE SERIES 2020 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR MORAL OR LEGAL OBLIGATION OF THE BOARD OF REGENTS, THE PARTICIPATING CONSTITUENT INSTITUTIONS, THE FOUNDATION OR THE STATE. THE SERIES 2020 BONDS ARE PAYABLE BY THE ISSUER SOLELY FROM THE TRUST ESTATE PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. NO OWNER OF THE SERIES 2020 BONDS WILL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE TO PAY THE SERIES 2020 BONDS OR THE INTEREST THEREON OR ANY OTHER COST RELATING THERETO OR TO ENFORCE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE STATE. THE SERIES 2020 BONDS WILL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

## **Optional Redemption of Series 2020 Bonds**

The Series 2020 Bonds maturing on and after June 15, 2031 may be redeemed by the Issuer at the written direction of the Company prior to maturity, either in whole or in part on any date, on or after June 15, 2030, at the redemption price of 100% of the principal amount being redeemed plus accrued interest to the redemption date, without premium.

## **Extraordinary Redemption of Series 2020 Bonds**

The Series 2020 Bonds will be called for redemption, in whole or in part, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the event of: (1) damage to or destruction of the Projects or any part thereof to the extent permitted or required in the provisions of the Loan Agreement described in Appendix B to this Official Statement under the caption "Damage and Destruction" in an amount equal to the Net Proceeds of insurance deposited with the Trustee, (2) condemnation of all or a portion of the Projects to the extent permitted or required in the provisions of the Loan Agreement described in Appendix B to this Official Statement under the caption "Condemnation," in an amount equal to the Net Proceeds of the condemnation award deposited with the Trustee, (3) transfer of money from an account of the Project Fund to the applicable account of the Bond Fund pursuant to the provisions of the Loan Agreement, in an amount equal to such transferred amount, (4) removal of Equipment to the extent permitted by the provisions of each of the Security Deeds described in Appendix B to this Official Statement under the caption "Removal of Equipment" in an amount equal to the amounts so deposited with the Trustee as a result thereof, (5) release of land from any of the Security Deeds to the extent permitted by the provisions of the Loan Agreement described in Appendix B to this Official Statement under the captions "Release of Certain Land and Subordination; Granting of Easements" and "Option to Release Unimproved Land," in an amount equal to the amounts deposited with the Trustee as a result thereof, (6) the exercise of remedies by the Trustee pursuant to any Security Deed following the acceleration of the related Promissory Note, in an amount equal to the moneys received by the Trustee as a result of the exercise of such remedies after paying all costs and expenses of exercising such remedies, or (7) in the event Net Proceeds of any Title Insurance Policy for any of the Projects are used to redeem Bonds pursuant to the provisions of each of the Security Deeds, in an amount equal to such Net Proceeds.

## **Partial Redemption**

If less than all of the Bonds of any series are called for redemption in any of the circumstances described above, other than mandatory sinking fund redemption, the Bonds will be redeemed as directed in writing by the Company and if less than all of the Bonds of a maturity are to be redeemed, and in the case of mandatory redemption, the particular Bonds or portions thereof of such series to be redeemed

within a maturity will be selected by lot by DTC or any successor depository in accordance with its procedures, or if the book-entry system is discontinued, by lot by the Trustee. If a Bond subject to redemption is in a denomination larger than \$5,000, all or a portion of such Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Bond for redemption in part, the Issuer will execute and the Trustee will authenticate and deliver to the Owner thereof a new Bond or Bonds of the same series, interest rate, and maturity and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

## **Notice of Redemption**

If any Bonds are called for redemption (other than mandatory sinking fund redemption), notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books at the close of business on the fifth (5th) day preceding the date of mailing; provided, however, that failure to give such notice by mailing to any Owner of Bonds, or any defect therein, will not affect the validity of any proceedings for the redemption of any other Bonds. Each notice will specify the CUSIP numbers of the Series 2020 Bonds being called, the portion of the Series 2020 Bonds being called if less than all of the Series 2020 Bonds are being called, redemption date, redemption price, and place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if any, will be made upon presentation and surrender of the Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Bond to be redeemed and that interest thereon will cease to accrue on and after such date. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the Owner of such Bonds actually receives the notice. Notwithstanding the foregoing, upon the written direction of the Company, the notice of redemption for optional redemption described herein will contain a statement to the effect that the redemption of the Bonds is conditioned upon the receipt by the Trustee, prior to the date fixed for such redemption, of amounts equal to the redemption price of the Bonds to be redeemed, and that if such moneys will not have been so received, the notice will be of no force and effect and the Issuer will not be required to redeem such Bonds and such Bonds will not become due and payable.

## **Effect of Redemption**

Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof designated for redemption will become and be due and payable on the date fixed for redemption at the redemption price provided for in the Indenture, provided immediately available funds for their redemption are on deposit at the place of payment at that time, and, unless the Issuer defaults in the payment of the principal thereof and premium, if any, and interest thereon, such Bonds or portions thereof will cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof will continue to bear interest at the rate set forth therein until paid or until due provision is made for the payment of the same.

#### **Issuance of Additional Bonds**

So long as no Event of Default has then occurred and is continuing, the Issuer at the request of the Company may issue Additional Bonds for the purpose of (i) financing the costs of making such Additions or Alterations as the Company may deem necessary or desirable, (ii) financing the cost of completing the Projects or any Additions or Alterations, (iii) refunding any Bonds and (iv) in each such case, paying the

costs of the issuance and sale of the Additional Bonds, paying capitalized or funded interest, funding a debt service reserve fund and such other costs reasonably related to the financing as will be agreed upon by the Company and the Issuer.

- (a) The terms of such Additional Bonds, the purchase price to be paid therefor, and manner in which the proceeds therefrom are to be disbursed will be determined by the Company and the sale of any Additional Bonds will be the sole responsibility of the Company. The Company and the Issuer must enter into an amendment to the Loan Agreement to provide for additional promissory notes with Basic Loan Payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Loan Agreement required because of such Additional Bonds. The Issuer and the Trustee must enter into such amendments or supplements to the Indenture as are required to effect the issuance of the Additional Bonds.
- As a condition for the issuance of Additional Bonds, (i) either (A) such Additional Bonds (including any refunding Additional Bonds) must be rated in a rating category that is not lower than the underlying rating of then Outstanding Bonds (i.e., the rating of the Outstanding Bonds without giving effect to any credit enhancement) or (B) the Company must deliver to the Trustee (1) a certificate of an Authorized Company Representative that (x) the Additional Bonds will be used to finance or refinance costs related to a particular Project and (y) for each of the two Fiscal Years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio of the Company for the related Project was not less than (AA) 1.00 if a Rental Agreement was in effect during each of the two applicable Fiscal Years for the related Project and (BB) 1.20 if no Rental Agreement was in effect during each of the two applicable Fiscal Years and (2) the forecasted financial statements, reported on by a Financial Consultant, for each Fiscal Year until such Additions or Alterations are expected to be placed in operation and for the three Fiscal Years immediately following the Fiscal Year in which such Additions or Alterations being paid for with the proceeds of such Additional Bonds are expected to be placed in operation, which give effect to the issuance or incurrence of such Additional Bonds and to the application of the proceeds thereof and resulting additional income from any Additions or Alterations constructed and acquired from such proceeds to the effect that: (x) the forecasted Debt Service Coverage Ratio of the Company for the Project to which the Additional Bonds are related for each of the three Fiscal Years immediately following the Fiscal Year in which such Additions or Alterations are expected to be placed in operation will be not less than (AA) 1.00 if a Rental Agreement is expected to be in effect during each of the three applicable Fiscal Years for the related Project and (BB) 1.20 if no Rental Agreement is expected to be in effect during each of the three applicable Fiscal Years and (y) the forecasted Revenue Available for Debt Service of the Company for each Fiscal Year until such Additions or Alterations are expected to be placed in operation plus any funded interest must be sufficient to pay the Debt Service which relate to the proposed Additional Bonds for each Fiscal Year until such Additions or Alterations are expected to be placed in operation, or (C) in the case of refunding Additional Bonds an Authorized Company Representative must certify (1) that the annual Debt Service on the Additional Bonds will not exceed the annual Debt Service on the Bonds being refunded in any Bond Year, or (2) that the forecasted Debt Service Coverage Ratio of the Company for each of the three Fiscal Years following the Fiscal Year in which the refunding Additional Bonds are issued will be not less than 1.00, or (D) in the case of Additional Bonds issued to complete any Additions or Alterations, such Additional Bonds must be in a principal amount that does not exceed 10% of the principal amount of the Additional Bonds issued to finance the Additions or Alterations; and (ii) prior to the issuance of such Additional Bonds, each Rating Agency then rating the Outstanding Bonds must deliver a confirmation letter stating that the issuance of the Additional Bonds will not result in a qualification, downgrade, or withdrawal of the then current ratings on the then Outstanding Bonds.
- (c) Any amount received by the Trustee for payment of Debt Service will be allocated between the Bonds and the Additional Bonds on a pro rata basis.

#### **SECURITY FOR THE SERIES 2020 BONDS**

#### General

Trust Estate. The Series 2020 Bonds are limited obligations of the Issuer payable solely from the Trust Estate created by the Indenture. The Trust Estate includes all of the Issuer's right, title and interest in and to (a) the Loan Agreement (except for the Issuer's rights to payment of fees and expenses, to receive notices and documents and to indemnification pursuant to the terms thereof), (b) the Promissory Notes, (c) the Security Deeds, (d) moneys and securities held in any and all funds created under the Indenture (except the Rebate Fund) and (e) any and all other property from time to time by delivery or by writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent to the Trustee.

Promissory Notes. Pursuant to the Loan Agreement, the Issuer lent the proceeds derived from the sale of the Series 2010A Bonds to the Company and will lend the proceeds derived from the sale of the Series 2020 Bonds to the Company, and the Company agreed and will agree to issue the Promissory Notes, each relating to a Project, to the Issuer, collectively obligating the Company to make payments to the Trustee for the account of the Issuer in amounts and at times sufficient in the aggregate to enable the Issuer to pay the principal of and interest on the Series 2020 Bonds. Each Promissory Note will be in the principal amount of the Series 2020 Bonds allocated to the related Project and will obligate the Company to make additional loan payments sufficient to fund a replacement reserve for and pay expenses of the related Project. The Company's sole source of revenue to make its periodic debt service payments due under each Promissory Note will be the rents it receives under the related Rental Agreement or from renting the related Project to a substitute tenant. The Company's liability under each Promissory Note is limited to the interest of the Company in the related Project, and no judgment for any deficiency may be sought against the Company in the event the liquidation of the collateral pledged to any Promissory Note is not sufficient to satisfy the amount due under such Promissory Note. Each Promissory Note will be a nonrecourse obligation of the Company, secured solely by the related Security Deed.

Security Deeds. Pursuant to each Security Deed, the Company has (a) granted to the Issuer a first lien on and first security title to its leasehold interest in certain real property constituting the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project and the West Georgia Project, respectively, (b) assigned and pledged to the Issuer the Company's interest in certain rents and leases derived from the related Project, and (c) granted to the Issuer a first priority security interest in certain personal property constituting the related Project and in certain revenues derived from the related Project, all of which will be assigned by the Issuer to the Trustee. **Prospective investors should regard each Security Deed as collateral for only the related Promissory Note.** 

In connection with the issuance of the Series 2010A Bonds, a Title Insurance Policy was delivered in the amount of the principal amount of each Promissory Note to insure that the Trustee has a direct and valid first priority lien on the real property portion of the related Project, subject only to Permitted Encumbrances and the standard exclusions from the coverage of such policy, and a mortgage modification endorsement of each Title Insurance Policy will be delivered on or prior to the date of issuance of the Series 2020 Bonds.

Each Promissory Note and the related Security Deed will <u>not</u> be cross-collateralized or cross-defaulted with any other Promissory Note or Security Deed. The revenues derived from a particular Project will not be available to pay amounts due on a Promissory Note related to another Project and vice versa. A default with respect to one Promissory Note will not be a default with respect to another Promissory Note. A default with respect to the Series 2020 Bonds will not, by itself, cause a default with respect to any of the Promissory Notes or permit the Trustee to exercise remedies under any Security Deed. The Trustee will be permitted to exercise remedies under a

Security Deed only in the event of a payment default under the related Promissory Note, or a covenant breach under that particular Security Deed.

A summary of selected provisions of the Indenture, the Loan Agreement, the Promissory Notes and the Security Deeds is set forth in Appendix B "Definitions and Summaries of Principal Documents" hereto. Reference should be made thereto for the further covenants of the Issuer and the Company made in connection with those documents.

#### **Ground Leases**

Pursuant to each Ground Lease, the Board of Regents leases to the Company the site upon which the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Stadium Project, the Savannah State Student Center Project and the West Georgia Project, respectively, is located for a term ending on July 31, 2041 with respect to the Coastal College Campus Center Project, the Savannah State Stadium Project and the West Georgia Project and on September 30, 2041 with respect to the Georgia College Project and the Savannah State Student Center Project. Each Ground Lease is renewable for an additional five-year term in limited circumstances. A copy of each Original Ground Lease and a substantially final form of each First Amendment to Ground Lease are attached to this Official Statement as Appendix F – "COPY AND FORM OF GROUND LEASES."

## **Rental Agreements**

Under the terms of each Rental Agreement, the Company rents the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project and the West Georgia Project, respectively, to the Board of Regents on an annually-renewable basis for use by the related Participating Constituent Institution. Assuming the continued annual renewal of each Rental Agreement by the Board of Regents, the Board of Regents will make fixed rental payments for the use and occupancy of each Project in aggregate amounts that the Company estimates will be sufficient to enable the Company to pay, among other things, the principal of and interest on the related Promissory Note when the same become due and payable. In addition, each Rental Agreement provides that the Board of Regents pays insurance for each Project, taxes and, to the extent insufficient funds are on deposit in the Replacement Fund for each particular Project, maintenance and repair costs of each Project, and is responsible for repairs to each Project and for janitorial services, garbage removal, pest control, and utilities for each Project. The Board of Regents' obligation under each Rental Agreement to pay insurance for each Project, taxes and maintenance and repair costs of each Project is limited to the moneys budgeted by the related Participating Constituent Institution and agreed to by the Board of Regents in each fiscal year for such purpose, which budget is subject to annual review and modification. See "INVESTMENT CONSIDERATIONS—Reimbursement Obligations of the Company" herein, and Appendix E - "COPY AND FORM OF RENTAL AGREEMENTS" hereto for a copy of each of the original Rental Agreements and the form of the amendments to the original Rental Agreements.

The current term of each Rental Agreement expires on June 30, 2020. The Board of Regents has the option to renew or extend the rental term of each Rental Agreement on a year-to-year basis for consecutive one-year renewal terms beyond the initial term to end no later than June 30, 2041, provided that notice of the Board of Regents' desire to exercise such option shall be given to the Company at least sixty (60) days prior to the expiration date of the immediately preceding term.

Since the expiration of the initial term of each Rental Agreement, the Board of Regents has elected to renew each Rental Agreement for each previous renewal term. The election to renew each Rental Agreement is at the sole option of the Board of Regents, and there can be no assurance that the Board of Regents will continue to renew any or all of them. Each Rental Agreement is a year-to-year operating lease that the Board of Regents has no moral or legal obligation to renew or keep in effect for subsequent years. If the Board of Regents elects not to renew any Rental Agreement and it expires by its

terms at the end of the annual term beginning July 1, 2020 or any subsequent 12-month term, the Board of Regents will have no further obligations under that particular Rental Agreement. If the Board of Regents elects not to renew any Rental Agreement, the Company may not be able to rent the particular Project to another tenant for an amount sufficient to enable the Company to make its payments due under the Promissory Note related to that particular Project. The likelihood that the Board of Regents will renew each Rental Agreement past the annual term beginning July 1, 2020 depends in part upon its continuing need for the particular Project and depends in part upon the availability of sufficient funds received by the Board of Regents to make rental payments. See "INVESTMENT CONSIDERATIONS-Limitations on Board of Regents' Obligations Under Rental Agreements; Risk of Non-Renewal" herein.

The Board of Regents may elect to renew one or more of the Rental Agreements with no obligation to renew any of the other Rental Agreements. The Rental Agreements are not cross-defaulted. Failure of the Board of Regents to renew a Rental Agreement will not, by itself, constitute an Event of Default under the Indenture, the Loan Agreement or any Security Deed.

The likelihood that the Board of Regents will renew each Rental Agreement for each renewal term throughout the term of the Series 2020 Bonds may be dependent in part upon the amount of revenues generated by each Project. See "BOARD OF REGENTS" herein.

THE BOARD OF REGENTS HAS NO MORAL OR LEGAL OBLIGATION WITH RESPECT TO THE SERIES 2020 BONDS OR TO CONTINUE TO RENT ANY PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2020 BONDS.

The Board of Regents is not permitted to assign any Rental Agreement or sublet components of any Project without the Company's express written consent; provided, however, the Board of Regents may sublet components of each Project without first obtaining the consent of the Company for short-term (24 hours) educational purposes. Any assignment or subletting without the Company's consent will be void, and, at the option of the Company, on 30 days' notice to the Board of Regents, will operate to terminate the Rental Agreement.

Each Rental Agreement provides that, if a Project is damaged, by any cause whatever, as to be rendered unfit for occupancy by the Board of Regents, and thereafter the Project is not repaired by the Company, at its expense, with reasonable promptness and dispatch, then the Board of Regents has the option to immediately cancel and terminate the related Rental Agreement by giving proper notice thereof. Each Rental Agreement further provides that, if a Project is partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Board of Regents, then the Company, at its expense and with reasonable promptness and dispatch, will repair and restore the Project to substantially the same condition as before the damage. If a Project is partially destroyed there will be an abatement in the rent payable during the time such repairs or rebuilding is being made. Such proportionate deduction of rent will be based upon the extent to which the damage and the repairs or rebuilding interfere with the business carried on by the Board of Regents in the Project. Full rental will recommence after completion of the repairs and restoration of such component of the Project. See "INVESTMENT CONSIDERATIONS—Condemnation/Casualty Risk of Rent Abatement" herein.

At the cost and expense of the Board of Regents, the Company is obligated to provide insurance coverage for each Project obtained from an insurance company licensed to transact business in Georgia for the applicable line of insurance and which has a Best Policyholders Rating of "A-" or better and a financial rating size of Class VIII or larger. The required insurance coverages for each Project are: (i) property insurance against loss or damage by fire and other casualties, for not less than the actual replacement cost of each Project, (ii) commercial general liability insurance with coverage limits of \$1,000,000 per occurrence for personal injury and \$2,000,000 general aggregate, (iii) commercial umbrella liability insurance to provide excess coverage over the commercial general liability coverage with limits of \$2,000,000 per occurrence and \$2,000,000 aggregate and (iv) rental interruption insurance

for rents of up to two years. See "INVESTMENT CONSIDERATIONS — Reimbursement Obligations of the Company" herein.

For a description of the condemnation and other provisions of each Rental Agreement, see Appendix E – "COPY AND FORM OF RENTAL AGREEMENTS" hereto.

#### Other Funds and Accounts

The Indenture provides for several funds to be held by the Trustee, into which will be deposited the proceeds of the sale of the Series 2020 Bonds and the periodic rental payments to be received under the Rental Agreements. For a description of the other funds and accounts created under the Indenture and their permitted uses, see "SUMMARY OF THE INDENTURE" in Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" hereto.

#### **Covenants**

The Company has agreed in the Loan Agreement and the Security Deeds to various operational and financial covenants and restrictions upon itself, the Projects, including, but not limited to, limitations on the incurrence of additional indebtedness, maintenance of certain amounts of insurance, limitations on mergers and transfers of assets, limitations on the creation of liens, and limitations on additional activities. See "SUMMARY OF THE LOAN AGREEMENT" in Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" hereto.

## **Parity Obligations**

Under certain circumstances, the Indenture permits the Issuer, for specified purposes, to issue Additional Bonds, which will be equally and ratably secured on a parity basis with the Series 2020 Bonds under the Indenture. See "THE SERIES 2020 BONDS - Issuance of Additional Bonds" herein and "THE INDENTURE - Issuance of Additional Bonds" in Appendix B - "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

#### PLAN OF FINANCING

#### **Sources and Uses of Funds**

The proceeds to be derived from the sale of the Series 2020 Bonds are expected to be applied substantially as follows:

#### Sources:

	Principal Amount of Series 2020 Bonds	\$47,640,000.00
	Original Issue Premium	9,391,696.30
	Moneys Transferred from Accounts in	
	Bond Fund, Debt Service Reserve Fund	
	and Surplus Fund under the Original Indenture	
	plus a cash contribution	3,847,199.10
	Total Sources	\$ <u>60,878,895.40</u>
Uses:		
	Deposit to Escrow Fund for Refunded Bonds	\$60,212,318.02
	Costs of Issuance <sup>(1)</sup>	666,577.38
	Total Uses	\$ <u>60,878,895.40</u>

<sup>(1)</sup> Includes rating agency fees, legal and accounting fees, initial Trustee's fees, printing costs, validation court costs, underwriting discount and other costs of issuance.

## Plan of Refunding

A portion of the proceeds of the Series 2020 Bonds, together with moneys transferred from the Bond Fund, the Debt Service Reserve Fund and the Surplus Fund created under the Original Indenture, will be used for the purpose of paying when due and refunding all of the outstanding Series 2010A Bonds (the "Refunded Bonds"). To refund and defease the Refunded Bonds, a portion of the proceeds of the Series 2020 Bonds will be used to purchase certain Government Obligations as defined in Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" (the "Defeasance Securities") or held as cash. The principal of and interest on the Defeasance Securities, when due, plus cash will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds when due through and including the redemption date. The Defeasance Securities and cash will be deposited with Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent") and will be held in trust and utilized by the Escrow Agent in accordance with the provisions of an Escrow Deposit Agreement (the "Escrow Agreement") to be entered into among the Company, the Escrow Agent and Wells Fargo Bank, National Association in its capacity as the paying agent for the Series 2010A Bonds and the Trustee. Such deposits will be made into the Escrow Fund (the "Escrow Fund") created under the Escrow Agreement. Upon such deposits, which will be made upon the delivery of the Series 2020 Bonds, the Refunded Bonds will be deemed paid and no longer outstanding under the Indenture. See "VERIFICATION" herein.

The Refunded Bonds maturing on June 15, 2020 will be paid when due. The Refunded Bonds maturing on and after June 15, 2021 will be called for redemption on June 15, 2020 at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

## **Sufficiency of Payments under Rental Agreements**

The Company has calculated the aggregate payments required to be made under the Rental Agreements to be sufficient in time and amount to enable the Company to pay the aggregate principal of and interest on the Promissory Notes and to fund repair and replacement reserves for the Projects, as required by the Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

#### ANNUAL DEBT SERVICE REQUIREMENTS

The aggregate principal (including principal payable at maturity and by mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2020 Bonds are as follows:

Period Ending June 15	Series 2020 Bonds <u>Principal</u>	Series 2020 Bonds Interest	Total Annual <u>Debt Service</u>
2020		\$ 496,470.83	\$ 496,470.83
2021	\$ 1,355,000	2,078,250.00	3,433,250.00
2022	1,425,000	2,010,500.00	3,435,500.00
2023	1,500,000	1,939,250.00	3,439,250.00
2024	1,575,000	1,864,250.00	3,439,250.00
2025	1,650,000	1,785,500.00	3,435,500.00
2026	1,735,000	1,703,000.00	3,438,000.00
2027	1,815,000	1,616,250.00	3,431,250.00
2028	1,915,000	1,525,500.00	3,440,500.00
2029	2,005,000	1,429,750.00	3,434,750.00
2030	2,110,000	1,329,500.00	3,439,500.00
2031	2,215,000	1,224,000.00	3,439,000.00
2032	2,320,000	1,113,250.00	3,433,250.00
2033	2,430,000	997,250.00	3,427,250.00
2034	2,560,000	875,750.00	3,435,750.00
2035	2,690,000	747,750.00	3,437,750.00
2036	2,790,000	640,150.00	3,430,150.00
2037	2,900,000	528,550.00	3,428,550.00
2038	3,020,000	412,550.00	3,432,550.00
2039	3,120,000	321,950.00	3,441,950.00
2040	3,205,000	228,350.00	3,433,350.00
2041	3,305,000	132,200.00	3,437,200.00
TOTAL	<u>\$47,640,000</u>	\$24,999,970.83	\$72,639,970.83

## THE COMPANY AND THE FOUNDATION

#### **Company**

The Company was organized on January 14, 2010 as a Georgia limited liability company. The Company is managed by the Manager. The Company was formed for the purpose of constructing the Projects, the Coastal College Student Housing Project and the East Georgia Project and renting the Projects, the Coastal College Student Housing Project and the East Georgia Project to the Board of Regents; however, the Company no longer owns the Coastal College Student Housing Project or the East Georgia Project.

The Company has no significant assets other than the Projects, and no significant liabilities other than those pursuant to the Loan Agreement and the Promissory Notes. The Company is solely dependent upon the continued rental of the Projects to the Board of Regents to meet its obligations under the Loan Agreement and the Promissory Notes. The obligations of the Company under the Loan Agreement are not obligations of the Foundation or any of the Participating Constituent Institutions. See "Investment Considerations-Operating History" and "Investment Considerations-Limited Assets of the Company" herein. The Company sold and no longer owns the Coastal College Student Housing Project or the East Georgia Project. See "Introduction-Background" herein.

#### Foundation

The sole member of the Company and the Manager is the Foundation. The Foundation is a nonprofit corporation organized and existing under the laws of the State and has received a determination from the Internal Revenue Service that it is an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Code and is not a private foundation under Section 509(a) of the Code. The Foundation supports the educational mission of the University System through fundraising and the distribution of scholarships and awards. The Foundation currently is managed by a 19-member Board of Trustees.

THE FOUNDATION HAS NO OBLIGATION TO PAY DEBT SERVICE ON THE SERIES 2020 BONDS OR THE PROMISSORY NOTES. IN ANY ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THE SERIES 2020 BONDS, THE PROMISSORY NOTES, THE LOAN AGREEMENT, THE PROJECTS OR THE SECURITY DEEDS, NO DEFICIENCY OR OTHER MONEY JUDGMENT WILL BE ENFORCED AGAINST THE FOUNDATION. ANY JUDGMENT OBTAINED WILL NOT BE ENFORCED AGAINST THE FOUNDATION OR ANY OFFICER, TRUSTEE OR AGENT OF THE FOUNDATION OR ANY SUCCESSOR OR ASSIGN OF THE FOUNDATION.

## THE BOARD OF REGENTS

THE BOARD OF REGENTS HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO THE SERIES 2020 BONDS OR TO CONTINUE TO RENT THE PROJECTS IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2020 BONDS.

All of the information concerning the Board of Regents contained in this Official Statement has been obtained by the Company from publicly available sources, and the Board of Regents has no obligation to the owners of the Series 2020 Bonds to update such information. Neither the Board of Regents nor the Participating Constituent Institutions have made any representation as to the accuracy or completeness of any of the information contained in this Official Statement.

#### General

The Board of Regents is a constitutional body of the State of Georgia. It governs, controls and manages all of the 26 public institutions of higher education within the University System. The Board of Regents receives appropriations from the State of Georgia in a lump sum, based upon an enrollment-driven formula for the University System of Georgia. The Board of Regents then allocates the funds to member institutions of the University System of Georgia.

#### **Members**

The 19 members of the Board of Regents are appointed by the Governor of the State and confirmed by the Senate on a rotating basis to serve seven-year terms. The Board of Regents is composed of one member from each of the State's 14 congressional districts and additional members appointed from the state-at-large. The Board of Regents conducts its operations through its staff and elects a Chancellor, who serves as its chief executive officer and as the chief administrative officer of the University System. In the history of the Board of Regents, 13 individuals, including the incumbent, have served as Chancellor.

The current Chancellor, Dr. Steve W. Wrigley, began his tenure on January 1, 2017. Immediately prior to his appointment as Chancellor, Dr. Wrigley served as Executive Vice Chancellor of Administration for the University System from June 2011 through December 2016, and in such capacity, he oversaw the day-to-day operations of the University System's budget, facilities, information technology services, human resources, legal affairs and strategic planning units. Dr. Wrigley formerly

served as Senior Vice President for External Affairs and Vice President for Government Relations for the University of Georgia. He also served as Director of the Carl Vinson Institute of Government. Prior to his work in the University System, Dr. Wrigley worked in state government in Georgia, including five years as chief of staff to former Governor Zell Miller. Dr. Wrigley earned his undergraduate degree from Georgia State University and his doctorate in history from Northwestern University in Evanston, Illinois.

Set forth below are the members of the Board of Regents, their respective districts, and terms of office:

Regents	<u>District</u>	<u>Term</u>
W. Allen Gudenrath	Eighth District	January 1, 2018 – January 1, 2025
Erin Hames	At-Large	January 1, 2018 – January 1, 2023
Samuel D. Holmes	At-Large	July 16, 2019 – January 1, 2026
Bárbara Rivera Holmes	Second District	January 1, 2018 – January 1, 2025
C. Thomas Hopkins, Jr., MD	Third District	January 1, 2018 – January 1, 2024
James M. Hull, Vice Chair	At-Large	January 8, 2016 – January 1, 2023
Cade Joiner	At-Large	January 3, 2020 – January 1, 2027
C. Everett Kennedy, III	Twelfth District	January 3, 2020 – January 1, 2027
Rachel B. Little	Fourth District	November 22, 2019 – January 1, 2026
Lowery May	Fourteenth District	January 3, 2020 – January 1, 2027
Jose R. Perez	Seventh District	July 16, 2019 – January 1, 2026
Neil L. Pruitt, Jr.	Eleventh District	February 10, 2017 – January 1, 2024
Sarah-Elizabeth Langford Reed	Fifth District	February 10, 2017 – January 1, 2024
Harold Reynolds	Tenth District	January 3, 2020 – January 1, 2027
Sachin Shailendra, Chair	Thirteenth District	April 4, 2014 – January 1, 2021
T. Dallas Smith	At-Large	January 3, 2020 – January 1, 2027
Kessel D. Stelling, Jr.	Sixth District	January 9, 2015 – January 1, 2022
Don L. Waters	First District	January 1, 2018 – January 1, 2025
Philip A. Wilheit, Sr.	Ninth District	January 9, 2015 – January 1, 2022

## **University System**

The University System consists of the Georgia Archives, the Georgia Public Library Service and 26 institutions: four research universities (Augusta University, Georgia Institute of Technology, Georgia State University and University of Georgia), four comprehensive universities (Georgia Southern University, Kennesaw State University, University of West Georgia and Valdosta State University), nine state universities (Albany State University, Clayton State University, Columbus State University, Fort Valley State University, Georgia College & State University, Georgia Southwestern State University, Middle Georgia State University, Savannah State University and University of North Georgia) and nine state colleges (Abraham Baldwin Agricultural College, Atlanta Metropolitan State College, College of Coastal Georgia, Dalton State College, East Georgia State College, Georgia Gwinnett College, Georgia Highlands College, Gordon State College and South Georgia State College). These institutions enrolled more than 333,500 students as of Fall 2019 and employed more than 13,500 faculty and 36,000 staff as of Fall 2018 to provide teaching and related services to students and the communities in which they are located.

All of the property of the constituent institutions comprising the University System is owned or leased by the Board of Regents. The President of each institution in the University System is the executive head of the institution and all of its departments. Each President is responsible to the Chancellor for the operation and management of the institution he or she leads and for the execution of the directives of the Chancellor and the Board of Regents.

#### **Consolidation of Institutions**

Beginning in 2012, the Board of Regents began the consolidation of several of its colleges and universities. The purpose of the consolidations is to enable the University System to serve the students and areas of the State more effectively by: increasing opportunities to raise educational attainment; improving accessibility, regional identity, and compatibility; avoiding duplication of academic programs; creating economies of scale and scope; enhancing regional economic development; and, streamlining administrative services.

The consolidation initiative reduced the number of University System institutions from a former high of 35 to its current number of 26. All consolidations and transfers have received approval from the Southern Association of Colleges and Schools Commission on Colleges.

## **Public Private Venture Program**

According to the Board of Regents' Finance Office, as of June 30, 2019, the Board of Regents had 165 rental agreements for lease-revenue financed facilities throughout the University System in the Public Private Venture ("PPV Program"). As of December 31, 2019, the total outstanding principal amount of bonds that are secured by PPV Program capital leases with the Board of Regents was approximately \$3.098 billion.

On November 13, 2012, the Board of Regents adopted three policy additions and one policy revision that governs the University System's PPV Program. These policies (a) set a maximum capital liability capacity of 5% of annual revenues for the University System as a whole, (b) establish a University System of Georgia Capital Liability Reserve Fund (the "Capital Liability Reserve Fund") to serve as a pooled reserve to primarily address unanticipated shortfalls in rental payments, (c) require the University System's Central Office to review any proposed refinancing of a project financed through the PPV Program, to ensure that at least 50% of savings generated from refinancing are retained by the University System or its members, and (d) revise the University System's current student housing policy to require University System institution presidents to notify the Chancellor of the Board of Regents prior to mandating the students live in on-campus housing or changing an existing residency policy and gives the Chancellor authority to reverse such decisions.

The Capital Liability Reserve Fund serves as a common reserve that is available to subsidize rental payments under a rental agreement (including the Rental Agreements) that may be deficient because of unforeseen events that negatively affect the revenues of a given project. Although project revenues are not specifically pledged to the payment of rent obligations under a rental agreement, the revenues generated by the facility financed are intended to cover the rent payments. The amount on deposit in the Capital Liability Reserve Fund fluctuates depending upon the amount of PPV debt outstanding at any given time. Contributions are generally eight percent of the highest annual lease payments for auxiliary projects. The Capital Liability Reserve Fund was funded in an amount equal to approximately \$19.4 million as of December 31, 2019. Loans to institutions from the Capital Liability Reserve Fund must be requested by the institution president and chief business officer. For more information, see <a href="http://www.usg.edu/business procedures manual/section25/C2459">http://www.usg.edu/business procedures manual/section25/C2459</a>.

## **Funding for the University System**

The Constitution of the State of Georgia requires that all appropriations made for the use of any or all institutions in the University System be paid to the Board of Regents in a lump sum with the power and authority residing in the Board of Regents to allocate and distribute the appropriations among the institutions under its control in such way and manner and in such amounts as will further efficient and economical administration of the University System.

Each year the Board of Regents compiles the budget requests of all member colleges and universities and presents a total funding request for the University System to the Governor. The Governor reconciles the State of Georgia's available resources with total requests and submits a budget proposal to the General Assembly of the State of Georgia (the "Georgia General Assembly"). Upon adoption of the budget by the Georgia General Assembly, the Board of Regents receives a lump sum amount of funding for the University System. The Board of Regents then allocates and disburses these funds to the individual institutions. These allocations are used by the individual institutions to prepare detailed line item budgets for consideration by the Board of Regents. Upon approval by the Board of Regents, the budgets are relied upon by each institution to monitor and manage their economic resources.

As with all State agencies, the Board of Regents is funded on an annual appropriation basis. In addition, funds that are appropriated in any fiscal year by the Georgia General Assembly to a state agency may not, in every case, be allotted to that agency by the Governor's Office of Planning and Budget. For fiscal years ended June 30, 2016 through June 30, 2019, the appropriation allotments of State funds to the Board of Regents equaled the amended budgeted appropriation amounts. As of the date of this Official Statement, the amended budget appropriation for the fiscal year ending June 30, 2020 and the original budget appropriation for the fiscal year ending June 30, 2021 have not been approved by the Georgia General Assembly, and the 2020 legislative session of the Georgia General Assembly may increase or decrease such amounts as it deems appropriate.

The following table summarizes the budgeted appropriations of State funds to the Board of Regents for the fiscal years ended June 30, 2016 through June 30, 2019 and the fiscal years ending June 30, 2020 and June 30, 2021:

				% Increase over
				Prior Year
			\$ Change between	Amended
Fiscal Year	Original Budgeted	Amended Budgeted	Original and Amended	Budgeted
Ended June 30,	<u>Appropriation</u>	<b>Appropriation</b>	<b>Appropriations</b>	<u>Appropriation</u>
2016	\$2,020,395,691	\$2,025,395,691	\$ 5,000,000	4.15%
2017	2,145,702,074	2,152,967,422	7,265,348	6.30
2018	2,305,085,976	2,317,170,882	12,084,906	7.63
2019	2,428,245,232	2,440,869,777	12,624,525	5.34
$2020^{(1)}$	2,578,608,885	2,554,760,008	(23,848,877)	4.67
$2021^{(2)}$	2,639,436,545	N/A	N/A	3.31

<sup>(1)</sup> The amended budgeted appropriation for fiscal year 2020 is the amount proposed in the Governor's Budget Report.

Although the ultimate level of appropriations to the Board of Regents for the current and future fiscal years is determined by the Georgia General Assembly, general fund appropriations are constrained by the balanced budget requirement imposed by the Constitution and laws of the State.

There can be no assurance that a future Georgia General Assembly will continue to make appropriations as current levels, whether due to declining revenues resulting from unfavorable economic conditions, a change in philosophy as to the size of the State's government or other reasons. Likewise, there can be no assurance that the Board of Regents will allocate funds to renew the Rental Agreements, whether due to declining appropriations from the State, reduced need for the property rented by the Board of Regents, declining enrollment at the Participating Constituent Institutions or other reasons.

<sup>(2)</sup> The budgeted appropriation for fiscal year 2021 is the amount proposed in the Governor's Budget Report. Source: Georgia Governor's Office of Planning and Budget

## **Teachers Retirement System and Optional Retirement Plan**

The Georgia General Assembly created the University System's Optional Retirement Plan ("ORP"), a defined contribution retirement plan, in 1990 pursuant to the Regents Retirement Plan Act (Section 47-21-1 et seq., Official Code of Georgia Annotated). The Regents Retirement Plan Act allowed eligible employees of the University System with less than 10 years of service to leave the Teachers Retirement System of Georgia ("TRS"), a defined benefit plan, and participate in the ORP, and thereafter, allowed and allows eligible new employees of the University System to elect to participate in either the TRS or the ORP.

Section 47-21-5 of the Regents Retirement Plan Act states that the University System shall remit to TRS certain amounts determined by the board of directors of TRS as described in such code section – an unfunded accrued liability payment and an amount equal to the increase in the normal contribution rate. The University System made these payments following the inception of ORP until 2001 when TRS determined that these payments were no longer required following receipt of a letter dated May 17, 2001, from the TRS actuary stating – "we recommend permanently ceasing the ORP accrued liability contribution to TRS," and subsequently not requesting any payments from the University System pursuant to Section 47-21-5 of the Regents Retirement Plan Act. Legislation, known as House Bill 292, was introduced in the 2019 legislative session of the Georgia General Assembly to repeal Section 47-21-5 of the Regents Retirement Plan Act. This legislation was certified as a fiscal retirement bill (i.e. retirement legislation that has a fiscal impact); therefore, in accordance with State law, it could not be acted upon by the Georgia General Assembly until the 2020 legislative session and after completion of an actuarial investigation.

On February 22, 2019, the Georgia Department of Audits and Accounts ("DOAA") released a report recommending that TRS calculate and bill the University System pursuant to Section 47-21-5 of the Regents Retirement Plan Act. The board of trustees of TRS determined it will assess the University System amounts pursuant to Section 47-21-5 of the Regents Retirement Plan Act for fiscal year 2021.

On October 31, 2019, DOAA delivered a completed actuarial investigation for House Bill 292 to the Chairman of the House Retirement Committee of the Georgia General Assembly; therefore, the Georgia General Assembly may act upon House Bill 292 during its 2020 legislative session. If House Bill 292 is not enacted during the 2020 legislative session, such legislation would need to be reintroduced in a future legislative session to be considered. There can be no assurance that the Georgia General Assembly will repeal Section 47-21-5 of the Regents Retirement Plan Act. If it is not repealed, for TRS additional assessments pursuant to Section 47-21-5 of the Regents Retirement Plan Act for fiscal year 2021 and for any fiscal year thereafter, the University System will work with the executive and legislative branches of the State, as appropriate, to meet any legal obligation created by such action, and the University System expects that any such payments to TRS will not have a material adverse impact on the University System's financial condition.

## **State Treasury Receipts**

The following table sets forth by category the actual budget-based State Treasury Receipts available for appropriation by the State for the four fiscal years ended June 30, 2016 through June 30, 2019 and the estimated budget-based State Treasury Receipts available for appropriation for the fiscal year ending June 30, 2020.

	Fiscal Year Ended or Ending June 30,				
	<u>2016</u>	<u>2017</u>	2018	2019	2020(2)
Alcoholic Beverages Tax	\$ 190,536,391	\$ 193,437,999	\$ 195,696,036	\$ 198,769,659	\$ 206,000,000
Estate Tax	(414,376)			5,406	
Income Tax – Corporate	981,002,336	971,840,713	1,004,297,542	1,271,270,326	1,408,489,534
Income Tax – Individual	10,439,533,668	10,977,729,901	11,643,861,634	12,176,943,411	12,299,242,300
Insurance Premium Tax and Fees	428,699,713	480,154,181	505,054,096	510,850,096	532,000,000
Motor Fuel Taxes	1,655,027,765	1,740,963,444	1,801,686,711	1,837,953,784	1,851,699,955
Motor Vehicle License Tax	368,005,068	368,131,657	398,498,915	388,482,660	390,000,000
Title Ad Valorem Tax	939,049,156	979,494,484	915,854,817	864,630,632	640,000,000
Property Tax – General and Intangible	14,078,425	376,096	606,083	227,457	138,470
Sales and Use Tax – General	5,480,196,159	5,715,917,830	5,945,877,598	6,250,309,667	6,450,147,613
Tobacco Products Tax	219,870,413	220,773,541	224,910,392	223,363,457	230,000,000
Total Net Taxes	\$20,715,584,718	\$21,648,819,846	\$22,636,343,824	\$23,722,806,555	\$24,007,717,872
Total Interest, Fees and Sales	1,521,807,881	1,624,124,202	1,683,525,452	1,848,258,146	1731,472,538
Total State General Fund Receipts	22,237,392,599	23,272,944,048	24,319,869,276	25,571,064,702	25,739,190,410
Total Other Revenues Retained <sup>(1)</sup>	1,239,572,292	1,246,458,143	1,329,629,985	1,401,952,470	1,388,929,032
Total State Treasury Receipts	\$ <u>23,476,964,891</u>	\$ <u>24,519,402,190</u>	\$ <u>25,649,499,261</u>	\$ <u>26,973,017,172</u>	\$27,128,119,442

<sup>(1) &</sup>quot;Total Other Revenues Retained" includes Federal Revenue, Lottery Funds, Tobacco Settlement Funds, Guaranteed Revenue Debt Common Reserve Fund Interest Earnings, Brain and Spinal Injury Trust Fund, Job and Growth Tax Relief, National Mortgage Settlement Funds and Other.

Note: Amounts may not add precisely due to rounding

Source: State Accounting Office – Fiscal Years 2016-2019; Governor's Budget Report for Amended FY 2020 and FY 2021

## **Student Financial Aid**

The State, through the Georgia Student Finance Commission, offers the Helping Outstanding Pupils Educationally ("HOPE") Program to financially assist qualified Georgia residents in the pursuit of a post high school education. Revenues from the Georgia Lottery for Education fund all HOPE Program assistance. The HOPE Program offers the HOPE Scholarship and the Zell Miller Scholarship to qualified undergraduate students enrolled in Georgia public and private universities and colleges. Since the HOPE Program began in 1993, more than \$8 billion in HOPE funds have been awarded to more than 1.6 million students attending Georgia's colleges, universities and technical colleges.

Effective July 1, 2011, the HOPE Scholarship program began imposing additional restrictions on HOPE Scholarship qualifications, such as requiring advanced courses for high school students wishing to benefit from the HOPE Program and by allowing students who have lost HOPE Scholarship eligibility to subsequently regain eligibility only one time. The HOPE Scholarship also ceased awarding scholarships for the full tuition amount and no longer pays for mandatory student fees or books. Instead, the HOPE Scholarship pays a per credit hour amount at a rate determined by the State.

In 2016, the Georgia General Assembly further modified various provisions regarding the HOPE Program pursuant to House Bill 801. This legislation included certain changes to encourage students to enroll in academically rigorous courses in science, technology, engineering and mathematics, and requires that the HOPE Scholarship amount be a flat percentage of tuition at all schools. The legislation became effective beginning with students graduating from high school on or after May 1, 2017.

<sup>(2)</sup> Governor's Budget Report for Amended FY 2020 and FY 2021.

#### INVESTMENT CONSIDERATIONS

Investment in the Series 2020 Bonds involves certain risks. The following is a discussion of certain risk factors which should be considered in evaluating the investment suitability of the Series 2020 Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which the risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may be other risks associated with an investment in the Series 2020 Bonds in addition to those set forth herein.

## Limitations on Board of Regents' Obligations Under Rental Agreements; Risk of Non-Renewal

The Board of Regents has the option to renew each of the Rental Agreements on a year-to-year basis through at least the final maturity of the Series 2020 Bonds. The Company believes that the Projects will aid the Participating Constituent Institutions in fulfilling their educational missions and that it is likely that the Board of Regents will renew each of the Rental Agreements for successive renewal terms throughout the term of the Series 2020 Bonds; however, the renewal of each of the Rental Agreements during any of these successive renewal terms is at the sole option and discretion of the Board of Regents. There can be no assurance that the Board of Regents will deem it in its best interests to continue to occupy and utilize all or any portion of each Project for the entire term of the Series 2020 Bonds. There also can be no assurance that the Board of Regents will continue to renew each of the Rental Agreements for each renewal term throughout the term of the Series 2020 Bonds. The likelihood that any of the Rental Agreements will be renewed will depend upon, among other things, the continuing need of the Board of Regents for the related Project, the availability of sufficient funds received by the Board of Regents to make rental payments and the Board of Regents not substituting more desirable rental space for all or any portion of the related Project.

Each Rental Agreement and the obligations thereunder do not and will not constitute a pledge, liability or a charge upon the funds of the State or the Board of Regents and do not and will not constitute a debt or general obligation of the State or the Board of Regents. Neither the faith, credit nor taxing power of the State or the Board of Regents is or will be pledged to the payment of principal of or interest due with respect to the Series 2020 Bonds.

THE BOARD OF REGENTS HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO THE SERIES 2020 BONDS OR TO CONTINUE TO RENT ANY PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2020 BONDS.

If a Rental Agreement is not renewed by the Board of Regents and, as a result, the Company (which has no assets other than its interest in the Projects) fails to continue to make the payments required by the related Promissory Note from other sources, the Trustee' sole remedy will be to recover and liquidate, relet or sell the related Project as provided in the related Security Deed. In the event of such nonrenewal, the Board of Regents' right to occupy the related Project and its obligation to pay the rental will continue until the expiration of the annual term then in effect, but not thereafter. The Company then will be entitled to relet or sell the related Project; however, each Project constitutes a special purpose facility and may have limited suitability for other purposes and tenants. No assurance can be given that the Company could relet or sell any Project for an amount sufficient to pay debt service on the related Promissory Note or that any amount realized upon a liquidation of any Project will be sufficient to provide for the payment of the related Promissory Note on a timely basis.

## **State Budgetary Constraints**

The State is required by law to operate under an annual balanced budget, in which expenditures may not exceed revenues collected by the State and any surplus revenues accrued by the State. Should the State's revenues and other sources of funds available to pay expenditures decline, it may be necessary

for the current or a future legislative session of the Georgia General Assembly to reduce appropriations to the Board of Regents, which, in turn, may impact the Board of Regents' decision to renew all or any of the Rental Agreements.

## **Reimbursement Obligations of the Company**

Under each Rental Agreement, the Company is obligated to reimburse the Board of Regents for any payments for insurance coverage that extend beyond the final term of each Rental Agreement, whether such termination of a Rental Agreement is due to cancellation, nonrenewal or expiration. The Company also is required to reimburse the Board of Regents for any capital expenditures paid for or by the Board of Regents having a useful life beyond the final term of the Rental Agreement, whether termination of a Rental Agreement is due to cancellation, nonrenewal or expiration.

In addition, the Board of Regents' obligation to pay the cost of all insurance coverages, taxes and maintenance and repairs of each Project is limited to the moneys budgeted by the related Participating Constituent Institution in the applicable fiscal year for such purposes, which budget is subject to annual review and modification by the Board of Regents.

Such reimbursement obligations of the Company and required payments above the budget cap described above shall be paid from the Surplus Fund to the extent available moneys are on deposit therein. See "SUMMARY OF THE INDENTURE" in Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" hereto.

## Condemnation/Casualty Risk of Rent Abatement

The Board of Regents has the right to terminate each of the Rental Agreements or to reduce its rental payment if certain casualty events or condemnation proceedings occur. If these events or proceedings occur, there can be no assurance that payments under the Rental Agreements will be sufficient to pay debt service on the related Promissory Note, or in the case of a termination due to a condemnation of a Project in whole, that the proceeds will be sufficient to pay the amounts due under the related Promissory Note.

## **Limited Operating History**

The Company was formed in 2010 and has no operating history other than with respect to the Projects, the Coastal College Student Housing Project and the East Georgia Project. The Company is relying upon the Board of Regents' agreement to rent the Projects and operate them as an integral part of the Participating Constituent Institutions' facilities. If the Participating Constituent Institutions are unable to perform their obligations, the Company has neither the staff nor the expertise needed to manage and market any or all of the Projects. None of the Board of Regents, the Participating Constituent Institutions or the Foundation has any obligation to pay debt service on the Series 2020 Bonds.

## **Limited Assets of the Company**

The Company's assets and revenues available to make the payments required by the Promissory Notes are limited to its interest in the Projects and the rents and revenues from such Projects, including rents payable under the Rental Agreements. The Company has no other assets or revenues available to make payments required by the Promissory Notes or to satisfy any liabilities incurred as a result of ownership of the Projects. The Company's obligations under each Promissory Note are nonrecourse obligations of the Company, secured solely by the related Security Deed.

#### No Cross-Default or Cross-Collateralization

In the event of an Event of Default under a Security Deed (whether resulting from a payment default under the related Promissory Note or a covenant breach under that Security Deed), the Trustee may accelerate the related Promissory Note and foreclose on the related Project under the related Security Deed, but such Event of Default will give the Trustee no acceleration rights under the Series 2020 Bonds or any other Promissory Note, and no access to payments under other Promissory Notes or collateral for such other Promissory Notes. No Promissory Note is cross-defaulted against any other Promissory Note or the Series 2020 Bonds, and the Series 2020 Bonds are not cross-defaulted against any Promissory Note. Each Security Deed secures only the related Promissory Note and does not secure any other Promissory Note. In the event of a shortfall in the liquidation value of a particular Project to pay the amounts due under the related Promissory Note, the Trustee may not sue under, or foreclose, the lien of another Security Deed. Any amounts realized by the Trustee from the exercise of remedies under a Security Deed will be applied to the extraordinary mandatory redemption of Bonds. See "THE SERIES 2020 BONDS-Extraordinary Redemption of Series 2020 Bonds" herein.

## **Enforceability of Remedies**

The Company's assets and revenues available to make the payments required by the Promissory Notes are limited to its interest in the Projects and the rents and revenues from such Projects, including rents payable under the Rental Agreements. The Company has no other assets or revenues available to make payments required by the Promissory Notes or to satisfy any liabilities incurred as a result of ownership of the Projects. The Company's obligations under each Promissory Note are nonrecourse obligations of the Company, secured solely by the related Security Deed.

The realization of value from the pledge of the collateral under the Indenture and the Security Deeds upon any default will depend upon the exercise of various remedies specified by the Indenture and the Security Deeds. These and other remedies may require judicial actions, which often are subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2020 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Indenture, the Loan Agreement or the Security Deeds may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture, the Loan Agreement, the Security Deeds or the Disclosure Agreement.

If the Company were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Company and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the Company's property, including its revenues, could be used for the benefit of the Company despite the claims of the Trustee with respect to the Indenture or the Security Deeds, but only by giving appropriate recognition to the right of the Trustee as a secured creditor entitled to "adequate protection" to the extent of the value of the secured claim. If a bankruptcy court concludes that the Trustee has "adequate protection," it may (1) substitute other security for the property subject to the lien of the Indenture or the Security Deeds and (2) subordinate the lien of the Indenture or the Security Deeds (a) to claims by persons supplying goods, services, or credit to the Company after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding.

In a bankruptcy proceeding, the Company could file a plan for the adjustment of its debts, which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and would

discharge all claims against the Company provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible, and has been accepted by each class of claims impaired thereunder. Each class of claims will have accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. In addition, federal bankruptcy law permits the adoption of a reorganization plan even though the plan has not been accepted by the owners of a majority in aggregate principal amount of the obligations outstanding under the Indenture, if such owners are provided with the value of their claim or the "indubitable equivalent" thereof.

In the event of bankruptcy of the Company, the amount realized by the Trustee might depend on a federal bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. A bankruptcy court also may have the power to prevent the exercise of remedies arising under certain provisions of the Indenture, the Loan Agreement or the Security Deeds that make bankruptcy and related proceedings by the Company an event of default thereunder.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that any authority created under the Constitution or laws of the State of Georgia is not authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive or other governmental officer, governing body, or organization is empowered to cause or authorize the filing by or on behalf of any authority created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

## **Ad Valorem Property Taxes**

The Company believes that the Projects will continue to be exempt from ad valorem property taxation. Although the Company believes that it has a sound basis to assert that such Projects will be exempt from ad valorem property taxation, no assurance can be given that the Company will not have to pay ad valorem property taxes on its leasehold estate in the Projects, which would reduce the Company's revenues available to make payments under the Promissory Notes. The Board of Regents has agreed to pay the ad valorem taxes under the Rental Agreements should any such taxes be assessed.

## **Change in Tax Law**

Future legislation, if enacted into law, administrative clarifications of the Code, or court decisions, may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent beneficial owners from realizing the full benefit of the current tax status of such interest. Purchasers should consult their own tax

advisers regarding any pending or proposed federal or state tax legislation, administrative actions or litigation, as to which Bond Counsel expresses no opinion.

## **Limited Protection Against Loss of Tax Exemption**

There is no provision for the redemption of the Series 2020 Bonds or for the payment of additional interest on the Series 2020 Bonds in the event that interest on the Series 2020 Bonds becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2020 Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Series 2020 Bonds likely would be adversely affected.

The Company has covenanted and agreed in the Loan Agreement to comply with the provisions of the Code relating to the exclusion from gross income of interest payable on the Series 2020 Bonds. The Indenture and the Loan Agreement contain provisions designed to assure compliance with such covenant. The Rental Agreements, however, contain no covenant by the Board of Regents relating to the use of the Projects in a manner designed to preserve the exclusion from gross income of the interest on the Series 2020 Bonds, and the Board of Regents is not bound by the covenants contained in the Loan Agreement. The Rental Agreements prohibit the Board of Regents from assigning the Rental Agreements or subletting any of the Projects without the prior consent of the Company, which may not be unreasonably withheld, and the Company has covenanted to not consent to any such assignment or sublease that would adversely affect the exclusion from gross income of the interest on the Series 2020 Bonds.

The occurrence of an event that results in the interest payable on the Series 2020 Bonds being includable in the gross income of the owners of the Series 2020 Bonds for federal income tax purposes is not an event of default under the Indenture and does not give rise to a redemption of the Series 2020 Bonds, or to the payment to the owners of the Series 2020 Bonds of any amount denoted as supplemental interest, additional interest, penalty interest, liquidated damages, or otherwise, in addition to the amounts otherwise payable to the owners of the Series 2020 Bonds. Interest on the Series 2020 Bonds may become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds by reason of the Board of Regents' failure to comply with the requirements of federal tax law, and the Trustee will have no remedies available to it to mitigate the adverse economic effects to the owners of the Series 2020 Bonds of such inclusion by reason of the Board of Regents' noncompliance.

## Liquidation of Security May Not Be Sufficient in the Event of a Default

It has been the experience of lenders in recent years that attempts to foreclose on commercial property or otherwise enforce remedies related to security for obligations are frequently met with defensive measures, such as protracted litigation or bankruptcy proceedings, and that such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. The liquidation value of assets in a bankruptcy or creditors' proceeding typically is less than the replacement value of such assets for an ongoing business operation. The practical use of each Project is limited to its special use for the Board of Regents, and therefore, it is not likely to be generally suitable for commercial or industrial uses. The Company owns a leasehold interest (not a fee interest) in the Projects. Consequently, it may be difficult to find a buyer or tenant for a Project if it were necessary to foreclose on such Project. In addition, the same factors that lead to foreclosure may substantially reduce the value of a Project. If it becomes necessary to foreclose the lien of the Security Deed on a Project, net proceeds received from any foreclosure sale may be less than the aggregate principal amount of the related Promissory Note outstanding.

## **Normal Risks Attending Any Investment in Real Estate**

There are many diverse risks attending any investment in real estate, not within the Company's control, which may have a substantial bearing on the desirability of a Project to the Board of Regents. Such risks include possible adverse use of adjoining land, fire or other casualty, condemnation, decline in the neighborhood and local or general economic conditions, and changing governmental regulations.

## **Environmental Issues**

In anticipation of the lease of each Project site to the Company and in connection with the issuance of the Series 2010A Bonds, the Board of Regents retained environmental consultants to conduct an environmental site assessment on each Project site. The Company has not procured updated environmental assessments in connection with the issuance of the Series 2020 Bonds. The Company is not aware of any releases of pollutants or contaminants at any Project site that could give rise to enforcement actions under applicable Georgia or federal environmental statutes; however, there could be other such releases not known to the Company as of the date of this Official Statement.

The Company is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at any Project site; however, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Company could be liable for the costs of removing or otherwise treating pollutants or contaminants located at any Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the lien of a Security Deed could attach to the related Project, which would adversely affect the Trustee's ability to realize value from the disposition of that Project upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to a Project under the related Security Deed, the Trustee would need to take into account the potential liability of any owner of that Project, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

#### **Amendments to Documents**

Certain amendments to the Indenture, the Loan Agreement and the Security Deed may be made without notice to or the consent of the holders of the Series 2020 Bonds, and such amendments could affect the security for the Series 2020 Bonds. Certain amendments, however, are not permitted without the consent of the holder of each outstanding Series 2020 Bond affected thereby, including (1) extensions in the stated maturity of the principal, or any installment of interest on, any Series 2020 Bond, or (2) any reduction in the principal amount of, or interest on, any Series 2020 Bond. See Appendix B – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS" hereto.

## **Secondary Market and Prices**

The Underwriters will not be obligated to repurchase any of the Series 2020 Bonds, and no representation is made concerning the existence of any secondary market therefor, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Series 2020 Bonds, and no assurance can be given that initial offering prices for the Series 2020 Bonds will continue for any period of time. Therefore, any prospective purchaser of the Series 2020 Bonds should undertake an independent investigation through its own advisors regarding the desirability and practicality of an investment in the Series 2020 Bonds. Any prospective purchaser should be aware of the long-term nature of an investment in the Series 2020 Bonds and should assume that it will have to bear the economic risk of its investment for an extended period of time.

## **Ratings**

As of the date of initial issuance and delivery of the Series 2020 Bonds, the Series 2020 Bonds are rated by Moody's Investors Service, Inc. ("Moody's") (see "RATING"). There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. The Issuer and the Company undertake no responsibility to oppose any such revision or withdrawal.

#### **Taxation of Series 2020 Bonds**

Any exclusion from gross income for federal income tax purposes of the interest on the Series 2020 Bonds is dependent upon, among other things, the accuracy of the certifications of the Issuer contained in the Certificate as to Arbitrage Matters (the "Non-Arbitrage Certificate") and compliance with certain restrictions regarding investment of Series 2020 Bond proceeds, use of the Projects and continuing compliance by the Company and the Foundation with the tax certificate (the "Tax Certificate") each to be executed on the date of issuance of the Series 2020 Bonds, under which enforcement remedies available to the Issuer and the Trustee are severely limited. In addition, the Foundation must remain an exempt organization described under Section 501(c)(3) of the Code at all times while any Series 2020 Bonds remain outstanding in order for Series 2020 Bonds to retain their tax-exempt status. Failure of the Company and the Foundation to comply with the terms and conditions of the Loan Agreement, the Tax Certificate and other documents or any inaccuracy of the certifications of the Issuer in the Non-Arbitrage Certificate, as described herein, may result in the loss of the tax-exempt status of the interest on Series 2020 Bonds retroactive to the date of issuance of Series 2020 Bonds.

There is no obligation to redeem the Series 2020 Bonds if interest on the Series 2020 Bonds becomes includable in gross income for federal income tax purposes. If interest on Series 2020 Bonds should become included in gross income for federal income tax purposes, the market for and value of Series 2020 Bonds would be adversely affected.

Moreover, there can be no assurance that the present advantageous provisions of the Code, or the rules and regulations thereunder, will not be retroactively adversely amended or modified, thereby resulting in the inclusion in gross income of the interest on Series 2020 Bonds for federal income tax purposes or otherwise eliminating or reducing the benefits of the present advantageous tax treatment of Series 2020 Bonds. While no such legislation has been adopted, there can be no assurance that Congress would not adopt legislation applicable to Series 2020 Bonds or the Company and that the Projects would be able to comply with any such future legislation in a manner necessary to maintain the tax-exempt status of Series 2020 Bonds. The Company is required under the Loan Agreement to use its best efforts to comply with any other future federal income tax law requirements in order to maintain the tax-exempt status of Series 2020 Bonds to the extent that any such other requirements are made applicable to the Projects; however, there is no assurance that the Company would be able to comply with any such other requirements.

## Federal Income Tax Matters; 501(c)(3) Status of the Foundation

Loss by the Foundation of the benefits of certain provisions of the federal income tax law could jeopardize the tax-exempt status of Series 2020 Bonds. The Internal Revenue Service (the "IRS") has determined that the Foundation is an organization described in Section 501(c)(3) of the Code and therefore is exempt from federal income taxation under Section 501(a) of the Code. Under the Treasury Regulations, each of the Company and the Manager is a disregarded entity the income and operations of which is deemed to be the income and operations of the Foundation for federal income tax purposes. Changes in the Code or Treasury Regulations or the judicial or administrative interpretation thereof or certain actions of the Company or the Foundation could result in the revocation by the IRS of such determination and loss of the tax-exempt status of the Foundation or reversal of the treatment of the

Company as disregarded and therefore separate from the Foundation, either of which could jeopardize the tax-exempt status of the Series 2020 Bonds.

Any failure by the Foundation to remain qualified as tax-exempt under Section 501(c)(3) of the Code could affect the amount of funds or other property of the Company which would be available to pay debt service on Series 2020 Bonds or could lead to a determination that interest on Series 2020 Bonds is taxable. The failure by the Company, the Foundation, or the Issuer to continuously comply with certain covenants contained in the Indenture, the Loan Agreement, and the Tax Certificate after delivery of Series 2020 Bonds could result in the loss of the exclusion from gross income of interest on Series 2020 Bonds by the owners thereof for federal income tax purposes.

## Possible Consequences of Tax Compliance Audit

The IRS has established a general audit program to determine whether issuers of tax-exempt obligations, such as Series 2020 Bonds, are in compliance with requirements of the Code that must be satisfied in order for the interest of those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. It cannot be predicted whether the IRS will commence an audit of the Series 2020 Bonds. Depending on all the facts and circumstances and type of audit involved, it is possible that commencement of an audit of Series 2020 Bonds could adversely affect the market value and liquidity of Series 2020 Bonds until the audit is concluded, regardless of its ultimate outcome.

#### LITIGATION

#### The Issuer

There is no litigation now pending or threatened against the Issuer of which the Issuer has knowledge which restrains or enjoins the issuance or delivery of the Series 2020 Bonds or questions or affects the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued. To the Issuer's knowledge, neither the creation, organization, or existence of the Issuer, nor the title of the present officials of the Issuer is being contested or questioned. There is no litigation pending of which the Issuer has knowledge which in any manner questions the right of the Issuer to enter into the Indenture or the Loan Agreement, to endorse the Promissory Notes to the order of the Trustee, or to secure the Series 2020 Bonds in the manner provided in the Indenture.

## The Company

No litigation and no proceedings are pending or, to the Company's knowledge, threatened against the Company which would affect the sale of the Series 2020 Bonds, the security therefor, or the ability of the Company to perform its obligations under the Loan Agreement, the Promissory Notes, the Ground Leases, the Rental Agreements or the Security Deeds.

#### **Validation Proceedings**

The State of Georgia has instituted proceedings in the Superior Court of Fulton County, Georgia to validate the Series 2020 Bonds and the security therefor. The State of Georgia is the plaintiff in the proceeding, and the Issuer and the Company are the defendants. The receipt of a final judgment confirming and validating the Series 2020 Bonds and the security therefor is a condition precedent to the issuance and delivery of the Series 2020 Bonds. Under Georgia law, the judgment of validation will be forever conclusive with respect to the validity of the Series 2020 Bonds and the security therefor.

## **Closing Certificates**

At closing of the sale of the Series 2020 Bonds by the Underwriters, the Issuer and the Company will each deliver to the Underwriters a certificate (1) that no litigation is pending or threatened against it that would have a material effect on the issuance or validity of the Series 2020 Bonds or the security for the Series 2020 Bonds or on its financial condition, and (2) that the information contained in this Official Statement relating to it does not contain any misstatement of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

Neither the Board of Regents nor the State has made, or will make, any representation as to itself or the accuracy or completeness of the information contained in this Official Statement, including the financial statements included as Appendix H hereto.

#### TAX MATTERS

## **Opinion of Bond Counsel**

Certain legal matters incident to the authorization, validity, and issuance of the Series 2020 Bonds are subject to the approval of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2020 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

## **Federal Income Taxation**

The Internal Revenue Code of 1986, as amended (the "Code"), contains various requirements and restrictions that apply to the Series 2020 Bonds. These include restrictions on investments, requirements for periodic payment of arbitrage profits to the United States, requirements regarding the use of Series 2020 Bond proceeds, requirements regarding the nature and use of the facilities financed or refinanced with Series 2020 Bond proceeds, and other restrictions and requirements. Failure to comply with certain of such requirements and restrictions may cause interest on the Series 2020 Bonds to become subject to federal income taxation, retroactive, in some cases, to the date of issuance of the Series 2020 Bonds.

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes (including the tax imposed at the rate of 3.8% by Chapter 2A of Subtitle A of the Code (the "Affordable Care Tax")) and is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on taxpayers other than corporations. The foregoing opinions are subject to the condition that the Issuer and the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020 Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with all such requirements, but the Board of Regents has not so covenanted. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2020 Bonds in gross income for federal income tax purposes (including the Affordable Care Tax) to be retroactive to the date of issuance of the Series 2020 Bonds.

The Affordable Care Tax is imposed on individuals on the lesser of (1) net investment income and (2) any excess of the modified adjusted gross income over the applicable threshold amount. For individuals filing joint federal tax returns or as surviving spouses, the applicable threshold is \$250,000; for married individuals filing separate returns, the applicable threshold is \$125,000; and for other

individuals, the applicable threshold is \$200,000. This 3.8% tax is also imposed on estates and trusts on the lesser of (1) their undistributed net investment incomes and (2) any excess of their adjusted gross incomes over the dollar amount at which the highest tax bracket in Section 1(e) of the Code begins for the taxable year. Subject to the exceptions, conditions, and limitations set forth in the opinion of Bond Counsel, interest on the Series 2020 Bonds is excluded from modified adjusted gross income, adjusted gross income, and net investment income for purposes of the Affordable Care Tax. Nonetheless, gain, if any, from the sale or other disposition of Series 2020 Bonds will be taken into account in such calculations.

In concluding that interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes (including the Affordable Care Tax), Bond Counsel will rely, as to questions of fact material to its opinion, upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to it, (b) certifications furnished to it by or on behalf of the Company and the Issuer (including certifications made in the Tax Certificate of the Company and the Certificate as to Arbitrage Matters of the Issuer), and (c) representations of the Issuer and the Company contained in such proceedings and in documents delivered in connection with the issuance of the Series 2020 Bonds. If certain of these items are incorrect, interest on the Series 2020 Bonds may become included in gross income for federal income tax purposes (including the Affordable Care Tax) retroactive, in some cases, to the date of issuance of the Series 2020 Bonds.

Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2020 Bonds. See "TAX MATTERS-Collateral Federal Tax Consequences" herein for a general discussion of other selected federal tax consequences associated with ownership of the Series 2020 Bonds.

## **State of Georgia Taxation**

In the further opinion of Bond Counsel, under existing law, the Series 2020 Bonds are exempt from local property taxes in the State of Georgia, and the interest on the Series 2020 Bonds is exempt from State of Georgia income taxation, although the Series 2020 Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes. Bond Counsel has not opined as to whether interest on the Series 2020 Bonds is subject to state or local income taxation in jurisdictions other than Georgia; interest on the Series 2020 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each purchaser of Series 2020 Bonds should consult its own tax advisor regarding the tax-exempt status of the interest on the Series 2020 Bonds in a particular state or local jurisdiction other than Georgia.

## **Amortizable Premium**

Any Series 2020 Bonds (the "Premium Bonds") being sold at prices in excess of the principal amount thereof constitute "Premium Bonds". Under the Code, the excess of an owner's cost basis of a federally tax-exempt bond over the principal amount of such bond (other than a bond held as inventory, stock in trade, or for sale to customers in the ordinary course of business) is generally characterized as "bond premium." For federal income tax purposes, bond premium on federally tax-exempt bonds is amortized from the purchase date to the maturity or earlier call date of the related bond. An owner will therefore be required to decrease its basis in the Premium Bonds by the amount of amortizable bond premium attributable to each taxable year it holds the Premium Bonds. The amount of amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date, over the term of the Premium Bond or to its earlier call date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Premium Bonds should consult their own tax advisors with respect to the

precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption, or other disposition of the Premium Bonds.

## **Collateral Federal Tax Consequences**

Ownership of the Series 2020 Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions and other taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2020 Bonds, property and casualty insurance companies, certain recipients of Social Security or railroad retirement benefits, foreign corporations with branches in the United States, certain Subchapter S corporations, and taxpayers subject to backup withholding. The following is a general description of certain of these consequences:

- 1. No deduction is allowable for interest on indebtedness incurred or continued to purchase or carry the Series 2020 Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocated to interest on the Series 2020 Bonds; however, certain *de minimis* exceptions may be applicable for owners of Series 2020 Bonds other than financial institutions.
- 2. Property and casualty insurance companies are required to reduce the amount of deductible underwriting losses by 25% of their amount of tax-exempt interest, including interest on the Series 2020 Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.
- 3. Certain recipients of Social Security benefits and railroad retirement benefits will be required to include a portion of such benefits within gross income by reason of receipt or accrual of interest on the Series 2020 Bonds.
- 4. A branch-level tax is imposed on certain earnings and profits of foreign corporations operating branches in the United States, and interest on the Series 2020 Bonds may be included in the determination of such domestic branches' taxable bases on which this tax is imposed.
- 5. Passive investment income, including interest on the Series 2020 Bonds, may be subject to federal income taxation for any Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.
- 6. Payments of interest on the Series 2020 Bonds are subject to reporting to the Internal Revenue Service (the "IRS") and to payees on Form 1099-INT (or successor form), and the Trustee (or its agent) may be required to withhold federal tax (referred to as "backup withholding") from any such payment on a Series 2020 Bond, which will be imposed at the rate of 24% of the gross amount of any such payment, if (i) the owner fails to furnish the Trustee (or its agent) with his or her taxpayer identification number ("TIN"), the accuracy of which has been certified under the penalty of perjury, (ii) the Trustee (or its agent) has been notified by the IRS that the owner of the Series 2020 Bond has supplied an incorrect TIN, (iii) the IRS has notified the Trustee (or its agent) that the owner of the Series 2020 Bond has failed properly to report certain income to the IRS, or (iv) when required to do so, the owner of the Series 2020 Bond fails to certify under the penalty of perjury that he or she is not subject to backup withholding.

The foregoing is not intended as a detailed or comprehensive description of all possible federal tax consequences of purchasing or holding the Series 2020 Bonds. Persons considering the purchase of the Series 2020 Bonds should consult with their tax advisors as to the federal tax consequences of buying or holding the Series 2020 Bonds in their particular circumstances.

## **Changes in Federal and State Tax Law**

From time to time, legislative proposals may be made to change federal or state law that, if enacted, would eliminate the exclusion of interest on tax-exempt bonds from gross income for federal

income tax purposes, would eliminate any state law exemption or that would otherwise diminish the advantages of ownership of tax-exempt bonds for one or more categories of taxpayers for federal or state law purposes. Any such proposal could, in certain circumstances, even become effective with respect to tax-exempt bonds issued or purchased prior to enactment or announcement of the proposal.

In addition, from time to time, administrative actions, including regulations, rulings, and other administrative authorities, may be announced or proposed and litigation may be commenced or threatened that, if they become a legal authority, could eliminate or diminish the advantages of ownership of tax-exempt bonds for one or more categories of taxpayers for federal or state law purposes. The mere existence or announcement of any such legislative proposal or commencement or threat of any such administrative action or litigation could impair the marketability or market value of the Series 2020 Bonds, at least temporarily, whether or not it is ultimately enacted into law or becomes a legal authority.

The opinion expressed by Bond Counsel is based upon the U.S. Constitution and the Constitution of the State of Georgia, implemented by statutes enacted thereunder, and as interpreted by judicial, regulatory, and other administrative authorities existing as of the date of issuance and delivery of the Series 2020 Bonds. Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation or proposed, pending, or threatened administrative actions or litigation. Potential purchasers of the Series 2020 Bonds should consult their tax advisors regarding any pending or proposed legislation, administrative action, or litigation of the type referred to or characterized above as part of their investment decision and thereafter, as appropriate.

#### APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and delivery of the Series 2020 Bonds by the Issuer are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. The form of opinion of Bond Counsel which will be delivered upon the initial delivery of the Series 2020 Bonds is attached to this Official Statement as Appendix C. Certain legal matters will be passed upon for the Issuer by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia; for the Company and the Foundation by Stover Legal Group, LLC, Atlanta, Georgia; and for the Underwriters by Kutak Rock LLP, Atlanta, Georgia.

#### **UNDERWRITING**

Wells Fargo Bank, National Association, on behalf of itself and as a representative of BofA Securities, Inc. and Citigroup Global Markets Inc. (collectively, the "Underwriters"), has agreed to purchase the Series 2020 Bonds at a purchase price of \$56,837,322.10 (representing par plus an original issue premium of \$9,391,696.30 and less an underwriters' discount of \$194,374.20). The Underwriters are committed to purchase all of the Series 2020 Bonds, if any Series 2020 Bonds are purchased. The obligation of the Underwriters to purchase the Series 2020 Bonds is subject to a number of terms and conditions set forth in a Bond Purchase Agreement among the Issuer, the Company and the Underwriters. The Underwriters have advised the Issuer that they intend to make a public offering of the Series 2020 Bonds at the prices set forth on the inside front cover page hereof. The Underwriters may offer and sell the Series 2020 Bonds to certain dealers (including dealers depositing the Series 2020 Bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover page hereof.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange

Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), an underwriter of the Series 2020 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2016A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Separate Wells Fargo lines of business are serving as Trustee in connection with the Series 2020 Bonds and as Escrow Agent and Paying Agent for the Refunded Bonds and will be separately compensated for serving in these capacities.

BofA Securities, Inc., one of the Underwriters of the Series 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2020 Bonds.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. may compensate Fidelity for its selling efforts.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal management, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

#### RATING

Moody's has assigned its municipal bond rating of "A1" to the Series 2020 Bonds. Such rating reflects only the views of Moody's. An explanation of the significance of the rating given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007, (212) 553-0300. There is no assurance that such rating will be maintained for any

given period of time or that such rating may not be revised upward, downward or withdrawn entirely by Moody's if, in its judgment, circumstances warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of such Series 2020 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## FINANCIAL STATEMENTS

The basic financial statements of the University System as of June 30, 2019 and for the year then ended, attached hereto as Appendix H, have been audited by the State of Georgia Department of Audits and Accounts, to the extent and for the period indicated in its report thereon dated December 23, 2019, which appears in Appendix H. The University System has not made any representations regarding the accuracy or sufficiency of the information contained therein. The University System's financial statements have been included herein in reliance upon the report of the State of Georgia Department of Audits and Accounts, given upon the authority of such agency as experts in accounting and auditing. The State of Georgia Department of Audits and Accounts stated in its audit report in Appendix H that it conducted its audit in accordance with auditing standards generally accepted in the United States. The State of Georgia Department of Audits and Accounts has not and will not sign a written consent to the inclusion of its audit report in this Official Statement. The State of Georgia Department of Audits and Accounts could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of the University System's general purpose financial statements.

#### FINANCIAL ADVISOR

PRAG serves as financial advisor to the Company in connection with the issuance of the Series 2020 Bonds. PRAG is an independent financial advisor and is not engaged in the business of underwriting, trading or distributing municipal or public securities. Because of its limited participation, PRAG has not independently verified any of the data contained in this Official Statement and has no responsibility for the accuracy or completeness thereof.

#### **VERIFICATION**

The accuracy of the arithmetical computations of the adequacy of the maturing principal and interest earned on the Defeasance Securities in the Escrow Fund to pay the principal of and interest on the Refunded Bonds as set forth in the Escrow Agreement, and the arithmetical computations supporting the conclusion of Bond Counsel that the Refunded Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code will be verified by Samuel Klein and Company, independent certified public accountants.

#### **MISCELLANEOUS**

All references in this Official Statement to the Indenture, the Loan Agreement or other documents or official acts do not purport to be complete and are qualified in their entirety by said documents. All references to the Series 2020 Bonds and information with respect thereto are qualified in their entirety by the exact terms of the Indenture, documents, or official acts, copies of which are available from the Issuer, upon request, for full and complete statements of their provisions.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. The agreements of the Issuer with the holders of the Series 2020 Bonds are fully set forth in the Indenture, and neither this Official Statement

nor any statement which may have been made verbally or in writing is to be constructed as a contract with the holders of the Series 2020 Bonds.

#### **CERTIFICATION**

Except for the information set forth under the headings "THE ISSUER" and "LITIGATION – The Issuer" and "LITIGATION – Validation Proceedings" as it relates to the Issuer, the Issuer has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement. The Issuer is not responsible for providing any purchaser of the Series 2020 Bonds with any information relating to the Series 2020 Bonds or any of the parties in this transaction referred to in this Official Statement or for the accuracy or completeness of any such information furnished to any purchaser.

The execution, delivery and use of this Official Statement have been approved by the Issuer and the Company.

GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY	USG REAL ESTATE FOUNDATION III, LLC		
	By: USGREF MANAGER, its manager		
By: /s/ Teresa MacCartney Vice Chair	By: /s/ Karen N. McCauley Vice President		

APPENDIX A	<b>N</b> T
INFORMATION REGARDING EACH PARTICIPATING CONSTITUENT INSTITUION	Α.

## INFORMATION REGARDING EACH PARTICIPATING CONSTITUENT INSTITUTION

#### **Table of Contents**

## **COLLEGE OF COASTAL GEORGIA**

General	A-2
Enrollment	A-2
Admissions	A-2
Tuition and Fees	A-2
Financial Information	A-3
Budget – 2020 Fiscal Year	A-5
Debt Service Schedules	A-5
Sources of Funds to Make Rental Payments	A-6
GEORGIA COLLEGE & STATE UNI	VERSITY
General	A-7
Enrollment	A-7
Admissions	A-7
Tuition and Fees	A-7
Financial Information	A-8
Budget – 2020 Fiscal Year	A-10
Debt Service Schedule	A-10
Sources of Funds to Make Rental Payments	A-11
SAVANNAH STATE UNIVERS	ITY
General	A-12
Enrollment	A-12
Admissions	A-12
Tuition and Fees	A-12
Financial Information	A-13
Budget – 2020 Fiscal Year	A-15
Debt Service Schedule	A-15
Sources of Funds to Make Rental Payments	A-16
UNIVERSITY OF WEST GEOR	GIA
General	A-17
Enrollment	A-17
Admissions	A-17
Tuition and Fees	A-17
Financial Information	A-18
Budget – 2020 Fiscal Year	A-20
Debt Service Schedule	A-21
Sources of Funds to Make Rental Payments	A-21

No Participating Constituent Institution has made or will make any representation as to the accuracy or completeness of the information contained in this Official Statement concerning it. Neither the Issuer nor the Company has independently verified the accuracy, truthfulness, or completeness of such information, and by including such information in this Official Statement, neither the Issuer nor the Company shall assume any responsibility or make any representation or warranty, express or implied, for the accuracy, truthfulness, or completeness of such information or for any failure by any Participating Constituent Institution to disclose events that may have occurred or may affect the completeness or accuracy of any such information, but which are unknown to the Issuer or the Company.

## **COLLEGE OF COASTAL GEORGIA**

#### General

The College of Coastal Georgia ("Coastal Georgia") was established by the Board of Regents as a two-year college in 1961 and opened in 1964. Coastal Georgia is a four-year institution and offers 20 baccalaureate degrees.

Coastal College's 193-acre campus is located within the port city of Brunswick, Glynn County on the southeast coast of Georgia, equidistant between Savannah, Georgia and Jacksonville, Florida. Coastal College's satellite location, known as Camden Center, is located in Kingsland, Georgia, just a few miles north of the Florida border, and provides a regular schedule of day and evening classes for the convenience of Camden County and Charlton County, Georgia and Nassau County, Florida students attending Coastal Georgia.

## Enrollment

The following table reflects headcount enrollment information for the fall semesters of the academic years 2015-2016 through 2019-2020.

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
3,131	3,529	3,663	3,546	3,535

#### **Admissions**

The following table reflects application, acceptance and matriculation information for all applicants for the fall semesters of the academic years 2015-2016 through 2019-2020.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Applications	2,732	3,658	3,605	3,396	3,352
Number of Acceptances	1,816	2,579	2,619	2,399	2,418
Acceptance Rate	66%	71%	72%	70%	72%
Matriculants	1,094	1,477	1,375	1,275	1,184
Matriculation Rate	60%	57%	52%	53%	49%

## **Tuition and Fees**

The following table sets forth the undergraduate tuition (15 hours or more per semester) for the academic years 2015-2016 through 2019-2020 for Georgia residents and non-residents. The undergraduate fees (15 hours or more per semester) for Coastal Georgia for the current academic year (2019-2020) total \$685.

Academic Year	<u>In-State</u>	Out-of-State
2015-2016	\$1,532	\$5,661
2016-2017	1,532	5,661
2017-2018	1,563	5,774
2018-2019	1,563	5,774
2019-2020	1,602	5,918

#### **Financial Information**

The Board of Regents allocates and disburses funds to the institutions of the University System on an annual basis. The summary of the revenues and expenses and changes in net position of Coastal Georgia for the three fiscal years ended June 30, 2017 through June 30, 2019 set forth on the following page shows, among other things, the appropriation trends by the Board of Regents to Coastal Georgia and Coastal Georgia's historical collection of tuition and fees. This financial information is provided for informational purposes only. No revenues of the Board of Regents or Coastal Georgia are pledged as security for the Series 2020 Bonds.

For the fiscal year ended June 30, 2017, the State Department of Audits and Accounts (the "DOAA") conducted certain procedures at Coastal Georgia to support its audit of the basic financial statements of the State of Georgia. Accordingly, the DOAA has not expressed an opinion regarding the financial statements of Coastal Georgia for the fiscal year ended June 30, 2017. For the fiscal years ended June 30, 2018 and June 30, 2019, the DOAA did not review or perform any audit procedures at Coastal Georgia. The financial statements of Coastal Georgia for the fiscal years ended June 30, 2017 through June 30, 2019 were prepared by senior management at Coastal Georgia and have <u>not</u> been audited by an independent auditor or the DOAA.

GASB 68 Reporting. Governmental Accounting Standards Board Statement 68, Accounting and Financial Reporting for Pensions ("Statement 68") requires certain employers to record a liability and expense on their financial statements in an amount equal to their proportionate share of the net pension liability and expense of any cost-sharing, multiple-employer retirement plans, beginning with fiscal years beginning after June 15, 2014. For Coastal Georgia, GASB requires that, beginning with the fiscal year ended June 30, 2015, Coastal Georgia report as a liability its proportionate share of the net pension liability of the Teachers' Retirement System ("TRS") and the Employees' Retirement System and the Employee's Retirement System ("ERS"), which caused reported liabilities to increase, and net position to decrease, as compared to prior years, when proportionate share of net pension liability was not reported. As of June 30, 2019, Coastal Georgia's portion of the University System's net pension liability was \$11,814,061 (7.50% discount rate) with respect to TRS and \$217,844 (7.30% discount rate) with respect to ERS.

For fiscal year 2018, Coastal Georgia made prior period adjustments to its financial statements due to the implementation of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the restatement of the June 30, 2017 net position. This restatement resulted in a decrease in net position at July 1, 2017 of \$20,641,343 attributable to the accrual of Coastal Georgia's proportionate share of the net other postemployment benefit liability for the Board of Regents Retiree Health Benefit Plan.

Statement of Revenues, Expenses and Changes in Net Position of Coastal Georgia

OPERATING REVENUES	2017	2018	2019
Student Tuition and Fees (net) <sup>1</sup> Grants and Contracts	\$7,149,233	\$7,452,994	\$7,134,088
Federal	19,570	20,002	18,810
State			
Other			
Sales and Services	111,114	27,247	22,385
Rents and Royalties	1,840	3,032	1,750
Auxiliary Enterprises	1 012 022	0.62.252	000 =01
Residence Halls	1,012,833	963,272	998,781
Bookstore Food Services	271,332 2,177,673	310,618 1,992,701	308,575 2,025,172
Parking/Transportation	2,177,073	1,992,701	2,023,172
Health Services			
Intercollegiate Athletics	1,174,739	1,172,482	1,156,253
Other Organizations	980,585	1,028,517	1,010,163
Other Operating Revenues	104,304	185,471	139,530
Total Operating Revenues	\$13,003,223	\$13,156,336	\$12,815,507
OPERATING EXPENSES			
Salaries	¢7 001 040	¢0 021 105	¢0.761.067
Faculty Staff	\$7,981,040	\$8,831,185 9,209,651	\$8,761,267
Employee Benefits	8,558,786 5,254,557	6,291,418	9,242,430 6,747,286
Other Personal Services	98,709	73,533	159,603
Travel	292,817	267,470	259,568
Scholarships and Fellowships	3,051,038	3,134,357	3,051,573
Utilities	767,971	910,831	991,573
Supplies and Other Services	8,234,597	7,279,633	7,583,999
Depreciation	2,970,837	2,982,013	3,016,214
Total Operating Expenses	\$37,210,352	\$38,980,091	\$39,813,513
Operating Income (Loss)	\$(24,207,129)	\$(25,823,755)	\$(26,998,006)
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	\$14,514,442	\$15,280,604	\$16,868,047
Grants and Contracts			
Federal	7,099,908	7,093,774	7,061,285
State	72,785	54,594	34,957
Other	989,330	1,095,722	1,050,716
Gifts	401,451	352,593	498,903
Investment Income Interest Expense	22,846 (614,341)	22,123 (601,289)	19,871 (587,545)
Other Non-Operating Revenues (Expenses)	(13,276)	18,968	(751)
Net Non-Operating Revenues	22,473,145	23,317,089	24,945,483
, , , , , , , , , , , , , , , , , , ,			
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$(1,733,984)	\$(2,506,666)	\$(2,052,523)
Capital Grants and Gifts			
State	1,108,106	103,909	1,835,189
Other			
Special Item – capital asset transfer			
Total Other Revenues, Expenses, Gains or			
Losses	1,108,106	103,909	1,835,189
Increase (Decrease) in Net Position	\$(625,878)	\$(2,402,757)	\$(217,334)
Net Position – Beginning of Year, (Restated) <sup>2</sup>	\$51,392,916	\$30,125,695	\$27,722,938
Net Position – End of Year	\$50,767,038	\$27,722,938	\$27,505,604

The student tuition and fees amount does not include scholarship allowances. See note above regarding restatement of net position as of July 1, 2017.

Budget - 2020 Fiscal Year

Set forth below is Coastal Georgia's budget for the fiscal year ending June 30, 2020.

General Operating Revenue:		General Operating Expenses:	
State Appropriations	\$17,719,393	Instruction	\$14,834,411
Tuition	9,423,000	Academic Support	2,578,946
Fees	1,956,700	Student Services	3,130,744
Miscellaneous	131,000	Institutional Support	5,409,334
Indirect Revenue	145,000	Operation & Maintenance of Plant	3,881,658
Tech Fee Revenue	460,000		
<b>Total General Operating Revenue</b>	29,835,093	<b>Total General Operating Expenses</b>	<u>29,835,093</u>
Other Operations Revenue		Other Operations Expenses	
Auxiliary Operations	5,759,400	Auxiliary Operations	5,759,400
Student Activities	667,000	Student Activities	667,000
Sales & Services			
Sales & Services	28,000	Sales & Services	28,000
Sponsored / Restricted Educational	28,000 8,584,000	Sales & Services Sponsored / Restricted Educational	28,000 8,584,000
	- ,		,
Sponsored / Restricted Educational	8,584,000	Sponsored / Restricted Educational	8,584,000

## **Debt Service Schedules**

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2020 Bonds allocable to the Coastal Georgia Campus Center Project are as follows:

Bond Year			
Ending June 15	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$ 95,185.28	\$ 95,185.28
2021	\$ 260,000	398,450.00	658,450.00
2022	275,000	385,450.00	660,450.00
2023	285,000	371,700.00	656,700.00
2024	300,000	357,450.00	657,450.00
2025	320,000	342,450.00	662,450.00
2026	335,000	326,450.00	661,450.00
2027	345,000	309,700.00	654,700.00
2028	365,000	292,450.00	657,450.00
2029	385,000	274,200.00	659,200.00
2030	405,000	254,950.00	659,950.00
2031	425,000	234,700.00	659,700.00
2032	445,000	213,450.00	658,450.00
2033	465,000	191,200.00	656,200.00
2034	490,000	167,950.00	657,950.00
2035	515,000	143,450.00	658,450.00
2036	535,000	122,850.00	657,850.00
2037	555,000	101,450.00	656,450.00
2038	580,000	79,250.00	659,250.00
2039	600,000	61,850.00	661,850.00
2040	615,000	43,850.00	658,850.00
2041	635,000	25,400.00	660,440.00
	<u>\$9,135,000</u>	<u>\$4,793,835.28</u>	<u>\$13,928,835.28</u>

Note: Totals may not add precisely due to rounding.

## **Sources of Funds to Make Rental Payments**

In connection with the operation of the Coastal Georgia Campus Center Project, the Board of Regents approved a related student campus center fee which Coastal Georgia began collecting in the fall semester 2011. The amount of such fee is currently \$125 per student per semester. This fee is intended to provide sufficient funds for the payment of the rental payments and operating costs of the Coastal Georgia Campus Center Project, however, this fee is not pledged under the Rental Agreement related to the Coastal Georgia Campus Center Project, and the Board of Regents is not required to allocate the revenues of the Coastal Georgia Campus Center Project or the proceeds of this fee to its payments under such Rental Agreement.

#### GEORGIA COLLEGE & STATE UNIVERSITY

#### General

Founded in 1889, Georgia College & State University ("GCSU") is located in the center of Milledgeville, Georgia, the capital of the State of Georgia from 1804 to 1868. Designated by the Board of Regents as Georgia's public liberal arts university, this residential institution offers students a diverse array of 45 undergraduate degree programs and 39 graduate-level programs in the schools of liberal arts and sciences, business, education and health sciences.

GCSU's campus occupies 43 acres with the City of Milledgeville, with facilities for athletics, recreation and outdoor recreation located nearby on an additional 600 acres. The campus appeals to students seeking a classical academic environment in which to pursue a comprehensive program of higher education. GCSU's campus also features the restored Old Governor's Mansion, a national historic landmark that serves as an educational center and museum. GCSU enrolls more than 7,000 undergraduate and graduate students, approximately 97% of whom come from Georgia. Additionally, 199 students from 37 other states attend GCSU.

## **Enrollment**

The following table reflects headcount enrollment information for the fall semesters of the academic years 2015-2016 through 2019-2020.

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
6,889	6,915	6,952	6,989	7,031

#### **Admissions**

The following table reflects application, acceptance and matriculation information for all applicants for the fall semesters of the academic years 2015-2016 through 2019-2020.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Applications	3,968	3,980	4,089	4,329	4,416
Number of Acceptances	3,002	3,364	3,235	3,367	3,328
Acceptance Rate	76%	85%	79%	78%	75%
Matriculants	1,473	1,381	1,441	1,481	1,474
Matriculation Rate	49%	41%	45%	44%	44%

#### **Tuition and Fees**

The following table sets forth the undergraduate tuition (7 hours or more per semester) for the academic years 2015-2016 through 2019-2020 for Georgia residents and non-residents. The undergraduate fees (7 hours or more per semester) for GCSU for the current academic year (2019-2020) total \$1,011.

Academic Year	<u>In-State</u>	Out-of-State
2015-2016	\$3,590	\$12,764
2016-2017	3,590	12,764
2017-2018	3,662	13,019
2018-2019	3,662	13,019
2019-2020	3 754	13 344

#### **Financial Information**

The Board of Regents allocates and disburses funds to the institutions of the University System on an annual basis. The summary of the revenues and expenses and changes in net position of GCSU for the three fiscal years ended June 30, 2017 through June 30, 2019 set forth on the following page shows, among other things, the appropriation trends by the Board of Regents to GCSU and GCSU's historical collection of tuition and fees. This financial information is provided for informational purposes only. No revenues of the Board of Regents or GCSU are pledged as security for the Series 2020 Bonds.

The financial statements of GCSU for the fiscal years ended June 30, 2017 through June 30, 2019 were prepared by senior management at GCSU and have <u>not</u> been audited by an independent auditor or the DOAA.

GASB 68 Reporting. Statement 68 requires certain employers to record a liability and expense on their financial statements in an amount equal to their proportionate share of the net pension liability and expense of any cost-sharing, multiple-employer retirement plans, beginning with fiscal years beginning after June 15, 2014. For GCSU, GASB requires that, beginning with the fiscal year ended June 30, 2015, GCSU report as a liability its proportionate share of the net pension liability of TRS and ERS, which caused reported liabilities to increase, and net position to decrease, as compared to prior years, when proportionate share of net pension liability was not reported. As of June 30, 2019, GCSU's portion of the University System's net pension liability was \$52,860,340 (7.50% discount rate) with respect to TRS and \$693,367 (7.30% discount rate) with respect to ERS.

For fiscal year 2018, GCSU made prior period adjustments to its financial statements due to the implementation of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the restatement of the June 30, 2017 net position. This restatement resulted in a decrease in net position at July 1, 2017 of \$80,744,252 attributable to the accrual of GCSU's proportionate share of the net other post-employment benefit liability for the Board of Regents Retiree Health Benefit Plan.

# Statement of Revenues, Expenses and Changes in Net Position of GCSU

OPERATING REVENUES	2017	2018	2019
Student Tuition and Fees (net) <sup>1</sup> Grants and Contracts	\$57,447,517	\$58,669,401	\$58,707,884
Federal	509,366	436,349	320,564
State	96,846	60,317	770,408
Other	127,401	51,745	112,754
Sales and Services	2,670,863	2,665,498	2,815,248
Rents and Royalties	60,764	85,012	79,800
Auxiliary Enterprises	00,70.	05,012	77,000
Residence Halls	14,642,594	14,575,794	16,084,341
Bookstore	1,113,106	1,179,702	1,311,493
Food Services	7,520,079	7,617,953	7,840,409
Parking/Transportation	1,552,586	1,613,729	1,604,216
Health Services	-,,	-,,	-,
Intercollegiate Athletics	2,400,118	2,418,077	2,384,731
Other Organizations	374,128	324,100	328,133
Other Operating Revenues	530,296	405,788	742,414
Total Operating Revenues	\$89,045,664	\$90,103,465	\$93,102,395
OPERATING EXPENSES			
Salaries			
Faculty	\$28,720,773	\$29,450,286	\$29,453,624
Staff	32,638,166	34,192,834	34,492,552
Employee Benefits	22,749,180	26,434,560	26,638,726
Other Personal Services	276,014	312,520	291,950
Travel	1,083,326	1,341,618	1,423,735
Scholarships and Fellowships	2,778,270	3,058,703	3,152,348
Utilities	3,582,917	3,383,616	3,481,512
Supplies and Other Services	29,663,310	36,378,887	31,737,312
Depreciation	8,904,622	9,258,870	9,937,270
Total Operating Expenses	\$130,396,578	\$143,811,894	\$140,609,029
Operating Income (Loss)	\$(41,350,914)	\$(53,708,429)	\$(47,506,634)
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	\$37,490,685	\$40,028,859	\$41,176,883
Grants and Contracts			
Federal	6,626,800	7,126,821	7,784,861
State	248,230	202,047	207,075
Other	1,459,269	1,750,141	1,735,074
Gifts	158,823	820,408	1,488,744
Investment Income	987,733	806,881	248,257
Interest Expense	(6,292,338)	(6,142,237)	(5,964,001)
Other Non-Operating Revenues (Expenses)	(72,271)	(36,727)	(47,525)
Net Non-Operating Revenues	40,606,931	44,556,193	46,629,368
Income (Leas) D.C. Od. D.			
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$(743,983)	\$(9,152,236)	\$(877,266)
Capital Grants and Gifts			
State	4,953,119	10,670,162	1,400
Other	333,675	959,013	292,234
Additions to Permanent and Term Endowments	15,597	6,395	27,054
Total Other Days Francisco C.			
Total Other Revenues, Expenses, Gains or Losses	5,302,391	11,635,570	320,688
	-	11,033,370	<u> </u>
Increase (Decrease) in Net Position	4,558,408	2,483,334	(556,578)
Net Position – Beginning of Year, (Restated) <sup>2</sup>	34,545,118	(41,640,726)	(39,157,392)
Net Position – End of Year	\$39,103,526	\$(39,157,392)	\$(39,713,970)

The student tuition and fees amount does not include scholarship allowances. See note above regarding restatement of net position as of July 1, 2017.

**Budget – 2020 Fiscal Year** 

Set forth below is GCSU's budget for the fiscal year ending June 30, 2020.

Revenues:		Expenditures:	
Tuition and Fees	\$ 57,906,781	Instruction	\$ 50,462,792
State Appropriations	43,573,502	Auxiliary Enterprise	29,514,105
Auxiliary Enterprise	29,514,105	Academic Support	15,984,323
Grants and Contracts	8,540,440	Institutional Support	18,142,136
Sales and Services	2,835,192	Scholarships and Fellowships	6,780,000
Capital Grants and Gifts	75,000	Student Services	12,871,206
Other Operating Revenue	6,939,089	Plant Operations and Maintenance	11,065,409
		Public Service	4,095,962
		Research	468,176
Total	\$ <u>149,384,109</u>	Total	\$ <u>149,384,109</u>
Sales and Services Capital Grants and Gifts Other Operating Revenue	2,835,192 75,000 6,939,089	Scholarships and Fellowships Student Services Plant Operations and Maintenance Public Service Research	6,78 12,87 11,06 4,09 46

## **Debt Service Schedules**

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2020 Bonds allocable to the Georgia College Project are as follows:

Bond Year			
Ending June 15	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$ 223,611.94	\$ 223,611.94
2021	\$ 610,000	936,050.00	1,546,050.00
2022	640,000	905,550.00	1,545,550.00
2023	675,000	873,550.00	1,548,550.00
2024	710,000	839,800.00	1,549,800.00
2025	740,000	804,300.00	1,544,300.00
2026	780,000	767,300.00	1,547,300.00
2027	820,000	728,300.00	1,548,300.00
2028	865,000	687,300.00	1,552,300.00
2029	900,000	644,050.00	1,544,050.00
2030	945,000	599,050.00	1,544,050.00
2031	995,000	551,800.00	1,546,800.00
2032	1,045,000	502,050.00	1,547,050.00
2033	1,095,000	449,800.00	1,544,800.00
2034	1,155,000	395,050.00	1,550,050.00
2035	1,215,000	337,300.00	1,552,300.00
2036	1,260,000	288,700.00	1,548,700.00
2037	1,310,000	238,300.00	1,548,300.00
2038	1,360,000	185,900.00	1,545,900.00
2039	1,405,000	145,100.00	1,550,100.00
2040	1,445,000	102,950.00	1,547,950.00
2041	1,490,000	59,600.00	1,549,600.00
	<u>\$21,460,000</u>	<u>\$11,265,411.94</u>	<u>\$32,725,411.94</u>

Note: Totals may not add precisely due to rounding.

## **Sources of Funds to Make Rental Payments**

In connection with the operation of the Georgia College Project, the Board of Regents approved a related student recreation fee which GCSU began collecting in the fall semester 2011. The amount of such fee is currently \$175 per student per semester. This fee is intended to provide sufficient funds for the payment of the rental payments and operating costs of the Georgia College Project, however, this fee is not pledged under the Rental Agreement related to the Georgia College Project, and the Board of Regents is not required to allocate the revenues of the Georgia College Project or the proceeds of this fee to its payments under such Rental Agreement.

#### SAVANNAH STATE UNIVERSITY

#### General

Savannah State University ("Savannah State") was founded in 1890 and is located on a 173-acre campus in Savannah, Georgia. Savannah State enrolls more than 3,600 students, many of whom come from Georgia. Savannah State students may choose from 35 undergraduate and six graduate degree programs offered through the colleges of business administration, liberal arts and social sciences, and sciences and technology.

Savannah State is one of the few institutions in the country to offer a bachelor of arts degree in Homeland Security and Emergency Management which prepares students to lead recovery efforts in the aftermath of natural and man-made disasters. In addition, Savannah State offers the Georgia Tech Regional Engineering Program where students take engineering courses in Savannah and earn a bachelor of science degree in civil, computer, electrical or mechanical engineering from the Georgia Institute of Technology. Savannah State also offers the region's only four-year Naval ROTC program with tuition-assisted training in sciences and technology leading to military and related technology careers.

## **Enrollment**

The following table reflects headcount enrollment information for the fall semesters of the academic years 2015-2016 through 2019-2020.

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
4,800	4,955	4,429	4,077	3,688

## Admissions

The following table reflects application, acceptance and matriculation information for all applicants for the fall semesters of the academic years 2015-2016 through 2019-2020.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Applications	8,652	9,161	8,585	9,382	9,408
Number of Acceptances	3,077	3,190	1,913	1,768	3,459
Acceptance Rate	36%	36%	22%	18%	37%
Matriculants	1,681	1,843	1,252	1,240	1,195
Matriculation Rate	54%	58%	65%	70%	35%

#### **Tuition and Fees**

The following table sets forth the undergraduate tuition (15 hours or more per semester) for the academic years 2015-2016 through 2019-2020 for Georgia residents and non-residents. The undergraduate fees (15 hours or more per semester) for Savannah State for the current academic year (2019-2020) total \$919.

Academic Year	<u>In-State</u>	Out-of-State
2015-2016	\$2,429	\$8,839
2016-2017	2,429	8,839
2017-2018	2,478	9,016
2018-2019	2,478	9,016
2019-2020	2.540	9.241

#### **Financial Information**

The Board of Regents allocates and disburses funds to the institutions of the University System on an annual basis. The summary of the revenues and expenses and changes in net position of Savannah State for the three fiscal years ended June 30, 2017 through June 30, 2019 set forth on the following page shows, among other things, the appropriation trends by the Board of Regents to Savannah State and Savannah State's historical collection of tuition and fees. This financial information is provided for informational purposes only. No revenues of the Board of Regents or Savannah State are pledged as security for the Series 2020 Bonds.

The financial statements of Savannah State for the fiscal years ended June 30, 2017 through June 30, 2019 were prepared by senior management at Savannah State and have <u>not</u> been audited by an independent auditor or the DOAA.

GASB 68 Reporting. Statement 68 requires certain employers to record a liability and expense on their financial statements in an amount equal to their proportionate share of the net pension liability and expense of any cost-sharing, multiple-employer retirement plans, beginning with fiscal years beginning after June 15, 2014. For Savannah State, GASB requires that, beginning with the fiscal year ended June 30, 2015, Savannah State report as a liability its proportionate share of the net pension liability of TRS, which caused reported liabilities to increase, and net position to decrease, as compared to prior years, when proportionate share of net pension liability was not reported. As of June 30, 2019, Savannah State's portion of the University System's net pension liability was \$34,730,881 (7.50% discount rate) with respect to TRS.

For fiscal year 2018, Savannah State made prior period adjustments to its financial statements due to the implementation of Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which required the restatement of the June 30, 2017 net position. This restatement resulted in a decrease in net position at July 1, 2017 of \$47,008,795 attributable to the accrual of Savannah State's proportionate share of the net other postemployment benefit liability for the Board of Regents Retiree Health Benefit Plan.

Statement of Revenues, Expenses and Changes in Net Position of Savannah State

ODED ATING DEVENIUES	2017	2010	2010
OPERATING REVENUES Student Tuition and Fees (net) <sup>1</sup>	\$13,851,127	<b>2018</b> \$11,973,674	<b>2019</b> \$11,863,094
Grants and Contracts	\$13,031,127	\$11,973,074	\$11,003,094
Federal	9,310,329	9,469,336	9,942,082
State	62,967	104,591	17,740
Other	412,362	516,288	451,212
Sales and Services	983,692	841,524	1,462,019
Rents and Royalties	51,235	48,320	45,765
Auxiliary Enterprises	31,233	40,320	73,703
Residence Halls	15,593,215	15,207,654	12,475,059
Bookstore	238,416	205,605	180,964
Food Services	10,783,685	8,847,869	7,414,404
Parking/Transportation	983,659	1,140,336	780,433
Health Services	629,413	578,304	483,649
Intercollegiate Athletics	4,046,258	4,095,075	3,756,312
Other Organizations	106,440	97,627	79,322
Other Operating Revenues	1,577,820	536,350	480,445
Total Operating Revenues	\$58,630,618	\$53,662,553	\$49,432,500
Total operating to remain	400,000,010	\$22,00 <b>2</b> ,222	ψ.>, .ε=,εσσ
OPERATING EXPENSES Salaries			
Faculty	\$15,744,287	\$15,672,083	\$14,803,445
Staff	21,293,353	20,767,559	19,210,396
Employee Benefits	13,499,763	15,113,201	14,531,339
Other Personal Services	475,132	478,017	352,398
Travel	974,230	909,428	579,148
Scholarships and Fellowships	7,174,074	6,941,560	6,266,745
Utilities	3,636,160	3,922,108	4,142,461
Supplies and Other Services	28,088,126	26,839,954	25,047,667
Depreciation	7,128,355	7,495,697	7,239,353
Total Operating Expenses	\$98,013,480	\$98,139,607	\$92,154,952
Total Operating Expenses	\$70,015,400	\$70,137,007	\$72,134,732
Operating Income (Loss)	\$(39,382,862)	\$(44,477,054)	\$(42,722,452)
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	\$22,703,668	\$24,139,345	\$25,664,982
Grants and Contracts	<i>\$22,700,000</i>	ΨΞ :,15>,5 :6	\$20,00 i,502
Federal	16,847,003	17,429,633	14,937,902
State			
Other			
Gifts	1,111,705	2,201,771	2,133,661
Investment Income	705,048	473,395	1,017,038
Interest Expense	(4,614,002)	(4,778,323)	(4,426,183)
Other Non-Operating Revenues (Expenses)	134,228	(426,697)	
Net Non-Operating Revenues	36,887,650	39,039,124	39,327,400
Income (Loss) Before Other Revenues,			
Expenses, Gains or Losses	\$(2,495,212)	\$(5,437,930)	\$(3,395,052)
0.11.10			
Capital Grants and Gifts		4	
State	75,000	17,727,632	
Other		138,973	2.050.000
Special Item			2,958,080
Total Other Revenues, Expenses, Gains or			
Losses	75,000	17,866,605	2 058 080
LUSSCS	/3,000	17,000,003	2,958,080
Increase (Decrease) in Net Position	\$(2,420,212)	\$12,428,675	\$(436,972)
. ,	, , ,		
Net Position – Beginning of Year, (Restated) <sup>2</sup>	\$25,239,201	\$(27,115,239)	\$(14,686,564)
Not Desition - End of Vers	¢22 010 000	¢(14,696,564)	¢(15 100 50()
Net Position – End of Year	\$22,818,989	\$(14,686,564)	\$(15,123,536)

The student tuition and fees amount does not include scholarship allowances. See note above regarding restatement of net position as of July 1, 2017.

## Budget - 2020 Fiscal Year

Set forth below is Savannah State's budget for the fiscal year ending June 30, 2020.

Revenue:		Expenditures:	
Tuition and Fees	\$ 20,099,187	Instruction	\$ 20,032,064
State Appropriations	24,632,278	Research	4,180,308
Auxiliary Enterprises	27,086,879	Auxiliary Enterprise	27,086,879
Grants and Contracts	24,693,176	Academic Support	9,924,540
Sales and Services	957,700	Institutional Support	8,977,331
Capital Grants and Gifts	1,048,629	Scholarship and Fellowships	14,024,500
Other Operating Revenues	5,595,679	Student Services	6,027,087
		Plant Operations and Maintenance	9,976,674
		Public Service	2,835,533
Total Revenue	\$ <u>104,113,546</u>	Total Expenditures	\$ <u>104,113,546</u>

## **Debt Service Schedules**

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2020 Bonds allocable to the Savannah State Project are as follows:

Bond Year			
Ending June 15	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$ 134,828.89	\$ 134,828.89
2021	\$ 365,000	564,400.00	929,400.00
2022	390,000	546,150.00	936,150.00
2023	410,000	526,650.00	936,650.00
2024	430,000	506,150.00	936,150.00
2025	450,000	484,650.00	934,650.00
2026	470,000	462,150.00	932,150.00
2027	495,000	438,650.00	933,650.00
2028	520,000	413,900.00	933,900.00
2029	545,000	387,900.00	932,900.00
2030	575,000	360,650.00	935,650.00
2031	600,000	331,900.00	931,900.00
2032	630,000	301,900.00	931,900.00
2033	660,000	270,400.00	930,400.00
2034	695,000	237,400.00	932,400.00
2035	730,000	202,650.00	932,650.00
2036	755,000	173,450.00	928,450.00
2037	785,000	143,250.00	928,250.00
2038	820,000	111,850.00	931,850.00
2039	845,000	87,250.00	932,250.00
2040	870,000	61,900.00	931,900.00
2041	895,000	35,800.00	930,800.00
	<u>\$12,935,000</u>	<u>\$6,783,828.89</u>	<u>\$19,718,828.89</u>

Note: Totals may not add precisely due to rounding.

## **Sources of Funds to Make Rental Payments**

In connection with the operation of the Savannah State Project, the Board of Regents approved a related student fee which Savannah State began collecting in the fall semester 2011. The amount of such fee is currently \$200 per student per semester. This fee is intended to provide sufficient funds for the payment of the rental payments and operating costs of the Savannah State Project, however, this fee is not pledged under the Rental Agreement related to the Savannah State Project, and the Board of Regents is not required to allocate the revenues of the Savannah State Project or the proceeds of this fee to its payments under such Rental Agreement.

#### UNIVERSITY OF WEST GEORGIA

#### General

The University of West Georgia ("West Georgia"), a charter member of the University System of Georgia, is a comprehensive residential institution providing selectively focused undergraduate and graduate public higher education to the people of West Georgia and beyond. Founded in 1906 as the Fourth District Agricultural and Mechanical School, the Board of Regents of the University System of Georgia in 1933 established the school as West Georgia College, and in 1996, West Georgia became the State University of West Georgia. In January 2005, the Board of Regents voted to approve changing the name from the State University of West Georgia to the University of West Georgia.

West Georgia is located in the City of Carrollton, Georgia, approximately 40 miles southwest of Atlanta. The 645-acre campus is a blend of old and new, with historic structures of the late 1800s and early 1900s, as well as newer buildings that exemplify contemporary architectural styles. A distinguishing characteristic of the campus is its rolling landscape and mature trees. West Georgia's main campus contains a core of academic and administrative buildings that developed around the campus' first structure, built in 1843. A modern academic complex lies beyond the old campus and more recent physical development has occurred on the west side of the campus. The campus includes approximately 244 acres to the northwest that was contributed by the City of Carrollton, Georgia. This land includes West Georgia's athletics complex located on approximately 37 acres, including a 9,000 seat football stadium and athletic fields. The University offers a wide array of programs of study, including 45 at the bachelor's level, 23 at the master's level, six at the specialist level, five at the doctoral level and eight at the certificate level.

## **Enrollment**

The following table reflects headcount enrollment information for the fall semesters of the academic years 2015-2016 through 2019-2020.

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
12,834	13,308	13,520	13,733	13,238

## Admissions

The following table reflects application, acceptance and matriculation information for all new applicants for the fall semesters of the academic years 2015-2016 through 2019-2020.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Applications	9,664	10,025	9,765	9,824	8,746
Number of Acceptances	5,562	5,984	5,743	5,914	5,294
Acceptance Rate	58%	60%	59%	60%	61%
Matriculants	3,124	3,207	2,975	2,978	2,421
Matriculation Rate	56%	54%	52%	50%	46%

#### **Tuition and Fees**

The following table sets forth the undergraduate tuition (15 hours or more per semester) for the academic years 2015-2016 through 2019-2020 for Georgia residents and non-residents. The undergraduate

fees (15 hours or more per semester) for West Georgia for the current academic year (2019-2020) total \$1,012.

Academic Year	In-State	Out-of-State
2015-2016	\$2,613	\$9,222
2016-2017	2,613	9,222
2017-2018	2,665	9,406
2018-2019	2,665	9,406
2019-2020	2,732	9,641

#### **Financial Information**

The Board of Regents allocates and disburses funds to the institutions of the University System on an annual basis. The summary of the revenues and expenses and changes in net position of West Georgia for the three fiscal years ended June 30, 2017 through June 30, 2019 set forth on the following page shows, among other things, the appropriation trends by the Board of Regents to West Georgia and West Georgia's historical collection of tuition and fees. This financial information is provided for informational purposes only. No revenues of the Board of Regents or West Georgia are pledged as security for the Series 2020 Bonds.

The financial statements of West Georgia for the fiscal years ended June 30, 2017 through June 30, 2019 were prepared by senior management at West Georgia and have <u>not</u> been audited by an independent auditor or the State of Georgia Department of Audits and Accounts.

GASB 68 Reporting. Governmental Accounting Standards Board Statement 68, Accounting and Financial Reporting for Pensions ("Statement 68") requires certain employers to record a liability and expense on their financial statements in an amount equal to their proportionate share of the net pension liability and expense of any cost-sharing, multiple-employer retirement plans, beginning with fiscal years beginning after June 15, 2014. For West Georgia, GASB requires that, beginning with the fiscal year ended June 30, 2015, West Georgia report as a liability its proportionate share of the net pension liability of the Teachers' Retirement System ("TRS") and the Employees' Retirement System and the Employee's Retirement System ("ERS"), which caused reported liabilities to increase, and net position to decrease, as compared to prior years, when proportionate share of net pension liability was not reported. As of June 30, 2019, West Georgia's portion of the University System's net pension liability was \$83,898,098 (7.50% discount rate) with respect to TRS and \$308,574 (7.30% discount rate) with respect to ERS.

GASB 75 Reporting. For fiscal year 2018, West Georgia made prior period adjustments to its financial statements due to the implementation of Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which required the restatement of the June 30, 2017 net position. This restatement resulted in a decrease in net position at July 1, 2017 of \$116,029,071 attributable to the accrual of West Georgia's proportionate share of the net other post-employment benefit liability for the Board of Regents Retiree Health Benefit Plan.

Statement of Revenues, Expenses and Changes in Net Position of West Georgia

OPERATING REVENUES	2017	2018	2019
Student Tuition and Fees (net) <sup>1</sup>	\$ 67,102,516	\$ 78,473,230	\$ 79,574,987
Grants and Contracts			
Federal	1,933,328	1,378,916	1,461,406
State	510,202	500,619	447,901
Other	1,622,570	1,508,630	1,727,666
Sales and Services Rents and Royalties	546,404 164,535	610,857 122,218	685,321 98,449
Auxiliary Enterprises	104,333	122,210	90,449
Residence Halls	19,633,356	19,135,060	20,030,968
Bookstore	2,903,849	2,689,974	2,345,738
Food Services	12,053,976	11,747,964	11,970,011
Parking/Transportation	1,836,274	1,813,189	1,723,707
Health Services	2,306,132	2,194,379	2,261,263
Intercollegiate Athletics	6,949,795	6,920,703	6,945,404
Other Organizations	394,279	540,493	671,053
Other Operating Revenues <sup>2</sup>	10,715,752	2,929,548	2,399,250
Total Operating Revenues	\$128,672,968	\$130,565,880	\$132,343,124
OPERATING EXPENSES			
Salaries			
Faculty	\$43,459,858	\$45,868,115	\$45,459,500
Staff	50,724,867	55,652,471	58,007,039
Employee Benefits	34,640,819	43,577,350	47,292,265
Other Personal Services	711,276	670,641	565,459
Travel	1,581,589	1,716,666	1,772,840
Scholarships and Fellowships	10,927,462	10,752,246	10,739,374
Utilities	3,862,031	4,083,500	4,347,813
Supplies and Other Services	42,216,527	47,013,498	45,978,879
Depreciation	14,151,260	14,690,562	14,986,683
Total Operating Expenses	\$202,275,689	\$224,025,049	\$229,149,852
Operating Income (Loss)	\$(73,602,721)	\$(93,459,169)	\$(96,806,728)
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	\$52,460,243	\$59,326,040	\$64,411,102
Grants and Contracts	. , ,	. , ,	
Federal	24,940,373	26,200,897	25,799,970
State			
Other			
Gifts	672,100	2,027,218	1,125,377
Investment Income	451,522	860,050	1,442,271
Interest Expense	(9,118,901)	(8,862,188)	(8,213,500)
Other Non-Operating Revenues (Expenses)	130,241	(165,289)	(329,956)
Net Non-Operating Revenues	69,535,578	79,386,728	84,235,264
Income (Loss) Before Other Revenues,			
Expenses, Gains or Losses	\$(4,067,143)	\$(14,072,441)	\$(12,571,464)
1 ,	4( ))	*( ) )	1( )== ) = )
Capital Grants and Gifts			
State	2,349,827	482,912	26,947,505
Other	62,399	194,566	428,451
Special Item – capital asset transfer	(1,129,959)		
Total Other Revenues, Expenses, Gains or			
Losses	1,282,267	677,478	27,375,956
Increase (Decrease) in Net Position	\$(2,784,876)	\$(13,394,963)	\$14,804,492
Net Position – Beginning of Year, (Restated) <sup>3</sup>	\$129,997,939	\$11,183,992	\$(2,210,971)
Net Position – End of Year	\$127,213,063	\$(2,210,971)	\$12,593,521

The student tuition and fees amount does not include scholarship allowances.

Beginning in the fiscal year ended June 30, 2018, eCampus revenues (eCore and eMajor) were reclassified from Other Operating Revenues to Student Tuition and Fees.

See note above regarding restatement of net position as of July 1, 2017.

# Budget – 2020 Fiscal Year

Set forth below is West Georgia's budget for the fiscal year ending June 30, 2020.

Revenues: Education and General		Expenditures: Education and General ("E&G")	
General Operations			
Tuition	\$ 76,079,236	General Operations Regular Faculty	\$41,310,618
Tutton	\$ 70,077,230	Part-Time Faculty	1,488,837
Technology Fees	2,813,045	Summer Faculty	3,702,998
Other Fees	9,709,287	Student Assistants	3,515,685
Subtotal Tuition and	88,601,568	Professional Administrative	46,282,174
Fees	00,001,500	1 Totessional / Administrative	40,202,174
1003		Staff	
Indirect Cost Recoveries	225,132	Fringe Benefits	37,467,874
Sales and Service of Ed	2,318,597	Subtotal Personal Services	133,768,186
Depts	2,310,377	Subtour Fersonal Services	155,700,100
DS&S Quasi-Revenues	74,540		
Other Sources	9,138,571	Travel	2,212,301
Subtotal	11,756,840	Supplies	31,129,062
Total Internal Revenue	100,358,408	Equipment	676,709
10 100 1100 1100 1 01100	100,550,100	Subtotal Non-Personal Services	34,018,072
State Appropriations	67,427,850		
		Total General Operations	167,786,258
Total General Operations and	167,786,258	1	,,
State Appropriations	,,		
11 1		Other E&G Funding Sources	
Sponsored Operations	32,940,802	Personal Services	1,394,234
1	, ,	Non-Personal Services	31,546,568
		Subtotal Other E&G Funding	32,940,802
		Sources	, ,
Total Education and General	200,727,060	Total Education and General	200,727,060
Auxiliary Enterprises		Auxiliary Enterprises	
Housing	19,700,419	Personal Services	21,854,735
Other	<u>30,256,755</u>	Non-Personal Services	28,102,439
Total Auxiliary Enterprises	49,957,174	Total Auxiliary Enterprises	49,957,174
Town Tunning Enverprises	<u>,,</u>	Town Humany Enverpment	<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
Student Activities		Student Activities	
Fee Revenue	3,622,850	Operating & Program Support	1,527,867
Other Revenue	558,134	Facilities	2,653,117
Total Student Activities	<u>4,180,984</u>	Total Student Activities	4,180,984
			·
Capital Budget		Capital Budget	
Investment Income, Sale of		Capital Outlay	<u>2,041,172</u>
Property and State			
Appropriation for Design	<u>2,041,172</u>		
Total	<u>\$256,906,390</u>	Total	<u>\$256,906,390</u>

## **Debt Service Schedules**

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2020 Bonds allocable to the West Georgia Campus Center Project are as follows:

Bond Year			
Ending June 15	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$ 42,844.72	\$ 42,844.72
2021	\$ 120,000	179,350.00	299,350.00
2022	120,000	173,350.00	293,350.00
2023	130,000	167,350.00	297,350.00
2024	135,000	160,850.00	295,850.00
2025	140,000	154,100.00	294,100.00
2026	150,000	147,100.00	297,100.00
2027	155,000	139,600.00	294,600.00
2028	165,000	131,850.00	296,850.00
2029	175,000	123,600.00	298,600.00
2030	185,000	114,850.00	299,850.00
2031	195,000	105,600.00	300,600.00
2032	200,000	95,850.00	295,850.00
2033	210,000	85,850.00	295,850.00
2034	220,000	75,350.00	295,350.00
2035	230,000	64,350.00	294,350.00
2036	240,000	55,150.00	295,150.00
2037	250,000	45,550.00	295,550.00
2038	260,000	35,550.00	295,550.00
2039	270,000	27,750.00	297,750.00
2040	275,000	19,650.00	294,650.00
2041	<u>285,000</u>	11,400.00	296,400.00
	<u>\$4,110,000</u>	<u>\$2,156,894.72</u>	<u>\$6,266,894.72</u>

Note: Totals may not add precisely due to rounding.

## **Sources of Funds to Make Rental Payments**

The Board of Regents expects that rent, sales and bookstore reserves from the West Georgia Project will be sufficient to pay the rental payments and operating costs of the West Georgia Project; however, such revenues and reserves are not pledged under the Rental Agreement related to the West Georgia Project, and the Board of Regents is not required to allocate the net revenues or the reserves of the West Georgia Project to its payments under such Rental Agreement.

# APPENDIX B DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS



## **DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS**

Following the definitions are summaries of the Loan Agreement, the Amended Notes, the Security Deeds, and the Indenture. The statements made herein relating to such documents are summaries and do not purport to be complete. Complete copies of the Loan Agreement, the Amended Notes, the Security Deeds, and the Indenture are on file at the principal corporate trust office of the Trustee. The following summaries are qualified in their entirety by express reference to such documents.

# **DEFINITIONS OF TERMS IN PRINCIPAL DOCUMENTS**

Set forth below is a summary of certain of the defined terms used in the Loan Agreement, the Amended Notes, the Security Deeds, and the Indenture and in this summary of the provisions thereof. Reference is made to such documents for the full definition of all terms and for the definition of capitalized terms used herein but not defined herein.

- "Act" means Chapter 16 of Title 20 of the Official Code of Georgia Annotated, entitled the "Georgia Higher Education Facilities Authority Act," as amended, and as the same may be from time to time additionally supplemented and amended.
- "Additional Bonds" means the additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.
- "Additional Loan Payments" means the loan payments payable by the Company, described under the heading "SUMMARY OF THE AMENDED NOTES Payment Terms -- Additional Loan Payments" herein.
- "Additions" or "Alterations" means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to any of the Projects (other than routine repair or maintenance), including any and all machinery, furnishings, and equipment therefor.
- "Affiliate" means any Person (a) directly or indirectly controlling, controlled by, or under common control with the Company; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of the Company. For purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "Directing Body" means with respect to: (a) a corporation having stock, such corporation's board of directors and owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation (both of which groups will be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; or (c) any other entity, its governing body or board. For the purposes of this definition, all references to directors and members will be deemed to include all entities performing the function of directors or members however denominated.
- "Agreement Term" means the duration of the Loan Agreement as specified under the heading "SUMMARY OF THE LOAN AGREEMENT Term of the Loan Agreement" herein.
- "Amended Notes" means, collectively, the Coastal College Campus Center Note, the Georgia College Note, the Savannah State Note, and the West Georgia Note.
- "Authorized Company Representative" means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee, containing the specimen signature of such person and signed on behalf of the Company by the manager of the Company. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.
- "Available Monies" means monies which are continuously on deposit with the Trustee or the paying agent in trust for the benefit of the Owners in a separate and segregated account in which only Available Monies are held and which constitute (i) proceeds of the Bonds received contemporaneously with the issuance, delivery, and sale of the Bonds; (ii) other monies held in any fund created under the Indenture that have been continuously on deposit in trust with the Trustee or the paying agent for the benefit of the Owners for a period of one hundred twenty-three (123) consecutive

days during and prior to which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against the Issuer or the Company and no similar proceedings have been instituted under State insolvency or other laws affecting creditors' rights generally; (iii) proceeds of a credit facility; (iv) funds for which the Trustee and any rating agency then maintaining a rating on the Bonds have received a written opinion of Independent Counsel nationally recognized in bankruptcy matters and acceptable to the Trustee, and any rating agency then maintaining a rating on the Bonds, to the effect that payment of such monies to the Owners would not constitute a voidable preference under Section 547 of the United States Bankruptcy Code or under applicable State law if the Issuer or the Company were to become a debtor under the United States Bankruptcy Code or under applicable State law; or (v) the earnings on, and other proceeds of, investment of funds qualifying as Available Monies under the foregoing clauses.

- "Basic Loan Payments" means the loan payments payable by the Company to the Issuer, described under the heading "SUMMARY OF THE AMENDED NOTES Payment Terms -- Basic Loan Payments" herein.
- "Bond Counsel" means Independent Counsel nationally recognized as experienced in matters relating to the exclusion from gross income for federal tax purposes of interest on obligations of states and political subdivisions, and which is mutually acceptable to the Issuer and the Trustee, such acceptance not to be unreasonably withheld.
- **"Bond Documents"** means, collectively, the Loan Agreement, the Amended Notes, the Indenture, the Security Deeds, the Assignments of Contract Documents, the Bond Purchase Agreement, the Continuing Disclosure Certificate, and the Tax Agreement.
  - "Bond Fund" means the fund by that name created in the Indenture.
- "Bond Purchase Agreement" means the Bond Purchase Agreement, dated March 5, 2020, among the Issuer, the Company, and the Underwriters.
- "Bond Year" means the twelve-month period beginning on June 16 of each calendar year and ending on June 15 of the next succeeding calendar year.
- "Bondholders" or "Bondowners" or "Owners" means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Trustee as Bond registrar.
- "Bonds" means the Series 2020 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.
- "Building" means the Improvements (as such term is defined in the Security Deeds) described in each of the Security Deeds.
- "Business Day" means any day other than a day on which (i) banks located in the city in which the principal corporate trust office of the Trustee is located are authorized or required by law to close, or (ii) The New York Stock Exchange or the payment system of the Federal Reserve System is closed.
- "Capitalized Interest" means amounts deposited to pay interest on Indebtedness and interest earned on such amounts to the extent that such interest earned is required to be applied to pay interest on Indebtedness.
  - "Closing Date" means the date of issuance and delivery of the relevant series of Bonds.
- "Coastal College Campus Center Bonds" means that portion of the Series 2010 Bonds and the Series 2020 Bonds allocable to the Coastal College Campus Center Project as shown on Exhibit B to the Indenture.
- "Coastal College Campus Center Ground Lease" means the Ground Lease, dated as of August 12, 2010, between the Board of Regents and the Company, relating to the Coastal College Campus Center Project.
- "Coastal College Campus Center Note" means the amended and restated promissory note of the Company, dated the Closing Date of the Series 2020 Bonds, in the original principal amount of \$9,135,000, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Coastal College Campus Center Project.
- "Coastal College Campus Center Project" means the campus center located on the campus of College of Coastal Georgia in Brunswick, Georgia.
- "Coastal College Campus Center Rental Agreement" means the Rental Agreement, dated as of August 12, 2010, as supplemented and amended by a First Amendment to Rental Agreement, to be dated on or prior to the Closing Date of the Series 2020 Bonds, between the Company and the Board of Regents.

- "Coastal College Campus Center Security Deed" means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Coastal College Campus Center Project), dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Coastal College Campus Center Project), dated as of March 1, 2020, from the Company to the Issuer, and the related Assignment of Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the Assignment of First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Coastal College Campus Center Project), dated as of March 1, 2020, from the Issuer to the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.
- "Code" means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).
- "Company" means USG Real Estate Foundation III, LLC, a limited liability company duly organized and existing under the laws of the State of Georgia, and its successors and assigns.
- "Company Documents" means, collectively, the Loan Agreement, the Amended Notes, the Security Deeds, the Ground Leases, the Rental Agreements, the Tax Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, and the Series 2010 Escrow Agreement.
  - "Condemnation Fund" means the fund by that name created in the Indenture.
- "Consulting Architect" means the architect or architectural firm at the time employed by the Company and designated by written certificate furnished to the Trustee and signed on behalf of the Company by an Authorized Company Representative. The Consulting Architect must be registered and qualified to practice under the laws of the State and cannot be a full-time employee of the Issuer or the Company.
- "Continuing Disclosure Certificate" means each Continuing Disclosure Certificate of the Company, dated each Closing Date.
- "Debt Service" means the aggregate principal (whether at maturity or pursuant to mandatory redemption requirements), interest payments, and other payments of the Company on Long-Term Indebtedness during the period in question. The principal of and interest on Bonds shall be excluded from the determination of Debt Service to the extent that the same were or are expected to be paid with amounts on deposit on the date of the calculation (or Bond proceeds to be deposited on the date of issuance of proposed Bonds) in the Project Fund, the Bond Fund, or a similar fund.
- "Debt Service Coverage Ratio" means, for any period, the ratio of Revenue Available for Debt Service to Debt Service.
  - "Equipment" means the personal property described in the definition of "Project" in each of the Security Deeds.
- "Event of Default" means, unless otherwise provided to the contrary, any of the events constituting an "Event of Default" under the Loan Agreement, which events are more particularly described under the heading "SUMMARY OF THE LOAN AGREEMENT Events of Default Defined" herein.
- "Expenses" mean, for any period, the aggregate of all expenses calculated under GAAP, but excluding (i) extraordinary expenses (including without limitation losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans), (ii) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute extraordinary expense, (iii) losses resulting from any reappraisal, revaluation, or write-down of assets, and (iv) unrealized losses on investments.
- **Extraordinary Services of the Trustee**" and **Extraordinary Expenses of the Trustee**" mean all reasonably necessary services rendered and all reasonably necessary expenses incurred by the Trustee under the Indenture after an Event of Default, including reasonable counsel fees, other than Ordinary Services of the Trustee and the Ordinary Expenses of the Trustee.
- "Favorable Opinion of Bond Counsel" means, with respect to any action the taking of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action will not impair the exclusion of interest on

the Tax-Exempt Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds).

- **"Financial Consultant"** means a firm of consultants, knowledgeable in the operation and financial affairs of the type of the Projects, reasonably acceptable to the Trustee, which is to be employed by the Company to make reports with respect to rents, operating expenses, and operations and to provide other functions and duties provided for in the Security Deeds.
- "First Supplement Indenture" means the First Supplemental Trust Indenture, dated as of March 1, 2020, between the Issuer and the Trustee.
- **"Fiscal Year"** means any period of 12 consecutive months adopted by the Company as its fiscal year for financial reporting purposes and initially means the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.
- **"Fitch"** means Fitch, Inc., doing business as Fitch Ratings, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, "Fitch" will be deemed to refer to any other nationally recognized securities rating agency designated by the Company.
- "GAAP" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented or amended.
- "Georgia College Bonds" means that portion of the Series 2010 Bonds and the Series 2020 Bonds allocable to the Georgia College Project as shown on Exhibit B to the Indenture.
- "Georgia College Ground Lease" means the Ground Lease, dated as of August 12, 2010, between the Board of Regents and the Company, relating to the Georgia College Project.
- "Georgia College Note" means the amended and restated promissory note of the Company, dated the Closing Date of the Series 2020 Bonds, in the original principal amount of \$21,460,000, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Georgia College Project.
- "Georgia College Project" means the student wellness center located on the campus of Georgia College & State University in Milledgeville, Georgia.
- "Georgia College Rental Agreement" means the Rental Agreement, dated as of August 12, 2010, as supplemented and amended by the First Amendment to Rental Agreement, to be dated on or prior to the Closing Date of the Series 2020 Bonds, between the Company and the Board of Regents, relating to the Georgia College Project.
- "Georgia College Security Deed" means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Georgia College Project), dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Georgia College Project), dated as of March 1, 2020, from the Company to the Issuer, and the related Assignment of Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the Assignment of First Amendment to Leasehold Deed to Secure Debt, Assignments of Rents and Leases, and Security Agreement (Georgia College Project), dated as of March 1, 2020, from the Issuer to the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.
- "Governing Body" means, with respect to the Issuer, the members of the Issuer and, with respect to the Company, the manager of the Company.
- "Government Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which when due are unconditionally guaranteed by, the United States of America.
- "Ground Leases" means, collectively, the Coastal College Campus Center Ground Lease, the Georgia College Ground Lease, the Savannah State Ground Leases, and the West Georgia Ground Lease, as the same may be amended or supplemented from time to time in accordance with the terms thereof; provided, however, that any of the preceding may be referred to individually herein as a "Ground Lease."
- "Ground Lessor" means, with respect to each Ground Lease, the Board of Regents of the University System of Georgia, in its capacity as ground lessor, together with its successors and assigns thereunder.

"Indebtedness" means with respect to the Company (i) all indebtedness, whether or not represented by bonds, debentures, notes, or other securities, for the repayment of money borrowed; (ii) all deferred indebtedness for the payment of the purchase price of properties or assets purchased; (iii) all guaranties, endorsements (other than endorsements in the ordinary course of business), assumptions, and other contingent obligations in respect of, or to purchase or to otherwise acquire, indebtedness of others; (iv) all indebtedness secured by a mortgage, pledge, security interest, or lien existing on property owned which is subject to such mortgage, pledge, security interest, or lien, whether or not the indebtedness secured thereby is assumed; and (v) all capitalized lease obligations; provided, however, that for the purpose of computing Indebtedness, there will be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there is deposited with the proper depository in trust the necessary funds (or direct obligations of the United States of America not redeemable by the issuer) for the payment, redemption, or satisfaction of such Indebtedness, and thereafter such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the assets of the Company and the income derived from such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the income of the Company.

"Indenture" means the Trust Indenture, dated as of August 1, 2010, as supplemented and amended by the First Supplemental Indenture, between the Issuer and the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States and not in the full-time employment of the Issuer or the Company.

"Insurance Consultant" means any Person, which is not the Company or an Affiliate of the Issuer or the Company, appointed by the Company, which is qualified to survey risks and to recommend insurance coverage for educational facilities and organizations engaged in like operations as that of the Company in the State and which has a favorable reputation for skill and experience in such surveys and such recommendations and which may be a broker or agent with whom the Company or Issuer transacts business.

"Insurance Fund" means the fund by that name created in the Indenture.

"Interest Payment Date" means June 15 and December 15 of each year, commencing June 15, 2020, in the case of Series 2020 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

"Issuance Cost Fund" means the fund by that name created in the Indenture.

## "Issuance Costs" means:

- (a) the initial or acceptance fee of the Trustee, the fees and taxes for recording and filing the Security Deeds, financing statements, and any title curative documents that either the Trustee or Independent Counsel may reasonably deem desirable to file for record in order to perfect or protect the title of the Company to the Projects or the lien or security interest created or granted by the Security Deeds, and the reasonable fees and expenses in connection with any actions or proceedings that either the Trustee or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the lien or security interest created or granted by the Security Deeds;
- (b) the costs of legal fees and expenses, including counsel to the Issuer, the Company, the Trustee, and Underwriters' Counsel, Disclosure Counsel, and Bond Counsel, underwriter's spread, underwriting fees, financing costs, Issuer's fees and expenses, financial advisor's fees, accounting fees and expenses, consulting fees, Trustee's fees, paying agent and certifying and authenticating agent fees, publication costs, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, issuance, and carrying of Bonds, and preparation of the Bond Documents, the Real Estate Documents, and all other documents in connection therewith; and
- (c) other costs in connection with the issuance of Bonds permitted by the Act to be paid or reimbursed from Bond proceeds.

"Issuer" means Georgia Higher Education Facilities Authority, a public body corporate and politic created and existing under the laws of the State, and its successors and assigns.

"Loan" means the loan of the proceeds of Bonds by the Issuer to the Company pursuant to the Loan Agreement, which is evidenced by the Notes.

- "Loan Agreement" means the Loan Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Loan Agreement, dated as of March 1, 2020, between the Issuer and the Company, as the same may be amended from time to time.
  - "Loan Documents" means, with respect to each Project, the corresponding Security Deed and Amended Note.
- "Loan Payments" means the loan payments payable by the Company to the Issuer, described under the heading "SUMMARY OF THE LOAN AGREEMENT Loan Payments and Other Amounts Payable" herein.
  - "Long-Term Indebtedness" means any Indebtedness other than Short-Term Indebtedness.
- "Majority Bondowners" means, at the time of determination, the Owners of a majority in principal amount of Bonds then Outstanding.
- "Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the Company.
- "Net Proceeds," when used with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim or claim for damage to or for taking of property, means the gross proceeds from the insurance or condemnation award or recovery remaining after payment of all expenses (including attorneys' fees and any Extraordinary Expenses of the Trustee) incurred in the collection of such gross proceeds.
  - "Notes" means the Amended Notes and any promissory notes issued in connection with Additional Bonds.
- "Operating Expenses" of a particular Project means all current expenses, paid or accrued, for the operation, maintenance, and repair of all facilities of the Project, as calculated in accordance with GAAP, and includes, without limiting the generality of the foregoing, salaries, wages, the cost of audits, trustee, paying agent, and bond registrar fees and expenses, ad valorem taxes, marketing expenses, insurance premiums, the calculation of any rebate amount owed to the United States pursuant to Section 148 of the Code and related to the Tax-Exempt Bonds, labor, cost of materials and supplies used for current operation, expenses for account services, shuttle services, public safety, cable, telephone, technology, and the physical plant and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice, but excluding any reserve for renewals or replacements for extraordinary repairs or any allowance for depreciation and excluding any expenses of operation paid directly by the Board of Regents or any tenant under the respective Rental Agreement.
- "Operating Fund" means the fund by that name created in the Indenture, which fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, and General Account.
- "Operation and Maintenance Reserve Fund" means the fund by that name created in the Indenture. The Operation and Maintenance Reserve Fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, and General Account.
- "Operation and Maintenance Reserve Requirement" means the estimated expenses of operating and maintaining the applicable Project for the succeeding three calendar months, as established in the current annual budget of the Company with respect to such Project.
- "Ordinary Services of the Trustee" and "Ordinary Expenses of the Trustee" mean those reasonable services rendered and those reasonable expenses incurred by the Trustee in the performance of its duties under the Indenture of the type ordinarily performed by corporate trustees under like indentures, including reasonable counsel fees.
- "Outstanding Bonds" or "Bonds Outstanding" or "Outstanding" means all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:
  - (a) Bonds theretofore canceled or required to be canceled by the Trustee,
  - (b) Bonds which are deemed to have been paid in accordance with the provisions of the Indenture described under the heading "SUMMARY OF THE INDENTURE Discharge of Lien" herein, and
    - (c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture is discharged pursuant to the terms thereof, no Bonds will be deemed to be Outstanding within the meaning of this provision.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the provisions of the Security Deeds; (ii) the Bond Documents; (iii) presently existing utility, access, and other easements and rights of way, restrictions, and exceptions described in the Title Policy; (iv) inchoate mechanics' and materialmen's liens which arise by operation of law, but which have not been perfected by the required filing of record, for work done or materials delivered after the date of recording the Security Deeds in connection with the Projects or Additions or Alterations; (v) the mechanics' and materialmen's liens being contested in accordance with the provisions of the Security Deeds; (vi) the subordination and the easements permitted under the provisions of the Loan Agreement described under the heading "SUMMARY OF THE LOAN AGREEMENT - Release of Certain Land and Subordination; Granting of Easements" herein; (vii) liens or encumbrances securing, on a parity basis, the Series 2020 Bonds and Additional Bonds permitted by the Indenture; (viii) mortgages and purchase money security interests (including, without limitation, financing leases) in after acquired property of the Company which becomes part of any of the Projects securing Indebtedness permitted by the Loan Agreement; and (ix) rights granted under the Rental Agreements and any liens created thereby.

"Permitted Investments" means any of the following securities, provided that at the time of investment such securities or the obligations held by any such unit investment trust or the obligations held or to be acquired by any such mutual fund are limited to obligations that are rated within one of the top two rating categories of any nationally recognized rating service or any rating service recognized by the Commissioner of Banking and Finance of the State of Georgia:

- (i) tax-exempt obligations of counties, municipal corporations, school districts, political subdivisions, or public instrumentalities of any such government;
- (ii) general obligations of the United States or of subsidiary corporations of the United States government that are fully guaranteed by such government;
- (iii) obligations of the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives; and
- (iv) the units of any unit investment trusts the assets of which are exclusively invested in obligations of the type described above, or the shares of any mutual fund the investments of which are limited to securities of the type described above and distributions from which are treated for federal income tax purposes in the same manner as the interest on such obligations.
- "Permitted Title Exceptions" means, with respect to each Security Deed, the applicable title exceptions described on the Exhibit thereto entitled "Permitted Title Exceptions."
- "Person" means natural persons, firms, associations, trusts, partnerships, corporations, limited liability companies, public bodies, and similar entities.
  - "Premises" means the "Premises" described in each Security Deed.
- "Project Bonds" refers individually to each of the Coastal College Campus Center Bonds, the Georgia College Bonds, the Savannah State Bonds, and the West Georgia Bonds.
- **"Project Fund"** means the fund by that name created in the Indenture, which fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, Capitalized Interest Account, and General Account.
- "Projects" means, collectively, the Coastal College Campus Center Project, the Georgia College Project, the Savannah State Project, and the West Georgia Project; provided, however, that any of the foregoing may be referred to herein individually as a "Project."
  - "Rating Agency" means whichever of Fitch, Moody's, or S&P is, at the time of determination, rating any Bonds.
  - "Real Estate Documents" means, collectively, the Ground Leases and the Rental Agreements.
  - "Rebate Fund" means the fund by that name created in the Indenture.

- "Record Date" means the first (1st) day of the month (whether or not a Business Day) that occurs in the same month as each Interest Payment Date.
- "Refunded Bonds" means the Series 2010 Bonds maturing on and after June 15, 2021, presently outstanding in the aggregate principal amount of \$57,345,000.
- "Rental Agreements" means, collectively, the Coastal College Campus Center Rental Agreement, the Georgia College Rental Agreement, the Savannah State Rental Agreement, and the West Georgia Rental Agreement, as the same may be amended or supplemented from time to time in accordance with the terms thereof; provided, however, that any of the foregoing may be referred to herein individually as a "Rental Agreement."
- "Repair, Replacement, and Maintenance Fund" means the fund by that name created in the Indenture. The Repair, Replacement, and Maintenance Fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, and General Account.
- "Repair, Replacement, and Maintenance Requirement" means the amounts shown on the exhibit to the Loan Agreement entitled "Repair, Replacement, and Maintenance Requirement."
- "Revenue Available For Debt Service" means, for any period, the excess of Revenues over Expenses of the Company, plus amounts deducted in arriving at such excess of Revenues over Expenses for (i) interest on Indebtedness other than Short-Term Indebtedness, (ii) depreciation, (iii) amortization, or (iv) any other noncash Expenses.
- "Revenue Fund" means the fund by that name created in the Indenture. The Revenue Fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, and General Account.
- "Revenues" means, for any period, the sum of (a) the rents, including payments under the Rental Agreements, plus (b) other operating revenues, plus (c) non-operating revenues (other than contributions, income derived from the sale of assets not in the ordinary course of business, or any gain from the extinguishment of debt, termination of pension plans, or other extraordinary items or earnings which constitute Capitalized Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness), plus (d) Unrestricted Contributions, all as determined in accordance with GAAP, but excluding in any event (w) unrealized gains on investments, (x) any gains on the sale of or other disposition of investments or fixed or capital assets not in the ordinary course of business, and (y) earnings resulting from any reappraisal, revaluation, or write-up of assets, and (z) contributions from any Affiliate.
- "S&P" means S&P Global Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Company.
- "Savannah State Bonds" means that portion of the Series 2010 Bonds and the Series 2020 Bonds allocable to the Savannah State Project as shown on Exhibit B to the Indenture.
- "Savannah State Ground Leases" means, collectively, the Ground Lease, dated as of August 12, 2010, between the Board of Regents and the Company, relating to the stadium comprising part of the Savannah State Project, and the Ground Lease, dated as of August 12, 2010, between the Board of Regents and the Company, relating to the student center comprising part of the Savannah State Project.
- "Savannah State Note" means the amended and restated promissory note of the Company, dated the Closing Date of the Series 2020 Bonds, in the original principal amount of \$12,935,000 payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Savannah State Project.
- "Savannah State Project" means the student center and stadium located on the campus of Savannah State University in Savannah, Georgia.
- "Savannah State Rental Agreement" means the Rental Agreement, dated as of August 12, 2010, as supplemented and amended by the First Amendment to Rental Agreement, dated May 3, 2017, and the Second Amendment to Rental Agreement, to be dated on or prior to the Closing Date of the Series 2020 Bonds, between the Company and the Board of Regents, relating to the Savannah State Project.
- "Savannah State Security Deed" means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Savannah State Project), dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement

(Savannah State Project), dated as of March 1, 2020, from the Company to the Issuer, and the related Assignment of Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the Assignment of First Amendment to Leasehold Deed to Secure Debt, Assignments of Rents and Leases, and Security Agreement (Savannah State Project), dated as of March 1, 2020, from the Issuer to the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.

- "Security Deeds" means, collectively, the Coastal College Campus Center Security Deed, the Georgia College Security Deed, the Savannah State Security Deed, and the West Georgia Security Deed.
- "Series 2010 Bonds" means the revenue bonds designated "Georgia Higher Education Facilities Authority Revenue Bonds (USG Real Estate Foundation III, LLC Project), Series 2010A," dated their Closing Date, in the original aggregate principal amount of \$94,210,000, issued pursuant to the Indenture.
- "Series 2010 Escrow Agreement" means the Escrow Deposit Agreement, dated the Closing Date of the Series 2020 Bonds, among the Issuer, the Company, and the Trustee, as escrow agent, as the same may be amended from time to time in accordance with the terms thereof.
- "Series 2020 Bonds" means the revenue bonds designated "Georgia Higher Education Facilities Authority Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020," to be dated their Closing Date, in the aggregate principal amount of \$47,640,000 to be issued pursuant to the Indenture.
- "Short-Term Indebtedness" means any Indebtedness maturing not more than 365 days after it is incurred or which is payable on demand, except for any such Indebtedness which is renewable or extendable at the sole option of the debtor to a date more than 365 days after it is incurred, or any such Indebtedness, which, although payable within 365 days, constitutes payments required to be made on account of Indebtedness expressed to mature more than 365 days after it was incurred.
  - "State" means the State of Georgia.
- "Surplus Fund" means the fund by that name created in the Indenture, which fund consists of the following accounts: Coastal College Campus Center Account, Georgia College Account, Savannah State Account, West Georgia Account, and General Account.
- "Tax Agreement" means (i) the Borrower's Tax Certificate and Agreement, between the Company and the Issuer, dated the Closing Date of the Series 2010 Bonds, and (ii) the Tax Certificate of the Company, dated the Closing Date of the Series 2020 Bonds.
- "Tax-Exempt Bonds" means the Series 2010 Bonds, the Series 2020 Bonds, and any other Bonds that as originally issued were the subject of an opinion of Bond Counsel to the effect that the interest thereon is excluded from the gross income of the Owners thereof for federal income tax purposes.
- "Title Policy" means title insurance for each Project in the form of an ALTA leasehold mortgagee's title policy issued by a title insurance company acceptable to the Underwriters and the Trustee, in the aggregate face amount of at least \$47,640,000, insuring that the Trustee has a valid lien in the premises constituting each such Project subject only to Permitted Encumbrances.
  - "Trust Estate" means any and all property subject to the operation of the granting clauses of the Indenture.
- "Trustee" means the trustee and/or the co-trustee at the time serving as such under the Indenture. Wells Fargo Bank, National Association, Atlanta, Georgia, is the initial Trustee for the Series 2020 Bonds.
- **"Unassigned Rights"** means all of the rights of the Issuer to receive reimbursements and specified payments pursuant to the applicable provisions of the Loan Agreement and the Notes, to be named as an additional insured pursuant to the applicable provisions of each Security Deed, to receive notices pursuant to the applicable provisions of the Loan Agreement, and to receive the documents to be furnished to the Issuer, and to be held harmless and indemnified pursuant to the applicable provisions of each of the Security Deeds and the Loan Agreement.
- "Underwriters" means Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Citigroup Global Markets Inc., and their successors and assigns.
- "Unrestricted Contributions" means contributions that are not restricted in any way that would prevent their application to the payment of Debt Service on Indebtedness of the Person receiving such contributions.

- "West Georgia Bonds" means that portion of the Series 2010 Bonds and the Series 2020 Bonds allocable to the West Georgia Project as shown on Exhibit B to the Indenture.
- "West Georgia Ground Lease" means the Ground Lease, dated as of August 12, 2010, between the Board of Regents and the Company, relating to the West Georgia Project.
- "West Georgia Note" means the amended and restated promissory note of the Company, dated the Closing Date of the Series 2020 Bonds, in the original principal amount of \$4,110,000, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the West Georgia Project.
- "West Georgia Project" means the bookstore located on the campus of the University of West Georgia in Carrollton, Georgia.
- "West Georgia Rental Agreement" means the Rental Agreement, dated as of August 12, 2010, as supplemented and amended by the First Amendment to Rental Agreement, to be dated on or prior to the Closing Date of the Series 2020 Bonds, between the Company and the Board of Regents, relating to the West Georgia Project.
- "West Georgia Security Deed" means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (West Georgia Project), dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (West Georgia Project), dated as of March 1, 2020, from the Company to the Issuer, and the related Assignment of Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the Assignment of First Amendment to Leasehold Deed to Secure Debt, Assignments of Rents and Leases, and Security Agreement (West Georgia Project), dated as of March 1, 2020, from the Issuer to the Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.

## SUMMARY OF THE LOAN AGREEMENT

#### Introduction

The Loan Agreement is a contract that provides for the loan of the proceeds of the Series 2020 Bonds by the Issuer to the Company to refund the Refunded Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Loan Agreement. Reference is made to the Loan Agreement in its entirety for a complete recital of the detailed provisions thereof.

## Agreement to Issue the Series 2020 Bonds; Application of Proceeds

In order to provide funds to refund all of the Refunded Bonds and to pay Issuance Costs, the Issuer agreed in the Loan Agreement to issue, sell, and deliver to the Underwriters the Series 2020 Bonds and to thereupon deposit the proceeds of the sale of the Series 2020 Bonds in the amounts specified in the Indenture, which will be applied to (i) pay principal of and interest on the Refunded Bonds at their redemption date of June 15, 2020 and (ii) pay the costs of issuing the Series 2020 Bonds and refunding the Refunded Bonds.

## Term of the Loan Agreement

The Loan Agreement is effective until June 15, 2041, subject to earlier termination as set forth therein or until such date as payment or provision is made for the Bonds.

## Loan Payments and Other Amounts Payable

*Basic Loan Payments*: The Loan of the proceeds of the Series 2020 Bonds will be repayable as provided in the Amended Notes, but solely from the sources specified therein.

Simultaneously with the issuance of any Additional Bonds, additional promissory notes of the Company will be delivered to the Issuer and endorsed to the Trustee without recourse or warranty to cover the payment of principal of, premium, if any, and interest on any Additional Bonds.

Additional Loan Payments: Additional Loan Payments will be made as provided in the Amended Notes, but solely from the sources specified therein.

## **Agreement to Deposit Revenues**

In the Loan Agreement, the Company acknowledged that the Issuer has established a Revenue Fund with the Trustee under the Indenture. The Company agreed to deliver all Revenues to the Trustee for deposit in the Revenue Fund upon receipt thereof. It is intended that the payments to be made by the Company under the Notes will be paid with such Revenues; provided, however, such deposit will not diminish or otherwise affect the obligations of the Company under the Notes unless such obligations are in fact paid or otherwise satisfied with such Revenues. The Company agreed to cause rental payments under the Rental Agreements to be paid directly by the Board of Regents to the Trustee as directed by the Indenture.

#### **Depository Account**

The Loan Agreement provides that in the event that any Rental Agreement is terminated or not renewed, the Company will establish a depository account (the "Depository Account") to be held separate and apart from all other accounts of the Company. The Company agreed to deposit the Revenues for the Project to which such terminated Rental Agreement is related, as the same are collected, into the Depository Account. The Loan Agreement requires the Company to direct the depository of the Depository Account to transfer all amounts in the Depository Account to the account of the Revenue Fund for the applicable Project at least weekly (except Net Proceeds which the Company will direct to be transferred directly to the Insurance Fund or to the account of the Condemnation Fund for the applicable Project) and daily after the occurrence of an Event of Default under the Indenture. The Company agreed to cause the depository of the Depository Account to enter into a written agreement, pursuant to which the depository will agree that the amounts on deposit therein constitute Revenues that the depository holds on deposit in the Depository Account for the Trustee for the benefit of the Owners of the Bonds. Except for one or more operating accounts for the Projects, the Company agreed that it will not create any other accounts or deposit any moneys with a financial institution other than the financial institution holding the Depository Account.

#### **Investment of Funds and Accounts**

Subject to provisions of the Indenture described under the heading "SUMMARY OF THE INDENTURE - Investment of Funds and Accounts" herein and described under the heading "SUMMARY OF THE LOAN AGREEMENT - Special Investment Covenants" herein, any moneys held as part of the Revenue Fund, the Bond Fund, the Issuance Cost Fund, the Surplus Fund, the Repair, Replacement, and Maintenance Fund, the Project Fund, the Insurance Fund, the Condemnation Fund, the Operating Fund, the Operation and Maintenance Reserve Fund, the Rebate Fund, or as reserves in connection with contested liens or any other special trust funds will be invested or reinvested by the Trustee at the written direction of an Authorized Company Representative in such Permitted Investments as may be designated by the Company, which designation must not contain directions contrary to State law.

The investments so purchased will be held by the Trustee and deemed at all times a part of the Revenue Fund, the Bond Fund, the Issuance Cost Fund, the Surplus Fund, the Repair, Replacement, and Maintenance Fund, the Project Fund, the Insurance Fund, the Condemnation Fund, the Operating Fund, the Operation and Maintenance Reserve Fund, the Rebate Fund, or the trust account described in the preceding paragraph, as the case may be, and the interest accruing thereon and any profit realized therefrom will be credited as provided in the Indenture, and any losses resulting from such investments will be charged to such fund and paid by the Company.

#### **Special Investment Covenants**

The Issuer and the Company each covenanted that it will not directly or indirectly use or permit the use of any proceeds (as defined in the Code) of any Tax-Exempt Bonds or any other funds of the Issuer or the Company, or take or omit to take any action, or direct the Trustee to invest any funds held by it, in such manner as will cause any Tax-Exempt Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code or to be "federally guaranteed," as such term is used and defined in Section 149(b) of the Code.

## **Damage and Destruction**

In the event any Project is damaged, by any cause whatever, as to be rendered unfit for occupancy by the occupant occupying it immediately prior to such damage, and such Project is not thereafter repaired by the Company, resulting in the termination of the applicable Rental Agreement, the Company will redeem all of the Bonds allocated to such Project, applying Net Proceeds of insurance to the cost of such redemption.

In the event any Project is partially destroyed, by any cause whatever, but not rendered unfit for occupancy by the occupant occupying it immediately prior to such damage, then the Company will, at the Company's expense and with reasonable promptness and dispatch, repair and restore such Project to substantially the same condition as before the damage. All Net Proceeds of insurance will be deposited in the Insurance Fund and will be disbursed to pay the costs of such repair and restoration.

Net Proceeds of insurance will not be applied to pay the costs of repairing, rebuilding, restoring, or re-equipping any Project unless the Company demonstrates to the reasonable satisfaction of the Trustee that (1) such Net Proceeds, together with other available moneys on deposit with the Trustee, will be sufficient to pay the costs of such repair, rebuilding, restoration, and re-equipping and (2) the Company will have adequate funds, either from the proceeds of business interruption insurance or other available funds, to pay debt service on the related Note until such repair, rebuilding, restoration, and re-equipping is expected to be completed. If Net Proceeds of insurance are not applied to pay the costs of repairing, rebuilding, restoring, or re-equipping any Project because the Company does not satisfy the requirements of the preceding sentence, such Net Proceeds will be applied to redeem Bonds allocated to such Project.

#### Condemnation

In the event, during the Agreement Term, the whole of any Project is appropriated or taken by any municipal, county, State, federal, or other authority for any public or quasi-public use through the exercise of the power of eminent domain or condemnation proceeding, or sold to the possessor of such power under the threat of its exercise, or if by reason of law, ordinance, or court decree, whether by consent or otherwise, such Project is used by the occupant occupying it for any purpose which is prohibited, resulting in the termination of the applicable Rental Agreement, the Company will redeem all of the Bonds allocated to such Project, applying Net Proceeds of such eminent domain or condemnation proceedings to the cost of such redemption.

In the event only a portion of a Project is acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the Company will have the option to redeem a portion of the Bonds allocated to such Project. All Net Proceeds of such eminent domain or condemnation proceedings will be deposited in the Condemnation Fund and will be (i) transferred to the account of the Bond Fund for such Project to pay the costs of redeeming Bonds allocated to such Project and/or (ii) disbursed to pay the costs of making all necessary alterations and repairs which will be required because of such partial acquisition.

Net Proceeds of condemnation or eminent domain awards will not be applied to pay the costs of altering or repairing any Project unless the Company demonstrates to the reasonable satisfaction of the Trustee that (1) such Net Proceeds, together with other available moneys on deposit with the Trustee, will be sufficient to pay the costs of such alteration or repair and (2) the Company will have adequate funds, either from the proceeds of business interruption insurance or other available funds, to pay debt service on the related Note until such alteration or repair is expected to be completed. If Net Proceeds of condemnation or eminent domain awards are not applied to pay the costs of altering or repairing any Project because the Company does not satisfy the requirements of the preceding sentence, such Net Proceeds will be applied to redeem Bonds allocated to such Project.

#### Company to Maintain its Existence; Conditions Under Which Exceptions Permitted

The Company agreed that during the Agreement Term it will maintain its legal existence as a Georgia limited liability company, will not merge into another entity or permit another entity to merge into it, and will not dissolve or otherwise dispose of all or substantially all of its assets. The Company may, without violating the Loan Agreement, merge, sell, or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting, or transferee Person (i) is authorized to do business in the State; (ii) is a domestic limited liability company, corporation, partnership, or other entity having the status and powers set forth in the Company Documents; (iii) assumes in writing all of the obligations of the Company under the Company Documents; (iv) conducts no business other than the operation of the Projects; (v) obtains all licenses and permits required by law to operate the Projects; (vi) obtains the consent of the Board of Regents to the assignment of the Real Estate Documents to the transferee Person; (vii) notifies the Issuer and the Trustee of any change in the name of the Company; (viii) executes, delivers, registers, records, and files such other instruments as the Issuer or the Trustee may reasonably require to confirm, perfect, or maintain the security granted under the Real Estate Documents; and (ix) delivers to the Trustee an opinion of Bond Counsel or a ruling of the Internal Revenue Service to the effect that such merger, sale, or transfer will not cause the interest on any Tax-Exempt Bond to become includable in gross income for federal income tax purposes. The Company agreed to preserve and keep in full force and effect all licenses, accreditation, and permits necessary to the proper conduct of its business.

## **Operation of Project**

In the Loan Agreement, the Company warranted that throughout the Agreement Term it will operate, or cause to be operated, the Projects (i) in such manner that they do not cease to be a qualifying "project" under the Act and (ii) in such manner that does not cause the interest on any Tax-Exempt Bond to become includable in gross income for federal income tax purposes.

#### **Permitted Indebtedness**

In the Loan Agreement, the Company covenanted and agreed that, until all of its indebtedness and obligations under the Loan Agreement have been fully paid and discharged, the Company will not, directly or indirectly, incur, assume, or guarantee any Indebtedness (secured or unsecured) except the following:

- (1) Indebtedness incurred as a result of the issuance of Additional Bonds, and
- (2) Accounts payable and trade payables incurred in the ordinary course of business.

#### Limited Purpose Covenants; Operating Agreement

In the Loan Agreement, the Company agreed not to: (i) enter into any business or activity, hold any assets, or contract for, create, incur, or assume any indebtedness or other liability, in each case other than as contemplated by the Loan Agreement, the Indenture, the Security Deeds, or the construction documents related to the Projects; (ii) issue any equity interests other than those existing on the date of the Loan Agreement; or (iii) amend, or permit or suffer the amendment of, certain provisions of its operating agreement.

#### **Assignment and Leasing**

The rights and obligations of the Company under the Loan Agreement may not be assigned or delegated except as expressly provided in the Loan Agreement. Any of the Projects may be leased by the Company, as a whole or in part, without the necessity of obtaining the consent of the Trustee, provided the Issuer consents to the lease. No lease with any Person will be entered into by the Company without first furnishing to the Trustee an opinion of Bond Counsel or a ruling from the Internal Revenue Service to the effect that such lease will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.

# Restrictions on Sale, Encumbrance, or Conveyance of any Project by the Company

In the Loan Agreement, the Company agreed, except as set forth in certain provisions of the Loan Agreement or any of the Indenture, to not (i) directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in any of the Projects during the Agreement Term; (ii) permit any part of the Projects or the Premises to become subject to any mortgage, lien, claim of title, encumbrance, security interest, conditional sale contract, title retention arrangement, finance lease, or other charge of any kind, except for Permitted Encumbrances and student rental agreements in the ordinary course of business or except as otherwise permitted under the Loan Agreement; and (iii) assign, transfer, or hypothecate (other than to the Trustee pursuant to the Security Deeds) any rent (or analogous payment) then due or to accrue in the future under any lease of the Projects or the Premises, except for Permitted Encumbrances or except as otherwise permitted by the applicable provisions of the Loan Agreement. Notwithstanding the foregoing, the Company may rent the Projects to the Board of Regents.

#### Release of Certain Land and Subordination; Granting of Easements

The parties to the Loan Agreement reserved the right at any time and from time to time to (i) effect the release and removal from the applicable Security Deed of any part (or interest in such part) of the Premises with respect to which the Company proposes to convey its interest in the Premises to the Board of Regents pursuant to a Ground Lease or lease to a public utility or public body in order that utility services or public services may be provided to the Projects, or to effect the subordination of the lien of any of the applicable Security Deeds to rights granted to a public utility or public body in order that utility services or public services may be provided to the applicable Project; (ii) grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Projects, free from the lien of the Security Deeds; or (iii) release existing easements, licenses, rights of way, and other rights or privileges with or without consideration; provided, that if at the time any such release, removal, or grant is made any of the Bonds are Outstanding and unpaid, the Company will deposit with the Trustee the following:

- (a) a copy of the relevant amendment to the applicable Security Deed as executed;
- (b) a resolution of the Governing Body of the Company (i) giving an adequate legal description of that portion of the Premises to be released or subordinated, (ii) stating the purpose for which the Company desires the release or subordination, and (iii) approving an appropriate amendment to the applicable Security Deed;
- (c) a certificate of the Company requesting such release or subordination to the effect that the Company is not in default under any of the provisions of the Loan Agreement and that neither the applicable Buildings nor any other improvements are located on a portion of the Premises with respect to which the release or subordination is to be granted, accompanied by a plat of survey of the Premises certified by a registered surveyor of the State

depicting (i) the boundaries of the portion of the Premises with respect to which the release or subordination is to be granted, (ii) all improvements located on the property surveyed and the relation of the improvements by distances to the boundaries of the portion of such property with respect to which the release or subordination is to be granted, and (iii) all easements and rights of way with recording data and instruments establishing the same;

- (d) a copy of the instrument conveying the title to, leasing to or subordinating the lien of the applicable Security Deed in favor of a public utility or public body, or conveying to the Board of Regents under the applicable Ground Lease; and
- (e) a certificate of a Consulting Architect, dated not more than sixty (60) days prior to the date of the release or subordination and stating that, in the opinion of the person signing such certificate, (i) the portion of the Premises so proposed to be released or with respect to which the subordination is proposed or with respect to which an easement, license, or right of way is proposed to be granted is necessary or desirable in order to obtain utility services or public services to benefit the applicable Project or is required to comply with the applicable Ground Lease and (ii) the release or subordination so proposed to be made will not impair the usefulness of the applicable Project for its intended purpose and will not destroy the means of ingress thereto and egress therefrom.

If such release or subordination relates to a part of the Premises on which transportation or utility facilities are located, the Company will retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the applicable Project for its intended purpose. Any money consideration received in connection with the granting or release of any portion of the Premises or the subordination of the lien of the applicable Security Deed pursuant to the Loan Agreement will be deposited in the account of the Bond Fund for the applicable Project and used to redeem Bonds allocable to the applicable Project, pursuant to the Indenture.

Under the Loan Agreement, the Trustee is authorized to release any such property from the lien of the applicable Security Deed or subordinate such lien or execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege.

No release or conveyance effected under the provisions described above will entitle the Company to any abatement or diminution of the loan payments.

## **Events of Default Defined**

The following are "Events of Default" under the Loan Agreement, and the terms "Event of Default" or "Default" mean, whenever they are used in the Loan Agreement, any one or more of the following events:

- (a) The Company's breach in any material respect of any representation or warranty contained in the Loan Agreement or the Company's failure to observe, perform, or comply with any covenant, condition, or agreement in the Loan Agreement on the part of the Company to be observed or performed (other than under the Continuing Disclosure Certificate) for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Company by the Issuer or the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration, provided, however, that in the case of any such breach or default (other than a payment default) which cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of one hundred eighty (180) days, it will not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued until the breach or default is cured within one hundred eighty (180) days.
- (b) The Company (i) applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property or of the Projects; (ii) fails to lift or bond (if legally permissible) promptly any execution, garnishment, or attachment of such consequence as will impair the ability of the Company to carry on its operations at the Projects; (iii) enters into an agreement of composition with its creditors; (iv) admits in writing its inability to pay its debts as such debts become due; (v) makes a general assignment for the benefit of its creditors; (vi) commences a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect); (vii) files a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (viii) fails to controvert in a timely or appropriate manner or acquiesces in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction; or (ix) takes any action for the purpose of effecting any of the foregoing.
- (c) A proceeding or case is commenced, without the application of the Company, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Company; (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the Company or of all or any substantial part of the assets of it; or (iii) similar relief in respect of the Company under any law

relating to bankruptcy, insolvency, reorganization, winding-up, or composition and adjustment of debts, and such proceeding or case continues undismissed or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unvacated and unstayed and in effect for a period of ninety (90) days, whether consecutive or not.

#### Remedies on Default

Whenever any Event of Default occurs and continues, the Trustee (at the direction of the Majority Bondowners), as assignee of the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

- (a) If any of the Bonds at the time are outstanding and unpaid, the Trustee may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Company.
- (b) The Trustee, as assignee of the Issuer, may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Notes and other amounts payable by the Company under the Loan Agreement then due and/or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Company under the Loan Agreement or any of the Bond Documents; provided, however, that all unpaid amounts due on a particular Note may be declared to be immediately due and payable only if such declaration is permissible under such Note or the related Security Deed.

Under the Loan Agreement, amounts collected pursuant to action taken as described above will be applied in accordance with the provisions of the Indenture described under the heading "SUMMARY OF THE INDENTURE – Application of Moneys upon an Event of Default."

#### Waiver of Events of Default

At the direction of the Majority Bondowners, the Trustee, on behalf of the Issuer, may waive any Event of Default under the Loan Agreement and its consequences or rescind any declaration of acceleration of payments of the Notes. In case of any such waiver or rescission, or in case any proceeding taken by the Issuer or the Trustee on account of any such Event of Default is discontinued or abandoned or determined adversely to the Issuer or the Trustee, then and in every such case the Issuer and the Company will be restored to their former position and rights under the Loan Agreement, but no such waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

#### No Cross-Default or Cross-Collateralization

It is the intent of the Company and the Issuer that, notwithstanding anything in the Security Deeds, the Loan Agreement, the Notes, or elsewhere to the contrary, each Security Deed and the Premises described thereunder secure only the related Note and the other obligations described therein, and do not secure:

- (a) any Notes other than the related Note;
- (b) any of the Security Deeds other than the related Security Deed; or
- (c) any obligations of the Company under the Loan Agreement.

In addition, it is the intent of the Company and the Issuer that none of the Security Deeds are, nor will be, cross-defaulted with:

- (a) any Bonds;
- (b) any Notes other than the related Note;
- (c) any of the Security Deeds other than the related Security Deed;
- (d) any obligations of the Company under the Loan Agreement; or
- (e) any obligation under the Indenture.

# **Option to Release Unimproved Land**

If no Event of Default has occurred or is continuing, the Company has the option to release from the lien of the applicable Security Deed any part of the Premises on which neither the applicable Building nor any of the Equipment is

situated (although transportation or utility facilities may be located thereon), at any time and from time to time, at and for a release price determined by an independent appraiser who is a member of the American Institute of Real Estate Appraisers (and designated an "MAI" appraiser) selected by the Company in a report acceptable to the Trustee.

# SUMMARY OF THE AMENDED NOTES

#### Introduction

The Amended Notes will be executed and delivered by the Company to the Issuer and endorsed without recourse or warranty by the Issuer to the order of the Trustee as security for the payment of the Series 2020 Bonds. Each Amended Note will evidence the Company's obligation to pay the Loan Payments related to the corresponding Project Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions included in each of the Amended Notes. Reference is made to the Amended Notes in their entirety for a complete recital of the detailed provisions thereof.

## **Payment Terms**

Basic Loan Payments: Until the principal of, premium, if any, and interest on the corresponding Project Bonds is fully paid or provision for the payment thereof is made in accordance with the Indenture, the Company will pay to the Trustee for the account of the Issuer as loan payments, the following amounts:

- (a) on or before June 1, 2020, the amount payable on June 15, 2020 as interest on the corresponding Project Bonds, and on or before each December 1 and June 1 thereafter, the amount payable on the next succeeding Interest Payment Date as interest on the corresponding Project Bonds, as provided in the Indenture and shown on Schedule I of the corresponding Amended Note;
- (b) on or before June 1, 2020 and on or before each June 1 thereafter, the principal due on the maturity dates or mandatory sinking fund redemption dates of the corresponding Project Bonds, as provided in the Indenture and shown on Schedule I of the corresponding Amended Note; and
- (c) for deposit in the corresponding account within the Bond Fund in immediately available funds on the Business Day prior to any date on which the corresponding Project Bonds are to be redeemed pursuant to the redemption provisions of the Indenture (other than mandatory sinking fund redemption pursuant to the subsection of the First Supplemental Indenture entitled "Mandatory Sinking Fund Redemption"), an amount in immediately available funds equal to the principal amount of and premium, if any, and interest on, the corresponding Project Bonds to be redeemed (taking into account amounts then on deposit in the corresponding account of the Bond Fund to be used for the payment of the corresponding Project Bonds to be redeemed). Any Basic Loan Payments will be reduced or need not be made to the extent that there are moneys on deposit in the corresponding account of the Bond Fund in excess of scheduled payments of Basic Loan Payments plus the amount required for the payment of the corresponding Project Bonds theretofore matured or called for redemption, the amount required for the payment of interest for which checks or drafts have been mailed by the Trustee, and past due interest in all cases where the corresponding Project Bonds have not been presented for payment. Further, if the amount held by the Trustee in the corresponding account of the Bond Fund should be sufficient to pay at the times required the principal of and interest on the corresponding Project Bonds then remaining unpaid, the Company will not be obligated to make any further payments of Basic Loan Payments under the provisions of the applicable Amended Note. There will also be a credit against remaining Basic Loan Payments for the corresponding Project Bonds purchased, redeemed, or canceled, as provided in the Article of the Indenture entitled "Redemption of Bonds Before Maturity." Payment of Basic Loan Payments will be made by deposits to the corresponding account of the Bond Fund from the corresponding account of the Revenue Fund pursuant to the Section of the Indenture entitled "Revenue Fund."

Additional Loan Payments: The Company agreed in each Amended Note to pay (i) to the Trustee (1) for deposit in the corresponding account of the Repair, Replacement, and Maintenance Fund on or prior to each June 1 and December 1 beginning on the dates shown on the Exhibit to the Loan Agreement entitled "Repair, Replacement, and Maintenance Requirement," the amounts specified in such Exhibit, (2) in the event that the corresponding Rental Agreement is terminated, for deposit in the corresponding account of the Operation and Maintenance Reserve Fund on or before the first (1st) day of each month, the amount necessary to meet the Operation and Maintenance Reserve Requirement as set forth in the Indenture, (3) the portion of the annual fee of the Board of Regents allocable to the corresponding Project, (4) the portion of the annual fee of the Issuer allocable to the corresponding Project, (5) the portion of the annual fee of the Trustee for Ordinary Services of the Trustee rendered and Ordinary Expenses of the Trustee incurred under the Indenture allocable to the corresponding Project, as and when the same become due, (6) the portion of

the reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Series 2020 Bonds for acting as paying agents as provided in the Indenture allocable to the corresponding Project, as and when the same become due, (7) the reasonable fees and charges of the Trustee for the necessary Extraordinary Services of the Trustee rendered by it and Extraordinary Expenses of the Trustee incurred by it under the Indenture and allocable to the corresponding Project, as and when the same become due; provided, that the Company may, without creating a default under the applicable Amended Note, contest in good faith the necessity for any such Extraordinary Services of the Trustee and the Extraordinary Expenses of the Trustee and the reasonableness of any such fees, charges, or expenses, and (8) for deposit in the corresponding account of the Operating Fund the amount specified in writing by the Company for the next succeeding six month's Operating Expenses for the corresponding Project to the extent not included in (3)-(7) above; (ii) any amount necessary to reimburse the Issuer for all expenses reasonably incurred by the Issuer under the Loan Agreement and allocable to the applicable Project, including but not limited to the reasonable fees and expenses of counsel for the Issuer; and (iii) amounts necessary to pay the reasonable fees of Bond Counsel in connection with rendering opinions after the issuance of the Series 2020 Bonds that are contemplated by the Loan Agreement and the Indenture and allocable to the applicable Project.

Such Additional Loan Payments in (i) (5) through (7), (ii), and (iii) above will be billed to the Company by the Issuer, the Trustee, or Bond Counsel from time to time. Amounts so billed will be paid by the Company within thirty (30) days after receipt of the bill by the Company. Payment of Additional Loan Payments will be made from the corresponding account of the Revenue Fund.

#### **Nature of Obligations of Company under the Amended Notes**

The obligations of the Company to make the payments required in the Amended Notes and to perform and observe any and all of the other covenants and agreements on its part contained in the Amended Notes and the Security Deeds will be limited obligations of the Company and will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim it may otherwise have against the Issuer.

## **Prepayment Terms**

Each Amended Note is subject to prepayment in accordance with the Loan Agreement.

#### **Default**

Upon an Event of Default under the corresponding Security Deed, the entire principal of and interest on the applicable Amended Note may be declared or may become immediately due and payable as provided in such related Security Deed.

## SUMMARY OF THE SECURITY DEEDS

## Introduction

Each Amended Note will be secured by a corresponding Security Deed. The Issuer's interest as "grantee" under each Security Deed will be contemporaneously assigned by the Issuer to the Trustee. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions included in each of the Security Deeds. Reference is made to the Security Deeds in their entirety for a complete recital of the detailed provisions thereof.

## Security

In order to secure the payment of the indebtedness and performance of the other obligations of the Company set forth in each Security Deed, the Company will grant, bargain, sell, assign, pledge, warrant, transfer, and convey unto the Issuer and the successors, successors-in-title, and assigns of the Issuer, and grant to the Issuer and its successors and assigns a security interest in, the following corresponding property, rights, interests, and estates owned, or hereafter acquired by the Company (collectively, the "Premises"):

- (a) those certain tracts, pieces, or parcels of land (and any easements or other rights or interests in land appurtenant thereto) more particularly described in the exhibit to the Security Deed that contains the legal description of the foregoing, and any greater estate which the Company may hereafter acquire therein (collectively, the "Land"), the Company's interest in the Land being an estate for years on the date of the Security Deed pursuant to the corresponding Ground Lease;
- (b) all additional lands, estates, and development rights acquired by the Company for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time

to time, by supplemental deed to secure debt or otherwise be expressly made subject to the security title and encumbrances of the Security Deed (the "Additional Land");

- (c) all of the Company's right, title, and interest in and to the corresponding Ground Lease and all interest, leasehold estate, possessory rights, and privileges granted to the Company thereunder (the "Leasehold Estate");
- (d) all assignments, modifications, extensions, and renewals of the corresponding Ground Lease and all credits, deposits, options, privileges, and rights of the Company under the corresponding Ground Lease, including, but not limited to, rights of first refusal, if any, and the right, if any, to renew or extend such Ground Lease for a succeeding term or terms, and also including all the right, title, claim, or demand whatsoever of the Company either in law or in equity, in possession or expectancy, of, in, and to the Company's right to elect under Section 365(h)(1) of Title 11 of the United States Code entitled "Bankruptcy," as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency, or creditors' rights (the "Bankruptcy Code") to terminate or treat such Ground Lease as terminated in the event (i) of the bankruptcy, reorganization, or insolvency of the Ground Lessor, and (ii) the rejection of the Ground Lease by the Ground Lessor, as debtor in possession, or by a trustee for the Ground Lessor, pursuant to Section 365 of the Bankruptcy Code;
- (e) all buildings, structures, and improvements of every nature now or in the future situated on, under, or above the Land and/or the Additional Land, including, without limitation, the corresponding Project (the "Improvements"; such Improvements, together with the Land, the Additional Land, and the Leasehold Estate, the "Property");
- (f) all easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights, minerals, flowers, shrubs, crops, trees, timber, and other emblements from time to time located on the Land or under or above the same or any part or parcel thereof (including, without limitation, those arising by virtue of the Ground Lease or subject to a reversionary interest in favor of the Ground Lessor pursuant to the Ground Lease), and all estates, rights, possessory interests, titles, interests, tenements, hereditaments and appurtenances, reversions, and remainders whatsoever, in any way belonging, relating, or appertaining to the Property, and all furnishings, furniture, fixtures, machinery, apparatus, equipment, fittings, appliances, building supplies and materials, vehicles (excluding personal automobiles), chattels, goods, consumer goods, farm products, inventory, warranties, chattel paper, documents, accounts, general intangibles, trade names, trademarks, service marks, logos (including any names or symbols by which the Property is known), and goodwill related to the Property, and all of the Company's right, title, and interest in all other articles of personal property of every kind and nature whatsoever, tangible or intangible, from time to time arising out of or related to the ownership of the Property, or acquired with proceeds of any loan secured by the Security Deed, or located in, on, or about the Property, or used or intended to be used with or in connection with the construction, use, operation, or enjoyment of the Property (said real and personal property referred to in this paragraph (f) together with the Property, being hereinafter referred to in this Summary of the Security Deeds as the "Project");
- (g) all leases, rental agreements (including, without limitation, the corresponding Rental Agreement), management or operations agreements, and arrangements of any sort now or in the future affecting the Project or any portion thereof and providing for or resulting in the payment of money to the Company for the use of the Project or any portion thereof, whether the user enjoys the Project or any portion thereof as tenant for years, invitee, licensee, tenant at sufferance, or otherwise, and irrespective of whether such leases, subleases, rental agreements, and arrangements be oral or written, and including any and all extensions, renewals, and modifications thereof, every guarantee of the performance and observance of the covenants, conditions, and agreements to be performed and observed by the other party thereto (the "Leases"), whether before or after the filing by or against the Company of any petition for relief under the Bankruptcy Code and all right, title, and interest of the Company, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the users of the Project of their obligations thereunder and all rents, additional rents, revenues, issues, and profits (including all oil and gas or other mineral royalties and bonuses) from the Project whether paid or accruing before or after the filing by or against the Company of any petition for relief under the Bankruptcy Code (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the applicable indebtedness secured by the Security Deed;
- (h) all franchise agreements, management contracts, service contracts, utility contracts, leases of equipment, documents and agreements relating to the construction of any Improvements (including any and all construction contracts, architectural contracts, engineering contracts, designs, plans, specifications, drawings, surveys, tests, reports, certificates, and governmental approvals), and all other contracts, licenses, and permits from time to time affecting the Project or any part thereof and all guaranties and warranties with respect to any of the foregoing (the "Contracts");

- (i) any insurance policies or binders from time to time relating to the Project, including any unearned premiums thereon;
- (j) any and all awards, payments, proceeds, and the right to receive the same, either before or after any foreclosure or other exercise of the assignments and other remedies provided in the Security Deed, as a result of any temporary or permanent injury or damage to, taking of, or decrease in the value of the Project by reason of casualty, condemnation, or otherwise;
- (k) all utility, escrow, and all other deposits (and all letters of credit, certificates of deposit, negotiable instruments, and other rights and evidence of rights to cash) now or hereafter relating to the Project or the purchase, construction, or operation thereof;
- (l) all cash funds, deposit accounts, certificates of deposit, negotiable instruments, and other rights and evidence of rights to cash, relating to the Project and from time to time created under or held by the Issuer pursuant to any of the Loan Documents, including any account into which any portion of the Indebtedness may be disbursed by the Issuer;
- (m) all trade names, trademarks, service marks, logos, copyrights, goodwill, books and records, and all other general intangibles relating to or used in connection with the operation of the Project;
- (n) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and
- (o) all extensions, additions, improvements, betterments, renewals and replacements, substitutions, or proceeds of any of the foregoing; and all inventory, accounts, chattel paper, documents, instruments, investment property, deposit accounts, equipment, fixtures, farm products, consumer goods, general intangibles, and other property of any nature constituting proceeds acquired with proceeds of any of the property described above; all of which foregoing items are deemed to be a portion of the security for the indebtedness and obligations secured by the Security Deed, a portion of the above described collateral being located upon the Land.

## Taxes, Liens, and Other Charges

The Company agreed to pay, as the same become due, (i) all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Premises which, if not paid, will become a lien on the Premises prior to or on a parity with the security title and security interest of the Security Deed or a charge on the Rents prior to or on a parity with the charge and security interest on the Rents and the pledge or assignment of the Rents created and made in the Security Deed and including all ad valorem taxes or payments in lieu of such taxes lawfully assessed upon the Premises; (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Premises; (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Premises; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company will be obligated to pay only such installments as are required to be paid during the Agreement Term; (iv) ground rentals or other lease rentals, if any, payable by the Company with respect to the Premises; and (v) any penalties and interest on any of the foregoing. The Company will promptly deliver to the Issuer upon demand receipts showing timely payment in full of all the foregoing items.

If the Company first notifies the Trustee of its intention to do so, the Company may, at its own expense and in good faith, contest promptly any such taxes, assessments, and other charges in accordance with the Security Deed and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

#### **Removal of Equipment**

If no Event of Default (as defined herein under the heading "SUMMARY OF THE SECURITY DEEDS - Events of Default") has occurred and is continuing, in any instance where the Company in its discretion determines that any items of Equipment constituting a part of the Project or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Company may remove such items of Equipment or parts thereof from the Project and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer, provided that the Company must:

(a) substitute and install anywhere in the Improvements or on the Land or Additional Land items of replacement equipment or related property having equal or greater value or utility (but not necessarily having the

same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution will not impair the nature of the Project, all of which replacement equipment or related property must be free of all liens, security interests, and encumbrances (other than Permitted Title Exceptions and other Permitted Encumbrances), must become subject to the security interest of the Security Deed, and must be held by the Company on the same terms and conditions as the items originally constituting Equipment for the Project; or

(b) in the case of: (i) the sale of any such Equipment, (ii) the trade-in of such Equipment for other machinery, furnishings, equipment, or related property not to become part of the Equipment for the Premises and subject to the security interest of the Security Deed, or (iii) any other disposition thereof, the Company must pay to the Trustee the proceeds of such sale or disposition or an amount equal to the credit received upon such trade-in for deposit into the corresponding account of the Bond Fund established under the Indenture. In the case of the sale, trade-in, or other disposition of any such Equipment to the Company or an Affiliate, the Company must pay to the Trustee an amount equal to the greater of the amounts and credits received for the Equipment or the fair market value of the Equipment at the time of such sale, trade-in, or other disposition (as certified by the Company, with evidence of the basis therefor) for deposit into the corresponding account of the Bond Fund.

Except to the extent that amounts are deposited into the Bond Fund as described in (b) above, the removal from the Project of any portion of the Equipment pursuant to the provisions described above will not entitle the Company to any abatement or diminution of the Basic Loan Payments payable under the corresponding Amended Note.

If prior to such removal and disposition of items of Equipment from the Project, the Company has acquired and installed machinery, furnishings, equipment, or related property with its own funds which become part of the Equipment and subject to the security interest of the Indenture and the Security Deed and which have equal or greater utility, but not necessarily the same functions, as the Equipment to be removed, the Company may take credit to the extent of the amount so spent by it against the requirement that it either substitute and install other machinery and equipment having equal or greater value or that it make payment to the Trustee for deposit into the corresponding account of the Bond Fund.

The Company is required to report promptly to the Trustee each such removal, substitution, sale, or other disposition described in (b) above and must pay to the Trustee such amounts as are required to be paid by the provisions described in (b) above promptly into the corresponding account of the Bond Fund after the sale, trade-in, or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the corresponding account of the Bond Fund on account of all such sales, trade-ins, or other dispositions not previously reported in the aggregate has a value of at least \$50,000. All amounts deposited in such account of the Bond Fund pursuant to the Security Deed will be used to redeem the corresponding Project Bonds pursuant to the Indenture. The Company may not remove, or permit the removal of, any of the Equipment from the Project except in accordance with the provisions of the Security Deed.

#### **Insurance Required**

The Company agreed to keep the Premises or cause the same to be kept continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, as recommended by an Insurance Consultant engaged at least every two (2) years after the initial certification required to be made by the Insurance Consultant (as described below) by the Company at its expense for such purpose, paying as the same become due all premiums in respect thereto, including but not limited to:

- (i) Workers' Compensation Insurance. The Company agreed to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate of authority from the Insurance Commissioner of the State of Georgia approving the group insurance plan.
- (ii) Employers' Liability Insurance. In the event the Company has employees, it agreed to also maintain Employers' Liability Insurance Coverage with limits of at least: (1) bodily injury by accident \$1,000,000 each accident; and (2) bodily injury by disease \$1,000,000 each employee.
- (iii) Commercial General Liability Insurance. The Company agreed to provide Commercial General Liability Insurance (2004 ISO Occurrence Form or equivalent), which must include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury liability, and contractual liability. The Commercial General Liability Insurance must provide at a minimum the following limits:

# <u>Coverage</u> <u>Limit</u>

1. Premises and Operations	\$1,000,000 per Occurrence
2. Products and Completed Operations	\$1,000,000 per Occurrence
3. Personal Injury	\$1,000,000 per Occurrence
4. Contractual	\$1,000,000 per Occurrence
5. Fire Legal	\$1,000,000 per Occurrence
6. Blasting and Explosion	\$1,000,000 per Occurrence*
7. Collapse of Structures	\$1,000,000 per Occurrence*
8. Underground Damage	\$1,000,000 per Occurrence*
9. General Aggregate	\$2,000,000

\*Required only during the term of any construction.

- (iv) Commercial Business Automobile Liability Insurance. The Company agreed to provide Commercial Business Automobile Liability Insurance, which must include coverage for bodily injury and property damage arising from the operation of any owned, non-owned, or hired automobiles. The Commercial Business Automobile Liability Insurance policy must provide not less than \$1,000,000 Combined Single Limits for each occurrence.
- (v) Commercial Umbrella Liability Insurance. The Company agreed to provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and the Employers' Liability to satisfy the minimum limits described below:
  - (1) \$2,000,000 per occurrence; and
  - (2) \$2,000,000 aggregate.
- (vi) Builders Risk Insurance. During any period of construction only, the Company agreed to provide a Builder's Risk Insurance Policy to be payable to the Trustee for deposit in the corresponding account of the Insurance Fund created under the Indenture and the Company as their interest may appear. The policy amount must be equal to 100% of the improvements construction contract sum, written on a 2002 Causes of Loss Special Form, or its equivalent.
- (vii) Property Insurance. The Company agreed to provide a Fire and Hazard Property Insurance Policy to be made payable to the Trustee for deposit to the corresponding account of the Insurance Fund. The policy amount must be equal to 100% of the replacement value of the improvements, written on 2002 Causes of Loss Special Form, or its equivalent.
- (viii) *Rental Interruption Insurance*. The Company agreed to provide a Rental Interruption Insurance Policy. Such policy must provide coverage for full or partial interruption of rents for up to 24 months as a result of any abatement of rents (in whole or in part).
- (ix) Crime and Fidelity Insurance. The Company agreed to provide fidelity bonds or crime and fidelity insurance covering dishonest acts by any employees of the Company who collect or have custody or access to revenues, receipts, or funds of the Project.

The Issuer and the Trustee will be named as additional insureds under the policies required to be maintained by the Company as described in the preceding clauses (i) through (v) (inclusive). The Trustee will be the loss payee of the policies required to be maintained by the Company as described in the preceding clauses (vi), (vii), and (viii). The Net Proceeds of the insurance carried as described in the provisions of the preceding clauses (vi) and (vii) will be paid and applied as provided in the provisions of the Loan Agreement described herein under the heading "SUMMARY OF THE LOAN AGREEMENT - Damage and Destruction," and the Net Proceeds of insurance carried as described in the provisions of the preceding clauses (i) through (v) (inclusive) must be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of the insurance carried as described in the provisions of the preceding clauses (viii) and (ix) must be disbursed to the Trustee for deposit in the corresponding account of the Revenue Fund created under the Indenture.

Self-Insured retention or deductible in any policy for "All Risk" may not exceed \$10,000 except for catastrophic perils including flood and earthquake, which shall not exceed \$50,000, and the deductible for windstorm must be 3% subject to a \$100,000 minimum.

The Company must comply or cause compliance with all terms of any insurance policy required to be obtained under the Security Deed covering or applicable to the Project or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations, and other requirements of the national board of fire underwriters (or any

other body exercising similar functions) applicable to or affecting the Project or any part thereof or any use of the Project or any part thereof (collectively, "Insurance Requirements") before the expiration of any applicable extension or grace period and must not bring or knowingly keep or permit to be brought or kept any article upon the Project or knowingly cause or permit any condition to exist thereon that would be prohibited by any Insurance Requirement, or would invalidate insurance coverage required under the Security Deed to be maintained by the Company on or with respect to any part of the Project.

All insurance required by the Security Deed must be taken out and maintained in generally recognized responsible insurance companies rated not less than "A-" by S&P or A.M. Best & Co., with a financial rating size of Class VIII or larger, and qualified to issue such policies in the State of Georgia, selected by the Company and subject to the approval of the Trustee, which approval may not be unreasonably withheld. All policies evidencing such insurance are subject to the approval of the Trustee, which approval may not be unreasonably withheld. All such policies must provide that such insurance may not be modified adversely to the interests of the Company, the Issuer, or the Trustee or cancelled by the issuer thereof without at least thirty (30) days' written notice to the Company, the Issuer, and the Trustee.

## **Advances by Issuer or the Trustee**

If the Company fails to maintain the insurance coverages required under each Security Deed or fails to pay the taxes and other charges required to be paid under each Security Deed or fails to keep the related Project in good repair and good operating condition, the Issuer or the Trustee may (but will be under no obligation to), after notifying the Company of its intention to do so, take out the required policies of insurance and pay the premiums on the same or pay the taxes or other charges or make the required repairs, renewals, and replacements, and all amounts so advanced therefor by the Issuer or the Trustee, together with any other amounts advanced by the Issuer or the Trustee pursuant to the terms of each Security Deed, will become an additional obligation of the Company to the one making the advancement, which amounts, together with interest thereon from the date of payment at the rate charged prime corporate borrowers per annum on demand loans by the commercial lending department of the Trustee, the Company agreed to pay on demand and payment of which will be secured by the related Security Deed. Any remedy vested in the Issuer or the Trustee under each Security Deed for the collection of loan payments will also be available to the Issuer and the Trustee for the collection of all such amounts so advanced. The Trustee will be under no obligation to make any such payment unless it is requested to do so by the Majority Bondowners and is provided with adequate funds paid in cash to the Trustee (from a source or sources approved by the Trustee) for the purpose of such payment.

## **Events of Default**

The term "Event of Default," wherever used in each Security Deed, means any one or more of the following events:

- (a) the Company's failure to pay amounts due under the corresponding Amended Note at the times specified therein and continuing for a period of five (5) days after notice is given to the Company by the Issuer in the manner provided in the Security Deed, that the payment referred to in such notice has not been received, or, without regard to notice, the Company's failure to pay the amounts due on the corresponding Amended Note at the times specified therein and continuing for a period of ten (10) days, whichever occurs first; or
- (b) the Company's breach in any material respect of any representation or warranty contained in the Security Deed or the other Loan Documents or the Company's failure to observe, perform, or comply with any covenant, condition, or agreement in the Security Deed or the other Loan Documents for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied is given to the Company by the Issuer, unless the Issuer agrees in writing to an extension of such time prior to its expiration, provided, however, that in the case of any such breach or default (other than a payment default) which cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of one hundred eighty (180) days, it will not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued until the breach or default is cured within one hundred eighty (180) days; or
- (c) a levy is made under any process on the Premises or any part thereof and is not promptly lifted or stayed; or
- (d) the Company (i) applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee, conservator, liquidator, or other similar official of it or of all or a substantial part of its property or of the Project, (ii) fails to promptly lift or bond (if legally permissible) any execution, garnishment, or attachment of such consequence as will impair the ability of the Company to carry on its operations at the Project, (iii) enters into an agreement of composition with its creditors, (iv) admits in writing its inability to pay its debts as such debts become due, (v) makes a general assignment for the benefit of its creditors, (vi) commences a voluntary case under the federal bankruptcy law or any similar law in effect in a foreign jurisdiction (as now or hereafter in effect), (vii) files a petition or answer seeking to take advantage of any other law relating to bankruptcy,

insolvency, reorganization, winding up, or composition or adjustment of debts, (viii) fails to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law or any similar law in effect in a foreign jurisdiction, or (ix) takes any action for the purpose of effecting any of the foregoing; or

- (e) a proceeding or case is commenced, without the application of the Company, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding up, or composition or adjustment of debts of the Company, (ii) the appointment of a trustee, receiver, custodian, conservator, liquidator, or the like of the Company or of all or any substantial part of the Company's assets, or (iii) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition and adjustment of debts, and such proceeding or case continues undismissed or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unvacated and unstayed and in effect for a period of ninety (90) days, whether consecutive or not; or
- (f) the subjection of the Premises to actual or threatened waste, or the removal, demolition, or alteration of any part thereof without the prior written consent of the Issuer, which is not cured within any applicable cure period provided in the Security Deed; or
- (g) any mechanic's, materialmen's, laborer's, statutory, or other lien is filed against the Premises or any portion thereof and not totally released or removed as a lien against the Premises and every part thereof (by bonding, payment, or otherwise) within ninety (90) days after the Company has actual knowledge of the filing thereof, unless the same is being contested on the terms and conditions set forth in the Security Deed; or
- (h) the institution of any proceeding seeking the forfeiture of the Premises or any portion thereof or any interest therein as a result of any criminal or quasi-criminal activity by the Company (or any Person so related to the Company or the Premises that the Premises or any portion thereof or any interest therein might be forfeited on account of the activity of such Person) and such proceeding is not vacated, removed, or stayed for a period of ninety (90) days; or
- (i) the failure or inability (whether imposed by law or otherwise) of the Company to make any payment required under the Security Deed, after the expiration of any applicable grace or cure period provided in the Security Deed; or
- (j) the failure of the Security Deed or any one or more of the other Loan Documents to be legal, valid, and binding upon and enforceable against all parties thereto (other than the Issuer), or the determination by a court of competent jurisdiction that any one or more of the Loan Documents is not legal, valid, and binding upon and enforceable against all parties thereto (other than the Issuer); or
- (k) the occurrence of any of the following events with respect to the corresponding Ground Lease: (i) the Company fails in the payment of any rent, additional rent, or other charge mentioned in or made payable by the Ground Lease as and when such rent or other charge is payable (beyond any notice and cure period) (unless waived by the Ground Lessor); (ii) there occurs any default (beyond any applicable notice and cure period provided under the Ground Lease) by the Company under the Ground Lease, in the observance or performance of any term, covenant, or condition of the Ground Lease on the part of the Company to be observed or performed; (iii) if any one or more of the events referred to in the Ground Lease occur which would cause the Ground Lease to terminate without notice or action by the Ground Lessor or which would entitle the Ground Lessor to terminate the Ground Lease and the term thereof by giving notice to the Company (unless such right to terminate is waived by the Ground Lessor); (iv) if the Leasehold Estate is surrendered or the Ground Lease is terminated or canceled for any reason or under any circumstances whatsoever; or (v) if any of the terms, covenants, or conditions of the Ground Lease are modified, changed, supplemented, altered, or amended without the consent of the Issuer except as otherwise permitted by the Security Deed; or
- (l) the occurrence of any of the following events with respect to the corresponding Rental Agreement: (i) there occurs any default (beyond any applicable notice and/or cure period provided under the Rental Agreement) by the Company under the Rental Agreement, in the observance or performance of any term, covenant, or condition of the Rental Agreement on the part of the Company to be observed or performed; (ii) the Rental Agreement is amended, supplemented, replaced, restated, or otherwise modified without the Issuer's prior written consent; or (iii) if the Company consents to a transfer of the Board of Regents' interest under the Rental Agreement without the Issuer's prior written consent; or
- (m) the conveyance or encumbrance of all or any portion of the Premises or any direct or indirect interest therein, in violation of the Security Deed; or
  - (n) the failure to maintain a Debt Service Coverage Ratio (as defined in the Security Deed) of at least 1.00.

## **Rights of Issuer Upon Default**

If an Event of Default exists under a Security Deed, the Issuer, at the Issuer's option, may do any one or more of the following (and, if more than one, either concurrently or independently, and in such order as the Issuer may determine in its discretion), with the prior written consent of the Majority Bondowners, all without regard to the adequacy or value of the security for the indebtedness secured by such Security Deed:

- (a) declare the entire indebtedness secured by the Security Deed immediately due and payable without notice or demand, time being of the essence thereof;
  - (b) revoke the license granted to the Company under the Security Deed;
- (c) enter upon and take possession of the Project, either personally or by its agents, nominees, or attorneys or appointment of a receiver, and dispossess the Company and its agents and servants therefrom, without liability for trespass, damages, or otherwise and exclude the Company and its agents or servants wholly therefrom, and take possession of all books, records, and accounts relating thereto, and the Company must surrender possession of the Property and of such books, records, and accounts to the Issuer upon demand, and thereupon the Issuer may (i) use, operate, manage, control, insure, maintain, repair, restore, and otherwise deal with all and every part of the Project and conduct the business thereat; (ii) complete any construction on the Project in such manner and form as the Issuer deems advisable; (iii) make alterations, additions, renewals, replacements, and improvements to or on the Project; (iv) exercise all rights and powers of the Company with respect to the Project, whether in the name of the Company or otherwise, including, without limitation, the right to make, cancel, enforce, or modify Leases, obtain and evict any lessees, tenants, or other occupants under Leases, and demand, sue for, collect, and receive all Rents; provided that the Issuer will not be liable for any failure to collect Rents, nor liable to account for any Rents, unless actually received by the Issuer; (v) require the Company to pay monthly in advance to the Issuer, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Project as may be occupied by the Company; (vi) require the Company to vacate and surrender possession of the Project to the Issuer or to such receiver and, in default thereof, the Company may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Project as the Issuer deems appropriate in its sole discretion as described below immediately following paragraph (i);
- (d) apply, as a matter of strict right, without notice except as otherwise provided in the Security Deed and without regard to the solvency of any party bound for its payment, for the appointment of a receiver to take possession of and to operate the Premises and to collect and apply the incomes, rents, issues, profits, and revenues thereof;
- (e) pay, perform, or observe any term, covenant, or condition of the Security Deed and any of the other Loan Documents, and all payments made or costs or expenses incurred by the Issuer in connection therewith will be secured by the Security Deed and will be, without demand, immediately repaid by the Company to the Issuer, as applicable, with interest thereon at the highest rate of interest on the Bonds;
- (f) obtain appropriate evidence of matters of title affecting the Project and any underlying estate or interest, and add the cost thereof to the indebtedness secured by the Security Deed;
- (g) exercise one or more of the remedies set forth in the section of the Security Deed entitled "State Specific Provisions," including judicial foreclosure and the exercise without judicial foreclosure of a power of sale with respect to the Project;
- (h) proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy to (i) enforce the performance of any term, covenant, condition, or agreement of the Security Deed or any of the other Loan Documents or any other right or (ii) pursue any other remedy available to the Issuer, including, without limitation, suit or other right or remedy available to the Issuer by statute, at law, or in equity to realize upon the collateral assignment of the Company's interest in the Leases to the Issuer for the benefit of the Issuer as security for the indebtedness secured by the Security Deed; and
- (i) exercise the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Georgia.

The Issuer may apply any moneys and proceeds received by the Issuer as a result of the exercise by the Issuer of any of the foregoing rights or remedies in such order as the Issuer in its sole discretion may elect against (i) all costs and expenses, including reasonable attorneys' fees, incurred in connection with the operation of the Project, the performance of the Company's obligations under the Leases, and the collection of the Rents; (ii) all costs and expenses, including reasonable attorneys' fees, incurred in the collection of any or all of the indebtedness secured by the Security Deed, including those incurred in seeking to realize on or to protect or preserve the Issuer's interest in any other collateral

securing any or all of the indebtedness secured by the Security Deed; (iii) any or all unpaid principal on the indebtedness secured by the Security Deed; (iv) any other amounts owing under the Loan Documents; and (v) accrued interest and charges on any or all of the foregoing.

# **Exculpation**

The liability of the Company under the Security Deed is limited to the interest of the Company in the Premises. In the event of foreclosure of the Security Deed, no judgment for any deficiency upon the indebtedness secured by the Security Deed may be sought or obtained by the Issuer, the Trustee, or the Bondholders against the Company.

#### **Amendments**

Each Security Deed may be amended only as provided in the Indenture.

# SUMMARY OF THE INDENTURE

#### Introduction

The Indenture is a contract for the benefit of the Bondholders that specifies the terms and details of the Series 2020 Bonds and which defines the security therefor. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture. Reference is made to the Indenture in its entirety for a complete recital of the detailed provisions thereof.

# Pledge and Assignment

Pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee, and granted a first priority security interest to the Trustee in, all of its right, title, and interest in (i) the Loan Agreement (except for the Unassigned Rights), (ii) the Amended Notes, (iii) the Security Deeds, and (iv) all cash proceeds and receipts arising out of or in connection with the sale of the Bonds and all money and investments held by the Trustee in the funds and accounts created under the Indenture (except the Rebate Fund created thereunder), all pursuant to the granting clauses of the Indenture.

#### **Establishment of Funds**

The following trust funds are established with the Trustee under the Indenture:

Revenue Fund
Bond Fund
Issuance Cost Fund
Repair, Replacement, and Maintenance Fund
Operating Fund
Project Fund
Insurance Fund
Condemnation Fund
Operation and Maintenance Reserve Fund
Surplus Fund
Rebate Fund

## **Revenue Fund**

Under the Indenture, the Revenue Fund is a trust fund with the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

Under the terms of the Indenture, Revenues will be deposited in the General Account of the Revenue Fund except amounts received under each Rental Agreement will be deposited in the corresponding account of the Revenue Fund.

On or prior to the tenth (10<sup>th</sup>) day of each June and December, the Trustee will make the following payments and transfers from each Project account of the Revenue Fund, provided that in the event funds on any such date are insufficient to make any one or more of such transfers, any and all of such deficiencies must be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future date:

FIRST, to the related account of the Bond Fund, the amount designated for debt service on the related Project Bonds in the related Rental Agreement;

SECOND, to the related account of the Repair, Replacement, and Maintenance Fund the amount listed in the related Rental Agreement or, if the related Rental Agreement has been terminated, to the related account of the Operation and Maintenance Reserve Fund the amount required by the second paragraph under the heading "SUMMARY OF THE INDENTURE - Operation and Maintenance Reserve Fund" herein;

THIRD, to the related account of the Operating Fund the amount specified in writing by the Company for the next succeeding six month's Operating Expenses for the related Project;

FOURTH, to the Rebate Fund, based upon a certificate of the Company, any amount that is necessary to pay any amounts required to be paid pursuant to the Tax Agreement that is allocable to the related Project Bonds; and

FIFTH, to the related account of the Surplus Fund, any remaining amounts.

On or prior to the tenth (10th) day of each June and December and after the payments described above, the Trustee will make the following payments and transfers from the General Account of the Revenue Fund, provided that in the event funds on any such date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future date:

FIRST, to the General Account of the Bond Fund, the Basic Loan Payments required by the Notes after giving credit to the payments and transfers described above;

SECOND, to the General Account of the Repair, Replacement, and Maintenance Fund or, if the Rental Agreements have been terminated, to the General Account of the Operation and Maintenance Reserve Fund and to the appropriate accounts or parties specified in the Notes, the Additional Loan Payments required by the Notes;

THIRD, to the General Account of the Operating Fund the amount specified in writing by the Company for the next succeeding six month's Expenses after giving credit to the payments and transfers described above;

FOURTH, to the Rebate Fund, any amount that is necessary to pay any amounts required to be paid pursuant to the Tax Agreement; and

FIFTH, to the Surplus Fund, any remaining amounts.

## **Bond Fund**

The Bond Fund is a trust fund used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There is created within the Bond Fund the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

There will be deposited in each Project account of the Bond Fund, as and when received, (i) all corresponding payments received from the Revenue Fund as described under the heading "SUMMARY OF THE INDENTURE - Revenue Fund" herein and (ii) all other moneys received by the Trustee under and pursuant to any of the provisions of the related Note or the Loan Agreement when accompanied by written direction from the Company that such moneys are to be paid into the related Project account of the Bond Fund.

There will be deposited into the General Account of the Bond Fund, as and when received, (i) all Basic Loan Payments specified in the Notes after giving credit to the deposits described in the preceding paragraph, and (ii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement when accompanied by written directions from the Company that such moneys are to be paid into the General Account of the Bond Fund.

Except as otherwise provided in the Indenture, moneys in the Bond Fund will be used solely as a fund for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of Bonds at or prior to maturity, and to purchase Bonds in the open market pursuant to the Indenture. However, upon an Event of Default, the Trustee may use moneys in the Bond Fund for the benefit of Bondholders and to pay the fees and expenses of the Trustee that are payable under the Indenture.

If on any Interest Payment Date there should be insufficient funds in the Bond Fund to pay the interest, principal, and premium due on the Bonds, there will be transferred to the Bond Fund from the following funds and accounts in the priority shown such amounts as are necessary to pay the interest, principal, and premium due on the Bonds: (i) the Surplus Fund, (ii) the Operation and Maintenance Reserve Fund, and (iii) the Repair, Replacement, and Maintenance Fund; provided, however, that if there is a deficiency in an account related to a particular Project, moneys will be transferred from the accounts in the Surplus Fund, the Operation and Maintenance Reserve Fund, and the Repair, Replacement, and Maintenance Fund related to such Project and then from the General Accounts of the Surplus Fund, the Operation and Maintenance Reserve Fund, and the Repair, Replacement, and Maintenance Fund.

#### **Issuance Cost Fund**

The Issuance Cost Fund is a trust fund used to pay Issuance Costs.

## Repair, Replacement, and Maintenance Fund

The Repair, Replacement, and Maintenance Fund is a trust fund established for the repair, replacement, and maintenance costs of the Projects. The Repair, Replacement, and Maintenance Fund contains the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

The Trustee will deposit in each account of the Repair, Replacement, and Maintenance Fund as and when received by the Trustee any moneys paid to the Issuer under the Loan Agreement, the Notes, or the Indenture for credit or transfer to the Repair, Replacement, and Maintenance Fund.

The Issuer has authorized and directed the Trustee to withdraw funds from the Repair, Replacement, and Maintenance Fund to pay (i) the maintenance and repair costs related to each Project which the Company is obligated to pay pursuant to the related Security Deed and (ii) the principal of, premium, if any, and interest on the Bonds to the extent there are insufficient moneys in the Bond Fund therefor on any Interest Payment Date.

## **Operating Fund**

The Operating Fund is a trust fund created under the Indenture and contains the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

In accordance with the priority of payments described under the heading "SUMMARY OF THE INDENTURE - Revenue Fund" herein, the Trustee will transfer amounts from the Revenue Fund into the Operating Fund.

Moneys deposited in each account of the Operating Fund will be paid out from time to time by the Trustee on the written request of the Company delivered pursuant to the Indenture in order to pay for Operating Expenses or Expenses (in the case of the General Account).

#### **Insurance Fund**

The Insurance Fund is a trust fund that may be established and funded with any Net Proceeds of insurance awards paid to the Trustee and deposited in the Insurance Fund. If the Insurance Fund is opened, there will be created within the Insurance Fund the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

Any Net Proceeds to be deposited into the Insurance Fund will be deposited into the account designated for the Project to which the Net Proceeds relate and, upon written direction from the Company, further deposited to the applicable account of the Bond Fund for redemption of Bonds pursuant to the Indenture and the Loan Agreement or to the applicable account of the Project Fund to pay the costs of repair and restoration of the applicable Project pursuant to the Loan Agreement.

#### **Condemnation Fund**

The Condemnation Fund is a trust fund that may be established and funded with any Net Proceeds of condemnation awards paid to the Trustee and deposited in the Condemnation Fund. If the Condemnation Fund is opened, there will be created within the Condemnation Fund the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

Any Net Proceeds to be deposited into the Condemnation Fund will be deposited into the account designated for the Project to which the Net Proceeds relate and, upon written direction from the Company, further deposited to the applicable account of the Bond Fund for redemption of Bonds pursuant to the Indenture and the Loan Agreement or to the applicable account of the Project Fund to pay the costs of making all necessary alterations and repairs that are required because of such partial acquisition of the applicable Project pursuant to the Loan Agreement.

## **Operation and Maintenance Reserve Fund**

The Operation and Maintenance Reserve Fund is a trust fund created under the Indenture and contains the following accounts:

- (1) a separate account for each Project; and
- (2) General Account.

In the event that any Rental Agreement is terminated, there will be deposited into the account in the Operation and Maintenance Reserve Fund bearing the name of the Project to which the Rental Agreement relates from the account within the Revenue Fund bearing the name of such Project amounts sufficient to fund the account in the Operation and Maintenance Reserve Fund bearing the name of such Project in an amount equal to the Operation and Maintenance Reserve Requirement applicable to such Project. Semi-annual transfers to the applicable account in the Operation and Maintenance Reserve Fund will be made, on or before each June 15 and December 15, after making such deposits from the Revenue Fund as described in FIRST through FOURTH under the heading "SUMMARY OF THE INDENTURE—Revenue Fund" herein, in an amount sufficient to accumulate the balance to the credit of the Operation and Maintenance Reserve Fund to the Operation and Maintenance Reserve Requirement for the applicable Project, which transfers will be made at any time that the balance held in the account in the Operation and Maintenance Reserve Fund bearing the name of the applicable Project is less than the Operation and Maintenance Reserve Requirement for such Project.

Amounts on deposit in each account of the Operation and Maintenance Reserve Fund will be used first to restore the account in the Bond Fund bearing the same Project name as the account of the Operation and Maintenance Reserve Fund to the amount required at the time to be held therein, and then to pay, upon the written request of the Company, expenses of operation and maintenance of the related Project payable to persons other than Affiliates of the Company, but only if the Company first delivers to the Trustee a certificate from an Authorized Company Representative that (1) the Company has insufficient cash to pay such expenses and (2) no payee is an Affiliate of the Company. Notwithstanding anything in the Indenture to the contrary, the Operation and Maintenance Reserve Fund and the requirement to deposit monies sufficient to meet the Operation and Maintenance Reserve Requirement for a Project will not be operative unless the Rental Agreement for such Project is terminated.

## **Surplus Fund**

The Surplus Fund is a trust fund created under the Indenture and contains the following accounts:

- (1) a separate account for each Project; and
- (2) General Account

There will be deposited into each account of the Surplus Fund from the account of the Revenue Fund bearing the same Project name the amounts specified under the heading "SUMMARY OF THE INDENTURE - Revenue Fund" herein. Amounts held in the Surplus Fund may be used for any of the purposes described under the heading "SUMMARY OF THE INDENTURE - Revenue Fund" herein and may be used to pay costs of maintaining the Projects in accordance with the provisions of the related Security Deed; provided, however, that moneys from each account of the Surplus Fund may only be used for costs and expenses related to the Project for which the account is named.

The funds held in any account of the Surplus Fund as of the end of the immediately preceding Fiscal Year will be distributed to the Company to be used for any lawful purpose upon receipt by the Trustee of a certificate of an Authorized Company Representative that (i) based on annual audited financial statements of the Company, the Debt Service Coverage Ratio requirements contained in the related Security Deed have been met, (ii) each of the related accounts in the Operation and Maintenance Reserve Fund, the Repair, Replacement, and Maintenance Fund, and the Operating Fund contain the amounts required by the Indenture or by the related Security Deeds, and (iii) no Event of Default has occurred and is continuing under the related Security Deed.

#### **Investment of Funds and Accounts**

Any moneys held as part of the Bond Fund, the Issuance Cost Fund, the Project Fund, the Insurance Fund, the Operating Fund, the Condemnation Fund, the Revenue Fund, the Repair, Replacement, and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Surplus Fund, the Rebate Fund, reserves in connection with contested liens, or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee, to the extent permitted by law, will be invested and reinvested by the Trustee in Permitted Investments in accordance with the provisions of the Loan Agreement described herein under the heading "SUMMARY OF THE LOAN AGREEMENT-Investment of Funds and Accounts." Any such investments will be held by or under the control of the Trustee and will be deemed at all times a part of the respective fund or account, and the interest accruing thereon and any profit realized from such investments will be credited as set forth in the Indenture, and any loss resulting from such investments will be charged to such fund. In computing the assets of any fund or account, investments and accrued interest thereon will be deemed a part thereof. Such investments will be valued at their fair market value. Such investments will be made only as follows:

- (i) moneys in the Revenue Fund, the Issuance Cost Fund, the Project Fund, the Repair, Replacement, and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Surplus Fund, the Insurance Fund, the Operating Fund, the Condemnation Fund, and any other accounts or funds other than the Bond Fund only in obligations maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from each such respective fund; and
- (ii) moneys in the Bond Fund only in obligations maturing or redeemable at the option of the holder not later than the next-succeeding principal payment date, mandatory redemption payment date, or Interest Payment Date of the Bonds.

#### **Issuance of Additional Bonds**

If no Event of Default has occurred, the Issuer, at the request of the Company, may issue Additional Bonds for the purpose of (i) financing the costs of making such Additions or Alterations as the Company may deem necessary or desirable, (ii) financing the cost of completing any Additions or Alterations, (iii) refunding any Bonds, and (iv) in each such case, paying the costs of the issuance and sale of the Additional Bonds, paying capitalized or funded interest, and funding a debt service reserve fund and such other costs reasonably related to the financing as is agreed upon by the Company and the Issuer. The terms of such Additional Bonds, the purchase price to be paid therefor, and manner in which the proceeds therefrom are to be disbursed will be determined by the Company, and the sale of any Additional Bonds will be the sole responsibility of the Company. The Company and the Issuer will enter into an amendment to the Loan Agreement to provide for additional promissory notes with Basic Loan Payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Loan Agreement required because of such Additional Bonds. The Issuer and the Trustee will enter into such amendments or supplements to the Indenture as are required to effect the issuance of the Additional Bonds.

As a condition for the issuance of Additional Bonds (i) either (A) such Additional Bonds (including any refunding Additional Bonds) will be rated in a rating category that is not lower than the underlying rating of then Outstanding bonds (i.e., the rating of the Outstanding Bonds without giving effect to any credit enhancement) or (B) the Company must deliver to the Trustee (1) a certificate of an Authorized Company Representative that (x) the Additional Bonds will be used to finance or refinance costs related to a particular Project and (y) for each of the two Fiscal Years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio of the Company for the related Project was not less than (ÂA) 1.00 if a Rental Agreement was in effect during each of the two applicable Fiscal Years for the related Project and (BB) 1.20 if no Rental Agreement was in effect during each of the two applicable Fiscal Years and (2) the forecasted financial statements, reported on by a Financial Consultant, for each Fiscal Year until such Additions or Alterations are expected to be placed in operation and for the three Fiscal Years immediately following the Fiscal Year in which such Additions or Alterations being paid for with the proceeds of such Additional Bonds are expected to be placed in operation, which give effect to the issuance or incurrence of such Additional Bonds and to the application of the proceeds thereof and resulting additional income from any Additions or Alterations constructed and acquired from such proceeds to the effect that: (x) the forecasted Debt Service Coverage Ratio of the Company for the Project to which the Additional Bonds are related for each of the three Fiscal Years immediately following the Fiscal Year in which such Additions or Alterations are expected to be placed in operation will be not less than (AA) 1.00 if a

Rental Agreement is expected to be in effect during each of the three applicable Fiscal Years for the related Project and (BB) 1.20 if no Rental Agreement is expected to be in effect during each of the three applicable Fiscal Years and (y) the forecasted Revenue Available for Debt Service of the Company for each Fiscal Year until such Additions or Alterations are expected to be placed in operation plus any funded interest will be sufficient to pay the Debt Service which relate to the proposed Additional Bonds for each Fiscal Year until such Additions or Alterations are expected to be placed in operation, or (C) in the case of refunding Additional Bonds an Authorized Company Representative must certify (1) that the annual Debt Service on the Additional Bonds will not exceed the annual Debt Service on the Bonds being refunded in any Bond Year, or (2) that the forecasted Debt Service Coverage Ratio of the Company for each of the three Fiscal Years following the Fiscal Year in which the refunding Additional Bonds are issued will be not less than 1.00, or (D) in the case of Additional Bonds issued to complete any Additions or Alterations, such Additional Bonds will be in a principal amount that does not exceed 10% of the principal amount of the Additional Bonds issued to finance the Additions or Alterations; and (ii) prior to the issuance of such Additional Bonds, each Rating Agency then rating the Outstanding Bonds must deliver a confirmation letter stating that the issuance of the Additional Bonds will not result in a qualification, downgrade, or withdrawal of the then current ratings on the then Outstanding Bonds.

Any amounts received by the Trustee for payment of Debt Service will be allocated between the Series 2020 Bonds and Additional Bonds on a pro rata basis.

## Discharge of Lien

If the Issuer pays or causes to be paid, or there is otherwise paid or provision for payment made, to or for (i) the Owner of any Bond, or any portion of any such Bond, the principal, interest, and premium, if any, due or to become due thereon, then such Bond or portion thereof, and (ii) the Owners of all Outstanding Bonds the principal, interest, and premium, if any, due or to become due thereon and will pay or cause to be paid all fees and expenses of the Trustee and each paying agent due or to become due under the Indenture, then the Indenture and these presents and the estate, lien, interests, and rights thereby created and granted will cease, determine, terminate, and become null and void (except as to any surviving rights of registration, transfer, or exchange of Bonds provided for in the Indenture and except for the Trustee's obligations under certain provisions of the Indenture), and thereupon the Trustee will cancel and discharge the lien and security interest of the Indenture.

Any Outstanding Bond will, prior to the maturity or redemption date thereof, be deemed to have been paid and defeased within the meaning and with the effect expressed in the paragraph above with respect to payment of such Bond (i) if there is irrevocably deposited with the Trustee, in trust, either Available Monies in an amount which will be sufficient, along with any other moneys held by the Trustee and available therefor, or Government Obligations not redeemable by the issuer thereof purchased with Available Monies, the principal of and interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and if all Bonds Outstanding are to be deemed to have been paid and defeased, an amount equal to the Trustee's and paying agents' necessary and proper fees, compensation, and expenses under the Indenture accrued and to accrue until such redemption date or date of maturity, (ii) if such Bonds are to be redeemed and are subject to immediate redemption, the Issuer has given the Trustee in form satisfactory to it irrevocable written instructions to give notice of redemption of such Bonds as provided in the Indenture, (iii) if said Bonds are to be redeemed and are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer has given the Trustee in form satisfactory to it irrevocable written instructions to (a) give notice of redemption of such Bonds as provided in the Indenture not less than thirty (30) nor more than sixty (60) days prior to a date on which such Bonds are subject to redemption and (b) give, as soon as practicable in the same manner as a notice of redemption of such Bonds as provided in the Indenture, a notice to the Owners of such Bonds stating that the deposit required by (i) above has been made with the Trustee, stating that said Bonds are deemed to have been paid as described under this "Discharge of Lien" heading, and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds, (iv) unless there is irrevocably deposited with the Trustee moneys in an amount which will be sufficient, along with any other moneys held by the Trustee and available therefor sufficient to pay the principal or redemption price, if applicable, and interest due and to become due on such Bonds without taking into account any investment earnings, there is submitted to the Issuer and the Trustee a certificate of a certified public accountant (the "Accountant's Verification") to the effect that the deposit described in (i) above will provide funds sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (v) there is submitted to the Issuer and the Trustee an opinion of Bond Counsel to the effect that the defeasance of the Bonds as described under this heading "Discharge of Lien" will not cause interest on any of the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Neither Government Obligations nor moneys deposited with the Trustee pursuant to the provisions of the Indenture described under this "Discharge of Lien" heading nor principal or interest payments on any such securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, at the written direction of

the Company, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

The items described in (i) through (v) of the preceding paragraph may be submitted with respect to any particular Bonds or series of Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), in which case such Bonds will no longer be deemed to be Outstanding and will be deemed to be paid as described under this "Discharge of Lien" heading, and the Owners of such Bonds will be secured only by such deposit and not by any other part of the Trust Estate.

Anything in the Indenture to the contrary notwithstanding, if such moneys or Government Obligations have been deposited or set aside with the Trustee for the payment of Bonds and interest and premium thereon, if any, and such Bonds have not in fact been actually paid in full, no amendment to the applicable provisions of the Indenture described in this "Discharge of Lien" heading may be made without the consent of the Owner of each Bond affected thereby.

## **Defaults**; Events of Default

If any of the following events occur, it constitutes a default and an "Event of Default" under the Indenture:

- (a) default in the due and punctual payment of any interest on any Bond,
- (b) default in the due and punctual payment of the principal of any Bond (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof,
  - (c) the occurrence of an "Event of Default" under the Loan Agreement, and
- (d) any material breach by the Issuer of any representation or warranty made in the Indenture or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer in the Indenture (other than as described in (a) and (b) above) or contained in the Bonds.

## **Remedies Upon Event of Default**

If an Event of Default occurs and is continuing, the Trustee will have the power to proceed with any available right or remedy granted by the Bond Documents or Constitution and laws of the State or other applicable law, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Bond Documents, for specific performance of any covenant or agreement contained therein, or for the enforcement of any proper legal or equitable remedy as the Trustee may deem most effective to protect the rights aforesaid, insofar as such may be authorized by law. The Trustee may enforce each and every right granted to the Issuer under the Bond Documents. Upon the occurrence of an Event of Default, the Trustee, in its own name and as trustee of an express trust, or in the name of the Issuer without the necessity of joining the Issuer, will be entitled to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against any obligor thereon and collect in the manner provided by law, but limited as provided in the Bond Documents, out of the property of any obligor thereon wherever situated the moneys adjudged or decreed to be payable for the Bondholders, or on behalf of the Issuer.

If an Event of Default occurs and is continuing, and if requested to do so by the Majority Bondowners and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers described above as the Trustee, being advised by counsel, may deem most expedient in the interests of all Bondholders. The Majority Bondowners have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, provided the Trustee is indemnified pursuant to the Indenture, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or in connection with the appointment of a receiver or in connection with any other proceedings under the Indenture; provided, that such direction must not be otherwise than in accordance with the provisions of law and of the Indenture.

## Application of Moneys upon an Event of Default

Upon an Event of Default and if moneys held by the Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys received and held by the Trustee pursuant to the Indenture as a part of the Trust Estate (except for the Rebate Fund) and all moneys received by the Trustee will be applied as follows:

- (a) Unless the principal of all the Bonds has become due and payable, all such moneys will be applied:
- FIRST To the payment of the Ordinary Expenses of the Trustee and Extraordinary Expenses of the Trustee and to the payment for fees and services reasonably anticipated to be incurred by the Trustee;
- SECOND If directed by the Bondholders pursuant to the Indenture, to the payment of Expenses and for reasonable renewals, repairs, and replacements of the Projects necessary to prevent impairment of the Trust Estate and to the payment of the costs and compensation of any advances made by the Issuer and the reasonable attorneys' fees of the Issuer;
- THIRD To the payment to the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or privilege;
- FOURTH To the payment to the Owners entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which becomes due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest at the same rate as the interest on such Bonds from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full principal of, premium, if any, and overdue interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, overdue interest, and premium, if any, due on such date, to the Owners entitled thereto without any discrimination or privilege;
- FIFTH To be held for the payment to the Bondholders entitled thereto as the same becomes due of the principal of, premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available will not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment will be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege; and
- SIXTH After payment in full of the Bonds and all other amounts due under the Bond Documents, to the Company.
- (b) If the principal of all the Bonds becomes due and payable, all such moneys will be applied first to the items described in paragraph FIRST of the preceding paragraph (a), and then to the payment to the Owners entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the applicable provisions of the Indenture described above, such moneys will be applied at such times and from time to time as the Trustee will determine, having due regard to the amount of such moneys available for such application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee applies such funds, it will fix the date (which will be an Interest Payment Date unless it will deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, but in accordance with the applicable provisions of the Indenture, and will not be required to make payment to the Owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

# Amendments to Indenture and Supplemental Indentures Not Requiring Consent of Bondholders

The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, but with the consent of the Company if required by the Indenture, enter into an amendment to the Indenture or an indenture or indentures supplemental to the Indenture as will not be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture;

- (ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations, and restrictions to be observed by the Issuer for the protection of the Bondholders;
- (iii) to evidence the appointment of a separate trustee or a co-trustee, or the succession of a new trustee or the appointment of a new or additional paying agent or bond registrar;
- (iv) to grant to or confer upon the Trustee for the benefit of Bondholders any additional rights, remedies, powers, benefits, security, liabilities, duties, or authority that may lawfully be granted to or conferred or imposed upon the Bondholders or the Trustee or either of them;
  - (v) to subject to the lien and security interest of the Indenture additional revenues, properties, or collateral;
- (vi) to modify, amend, or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of Bonds for sale under the securities laws of any state, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute;
- (vii) to modify, amend, or supplement the Indenture in such manner to assure the continued exclusion from gross income of the Owners thereof for federal income tax purposes of interest on any Tax-Exempt Bonds;
- (viii) to comply with any provisions of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any rules or regulations promulgated thereunder;
- (ix) to reflect a change in applicable law provided that the Trustee determines (which may be in reliance on an opinion of counsel) that such amendment or supplemental indenture does not prejudice the rights of Bondholders; or
- (x) in connection with any other change in the Indenture which, in the judgment of the Trustee (which may be in reliance on an opinion of counsel), does not prejudice or materially adversely affect the Bondholders, impair the Trust Estate, or adversely affect the Trustee's duties, rights, or immunities.

The Issuer and the Trustee will, without the consent of or notice to any Bondholders, enter into an indenture or indentures supplemental to the Indenture (i) in connection with the issuance of any Additional Bonds in accordance with the Indenture and the inclusion of additional security in connection therewith; (ii) to the extent necessary with respect to the land and interests in land, buildings, furnishings, machinery, equipment, and all other real and personal property which may form a part of the Projects, so as to more precisely identify the same or to substitute or add additional land or interests in land, buildings, furnishings, machinery, equipment, or real or personal property as security; or (iii) with respect to any changes required to be made in the description of the Trust Estate in order to conform with similar changes made in the Loan Agreement as permitted by the Indenture.

Prior to entering into an amendment or supplemental indenture as described above, there must be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel.

## Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders

Exclusive of amendments and indentures supplemental to the Indenture described above, Owners of not less than two-thirds (2/3) in aggregate principal amount of Bonds then Outstanding have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of an amendment or amendments to the Indenture or such indenture or indentures supplemental thereto as will be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing contained in the Indenture permits, or will be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or a reduction in the rate or an extension of the time of payment of interest on, or a reduction of any premium payable on the redemption of, any Bonds, without the consent of every Owner of such Bonds, or (b) the creation of any lien or security interest (other than any Permitted Encumbrances) prior to or on a parity with the lien and security interest of the Indenture without the consent of the Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken, or (c) a reduction in the amount, or an extension of the time of any payment, required by the mandatory redemption provisions of the Indenture, without the consent of the Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the Owners of which are required to consent to any such amendment or supplemental indenture, without the consent of the Owners of all Bonds

at the time Outstanding which would be affected by the action to be taken, or (e) the modification of the trusts, powers, obligations, remedies, privileges, rights, duties, or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (g) the release of or requirements for the release of the Indenture, without the consent of the Owners of all Bonds at the time Outstanding which would be affected by the action to be taken.

Prior to entering into such an amendment or supplemental indenture there must be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. If at any time the Issuer requests the Trustee to enter into any such amendment or supplemental indenture for any of the purposes described above, the Trustee will, upon being reasonably indemnified with respect to expenses, cause notice of the proposed execution of such amendment or supplemental indenture to be given in substantially the manner provided in the Indenture with respect to redemption of Bonds. Such notice will briefly set forth the nature of the proposed amendment or supplemental indenture and will state that copies thereof are available from the Trustee upon request. If, within sixty (60) days or such longer period as will be prescribed by the Issuer following the giving of such notice, Owners of not less than two-thirds (2/3) in aggregate principal amount of Bonds Outstanding at the time of the execution of any such amendment or supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

#### Amendments to Other Bond Documents Not Requiring Consent of Bondholders

The Issuer and the Trustee may, without the consent of or notice to Bondholders, consent to any amendment, change, or modification of the Bond Documents other than the Indenture as may be required (i) by the provisions of the Loan Agreement and the Indenture; (ii) in connection with the issuance of Additional Bonds as provided in the Indenture; (iii) for the purpose of curing any ambiguity or formal defect or omission therein, or to correct or supplement any defective provision thereof; (iv) in connection with the land and interests in land described in Exhibit A to the Loan Agreement and the buildings, machinery, equipment, and other real or personal property financed so as to identify more precisely the same or to substitute or add additional land or interests in land, buildings, machinery, equipment, or other real or personal property; (v) so as to add additional rights acquired in accordance with the provisions of the Bond Documents, (vi) to substitute a new borrower under the Loan Agreement as provided therein; (vii) to comply with any provisions of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any rules or regulations promulgated thereunder; or (viii) in connection with any other change therein which, in the judgment of the Trustee (which may rely on an opinion of counsel), does not prejudice the Trustee or materially adversely affect Owners of Bonds. Prior to entering into any amendment, change, or modification of the Bond Documents other than the Indenture, there must be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel.

## **Amendments to Other Bond Documents Requiring Consent of Bondholders**

Except for the amendments, changes, or modifications described in the preceding paragraph, neither the Issuer nor the Trustee will consent to any other amendment, change, or modification of the Bond Documents other than the Indenture without giving notice to and obtaining the written approval or consent of Owners of not less than two-thirds (2/3) in aggregate principal amount of Bonds at the time Outstanding given and procured as provided in the Indenture; provided, however, that nothing in the Indenture will permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Notes or a reduction in the amount of any payment or in the total amount due under the Notes, without the consent of every Owner of Bonds affected thereby or (b) a reduction in the aforesaid aggregate principal amount of Bonds the Owners of which are required to consent to any such amendment, change, or modification of such other Bond Documents, without the consent of the Owners of all Bonds at the time Outstanding which would be affected by the action to be taken. Prior to entering into any amendment, change, or modification of the Bond Documents other than the Indenture, there must be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. If at any time the Issuer or the Company requests any such proposed amendment, change, or modification of such other Bond Documents, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by the provisions of the Indenture described above under the heading "SUMMARY OF THE INDENTURE - Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders." Such notice will briefly set forth the nature of such proposed amendment, change, or modification and will state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as will be prescribed by the Issuer following the giving of such notice, the Trustee and the Owners of not less than two-thirds (2/3) in aggregate principal amount of Bonds Outstanding at the time of the execution of such proposed amendment, change, or modification have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein or to the operation thereof or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee from consenting to the execution thereof or to enjoin or restrain the Issuer or the Company from executing the same or from taking any action pursuant to the provisions thereof.

# APPENDIX C FORM OF BOND COUNSEL OPINION





NELSON MULLINS RILEY & SCARBOROUGH LLP ATTORNEYS AND COUNSELORS AT LAW

Atlantic Station 201 17th Street, NW | Suite 1700 Atlanta, GA 30363 T 404.322.6000 F 404.322.6050 nelsonmullins.com

Earle R. Taylor III T 404.322.6130 earle.taylor@nelsonmullins.com

, 2020

Georgia Higher Education Facilities Authority Atlanta, Georgia

Re: \$47,640,000 Georgia Higher Education Facilities Authority Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020

#### Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Georgia Higher Education Facilities Authority (the "Issuer") of \$47,640,000 in original aggregate principal amount of revenue bonds designated "Georgia Higher Education Facilities Authority Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020," dated the date hereof (the "Bonds").

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

- 1. Chapter 16 of Title 20 of the Official Code of Georgia Annotated, known as the "Georgia Higher Education Facilities Authority Act" (the "Act").
- 2. Certified copy of a Bond Resolution of the Issuer adopted on January 13, 2010, as supplemented and amended by a Supplemental Resolution of the Issuer adopted on July 30, 2010, a Series 2020 Bond Resolution of the Issuer adopted on February 20, 2020, and a Supplemental Series 2020 Bond Resolution of the Issuer adopted on March 5, 2020 (collectively the "Bond Resolution").
- 3. Certified copy of an Approving Resolution of the Georgia State Financing and Investment Commission adopted on December 2, 2019, approving the issuance of the Bonds by the Issuer.
- 4. Certified transcript of validation proceedings in the Superior Court of Fulton County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.

- 5. Fully executed counterpart of the Trust Indenture, dated as of August 1, 2010, as supplemented and amended by the First Supplemental Trust Indenture, dated as of March 1, 2020 (collectively the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee").
- 6. Fully executed counterpart of the Loan Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Loan Agreement, dated as of March 1, 2020 (collectively the "Loan Agreement"), between the Issuer and USG Real Estate Foundation III, LLC (the "Company").
- 7. Fully executed original of the Amended and Restated Coastal College Campus Center Note, dated the date hereof (the "Coastal College Note"), from the Company to the Issuer, in the original principal amount of \$9,135,000, endorsed without recourse by the Issuer to the order of the Trustee.
- 8. Fully executed counterpart of the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of March 1, 2020 (collectively the "Coastal College Security Deed"), by the Company to the Issuer.
- 9. Fully executed counterpart of the Assignment of Contract Documents, dated as of August 1, 2010 (the "Coastal College Contracts Assignment"), by the Company in favor of the Issuer.
- 10. Fully executed original of the Amended and Restated Georgia College Note, dated the date hereof (the "Georgia College Note"), from the Company to the Issuer, in the original principal amount of \$21,460,000, endorsed without recourse by the Issuer to the order of the Trustee.
- 11. Fully executed counterpart of the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of March 1, 2020 (collectively the "Georgia College Security Deed"), by the Company to the Issuer.
- 12. Fully executed counterpart of the Assignment of Contract Documents, dated as of August 1, 2010 (the "Georgia College Contracts Assignment"), by the Company in favor of the Issuer.
- 13. Fully executed original of the Amended and Restated Savannah State Note, dated the date hereof (the "Savannah State Note"), from the Company to the Issuer, in the original

principal amount of \$12,935,000, endorsed without recourse by the Issuer to the order of the Trustee.

- 14. Fully executed counterpart of the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of March 1, 2020 (collectively the "Savannah State Security Deed"), by the Company to the Issuer.
- 15. Fully executed counterpart of the Assignment of Contract Documents, dated as of August 1, 2010 (the "Savannah State Contracts Assignment"), by the Company in favor of the Issuer.
- 16. Fully executed original of the Amended and Restated West Georgia Note, dated the date hereof (the "West Georgia Note"), from the Company to the Issuer, in the original principal amount of \$4,110,000, endorsed without recourse by the Issuer to the order of the Trustee.
- 17. Fully executed counterpart of the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of August 1, 2010, as supplemented and amended by the First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, dated as of March 1, 2020 (collectively the "West Georgia Security Deed"), by the Company to the Issuer.
- 18. Fully executed counterpart of the Assignment of Contract Documents, dated as of August 1, 2010 (the "West Georgia Contracts Assignment"), by the Company in favor of the Issuer.
- 19. Fully executed counterpart of the Escrow Deposit Agreement, dated the date hereof (the "Escrow Agreement"), among the Issuer, the Company, and the Trustee, as escrow agent.
- 20. Fully executed counterpart of the Company's Tax Certificate, dated the date hereof (the "Tax Certificate").
- 21. Fully executed counterpart of the Certificate As To Arbitrage Matters of the Issuer, dated the date hereof (the "Non-Arbitrage Certificate").

The Bonds are being issued under and pursuant to the Act and the Bond Resolution for the purpose of refunding a portion of the Issuer's Revenue Bonds (USG Real Estate Foundation III, LLC Project), Series 2010A (the "Prior Bonds"), presently outstanding in the aggregate principal amount of \$58,955,000, by loaning the proceeds of the Bonds to the Company to enable the Company to prepay its obligations under the promissory notes of the Company to the Issuer being amended and restated by the Coastal College Note, the Georgia College Note, the Savannah State Note, and the West Georgia Note, each of which were endorsed without recourse

by the Issuer to the order of the Trustee, in order to refinance the costs of acquiring, constructing or renovating, and installing (A) a campus center located on the campus of College of Coastal Georgia in Brunswick, Georgia (the "Coastal College Project"), (B) a student wellness center located on the campus of Georgia College & State University in Milledgeville, Georgia (the "Georgia College Project"), (C) a student center and stadium located on the campus of Savannah State University in Savannah, Georgia (the "Savannah State Project"), and (D) a bookstore located on the campus of the University of West Georgia in Carrollton, Georgia (the "West Georgia Project") and to finance related costs. The Company presently rents the Coastal College Project, the Georgia College Project, the Savannah State Project, and the West Georgia Project (each a "Project" and collectively the "Projects") to the Board of Regents of the University System of Georgia (the "Regents").

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Company and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Issuer and the Company contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to (i) an opinion of even date of Stover Legal Group, LLC, Atlanta, Georgia, with respect, among other matters, (A) to the company status and good standing of the Company; (B) to the company power of the Company to enter into and perform the Loan Agreement; the Coastal College Note, the Georgia College Note, the Savannah State Note, and the West Georgia Note (each an "Amended Note" and collectively the "Amended Notes"); the Coastal College Security Deed, the Georgia College Security Deed, the Savannah State Security Deed, and the West Georgia Security Deed (each a "Security Deed" and collectively the "Security Deeds"); the Coastal College Contracts Assignment, the Georgia College Contracts Assignment, the Savannah State Contracts Assignment, and the West Georgia Contracts Assignment (each a "Contracts Assignment" and collectively the "Contracts Assignments"); and the Escrow Agreement; (C) to the due authorization, execution, and delivery by the Company of the Loan Agreement, the Amended Notes, the Security Deeds, the Contracts Assignments, and the Escrow Agreement and the validity and enforceability thereof against the Company; and (D) to the status of University System of Georgia Foundation, Inc., the sole member of the Company, as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and (ii) title insurance policies issued and to be endorsed by First Georgia Higher Education Facilities Authority \_\_\_\_\_\_\_, 2020 Page 5

American Title Insurance Company with respect, among other matters, to all matters relating to the Company's title to the real property encumbered by the Security Deeds and to the existence and priority of the liens and matters of record relating to the Security Deeds on such real property.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

- (1) The Issuer was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and statutes of the State of Georgia, including particularly the Act, and has all requisite power and authority (i) to adopt the Bond Resolution; (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Loan Agreement, the Indenture, and the Escrow Agreement; (iii) to enter into and perform its obligations under the Loan Agreement, the Indenture, and the Escrow Agreement; (iv) to accept the Amended Notes, the Security Deeds, and the Contracts Assignments; and (v) to endorse the Amended Notes without recourse to the order of the Trustee.
- (2) The Loan Agreement, the Security Deeds, the Contracts Assignments, the Indenture, and the Escrow Agreement have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Issuer has duly endorsed the Amended Notes without recourse to the order of the Trustee. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).
- (3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special limited obligations of the Issuer, payable solely from the amounts pledged under the Indenture.
- (4) The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes (including the tax imposed by Chapter 2A of Subtitle A of the Code) and is not an enumerated "item of tax preference" for purposes of the federal alternative minimum tax imposed on taxpayers other than corporations. The opinions set forth in the immediately preceding sentence are subject to the condition that the Issuer, the Company, and the Regents comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with all such requirements, but the Regents have not so covenanted. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Bonds in gross income for federal income tax purposes (including the tax imposed by Chapter 2A of Subtitle A of the Code) to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

Georgia Higher Education
Facilities Authority
\_\_\_\_\_\_\_\_, 2020
Page 6

- (5) The Bonds are exempt from local property taxes in the State of Georgia and the interest on the Bonds is exempt from State of Georgia income taxation, although the Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes.
- (6) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Security Deeds, the Contracts Assignments, the Loan Agreement, and the Escrow Agreement (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights; (ii) may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

NELSON MULLINS RILEY & SCARBOROUGH LLP

By:				
Earle R.	Taylor,	III,	Partner	

# APPENDIX D FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT



#### DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of March 19, 2020, is executed and delivered by USG Real Estate Foundation III, LLC (the "Company"), a Georgia limited liability company whose sole member is the University System of Georgia Foundation, Inc. and whose manager is USGREF Manager, LLC ("USGREF"), and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement relate solely to the execution of instructions received from the Company through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Company or anyone on the Company's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. <u>Definitions</u>. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB (hereinafter defined).

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements of the University System, the Company and each Participating Constituent Institution for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Company and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Company pursuant to Section 9 hereof.

"Disclosure Representative" means the Vice President of USGREF or his or her designee, or such other person as the Company shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Company's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access (EMMA) system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a computer virus, electric service delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"Issuer" means the Georgia Higher Education Facilities Authority.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 – http://emma.msrb.org.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Company, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" means the Official Statement dated March 5, 2020 prepared by the Company in connection with the Bonds listed on Exhibit A hereto.

"Participating Constituent Institution" shall have the meaning ascribed to such term in the Official Statement.

"Trustee" means Wells Fargo, Bank National Association as the trustee under the Trust Indenture dated as of August 1, 2010, as amended by a First Supplemental Trust Indenture dated as of March 1, 2020, each between the Issuer and the Trustee.

"University System" means the University System of Georgia and its successors and assigns.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

#### SECTION 2. Provision of Annual Reports.

- (a) The Company shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy to the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the last day of the second fiscal quarter following the end of each fiscal year of the Company, commencing with the fiscal year ending June 30, 2020 (i.e., currently, each December 31<sup>st</sup>); *provided that* the Disclosure Dissemination Agent shall provide Audited Financial Statements of the University System to the MSRB not later than one year following the end of each fiscal year of the University System, commencing with the fiscal year ending June 30, 2020. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.
- (b) If on the fifteenth (15<sup>th</sup>) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Company of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) inform the Disclosure Dissemination Agent in writing that the Company will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event will occur on the Annual Filing Date and to send a notice to the MSRB in substantially the form attached as Exhibit B on or immediately following the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.
- (c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report and the procedures in Section 2(b)(ii) have not been completed by the Company, a Failure to File Event shall have occurred and the Company irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as <a href="Exhibit B">Exhibit B</a> without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in <a href="Exhibit C-1">Exhibit C-1</a>.
- (d) If Audited Financial Statements of the University System, the Company or any of the Participating Constituent Institutions are prepared but not available prior to the Annual Filing Date, the Company shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy to the Trustee, for filing with the MSRB.

- (e) The Disclosure Dissemination Agent shall:
  - (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
  - (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
  - (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
  - (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Company pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
    - 1. "Principal and interest payment delinquencies;"
    - 2. "Non-Payment related defaults, if material;"
    - 3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
    - 4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
    - 5. "Substitution of credit or liquidity providers, or their failure to perform;"
    - 6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
    - 7. "Modifications to rights of securities holders, if material;"
    - 8. "Bond calls, if material;"
    - 9. "Tender offers:"
    - 10. "Defeasances:"
    - 11. "Release, substitution, or sale of property securing repayment of the securities, if material:"
    - 12. "Rating changes;"
    - 13. "Bankruptcy, insolvency, receivership or similar event of the Obligated Person;"
    - 14. "Consummation of a merger, consolidation or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action of the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;"

- 15. "Appointment of a successor or additional trustee or the change of name of a trustee, if material";
- 16. "Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material"; and
- 17. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties".
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of <u>Exhibit B</u> to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Company pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
  - 1. "amendment to continuing disclosure undertaking;"
  - 2. "change in obligated person;"
  - 3. "notice to investors pursuant to bond documents;"
  - 4. "certain communications from the Internal Revenue Service;"
  - 5. "secondary market purchases;"
  - 6. "bid for auction rate or other securities;"
  - 7. "capital or other financing plan;"
  - 8 "litigation/enforcement action;"
  - 9. "change of tender agent, remarketing agent, or other on-going party;" and
  - 10. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Company pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
  - 1. "quarterly / monthly financial information;"
  - 2. "change in fiscal year / timing of annual disclosure;"

- 3. "change in accounting standard;"
- 4. "interim / additional financial information / operating data;"
- 5. "budget;"
- 6. "investment / debt / financial policy;"
- 7. "information provided to rating agency, credit / liquidity provider or other third party;"
- 8 "consultant reports;" and
- 9. "other financial / operating data;"
- (viii) provide the Company evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.
- (f) The Company may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.
- (g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.
- SECTION 3. <u>Content of Annual Reports</u>. Each Annual Report shall contain or incorporate by reference the following:
- (a) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP, will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).
- (b) An update of the financial information and operating data of the type contained in the Official Statement under the captions entitled "THE BOARD OF REGENTS—Funding for the University System" and "THE BOARD OF REGENTS—State Treasury Receipts" and in Appendix A to the Official Statement under the sub-captions entitled "-Enrollment," and "-Admissions" and "-Tuition and Fees."

Any or all of the items listed above may be incorporated by specific reference from other documents, including official statements of debt issues with respect to which the Company is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB's Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Company will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information must explain in narrative form the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

#### SECTION 4. Reporting of Notice Events.

- (a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:
  - 1. Principal and interest payment delinquencies;
  - 2. Non-payment related defaults, if material;
  - 3. Unscheduled draws on the debt service reserves reflecting financial difficulties;
  - 4. Unscheduled draws on the credit enhancements reflecting financial difficulties;
  - 5. Substitution of the credit or liquidity providers or their failure to perform;
  - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - 7. Modifications to rights of Bond holders, if material;
  - 8. Bond calls, if material, and tender offers;
  - 9. Defeasances;
  - 10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - 11. Rating changes;
  - 12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
  - 13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - 15. Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
  - 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Notice Events in this Section 4(a) listed under (15) an (16) above, the term "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Company shall promptly, not in excess of 10 business days after the occurrence of the event, notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Company desires to make, contain the written authorization of the Company for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Company desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

- (b) The Disclosure Dissemination Agent is under no obligation to notify the Company or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Company determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Company desires to make, contain the written authorization of the Company for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Company desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).
- (c) If the Disclosure Dissemination Agent has been instructed by the Company as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.
- SECTION 5. <u>CUSIP Numbers.</u> Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Company shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Company acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Company, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Company acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

#### SECTION 7. Voluntary Filing.

- (a) The Company may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Company desires to make, contain the written authorization of the Company for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Company desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Company as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.
- (b) The Company may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Company desires to make, contain the written authorization of the Company for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Company desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Company as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.
- (c) The parties hereto acknowledge that the Company is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure or any Voluntary Financial Disclosure.
- (d) Nothing in this Disclosure Agreement shall be deemed to prevent the Company from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Company chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Company shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.
- SECTION 8. <u>Termination of Reporting Obligation</u>. The obligations of the Company and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to each series of the Bonds upon the legal defeasance, prior redemption or payment in full of all of such series of the Bonds, when the Company is no longer an obligated person with respect to such series of the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.
- SECTION 9. <u>Disclosure Dissemination Agent</u>. The Company has appointed DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Company may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination

Agent, whether by notice of the Company or DAC, the Company agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Company shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Company.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Company or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

#### SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

- (a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Company has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Company and shall not be deemed to be acting in any fiduciary capacity for the Company, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Company's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Company has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Company at all times. The obligations of the Company under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.
- (b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Company.
- (c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Company and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Company and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Company nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Company. No such amendment shall become effective if the Company shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. <u>Beneficiaries</u>. This Disclosure Agreement shall inure solely to the benefit of the Company, the Trustee, the Disclosure Dissemination Agent, the underwriter of the Bonds, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. <u>Governing Law</u>. This Disclosure Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Georgia. The Disclosure Dissemination Agent consents to the jurisdiction of Georgia courts for enforcement of this Disclosure Agreement.

SECTION 15. <u>Counterparts</u>. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

#### [COUNTERPART SIGNATURE PAGE TO DISCLOSURE DISSEMINATION AGENT AGREEMENT]

The Disclosure Dissemination Agent and the Company have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By:

Diana O'Brien

Senior Vice President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

USG REAL ESTATE FOUNDATION III, LLC By: USGREF MANAGER, LLC, its manager

By:\_\_\_\_\_

Karen N. McCauley
Vice President

#### **EXHIBIT A**

#### NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer Georgia Higher Education Facilities Authority

Obligated Person(s) USG Real Estate Foundation III, LLC

Name of Bond Issue: Refunding Revenue Bonds (USG Real Estate Foundation III, LLC

Projects), Series 2020

Date of Issuance: March 19, 2020

Date of Official Statement March 5, 2020

Maturity	Principal	Interest		CUSIP
(June 15)	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Number</u>
			<del></del>	
2021	\$1,355,000	5.00%	0.79%	373511JE5
2022	1,425,000	5.00	0.84	373511JF2
2023	1,500,000	5.00	0.88	373511JG0
2024	1,575,000	5.00	0.93	373511JH8
2025	1,650,000	5.00	0.98	373511JJ4
2026	1,735,000	5.00	1.07	373511JK1
2027	1,815,000	5.00	1.17	373511JL9
2028	1,915,000	5.00	1.28	373511JM7
2029	2,005,000	5.00	1.40	373511JN5
2030	2,110,000	5.00	1.49	373511JP0
2031	2,215,000	5.00	$1.56^{1}$	373511JQ8
2032	2,320,000	5.00	$1.63^{1}$	373511JR6
2033	2,430,000	5.00	$1.69^{1}$	373511JS4
2034	2,560,000	5.00	$1.72^{1}$	373511JT2
2035	2,690,000	4.00	$1.96^{1}$	373511JU9
2036	2,790,000	4.00	$2.00^{1}$	373511JV7
2037	2,900,000	4.00	$2.04^{1}$	373511JW5
2038	3,020,000	3.00	$2.33^{1}$	373511JX3
2039	3,120,000	3.00	$2.37^{1}$	373511JY1
2040	3,205,000	3.00	$2.40^{1}$	373511JZ8
2041	3,305,000	4.00	$2.18^{1}$	373511KA1

Priced to first optional redemption date of June 15, 2030.

#### **EXHIBIT B**

### NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name	of Issuer	Georgia Higher Education Facilities Authority
Obliga	ted Person(s)	USG Real Estate Foundation III, LLC
Name	of Bond Issue:	Refunding Revenue Bonds (USG Real Estate Foundation III, LLC Projects), Series 2020
Date of	f Issuance:	March 19, 2020
Issuer'	s Nine-Digit CUSIP N	Number(s) of the bonds to which this notice relates:
Dissen Disclos	ovided an Annual Re nination Agent Agree sure Dissemination A	BY GIVEN that USG Real Estate Foundation III, LLC (the "Company") has port with respect to the above-named Bonds as required by the Disclosure ment between the Company and Digital Assurance Certification, L.L.C., as gent. The Company has notified the Disclosure Dissemination Agent that it Report will be filed by
Dated:		
		Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Company

#### EXHIBIT C-1 EVENT NOTICE COVER SHEET

This cover sheet and material event notice will be sent to the Municipal Securities Rulemaking Board, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Persons' Names:

USG Real Estate Foundation III, LLC (the "Company")  [Issuer's Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:
ssuer s white-Digit Costr williber(s) of the bolids to which this event hotice relates.
Number of pages of attached:
Description of Notice Events (Check One):
<ol> <li>Principal and interest payment delinquencies</li> <li>Non-Payment related defaults, if material</li> <li>Unscheduled draws on debt service reserves reflecting financial difficulties</li> <li>Unscheduled draws on credit enhancements reflecting financial difficulties</li> <li>Substitution of credit or liquidity providers, or their failure to perform</li> <li>Adverse tax opinions, IRS notices or events affecting the tax status of the security</li> <li>Modifications to rights of securities holders, if material</li> <li>Bond calls, if material</li> <li>Defeasances</li> <li>Release, substitution, or sale of property securing repayment of the securities, if material</li> <li>Rating changes</li> <li>Tender offers</li> <li>Bankruptcy, insolvency, receivership or similar event of the obligated person</li> <li>Appointment of a successor or additional trustee or the change of name of a trustee, if</li> </ol>
material  15Consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action of the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;
16 Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material
17Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
Failure to provide annual financial information as required

I hereby repre publicly:	sent that I am au	thorized by the	Company	or its	agent to	distribute	this i	information
Signature:								
Name:		ТТ	itle:					
		Digital Assuranc	e Certificat	ion, L.	L.C.			
315 E. Robinson Street, Suite 300								
		Orland	lo, FL 3280	1				
		407-	-515-1100					
Date:								

#### EXHIBIT C-2 VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of March 19, 2020 between USG Real Estate Foundation III, LLC (the "Company") and DAC.

ssuer's and/or Other Obligated Persons' Names:				
JSG Real Estate Foundation III, LLC				
Issuer's Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:				
Jumber of pages attached:				
Description of Voluntary Event Disclosure (Check One):				
1"amendment to continuing disclosure undertaking;" 2"change in obligated person;" 3"notice to investors pursuant to bond documents;" 4"certain communications from the Internal Revenue Service;" 5"secondary market purchases;" 6"bid for auction rate or other securities;" 7"capital or other financing plan;" 8"litigation/enforcement action;" 9"change of tender agent, remarketing agent, or other on-going party;" 10"other event-based disclosures." hereby represent that I am authorized by the Company or its agent to distribute this information ublicly: ignature:				
Jame:        Title:				
Digital Assurance Certification, L.L.C. 315 E. Robinson Street, Suite 300 Orlando, FL 32801 407-515-1100				
JSG Real Essuer's Nine  Jumber of p Description of  1 2 3 4 5 6 7 8 9 10 hereby republicly: ignature:				

#### EXHIBIT C-3 VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of March 19, 2020 between USG Real Estate Foundation III, LLC (the "Company") and DAC.

Issuer's and/or Other Obligated Persons' Names:	
USG Real Estate Foundation III, LLC	
Issuer's Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:	
Number of pages attached:	
Description of Voluntary Financial Disclosure (Check One):	
1"quarterly/monthly financial information;" 2"change in fiscal year/timing of annual disclosure;" 3"change in accounting standard;" 4"interim/additional financial information/operating data;" 5"budget;" 6"investment/debt/financial policy;" 7"information provided to rating agency, credit/liquidity provider 8"consultant reports;" 9"other financial/operating data."  I hereby represent that I am authorized by the Company or its agent to dispublicly: Signature:	
Name: Title:	
Digital Assurance Certification, L.L.C. 315 E. Robinson Street, Suite 300 Orlando, FL 32801 407-515-1100	
Date:	



# APPENDIX E COPY AND FORM OF RENTAL AGREEMENTS



STATE OF GEORGIA; COUNTY OF FULTON:

#### RENTAL AGREEMENT

THIS RENTAL AGREEMENT (hereinafter "Agreement"), made and entered into this 13th day of 125th, 2010, by and between USG REAL ESTATE FOUNDATION III, LLC, whose address is 270 Washington Street, Atlanta, Georgia 30334, Party of the first part, (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of College of Coastal Georgia, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the second part, (hereinafter referred to as "Tenant"):

#### WITNESSETH:

## ARTICLE I PREMISES RENTED AND USE OF PREMISES

Landlord, in consideration of the rents agreed to be paid by Tenant and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties hereto, does hereby this day grant, demise and rent, upon the terms and conditions herein stated, unto Tenant those certain premises situated in Glynn County, Georgia, and more particularly described in Exhibit "C", which is attached hereto and incorporated herein by this reference, and more commonly known as an approximately 47,500 square foot campus center and site amenities, together with all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining, including the right of ingress and egress thereto and therefrom at all times (hereinafter referred to as "Premises"). Tenant does hereby rent and take from Landlord, upon the terms and conditions herein stated, for the use of educational functions and facilities, the Premises.

#### ARTICLE II FIXED RENTAL

Tenant agrees to pay Landlord, at its above stated address, or at such other address or addresses as may be designated in writing from time to time by Landlord, rent in the amount and at the times designated on Exhibit "E": Rental Schedule, which is attached hereto and incorporated by this reference, (hereinafter referred to as "Rent") for the use and rent of the Premises.

#### ARTICLE III TERM

This Rental Agreement shall be for a term commencing at 12:00 o'clock A.M., on the first day of the first month following the issuance of a certificate of occupancy (hereinafter referred to as the "Commencement Date"), but the Commencement Date shall be no earlier than August 1, 2011, and ending at 11:59 o'clock P.M. on June 30, 2012 (hereinafter referred to as the "Expiration Date") unless terminated earlier as hereinafter provided (hereinafter referred to as the "Initial Term").

# ARTICLE IV OPTION TO RENEW OR EXTEND TERM

The Landlord, in consideration of the premises and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties to this Agreement, does hereby give and grant unto the Tenant the exclusive right, privilege and option of renewing or extending this Agreement at the expiration of the Initial Term on a year to year basis for twenty-nine (29) consecutive years (each year is hereinafter referred to as a "Renewal Term") until June 30, 2041, the Expiration Date.

Landlord Tenant MN

1

upon which date the final Renewal Term shall terminate. The Initial Term and Renewal Terms shall be collectively referred to as the "Term." Each Renewal Term shall be granted upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the rental rate stipulated on Exhibit "E"; provided, that notice of the Tenant's desire, through the President or Chief Business Officer of College of Coastal Georgia, a unit of the University System of Georgia, to exercise such option shall be given to the Landlord at least sixty (60) days prior to the expiration date of the immediately preceding Initial Term or Renewal Term. It is further provided that this option may be exercised by the Tenant only in the event that the Tenant is not in material breach of this Agreement.

#### ARTICLE V CONFLICTS

The stipulations, provisions, covenants, agreements, terms and conditions, contained in the attached Exhibits "A," "B," "C," "D," and "E" are incorporated into this Agreement by this reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Agreement or in the other Exhibits.

(SIGNATURES BEGIN ON NEXT PAGE)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, and delivered this Agreement in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

(Name of Landlord) fron ITT, LIC Signed As to Landlord, in the presence of: UnofR€ial Witness (Seal) Notary Public Money Public, Fulton County, Georgia Commission Expires August 8, 2011 BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA Vice Chancellor for Facilities Attest Associate Vice Chancellor for Facilities SIGNED As to Board Of Regents of the University System of Georgia in the presence of: (Seal) Notary Public GEORGIA TA UNITED President 3 Rev Standard Form 2009 Y Tenant M Landlord

#### EXHIBIT "A"

#### STIPULATIONS, PROVISIONS, COVENANTS, AGREEMENTS, TERMS AND CONDITIONS OF AGREEMENT

# 1. COVENANTS OF TITLE AND QUIET ENJOYMENT

Landlord covenants that Landlord is seized with an Estate for Years in the Premises and warrants that Tenant will lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy the Premises for the Term without any suit, hindrance, interruption, inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If Tenant is deprived of Tenant's right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy the Premises, for any reason whatever, Tenant shall have the option to terminate this Agreement by giving the Landlord notice provided however that if Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant's option is to withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation. This Agreement shall be terminated or the abatement of rent shall commence upon the date of Tenant's notice to Landlord.

## 2. LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

Should the Landlord, for any reason whatever, be unable to deliver possession of the Premises to the Tenant on the Commencement Date of the Initial Term, Tenant shall have the option of terminating this Agreement by giving the Landlord notice thereof and this Agreement shall be null and void as of the date of the notice and neither party shall have any further obligations hereunder. In the event Tenant elects not to exercise Tenants option to terminate this Agreement, there shall be a total abatement of rent during the period between the Commencement Date and the date upon which Landlord actually delivers possession of the Premises to the Tenant.

#### 3. LANDLORD'S INSURANCE

- (a) <u>Insurance Certificates</u>. Landlord shall procure the insurance coverage identified in Exhibit "D" and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. The insurance certificate must provide the following:
  - (i) Name and address of authorized agent;
  - (ii) Name and address of insured;
  - (iii) Name of insurance company(ies);
  - (iv) Description of policies;
  - (v) Policy number(s);

Landlord Tenant MN

4

- (vi) Policy period(s);
- (vii) Limits of liability;
- (viii) Name and address of Landlord as certificate holders:
- (ix) Lease number, Name of Facility and Address of Premises;
- (x) Signature of authorized agent;
- (xi) Telephone of authorized agent; and
- (xii) Mandatory forty-five (45) days notice of cancellation-renewal.
- (b) <u>Policy Provisions</u>. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class VIII or larger. Each such policy shall contain the following provisions:
  - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by the Landlord and the Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
  - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
  - (iii) Each Insurer is hereby notified that the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees, but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
  - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00.
- (c) <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues

Landlord Low Tenant MN

throughout the term of this Agreement and shall not terminate until this Agreement has been terminated.

(d) <u>Failure of Insurers</u>. The Landlord is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.

# 4. USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

- (a) Tenant shall use the Premises for its educational and administrative functions and for any purpose within the powers of the University System. No use shall be made of the Premises, nor acts done which will cause a cancellation of or an increase in the existing rate of fire, casualty, and other extended coverage insurance insuring the Premises, without first consulting with Landlord who shall obtain appropriate insurance endorsements. Tenant shall submit payment of the increase in premium for such endorsements. Tenant shall not sell, or permit to be kept for use in or about the Premises, any article or articles which may be prohibited by the standard form of fire insurance policies unless the policy is endorsed as set forth in this paragraph.
- (b) Tenant shall insure or self-insure at its own cost and expense its fixtures, furnishings, equipment, and personal property which it may use or store on the Premises. Tenant will provide third party liability coverage arising from the acts of its officers, members, and employees through the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. and the self-insurance funds maintained pursuant to Georgia Law. The Georgia Tort Claims Act provides coverage for \$1,000,000 per person and \$3,000,000 per occurrence for claims covered by the Act.

#### 5. TAXES AND ASSESSMENTS

During the Term of this Agreement, Landlord covenants to pay off, satisfy and discharge, as they become due, all assessments, taxes, levies and other charges, general or special, of whatever name, nature and kind, which are or may be levied, assessed, imposed and charged upon the Premises herein demised and rented.

# 6. JANITORIAL SERVICES, RUBBISH REMOVAL, TERMITES, RODENTS AND PESTS, UTILITIES

(a) Landlord shall furnish, without additional charge, janitorial services for general cleaning of the Premises. Landlord shall use care to select honest and efficient employees. Landlord shall be responsible to the Tenant for the negligence, theft, fault, and misconduct of such employees. Tenant agrees to report promptly to the Landlord any neglect of duty or any incivility on the part of such employees, which in any way interferes with the full enjoyment of the Premises.

Landlord RN Tenant MN

- (b) Landlord shall keep the Premises clean, both inside and outside at its own expense, and shall see that all garbage, trash, and all other refuse is removed from the Premises.
- (c) Landlord shall, at its own expense, keep the Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the Premises by the same during the Term of this Agreement.
- (d) Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the Premises. No deduction shall be made from the rent due to a stoppage in the services of water, electricity, gas, fuel, oil, coal, light, heat, and power or any other utility unless caused by the act or omission of Landlord. In the event of interruption in the water, electricity, gas, fuel, oil, coal, light, heat and power service, Landlord will proceed with all due diligence to restore same.

# 7. NOTICE TO LANDLORD OF DAMAGE OR DEFECTS

Tenant shall provide Landlord with notice of any accident to or any defects in the Premises and such damage or defects shall be remedied by the Landlord at Landlord's expense no later than sixty (60) days after Landlord's receipt of such notice provided that if the repair can not be completed within sixty (60) days, Landlord shall have made reasonable progress towards remedying the damage or defect prior to the expiration of the sixty days. Landlord shall repair or correct all damage or defects in a commercially reasonable manner.

# 8. REPAIRS BY LANDLORD

During the Term of this Agreement, Landlord, shall, at its sole cost and expense, service, replace, keep and maintain in good order and repair each and every part and portion of the Premises together with any improvements or additions the Landlord might install in or place upon the Premises during the Term of this Agreement. Services, replacements, or repairs made by the Tenant to the Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. Landlord shall have no obligation to service, replace, keep and maintain or repair additions or improvements made to the Premises by Tenant.

# ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR ADDITIONS

Tenant shall permit Landlord, its agents or employees, to enter into and upon the Premises at all reasonable times for the purpose of inspecting the Premises or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises. Landlord's entry shall not interfere with Tenant's business or quiet use and enjoyment of the Premises.

### 10. TENANT IMPROVEMENTS

With the express written consent of the Landlord first having been had and obtained, the Tenant may make, at its own expense, such improvements, erections, and alterations as are necessary to adapt the Premises for the conduct of the Tenant's business. All improvements, erections and additions installed in or placed upon the Premises by the Tenant, whether permanently affixed thereto or otherwise, shall continue and remain the property of the Tenant, and may be removed by the Tenant, in whole or in part, at or before the expiration or earlier termination of this Agreement or upon a reasonable time thereafter. If the Tenant removes any or all of the improvements, erections and additions it has installed in or placed upon the Premises, the Tenant agrees to repair any specific damage directly resulting to the Premises from such removal to the condition existing at the beginning of the tenancy, normal wear and tear excepted.

# 11. REMOVAL OF FIXTURES BY TENANT

At any time before the expiration or earlier termination of this Agreement, or upon a reasonable time thereafter, Tenant shall have the right and privilege to remove all fixtures, equipment, appliances, and movable furniture that Tenant has placed in or upon the Premises.

### 12. SURRENDER OF PREMISES

At the expiration, or earlier termination, of this Agreement, Tenant shall surrender the Premises in good order and condition; ordinary wear and tear, damage by fire, acts of God, the elements, other casualties, condemnation and/or appropriation, and damage or defects arising from the negligence or default of the Landlord excepted.

# 13. ABANDONMENT, WASTE AND NUISANCE

Tenant shall not abandon or vacate the Premises without cause during the Term of this Agreement. Tenant shall not commit, or suffer to be committed any waste upon the Premises, or any nuisance, or other act or thing which may disturb the enjoyment of other Tenants, if any, in the building in which Premises are located.

### 14. HOLDING OVER

Any holding over, continued or occupancy of the Premises by the Tenant after the expiration of the Term of this Agreement shall operate and be construed as a tenancy-at-will and Tenant shall continue Tenant's occupancy at the same rental rate and under the same terms and conditions in force at the expiration of the immediately preceding Initial Term or Renewal Term.

### 15. ENTRY FOR CARDING

In the event, Tenant does not exercise the renewal or extension option provided herein, then Landlord may, within thirty (30) days immediately preceding the expiration of the then current Initial Term or Renewal Term of this Agreement, place a card or sign in the Premises advertising the Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to show the Premises to prospective purchasers or tenants so long as Landlord's entry does not interfere with the quiet use and enjoyment of Tenant.

### 16. DEFAULT

- (a) It shall be an event of default (hereinafter referred to as "Event of Default") if
- (i) Tenant fails to pay rent when due and fails to cure such default within thirty (30) business days (hereinafter referred to as "Rental Cure Period") after written notice of such default is received by Tenant from Landlord; or
- (ii) If either party fails to perform any of its obligations under this Agreement other than the provisions requiring the payment of Rent, and fails to cure such default within thirty (30) days after notice of such default is received (hereinafter referred to as "Cure Period") by the defaulting party from the non-defaulting party provided that it will not be an Event of Default if the default cannot be cured within the Cure Period and the defaulting party promptly commences and diligently proceeds the cure to completion within sixty (60) days after the expiration of the Cure Period; or

Landlord W Tenant MW

- (iii) the Landlord is adjudicated a bankrupt; or a permanent receiver is appointed for the Landlord and such receiver is not removed within sixty (60) days after the appointment of the receiver.
- b) If the Event of Default that is not cured by the defaulting party within the applicable cure period, the non-defaulting party may pursue remedies as are available at law or in equity.

# 17. DESTRUCTION OF OR DAMAGE TO PREMISES

- (a) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the Premises are not thereafter repaired by the Landlord at its expense with reasonable promptness and dispatch, this Agreement may be terminated at the option of the Tenant by giving the Landlord notice, and all obligations of Tenant hereunder, including the payment of rent, shall automatically terminate as of the date of the damage.
- (b) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord shall, at the Landlord's expense and with reasonable promptness and dispatch, repair and restore the Premises to substantially the same condition as before the damage. In the event of a partial destruction of the Premises, there shall be an abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent shall be based upon the extent to which the damage and the repairs or rebuilding interfere with the business carried on by the Tenant in Premises. Full rental shall commence after: (i) completion of the repairs and restoration of the Premises by the Landlord; and (ii) Tenant, after making a reasonable assessment of damages, determines that the Premises are fit for occupancy by the Tenant.

### 18. CONDEMNATION

(a) In the event, during the Term of this Agreement, the whole of the Premises are appropriated or taken by any Municipal, County, State, Federal or other authority for any public or quasi-public use through the exercise of the power of eminent domain or condemnation proceeding, or sold to the possessor of such power under the threat of its exercise, or if by reason of law, ordinance or by court decree, whether by consent or otherwise, the use of the Premises by the Tenant for the purpose is prohibited; the Tenant shall have the right to terminate this Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises.

- (b) When only a portion of the Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the Rent shall be reduced by an amount determined by the ratio of the fair market value of the portion of the Premises thus acquired to the fair market value of the total Premises immediately preceding such acquisition. "Fair market value" shall be determined in both the case of the condemned property and the total Premises by a member of the American Institute of Real Estate Appraisers who is reasonably acceptable to Landlord and Tenant.
- (c) In the event that only a portion of the Premises are so acquired, the Landlord agrees to promptly make all necessary alterations and repairs which shall be required because of such partial acquisition. The rights of the Landlord shall in no way prejudice or interfere with any claim which the Tenant may have against the authority exercising the power of eminent domain or condemnation for damages or otherwise for destruction of or interference with the business of the Tenant in the Premises. Tenant agrees that it will not request, encourage or support the use of the State's power of eminent domain to frustrate the purposes of this Agreement; provided, however that nothing herein shall limit or restrict the State's right to exercise in good faith the power of eminent domain for appropriate governmental purposes.

## 19. CHANGE IN OWNERSHIP OF PREMISES

No change or division in the ownership of the Premises, or of the rents payable hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of the Tenant. Further, no change or division in ownership shall be binding on the Tenant for any purpose until the Tenant shall have been furnished with a certified copy of the recorded instrument, or other legally authenticated written instrument, evidencing such change or division in ownership.

# 20. NOTICE OF APPOINTMENT OF AGENT

Tenant shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until notice of the appointment and the extent of the authority of such agent shall be first given to the Tenant by the party appointing such agent.

# 21. COMPLIANCE WITH LAWS, ORDINANCES, AND REGULATIONS

(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, security, and the holding of a current and proper certificate of occupancy.

- (b) Notwithstanding any provisions of this Agreement to the contrary, Landlord is solely responsible for assuring that the Premises and all common areas are at all times in compliance with Title III of the Americans with Disabilities Act of 1990, 42 USC §12101 et seq. (hereinafter the "ADA") as amended, and with all regulations promulgated pursuant to the ADA (hereinafter the "Regulations"). Except for any remodeling or alterations to the Premises after the commencement date of this Agreement due to an election by Tenant to remodel (but not including any remodeling or alterations at the beginning of the Term of this Agreement to make the Premises initially suitable for Tenant), Landlord shall be solely responsible for all costs and expenses associated with ADA compliance. Landlord shall not charge Tenant for, or seek reimbursement from Tenant for, any expenditures, capital or otherwise, associated with conforming the Premises or common areas to the requirements of the ADA and the Regulations.
- (c) Landlord and Tenant hereby certify that the provisions of law contained in Title 45 Chapter 10 of the Official Code of Georgia Annotated which prohibit full-time and part-time public officials and employees of the State of Georgia from engaging in certain transactions with the State or state agencies have not and will not be violated in any respect by this Agreement.

### 22. HAZARDOUS MATERIALS

- (a) As used in this Agreement, the term "Hazardous Materials" shall mean and include any substance that is or contains petroleum, asbestos, polychlorinated biphenyls, lead, or any other substance, material or waste which is now or is hereafter classified or considered to be hazardous or toxic under any federal, state or local law, rule, regulation or ordinance relating to pollution or the protection or regulation of human health, natural resources or the environment (collectively "Environmental Laws") or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent property.
- (b) Tenant agrees that during its use and occupancy of the Premises it will not permit Hazardous Materials to be present on or about the Premises except in a manner and quantity necessary for the ordinary performance of Tenant's business and that it will comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials.
- (c) If Tenant's use of Hazardous Materials on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the property in which the Premises are located, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (a) the requirements of (i) all Environmental Laws and (ii) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (b) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises or the property in which the Premises are located. Landlord

Landlord X Y Tenant MA

shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems reasonably necessary to protect the value of the Premises or the property in which the Premises are located. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

- (d) Upon reasonable notice to Tenant, Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Agreement or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.
- (e) Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Agreement free of debris, waste, or Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees.
- (f) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

# 23. ASSIGNMENT AND SUBLETTING

- (a) Tenant shall not assign this Agreement, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the Premises, or any portion thereof, without the express written consent of Landlord first having been obtained, which consent shall not unreasonably be withheld, delayed or conditioned. Any such assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, on thirty (30) days notice to Tenant, terminate this Agreement. Consent to one assignment and/or subletting shall not waive this provision, and all later assignments and/or sublettings shall likewise be made only on the prior consent of Landlord, which consent shall not unreasonably be withheld.
- (b) The voluntary or other surrender of this Agreement by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing sublets or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such sublets or subtenancies.
- (c) Notwithstanding the subparagraph 23(a), Tenant may sublet the Premises without first obtaining the consent of Landlord for educational or related uses or other uses that are reasonably contemplated by the parties so long as the term of any such use is less than twenty (24) hours.

### 24. SUBORDINATION

This Agreement shall be subject and subordinate to all existing liens and encumbrances against the Premises and all rights and obligations contained therein; provided, however that as to all such liens and encumbrances and any future liens and encumbrances, as a condition precedent to any such subordination, the holder of the lien or encumbrance agrees, so long as the Tenant is not in material default under this Agreement, to the continuing possession of the Premises by Tenant under the same financial provisions and substantive terms and conditions set forth in this Agreement.

### 25. LANDLORD'S FINANCING

- (a) Tenant has not and will not participate in the structuring, offering, or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Premises and Tenant shall have no obligation with respect to the bonds or the financing of the Premises and no moral obligation to continue to rent the Premises in a manner supportive of the creditworthiness of the bonds or financing.
- (b) Without first notifying the Landlord, Tenant will not perform any activity on the Premises that will adversely affect the tax-exempt status of any debt instrument of Landlord relating to the Premises. In the event the administrative office of the Board of Regents is made aware of a use that may have an adverse affect, Tenant will contact Landlord as soon as practicable after being made aware of the use or anticipated use.
- (c) Tenant shall exercise reasonable efforts to prevent the purchase of any bonds or other debt instrument issued to finance or refinance the Premises by any other instrumentality or department of the State of Georgia.

## 26. NOTICE

All notices, statements, demands, requests, consents, approvals and authorizations hereunder given by either party to the other shall be in writing and sent by registered or certified mail, postage prepaid and addressed.

To Tenant, the same shall be addressed to the President of the Institution, the Chief Business Officer of the Institution, and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia as stated in the preamble.

To Landlord, the same shall be sent to the address stated in the preamble or at such other address as Landlord may from time to time designate by notice to Tenant.

# 27. BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Agreement shall apply, extend to, be binding upon and inure to the benefit or detriment of each and every one of the heirs, legal representatives, devisees, legatees, next-of-kin, successors and assigns of the respective parties hereto, and shall be deemed and treated as covenants real running with the Premises during the Term of this Agreement. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the heirs, legal representatives, devisees, legatees, next-of-kin, successors, and assigns of said party, the same as if in each case expressed.

# 28. TIME OF ESSENCE

Time is of the essence in this Agreement.

### 29. WAIVER OF RIGHTS

The waiver by Landlord, or by Tenant, of any breach of any stipulation, provision, term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of such stipulation, provision, term, covenant, agreement or condition on any subsequent breach of the same or any other stipulation, provision, term, covenant, agreement or condition herein contained.

# 30. INVALIDITY OF PROVISION OR PORTION OF PROVISION

Should any provision or portion of such provision of this Agreement be held invalid, the remainder of this Agreement, or the remainder of such provision shall not be affected thereby.

# 31. ENTIRE AGREEMENT

This Agreement, including Exhibits "A," "B," "C," "D," and "E," embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the Premises. There shall be no provisions, agreements, conditions, covenants, terms, understandings, representations or inducements either oral or written, between the parties other than are herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Agreement.

# END OF EXHIBIT "A"

16

Rev Standard Form 2009

#### EXHIBIT "B"

#### SPECIAL STIPULATIONS

- 1. Tenant Responsibility for Services: Notwithstanding any other provision of this Agreement, Tenant, as the principal occupant of the building, shall be solely responsible for discharging the obligations set forth in Exhibit "A", Stipulation 6 of this Agreement, and such responsibility shall be paid directly by Tenant. Such responsibility has been taken into account in establishing the rent established in this Agreement.
- 2. Tenant Responsibility for Insurance: Notwithstanding any other provision of this Agreement, during the term of this Agreement, Tenant as sole occupant of the Premises shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 3; such responsibility shall be paid by special rent assessment.

In addition to the foregoing, any payment or payments made by Tenant for insurance coverage, as provided in this Exhibit "B", Stipulation 2 or Exhibit "A", Stipulation 3 of this Agreement, which coverage extends beyond the Term of this Agreement (whether due to cancellation, non-renewal or expiration by its express terms) shall be immediately reimbursed to Tenant by Landlord.

3. Tenant Responsibility for Taxes and Assessments: Notwithstanding any other provision of this Agreement, during the Term of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to all assessments, taxes, levies and other charges set forth in Exhibit "A", Stipulation 5 of this Agreement. Tenant's payment of such additional rent to Landlord shall be within ninety (90) days of Tenant's receipt of supporting documentation evidencing Landlord's payment of such expense. Such responsibility has been taken into account in establishing the rent established in this Agreement.

4. Tenant Responsibility for Maintenance and Repairs:

(a) Notwithstanding any other provision of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit "A", Stipulations 7, 8, and 21(a) and (b) of this Agreement, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 7 and 8, Tenant will notify Landlord of expenses incurred to construct or acquire replacements of fixtures or personal property that have become worn out or otherwise obsolete or for making any other capital improvements or capital expenditures, and Landlord agrees to requisition such amounts from its Repair, Replacement and Maintenance Fund (as defined in Stipulation 4(b) below) and to use such proceeds to pay such costs to the extent funds are available therefor. Tenant's payment of any additional rent pursuant to this Stipulation 4 shall be within thirty (30) days of Tenant's receipt of supporting documentation evidencing the necessity for the related expenditures.

- Landlord agrees to establish and maintain an account to be used for the (b) repair, replacement, and maintenance of the Premises (the "Repair, Replacement, and Maintenance Fund"). In order to fund the Repair, Replacement and Maintenance Fund, Tenant shall pay Landlord the amounts shown on Exhibit "E" of this Agreement as additional rent each month, payable on the first day of each and every calendar month during the term. On or before March 31 of every five-year period commencing March 31, 2012 and ending March 31, 2040 (the first such report being due by March 31, 2016), Landlord shall provide to Tenant an engineering report on the physical and mechanical condition of the Premises, performed by an engineer reasonably acceptable to Tenant. Such report shall include a capital asset replacement analysis, an evaluation of the adequacy of the monthly additional rent to fund the Repair, Replacement and Maintenance Fund, and a recommendation as to any required adjustment of the foregoing. The parties hereto shall implement any recommendations contained in the engineer's report, commencing with the next renewal term, if this Agreement is renewed.
- 5. Cap on Tenant's Obligations in this Exhibit "B" Special Stipulations 2, 3 and 4 Hereinabove: Tenant's maximum obligation pursuant to Exhibit "B", Stipulations 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by amounts held in Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by College of Coastal Georgia in the applicable fiscal year for such purpose, which budget shall be subject to annual review and modification. If and to the extent Tenant pays for expenditures having a useful life beyond the term of this Agreement, then Landlord shall immediately (upon the effective date of such termination) reimburse Tenant for that portion of such expenditures not inuring to the benefit of Tenant.

END OF EXHIBIT "B"

#### EXHIBIT "C"

#### Legal Description

### Glynn County-College of Coastal Georgia

All that certain lot, tract, or parcel of land situate, lying, and being in the City of Brunswick, 26th G.M.D., Glynn County, Georgia and more completely described as follows:

Commencing at the intersection of the centerline of the northern entrance to the College of Coastal Georgia and the centerline of Altama Avenue; thence proceed South 64 degrees 05 minutes 48 seconds East for a distance of 651.83 feet to the point of beginning; thence proceed South 77 degrees 39 minutes 30 seconds East for a distance of 139.06 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.00 feet to a point; thence proceed South 77 degrees 39 minutes 30 seconds East for a distance of 150.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 4.67 feet to a point; thence proceed. South 77 degrees 39 minutes 30 seconds East for a distance of 33.06 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 107.13 feet to a point; thence proceed. North 77 degrees 39 minutes 30 seconds West for a distance of 29.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.00 feet to a point; thence proceed. North 77 degrees 39 minutes 30 seconds West for a distance of 54.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.33 feet to a point; thence proceed. North 77 degrees 39 minutes 30 seconds West for a distance of 64.13 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 90.67 feet to a point; thence proceed. North 77 degrees 39 minutes 30 seconds West for a distance of 148.33 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 4.67 feet to a point; thence proceed. North 77 degrees 39 minutes 30 seconds West for a distance of 26.67 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 106.79 feet back to the point of beginning.

The above described parcel containing 40,084 square feet more or less as shown on that certain ALTA/ACSM land Title Survey prepared by Atlantic Survey Professionals, bearing the seal of Ernest C. Johns, Jr., GRLS no.: 2774, dated June 3, 2010 and last revised on July 29, 2010.

END OF EXHIBIT "C"

#### EXHIBIT "D"

### REQUIRED INSURANCE COVERAGES

Insurance Coverages. The Landlord agrees to secure and have an authorized agent state on the Insurance Certificate that the following types of insurance coverages, not inconsistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased or caused to be purchased by the Landlord, during the term of this Agreement. The minimum required coverages and liability limits are as follows:

(i) Workers' Compensation Insurance. In the event Landlord has employees, the Landlord agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate of authority from the Insurance Commissioner approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Tenant qualifies to pay its own workers' compensation claims. The Landlord shall require all subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of the Construction Term (as defined in the Ground Lease):

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own workers' compensation insurance or are covered by the Landlord's workers' compensation insurance."

(ii) <u>Employers' Liability Insurance</u>. In the event Landlord has employees, Landlord shall also maintain Employers' Liability Insurance Coverage with limits of at least: (1) bodily injury by accident - \$1,000,000 each accident; and (2) bodily injury by disease - \$1,000,000 each employee.

The Landlord shall require all contractors and subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Employers' Liability Insurance Coverage and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers' liability insurance or are covered by the Landlord's employers liability insurance."

(iii) <u>Commercial General Liability Insurance</u>. The Landlord shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or

equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury liability, and contractual liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Caustage	1 insit
Coverage	Limit

1.	Premises and Operations	\$1,000,000	per Occurrence
	Products and Completed Operations		per Occurrence
3.	Personal Injury	\$1,000,000	per Occurrence
4.	Contractual	\$1,000,000	per Occurrence
5.	Fire Legal	\$1,000,000	per Occurrence
6.	Blasting and Explosion	\$1,000,000	per Occurrence*
7.	Collapse of Structures	\$1,000,000	per Occurrence*
8.	Underground Damage	\$1,000,000	per Occurrence*
9.	General Aggregate	\$2,000,000	per Project/Location

<sup>\*</sup>Required only during the term of any construction.

Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims that arise out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (iv) Commercial Business Automobile Liability Insurance. The Landlord shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily injury and property damage arising from the operation of any owned, non-owned, or hired automobiles. The Commercial Business Automobile Liability Insurance policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (v) Commercial Umbrella Liability Insurance. The Landlord shall provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverage's and minimum limits stated in subparagraphs (i), (ii), (iii) and (iv) above shall be:

\$2,000,000 per Occurrence; and \$2,000,000 aggregate.

Additional requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of work or occupancy of the Premises under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (vi) <u>Builders Risk Insurance</u>. During any period of construction only, the Landlord shall provide a Builder's Risk Insurance Policy to be payable to the Tenant and the Landlord as their interest may appear. The policy amount shall be equal to 100% of the improvements construction contract sum, written on a 2002 Causes of loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord or the contractor. Self-insured retention or deductible in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood and Earthquake which shall not exceed \$50,000.00 and the deductible for Windstorm shall be 3% subject to a \$100,000 minimum. The policy shall be endorsed as follows:

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- Furniture and equipment may be delivered to the insured premises and installed in place ready for use;
- (2) Partial or complete occupancy by the Tenant or Landlord;
   and
- (3) Performance of work in connection with construction operations insured by the Landlord or Tenant, by agents or subtenants other contractors of Landlord or Tenant, or by contractors of the Landlord or Tenant.
- (vii) Property Insurance. During the term of the Rental Agreement, Landlord shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Tenant and Landlord as their interests may appear. The policy amount should be equal to 100% of the replacement value of the improvements, written on 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord.
- (viii) Rental Interruption Insurance. During the term of the Rental Agreement, Landlord shall provide a Rental Interruption Insurance Policy. Such policy shall provide coverage for full or partial interruption of rents for up to 24 months as a result of any abatement of rents (in whole or in part).

END OF EXHIBIT "D"

# Exhibit "E"

# College of Coastal Georgia Student Center

Rental Agreement Commencement Date: Not Earlier than 8-1-2011 Rental Agreement Termination Date: Last Option Period End 6-30-2041 Semi-Annual Rental Agreement Payment Dates: December 1 and June 1

Fiscal Year Beginning	Fiscal Year End	Annual Base Rent	Semi- Annual Base Rent	Annual Additional Rent	Semi- Annual Additional Rent	Annual Total Rent	Semi- Annual Total Rent
7/1/2011	6/20/2012	422.000	216 500	47.500	22.750	400 500	240.000
7/1/2011	6/30/2012 6/30/2013	433,000	216,500	47,500	23,750	480,500	240,250
7/1/2012	6/30/2013	860,700	430,350	48,925	24,463	909,625	454,813
7/1/2013		860,700	430,350	50,393	25,196	911,093	455,546
	6/30/2015	860,700	430,350	51,905	25,952	912,605	456,302
7/1/2015	6/30/2016	860,700	430,350	53,462	26,731	914,162	457,081
7/1/2016	6/30/2017	860,700	430,350	55,066	27,533	915,766	457,883
7/1/2017	6/30/2018	860,700	430,350	56,717	28,359	917,417	458,709
7/1/2018	6/30/2019	860,700	430,350	58,419	29,210	919,119	459,560
7/1/2019	6/30/2020	860,700	430,350	60,172	30,086	920,872	460,436
7/1/2020	6/30/2021	860,700	430,350	61,977	30,988	922,677	461,338
7/1/2021	6/30/2022	860,700	430,350	63,836	31,918	924,536	462,268
7/1/2022	6/30/2023	860,700	430,350	65,751	32,876	926,451	463,226
7/1/2023	6/30/2024	860,700	430,350	67,724	33,862	928,424	464,212
7/1/2024	6/30/2025	860,700	430,350	69,755	34,878	930,455	465,228
7/1/2025	6/30/2026	860,700	430,350	71,848	35,924	932,548	466,274
7/1/2026	6/30/2027	860,700	430,350	74,003	37,002	934,703	467,352
7/1/2027	6/30/2028	860,700	430,350	76,224	38,112	936,924	468,462
7/1/2028	6/30/2029	860,700	430,350	78,510	39,255	939,210	469,605
7/1/2029	6/30/2030	860,700	430,350	80,866	40,433	941,566	470,783
7/1/2030	6/30/2031	860,700	430,350	83,292	41,646	943,992	471,996
7/1/2031	6/30/2032	860,700	430,350	85,790	42,895	946,490	473,245
7/1/2032	6/30/2033	860,700	430,350	88,364	44,182	949,064	474,532
7/1/2033	6/30/2034	860,700	430,350	91,015	45,507	951,715	475,857
7/1/2034	6/30/2035	860,700	430,350	93,745	46,873	954,445	477,223
7/1/2035	6/30/2036	860,700	430,350	96,558	48,279	957,258	478,629
7/1/2036	6/30/2037	860,700	430,350	99,454	49,727	960,154	480,077
7/1/2037	6/30/2038	860,700	430,350	102,438	51,219	963,138	481,569
7/1/2038	6/30/2039	860,700	430,350	105,511	52,756	966,211	483,106
7/1/2039	6/30/2040	860,700	430,350	108,677	54,338	969,377	484,688
7/1/2040	6/30/2041	433,372	216,686	111,937	55,968	545,309	272,655

Landford Li De W. M. Mellen

Tenant

Counterpart No	of 2 Original Executed Counterparts
Counterpart of the _	

#### STATE OF GEORGIA; GLYNN COUNTY:

# FIRST AMENDMENT TO RENTAL AGREEMENT (CCG Campus Center)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, (the "Effective Date") by and between USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company whose address is 270 Washington Street, SW, Suite 7002, Atlanta, Georgia 30334, party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, whose address is 270 Washington Street, SW, Sixth Floor, Atlanta, Georgia 30334, Attention: Vice Chancellor for Facilities, party of the second part (hereinafter referred to as "Tenant").

#### WITNESSETH:

**WHEREAS**, Landlord and Tenant are parties to that certain Rental Agreement, dated August 12, 2010 (the "Rental Agreement"), whereby Landlord rents to Tenant the Premises (as defined in the Rental Agreement) described therein and known as a campus center on the campus of the College of Coastal Georgia;

**WHEREAS**, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided for herein;

- **NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:
- 1. <u>Notices</u>. Section 26 of <u>Exhibit "A"</u> Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement is hereby deleted in its entirety and replaced with the following:

### "26. NOTICE

Any notice, statement, demand, request, consent, approval and authorization required to be given by any party to the other party pursuant to this Agreement shall be given in writing to such other party at the physical or electronic mail address set forth below and shall be deemed to have been properly given, rendered or made only if (i) personally delivered by reputable private courier services, (ii) sent by first-class mail, postage prepaid certified or registered with

return receipt requested, (iii) sent by Federal Express or other comparable commercial overnight delivery service, or (iv) sent by electronic mail to the party entitled thereto. Any notice shall be deemed to have been given, rendered or made on the day (x) so delivered unless such day is not a business day, in which case such delivery shall be deemed to be made as of the next succeeding business day, or (y) upon telephonic confirmation of receipt from the party's principal addressee if sent by electronic mail. Each party hereto shall have the right at any time and from time to time to specify another physical or electronic mail address and addressee to whom notice thereunder should be given, upon five (5) days' written notice thereof to the other party. The notice addresses for the parties shall be as follows:

#### To Landlord:

USG Real Estate Foundation III, LLC c/o University System of Georgia Foundation, Inc. 270 Washington Street, SW Suite 7005
Atlanta, Georgia 30334

Attention: Vice Chancellor for Development

Email: karen.mccauley@usg.edu

#### To Tenant:

Board of Regents of the University System of Georgia 270 Washington Street, SW, Sixth Floor Atlanta, Georgia 30334

Attention: Vice Chancellor for Facilities

E-mail: Jim.James@usg.edu

#### With copy to:

College of Coastal Georgia 1 College Drive Brunswick, Georgia 31520

Attention: Vice President for Business Affairs

E-mail: mham@ccga.edu"

- 2. <u>Maintenance and Repairs</u>. Section 4 of <u>Exhibit "B"</u> Special Stipulations to the Rental Agreement is hereby deleted in its entirety and replaced with the following:
  - "4. Tenant Responsibility for Capital Repairs and Replacements:
  - (a) Landlord pursuant to its financing of the Premises has established and maintains a reserve account with a trustee, or shall establish, no later than thirty (30) days from the date of this Amendment, and maintain, during the term of this Agreement, a reserve account with the applicable trustee, for capital repairs and replacements (the "Repair and Replacement Reserve") to the Premises as set forth

in Exhibit "A," Stipulations 7, 8, 17, 21(a) and 21(b) of this Agreement. In order to fund the Repair and Replacement Reserve, Tenant, through its applicable institution, shall pay Landlord additional rent as indicated on Exhibit "E" of this Agreement. Landlord shall obtain prior written consent from Tenant, which shall not be unreasonably withheld, for any expenditure or projected aggregate of expenditures for the same repair or replacement from the Repair and Replacement Reserve that will be \$200,000 or greater. Landlord shall semiannually provide Tenant with a written report that includes a description and amount of all expenditures made from the Repair and Replacement Reserve between: i) July 1 through December 31; and ii) January 1 through June 30, no later than thirty (30) days from the last day of each respective sixth month period of the then current exercised renewal term. Landlord designates Tenant as an authorized representative of Landlord to request and receive, at any time, from the applicable trustee an accounting of the Repair and Replacement Reserve, and shall properly notify the applicable trustee of this authorization.

Tenant, through its applicable institution, shall complete a Facilities Condition Assessment Report ("FCAR") on the physical and mechanical condition of the Premises every two and one-half (2.5) years; provided, however, that the due date for the first FCAR shall be as set forth on Exhibit "F" to this Agreement. Each FCAR shall be delivered by Tenant, through its applicable institution, to the System Office (as defined below) on the dates (assuming Tenant exercises each of the applicable renewal terms) as indicated on Exhibit "F" of this Agreement.

The FCAR shall provide information pursuant to established Board of Regents of the University System of Georgia reporting guidelines; and be performed by an engineering firm that is reasonably acceptable to Tenant. Landlord shall pay all costs for the FCAR, which may be paid from the Repair and Replacement Reserve. The parties hereto will work together to confer, schedule and implement any capital repair and replacement recommendations contained in the FCAR, or needed during the Term of this Agreement.

- (b) Notwithstanding any other provision of this Agreement, to the extent there are insufficient funds in the Repair and Replacement Reserve to pay for any capital repair and replacement, Landlord shall exhaust any other supplemental reserve funds available to Landlord to eliminate or mitigate the Repair and Replacement Reserve shortfall. To the extent a shortfall remains, Tenant and Landlord shall by mutual written consent adjust the additional rent schedule to address the shortfall.
- (c) For purposes of this Section 4, any consent, review, or other action required by the Tenant herein shall specifically be performed by the Office of Fiscal Affairs, and the Office of Real Estate and Facilities at the University System of Georgia ("System Office") and not the applicable institution, unless otherwise provided herein or directed by the System Office."
- 3. <u>Repair and Replacement Reserve</u>. The Rental Agreement is hereby amended by replacing the reference to "Landlord's Repair, Replacement and Maintenance Fund" in every instance in which it appears in the Rental Agreement with "Landlord's Repair and Replacement Reserve".

- 4. <u>Rent Schedule</u>. Exhibit "E" to the Rental Agreement is hereby deleted in its entirety and the attached Exhibit "E" is substituted in its place.
- 5. <u>Insurance.</u> Subsection (b) of Section "3. LANDLORD'S INSURANCE" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(b) <u>Policy Provisions</u>. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class V or larger. Each such policy shall contain the following provisions:
    - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by Landlord and Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
    - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
    - (iii) Each insurer is hereby notified that Georgia law requires that the Attorney General of the State shall represent and defend the Indemnitees, but the Attorney General will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorneys General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
    - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00."
- 6. <u>Compliance with Laws, Ordinances and Regulations.</u> Subsection (a) of Section "21. COMPLIANCE WITH LAWS ORDINANCES AND REGULATIONS" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, ordinances relating to

security standards enacted pursuant to O.C.G.A. § 44-7-4(a), and the holding of a current and proper certificate of occupancy."

- 7. <u>FCAR Due Dates.</u> The Rental Agreement is hereby amended by adding <u>Exhibit</u> "F" attached hereto as <u>Exhibit</u> "F" to the Rental Agreement.
- 8. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES ON FOLLOWING PAGES)

**IN WITNESS WHEREOF,** Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

Signed, sealed and delivered as to Landlord, in the presence of:	LANDLORD:
Unofficial Witness	_ USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company
Notary Public	By: USGREF Manager, LLC, a Georgia limited liability company, its Manager
(NOTARY SEAL)	By:L.S.
	Attest:
	Secretary

(SIGNATURES CONTINUE ON NEXT PAGE)

# **TENANT:**

Signed, sealed and delivered as to Tenant, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
Unofficial Witness	By: Vice Chancellor for Facilities
Notary Public	Attest: Associate Vice Chancellor for Facilities
(NOTARY SEAL)	(SEAL)

# Exhibit "E"

# Rent Schedule

(Attached)

# Exhibit "F" (CCG Campus Center)

FCAR DUE DATE

Counterpart No. /	of Two Original Executed Counterparts
Counterpart of the _	of Two Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF FULTON:

#### RENTAL AGREEMENT

THIS RENTAL AGREEMENT (hereinafter "Agreement"), made and entered into this day of August, 2010, by and between USG REAL ESTATE FOUNDATION III, LLC, whose address is 270 Washington Street, Atlanta, Georgia 30334, Party of the first part, (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of Georgia College and State University, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the second part, (hereinafter referred to as "Tenant"):

#### WITNESSETH:

#### ARTICLE I PREMISES RENTED AND USE OF PREMISES

Landlord, in consideration of the rents agreed to be paid by Tenant and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties hereto, does hereby this day grant, demise and rent, upon the terms and conditions herein stated, unto Tenant those certain premises situated in Baldwin County, Georgia, and more particularly described in Exhibit "C", which is attached hereto and incorporated herein by this reference, and more commonly known as an approximately 101,430 square foot wellness and recreation center and site amenities, together with all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining, including the right of ingress and egress thereto and therefrom at all times (hereinafter referred to as "Premises"). Tenant does hereby rent and take from Landlord, upon the terms and conditions herein stated, for the use of educational functions and facilities, the Premises.

#### ARTICLE II FIXED RENTAL

Tenant agrees to pay Landlord, at its above stated address, or at such other address or addresses as may be designated in writing from time to time by Landlord, rent in the amount and at the times designated on Exhibit "E": Rental Schedule, which is attached hereto and incorporated by this reference, (hereinafter referred to as "Rent") for the use and rent of the Premises.

#### ARTICLE III TERM

This Rental Agreement shall be for a term commencing at 12:00 o'clock A.M., on the first day of the first month following the issuance of a certificate of occupancy (hereinafter referred to as the "Commencement Date"), but the Commencement Date shall be no earlier than August 1, 2011, and ending at 11:59 o'clock P.M. on June 30, 2012 (hereinafter referred to as the "Expiration Date") unless terminated earlier as hereinafter provided (hereinafter referred to as the "Initial Term").

# ARTICLE IV OPTION TO RENEW OR EXTEND TERM

The Landlord, in consideration of the premises and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties to this Agreement, does hereby give and grant unto the Tenant the exclusive right, privilege and option of renewing or extending this Agreement at the expiration of the Initial Term on a year to year basis for twenty-nine (29) consecutive

Landlord Tenant MN

1

years (each year is hereinafter referred to as a "Renewal Term") until June 30, 2041, the Expiration Date, upon which date the final Renewal Term shall terminate. The Initial Term and Renewal Terms shall be collectively referred to as the "Term." Each Renewal Term shall be granted upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the rental rate stipulated on Exhibit "E"; provided, that notice of the Tenant's desire, through the President or Chief Business Officer of Georgia College and State University, a unit of the University System of Georgia, to exercise such option shall be given to the Landlord at least sixty (60) days prior to the expiration date of the immediately preceding Initial Term or Renewal Term. It is further provided that this option may be exercised by the Tenant only in the event that the Tenant is not in material breach of this Agreement.

#### ARTICLE V CONFLICTS

The stipulations, provisions, covenants, agreements, terms and conditions, contained in the attached Exhibits "A," "B," "C," "D," and "E" are incorporated into this Agreement by this reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Agreement or in the other Exhibits.

(SIGNATURES BEGIN ON NEXT PAGE)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, and delivered this Agreement in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

(Name of Landlord) Signed As to Landlord, in the presence of: Unofficial Witness (Seal) Motary Public otary Public, Fulton County, Georgia My Commission Expires August 8, 2011 BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA Vice Chancellor for Facilities Attest Associate Vice Chancellor for Facilities SIGNED As to Board Of Regents of the University System of Georgia in the presence of: (Seal) GA JUNE. Approval of Institution President

3

Rev Standard Form 2009

#### **EXHIBIT "A"**

# STIPULATIONS, PROVISIONS, COVENANTS, AGREEMENTS, TERMS AND CONDITIONS OF AGREEMENT

# 1. COVENANTS OF TITLE AND QUIET ENJOYMENT

Landlord covenants that Landlord is seized with an Estate for Years in the Premises and warrants that Tenant will lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy the Premises for the Term without any suit, hindrance, interruption, inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If Tenant is deprived of Tenant's right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy the Premises, for any reason whatever, Tenant shall have the option to terminate this Agreement by giving the Landlord notice provided however that if Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant's option is to withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation. This Agreement shall be terminated or the abatement of rent shall commence upon the date of Tenant's notice to Landlord.

# 2. LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

Should the Landlord, for any reason whatever, be unable to deliver possession of the Premises to the Tenant on the Commencement Date of the Initial Term, Tenant shall have the option of terminating this Agreement by giving the Landlord notice thereof and this Agreement shall be null and void as of the date of the notice and neither party shall have any further obligations hereunder. In the event Tenant elects not to exercise Tenants option to terminate this Agreement, there shall be a total abatement of rent during the period between the Commencement Date and the date upon which Landlord actually delivers possession of the Premises to the Tenant.

#### 3. LANDLORD'S INSURANCE

- (a) <u>Insurance Certificates</u>. Landlord shall procure the insurance coverage identified in Exhibit "D" and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. The insurance certificate must provide the following:
  - (i) Name and address of authorized agent;
  - (ii) Name and address of insured;
  - (iii) Name of insurance company(ies);
  - (iv) Description of policies;
  - (v) Policy number(s):

- (vi) Policy period(s);
- (vii) Limits of liability;
- (viii) Name and address of Landlord as certificate holders;
- (ix) Lease number, Name of Facility and Address of Premises;
- (x) Signature of authorized agent;
- (xi) Telephone of authorized agent; and
- (xii) Mandatory forty-five (45) days notice of cancellation-renewal.
- (b) Policy Provisions. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class VIII or larger. Each such policy shall contain the following provisions:
  - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by the Landlord and the Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
  - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
  - (iii) Each Insurer is hereby notified that the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees, but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
  - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00.
- provided to the contrary, the obligation to insure as provided herein continues

throughout the term of this Agreement and shall not terminate until this Agreement has been terminated.

(d) <u>Failure of Insurers</u>. The Landlord is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.

# 4. USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

- (a) Tenant shall use the Premises for its educational and administrative functions and for any purpose within the powers of the University System. No use shall be made of the Premises, nor acts done which will cause a cancellation of or an increase in the existing rate of fire, casualty and other extended coverage insurance insuring the Premises, without first consulting with Landlord who shall obtain appropriate insurance endorsements. Tenant shall submit payment of the increase in premium for such endorsements. Tenant shall not sell, or permit to be kept for use in or about the Premises, any article or articles which may be prohibited by the standard form of fire insurance policies unless the policy is endorsed as set forth in this paragraph.
- (b) Tenant shall insure or self-insure at its own cost and expense its fixtures, furnishings, equipment and personal property which it may use or store on the Premises. Tenant will provide third party liability coverage arising from the acts of its officers, members, and employees through the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. and the self-insurance funds maintained pursuant to Georgia Law. The Georgia Tort Claims Act provides coverage for \$1,000,000 per person and \$3,000,000 per occurrence for claims covered by the Act.

### 5. TAXES AND ASSESSMENTS

During the Term of this Agreement, Landlord covenants to pay off, satisfy and discharge, as they become due, all assessments, taxes, levies and other charges, general or special, of whatever name, nature and kind, which are or may be levied, assessed, imposed and charged upon the Premises herein demised and rented.

# JANITORIAL SERVICES, RUBBISH REMOVAL, TERMITES, RODENTS AND PESTS, UTILITIES

(a) Landlord shall furnish, without additional charge, janitorial services for general cleaning of the Premises. Landlord shall use care to select honest and efficient employees. Landlord shall be responsible to the Tenant for the negligence, theft, fault and misconduct of such employees. Tenant agrees to report promptly to the Landlord any neglect of duty or any incivility on the part of such employees, which in any way interferes with the full enjoyment of the Premises.

Landlor Tenant MW

6

- (b) Landlord shall keep the Premises clean, both inside and outside at its own expense, and shall see that all garbage, trash, and all other refuse is removed from the Premises.
- (c) Landlord shall, at its own expense, keep the Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the Premises by the same during the Term of this Agreement.
- (d) Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the Premises. No deduction shall be made from the rent due to a stoppage in the services of water, electricity, gas, fuel, oil, coal, light, heat, and power or any other utility unless caused by the act or omission of Landlord. In the event of interruption in the water, electricity, gas, fuel, oil, coal, light, heat and power service, Landlord will proceed with all due diligence to restore same.

# 7. NOTICE TO LANDLORD OF DAMAGE OR DEFECTS

Tenant shall provide Landlord with notice of any accident to or any defects in the Premises and such damage or defects shall be remedied by the Landlord at Landlord's expense no later than sixty (60) days after Landlord's receipt of such notice provided that if the repair can not be completed within sixty (60) days, Landlord shall have made reasonable progress towards remedying the damage or defect prior to the expiration of the sixty days. Landlord shall repair or correct all damage or defects in a commercially reasonable manner.

### 8. REPAIRS BY LANDLORD

During the Term of this Agreement, Landlord, shall, at its sole cost and expense, service, replace, keep and maintain in good order and repair each and every part and portion of the Premises together with any improvements or additions the Landlord might install in or place upon the Premises during the Term of this Agreement. Services, replacements, or repairs made by the Tenant to the Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. Landlord shall have no obligation to service, replace, keep and maintain or repair additions or improvements made to the Premises by Tenant.

#### 9.

# ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR ADDITIONS

Tenant shall permit Landlord, its agents or employees, to enter into and upon the Premises at all reasonable times for the purpose of inspecting the Premises or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises. Landlord's entry shall not interfere with Tenant's business or quiet use and enjoyment of the Premises.

#### 10. TENANT IMPROVEMENTS

With the express written consent of the Landlord first having been had and obtained, the Tenant may make, at its own expense, such improvements, erections, and alterations as are necessary to adapt the Premises for the conduct of the Tenant's business. All improvements, erections and additions installed in or placed upon the Premises by the Tenant, whether permanently affixed thereto or otherwise, shall continue and remain the property of the Tenant, and may be removed by the Tenant, in whole or in part, at or before the expiration or earlier termination of this Agreement or upon a reasonable time thereafter. If the Tenant removes any or all of the improvements, erections and additions it has installed in or placed upon the Premises, the Tenant agrees to repair any specific damage directly resulting to the Premises from such removal to the condition existing at the beginning of the tenancy, normal wear and tear excepted.

# 11. REMOVAL OF FIXTURES BY TENANT

At any time before the expiration or earlier termination of this Agreement, or upon a reasonable time thereafter, Tenant shall have the right and privilege to remove all fixtures, equipment, appliances and movable furniture that Tenant has placed in or upon the Premises.

### 12. SURRENDER OF PREMISES

At the expiration, or earlier termination, of this Agreement, Tenant shall surrender the Premises in good order and condition; ordinary wear and tear, damage by fire, acts of God, the elements, other casualties, condemnation and/or appropriation, and damage or defects arising from the negligence or default of the Landlord excepted.

# 13. ABANDONMENT, WASTE, AND NUISANCE

Tenant shall not abandon or vacate the Premises without cause during the Term of this Agreement. Tenant shall not commit, or suffer to be committed any waste upon the Premises, or any nuisance, or other act or thing which may disturb the enjoyment of other Tenants, if any, in the building in which Premises are located.

#### 14. HOLDING OVER

Any holding over, continued or occupancy of the Premises by the Tenant after the expiration of the Term of this Agreement shall operate and be construed as a tenancy-at-will and Tenant shall continue Tenant's occupancy at the same rental rate and under the same terms and conditions in force at the expiration of the immediately preceding Initial Term or Renewal Term.

#### 15. ENTRY FOR CARDING

In the event, Tenant does not exercise the renewal or extension option provided herein, then Landlord may, within thirty (30) days immediately preceding the expiration of the then current Initial Term or Renewal Term of this Agreement, place a card or sign in the Premises advertising the Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to show the Premises to prospective purchasers or tenants so long as Landlord's entry does not interfere with the quiet use and enjoyment of Tenant.

### 16. DEFAULT

- (a) It shall be an event of default (hereinafter referred to as "Event of Default") if
- (i) Tenant fails to pay rent when due and fails to cure such default within thirty (30) business days (hereinafter referred to as "Rental Cure Period") after written notice of such default is received by Tenant from Landlord; or
- (ii) If either party fails to perform any of its obligations under this Agreement other than the provisions requiring the payment of Rent, and fails to cure such default within thirty (30) days after notice of such default is received (hereinafter referred to as "Cure Period") by the defaulting party from the non-defaulting party provided that it will not be an Event of Default if the default cannot be cured within the Cure Period and the defaulting party promptly commences and diligently proceeds the cure to completion within sixty (60) days after the expiration of the Cure Period; or

Landlord N Tenant MN

9

- (iii) the Landlord is adjudicated a bankrupt; or a permanent receiver is appointed for the Landlord and such receiver is not removed within sixty (60) days after the appointment of the receiver.
- b) If the Event of Default that is not cured by the defaulting party within the applicable cure period, the non-defaulting party may pursue remedies as are available at law or in equity.

# 17. DESTRUCTION OF OR DAMAGE TO PREMISES

- (a) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the Premises are not thereafter repaired by the Landlord at its expense with reasonable promptness and dispatch, this Agreement may be terminated at the option of the Tenant by giving the Landlord notice, and all obligations of Tenant hereunder, including the payment of rent, shall automatically terminate as of the date of the damage.
- (b) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord shall, at the Landlord's expense and with reasonable promptness and dispatch, repair and restore the Premises to substantially the same condition as before the damage. In the event of a partial destruction of the Premises there shall be an abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent shall be based upon the extent to which the damage and the repairs or rebuilding interfere with the business carried on by the Tenant in Premises. Full rental shall commence after: (i) completion of the repairs and restoration of the Premises by the Landlord; and (ii) Tenant, after making a reasonable assessment of damages, determines that the Premises are fit for occupancy by the Tenant.

#### 18. CONDEMNATION

(a) In the event, during the Term of this Agreement, the whole of the Premises are appropriated or taken by any Municipal, County, State, Federal or other authority for any public or quasi-public use through the exercise of the power of eminent domain or condemnation proceeding, or sold to the possessor of such power under the threat of its exercise, or if by reason of law, ordinance or by court decree, whether by consent or otherwise, the use of the Premises by the Tenant for the purpose is prohibited; the Tenant shall have the right to terminate this Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises.

- (b) When only a portion of the Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the Rent shall be reduced by an amount determined by the ratio of the fair market value of the portion of the Premises thus acquired to the fair market value of the total Premises immediately preceding such acquisition. "Fair market value" shall be determined in both the case of the condemned property and the total Premises by a member of the American Institute of Real Estate Appraisers who is reasonably acceptable to Landlord and Tenant.
- (c) In the event that only a portion of the Premises are so acquired, the Landlord agrees to promptly make all necessary alterations and repairs which shall be required because of such partial acquisition. The rights of the Landlord shall in no way prejudice or interfere with any claim which the Tenant may have against the authority exercising the power of eminent domain or condemnation for damages or otherwise for destruction of or interference with the business of the Tenant in the Premises. Tenant agrees that it will not request, encourage or support the use of the State's power of eminent domain to frustrate the purposes of this Agreement; provided, however that nothing herein shall limit or restrict the State's right to exercise in good faith the power of eminent domain for appropriate governmental purposes.

#### 19. CHANGE IN OWNERSHIP OF PREMISES

No change or division in the ownership of the Premises, or of the rents payable hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of the Tenant. Further, no change or division in ownership shall be binding on the Tenant for any purpose until the Tenant shall have been furnished with a certified copy of the recorded instrument, or other legally authenticated written instrument, evidencing such change or division in ownership.

# 20. NOTICE OF APPOINTMENT OF AGENT

Tenant shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until notice of the appointment and the extent of the authority of such agent shall be first given to the Tenant by the party appointing such agent.

# 21. COMPLIANCE WITH LAWS, ORDINANCES AND REGULATIONS

(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, security, and the holding of a current and proper certificate of occupancy.

- (b) Notwithstanding any provisions of this Agreement to the contrary, Landlord is solely responsible for assuring that the Premises and all common areas are at all times in compliance with Title III of the Americans with Disabilities Act of 1990, 42 USC §12101 et seq. (hereinafter the "ADA") as amended, and with all regulations promulgated pursuant to the ADA (hereinafter the "Regulations"). Except for any remodeling or alterations to the Premises after the commencement date of this Agreement due to an election by Tenant to remodel (but not including any remodeling or alterations at the beginning of the Term of this Agreement to make the Premises initially suitable for Tenant), Landlord shall be solely responsible for all costs and expenses associated with ADA compliance. Landlord shall not charge Tenant for, or seek reimbursement from Tenant for, any expenditures, capital or otherwise, associated with conforming the Premises or common areas to the requirements of the ADA and the Regulations.
- (c) Landlord and Tenant hereby certify that the provisions of law contained in Title 45 Chapter 10 of the Official Code of Georgia Annotated which prohibit full-time and part-time public officials and employees of the State of Georgia from engaging in certain transactions with the State or state agencies have not and will not be violated in any respect by this Agreement.

#### 22. HAZARDOUS MATERIALS

- (a) As used in this Agreement, the term "Hazardous Materials" shall mean and include any substance that is or contains petroleum, asbestos, polychlorinated biphenyls, lead, or any other substance, material or waste which is now or is hereafter classified or considered to be hazardous or toxic under any federal, state or local law, rule, regulation or ordinance relating to pollution or the protection or regulation of human health, natural resources or the environment (collectively "Environmental Laws") or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent property.
- (b) Tenant agrees that during its use and occupancy of the Premises it will not permit Hazardous Materials to be present on or about the Premises except in a manner and quantity necessary for the ordinary performance of Tenant's business and that it will comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials.
- (c) If Tenant's use of Hazardous Materials on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the property in which the Premises are located, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (a) the requirements of (i) all Environmental Laws and (ii) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (b) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises or the property in which the Premises are located. Landlord

shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems reasonably necessary to protect the value of the Premises or the property in which the Premises are located. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

- (d) Upon reasonable notice to Tenant, Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Agreement or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.
- (e) Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Agreement free of debris, waste or Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees.
- (f) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

#### 23. ASSIGNMENT AND SUBLETTING

- (a) Tenant shall not assign this Agreement, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the Premises, or any portion thereof, without the express written consent of Landlord first having been obtained, which consent shall not unreasonably be withheld, delayed or conditioned. Any such assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, on thirty (30) days notice to Tenant, terminate this Agreement. Consent to one assignment and/or subletting shall not waive this provision, and all later assignments and/or sublettings shall likewise be made only on the prior consent of Landlord, which consent shall not unreasonably be withheld.
- (b) The voluntary or other surrender of this Agreement by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing sublets or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such sublets or subtenancies.
- (c) Notwithstanding the subparagraph 23(a), Tenant may sublet the Premises without first obtaining the consent of Landlord for educational or related uses or other uses that are reasonably contemplated by the parties so long as the term of any such use is less than twenty (24) hours.

#### 24. SUBORDINATION

This Agreement shall be subject and subordinate to all existing liens and encumbrances against the Premises and all rights and obligations contained therein; provided, however that as to all such liens and encumbrances and any future liens and encumbrances, as a condition precedent to any such subordination, the holder of the lien or encumbrance agrees, so long as the Tenant is not in material default under this Agreement, to the continuing possession of the Premises by Tenant under the same financial provisions and substantive terms and conditions set forth in this Agreement.

#### 25. LANDLORD'S FINANCING

- (a) Tenant has not and will not participate in the structuring, offering, or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Premises and Tenant shall have no obligation with respect to the bonds or the financing of the Premises and no moral obligation to continue to rent the Premises in a manner supportive of the creditworthiness of the bonds or financing.
- (b) Without first notifying the Landlord, Tenant will not perform any activity on the Premises that will adversely affect the tax-exempt status of any debt instrument of Landlord relating to the Premises. In the event the administrative office of the Board of Regents is made aware of a use that may have an adverse affect, Tenant will contact Landlord as soon as practicable after being made aware of the use or anticipated use.
- (c) Tenant shall exercise reasonable efforts to prevent the purchase of any bonds or other debt instrument issued to finance or refinance the Premises by any other instrumentality or department of the State of Georgia.

#### 26. NOTICE

All notices, statements, demands, requests, consents, approvals and authorizations hereunder given by either party to the other shall be in writing and sent by registered or certified mail, postage prepaid and addressed.

To Tenant, the same shall be addressed to the President of the Institution, the Chief Business Officer of the Institution, and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia as stated in the preamble.

To Landlord, the same shall be sent to the address stated in the preamble or at such other address as Landlord may from time to time designate by notice to Tenant.

#### 27. BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Agreement shall apply, extend to, be binding upon and inure to the benefit or detriment of each and every one of the heirs, legal representatives, devisees, legatees, next-of-kin, successors and assigns of the respective parties hereto, and shall be deemed and treated as covenants real running with the Premises during the Term of this Agreement. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the heirs, legal representatives, devisees, legatees, next-of-kin, successors and assigns of said party, the same as if in each case expressed.

#### 28. TIME OF ESSENCE

Time is of the essence in this Agreement.

#### 29. WAIVER OF RIGHTS

The waiver by Landlord, or by Tenant, of any breach of any stipulation, provision, term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of such stipulation, provision, term, covenant, agreement or condition on any subsequent breach of the same or any other stipulation, provision, term, covenant, agreement or condition herein contained.

# 30. INVALIDITY OF PROVISION OR PORTION OF PROVISION

Should any provision or portion of such provision of this Agreement be held invalid, the remainder of this Agreement or the remainder of such provision shall not be affected thereby.

#### 31. ENTIRE AGREEMENT

This Agreement, including Exhibits "A," "B," "C," "D," and "E," embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the Premises. There shall be no provisions, agreements, conditions, covenants, terms, understandings, representations or inducements either oral or written, between the parties other than are herein set forth. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Agreement.

#### END OF EXHIBIT "A"

16

Rev Standard Form 2009

#### EXHIBIT "B"

#### SPECIAL STIPULATIONS

- 1. Tenant Responsibility for Services: Notwithstanding any other provision of this Agreement, Tenant, as the principal occupant of the building, shall be solely responsible for discharging the obligations set forth in Exhibit "A", Stipulation 6 of this Agreement, and such responsibility shall be paid directly by Tenant. Such responsibility has been taken into account in establishing the rent established in this Agreement.
- 2. Tenant Responsibility for Insurance: Notwithstanding any other provision of this Agreement, during the term of this Agreement, Tenant as sole occupant of the Premises shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 3; such responsibility shall be paid by special rent assessment.

In addition to the foregoing, any payment or payments made by Tenant for insurance coverage, as provided in this Exhibit "B", Stipulation 2 or Exhibit "A", Stipulation 3 of this Agreement, which coverage extends beyond the Term of this Agreement (whether due to cancellation, non-renewal or expiration by its express terms) shall be immediately reimbursed to Tenant by Landlord.

3. Tenant Responsibility for Taxes and Assessments: Notwithstanding any other provision of this Agreement, during the Term of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to all assessments, taxes, levies and other charges set forth in Exhibit "A", Stipulation 5 of this Agreement. Tenant's payment of such additional rent to Landlord shall be within ninety (90) days of Tenant's receipt of supporting documentation evidencing Landlord's payment of such expense. Such responsibility has been taken into account in establishing the rent established in this Agreement.

Tenant Responsibility for Maintenance and Repairs:

(a) Notwithstanding any other provision of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit "A", Stipulations 7, 8, and 21(a) and (b) of this Agreement, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 7 and 8, Tenant will notify Landlord of expenses incurred to construct or acquire replacements of fixtures or personal property that have become worn out or otherwise obsolete or for making any other capital improvements or capital expenditures, and Landlord agrees to requisition such amounts from its Repair, Replacement and Maintenance Fund (as defined in Stipulation 4(b) below) and to use such proceeds to pay such costs to the extent funds are available therefor. Tenant's payment of any additional rent pursuant to this Stipulation 4 shall be within thirty (30) days of Tenant's receipt of supporting documentation evidencing the necessity for the related expenditures.

- Landlord agrees to establish and maintain an account to be used for the (b) repair, replacement and maintenance of the Premises (the "Repair, Replacement and Maintenance Fund"). In order to fund the Repair, Replacement and Maintenance Fund, Tenant shall pay Landlord the amounts shown on Exhibit "E" of this Agreement as additional rent each month, payable on the first day of each and every calendar month during the term. On or before March 31 of every five-year period commencing March 31, 2012 and ending March 31, 2040 (the first such report being due by March 31, 2016), Landlord shall provide to Tenant an engineering report on the physical and mechanical condition of the Premises, performed by an engineer reasonably acceptable to Tenant. Such report shall include a capital asset replacement analysis, an evaluation of the adequacy of the monthly additional rent to fund the Repair, Replacement and Maintenance Fund, and a recommendation as to any required adjustment of the foregoing. The parties hereto shall implement any recommendations contained in the engineer's report, commencing with the next renewal term, if this Agreement is renewed.
- 5. Cap on Tenant's Obligations in this Exhibit "B" Special Stipulations 2, 3 and 4 Hereinabove: Tenant's maximum obligation pursuant to Exhibit "B", Stipulations 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by amounts held in Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by Georgia College and State University in the applicable fiscal year for such purpose, which budget shall be subject to annual review and modification. If and to the extent Tenant pays for expenditures having a useful life beyond the term of this Agreement, then Landlord shall immediately (upon the effective date of such termination) reimburse Tenant for that portion of such expenditures not inuring to the benefit of Tenant.

END OF EXHIBIT "B"

#### EXHIBIT "C"

#### Legal Description

#### Baldwin County – Georgia College and State University

All that tract or parcel of land lying and being in Land Lot 252, 1st District, 321st G.M. District City of Milledgeville, Baldwin County, Georgia, and being more particularly described as follows:

To find the Point of Beginning, commence at a right of way monument found at the intersection of the westerly right of way of U.S. 441 Bypass also known as Culver Kidd Parkway (having a 300' right of way) with the northerly right of way of West Campus Drive (having a 100' right of way), thence along the northerly right of way of West Campus Drive the following calls and distances, South 51° 12' 29" West, 2.70 feet; thence, 668.51 feet along the arc of a curve deflecting to the right, having a radius of 981.90 feet and a chord bearing and distance of South 70° 42' 45" West, 655.67 feet; thence, 116.68 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 78° 51' 06" West, 116.65 feet; thence leaving said right of way and along the property of Baldwin County Board of Education (per plat book 34 page 71, Baldwin County land records) the following calls and distances North 86° 44' 50" West, 59.06 feet; thence, South 02° 01' 50" East, 18.65 feet; to the northerly right of way of West Campus Drive, thence along the northerly right of way of West Campus Drive the following calls and distances, 267.01 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 68° 45' 51" West, 266.62 feet; thence, South 63° 25' 11" West, 273.54 feet; thence leaving said right of way North 00° 54' 05" West, 75.37 feet to the Point of Beginning.

Thence from said Point of Beginning, North 50° 49' 40" West, 160.00 feet; thence, North 39° 10' 20" East, 7.50 feet; thence, North 50° 49' 40" West, 4.17 feet; thence, North 39° 10' 20" East, 15.50 feet; thence, North 50° 49' 40" West, 37.00 feet; thence, North 39° 10' 20" East, 168.50 feet; thence, South 50° 49' 40" East, 19.50 feet; thence, North 39° 10' 20" East, 155.50 feet; thence, South 50° 49' 40" East, 17.51 feet; thence, North 39° 10' 20" East, 37.20 feet; thence, South 55° 58' 12" East, 164.83 feet; thence, South 39° 10' 20" West, 81.97 feet; thence, South 50° 49' 40" East, 32.33 feet; thence, South 39° 10' 20" West, 289.00 feet; thence, North 50° 49' 40" West, 32.33 feet; thence, South 39° 10' 20" West, 28.00 feet to the Point of Beginning. The above description being contained within the property of the Board of Regents of the University System of Georgia.

Containing 82,555 square feet or 1.8952 acres of land, more or less, as more particularly described and shown on ALTA/ACSM Land Title Survey prepared by TerraMark Professional Land Surveying, bearing the seal of William C. Wohlford, Jr., RLS No. 2577, last revised on June 14, 2010.

END OF EXHIBIT "C"

#### EXHIBIT "D"

#### REQUIRED INSURANCE COVERAGES

Insurance Coverages. The Landlord agrees to secure and have an authorized agent state on the Insurance Certificate that the following types of insurance coverages, not inconsistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased or caused to be purchased by the Landlord, during the term of this Agreement. The minimum required coverages and liability limits are as follows:

(i) Workers' Compensation Insurance. In the event Landlord has employees, the Landlord agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate of authority from the Insurance Commissioner approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Tenant qualifies to pay its own workers' compensation claims. The Landlord shall require all subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of the Construction Term (as defined in the Ground Lease):

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own workers' compensation insurance or are covered by the Landlord's workers' compensation insurance."

(ii) Employers' Liability Insurance. In the event Landlord has employees, Landlord shall also maintain Employers' Liability Insurance Coverage with limits of at least: (1) bodily injury by accident - \$1,000,000 each accident; and (2) bodily injury by disease - \$1,000,000 each employee.

The Landlord shall require all contractors and subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Employers' Liability Insurance Coverage and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers' liability insurance or are covered by the Landlord's employers liability insurance."

(iii) <u>Commercial General Liability Insurance</u>. The Landlord shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or

equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury liability, and contractual liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Limit

175		
		per Occurrence
Products and Completed Operations	\$1,000,000	ner Occurrence

-	reducts and completed operations	\$1,000,000	per Occurrence
	Personal Injury		per Occurrence
4.	Contractual		per Occurrence
5.	Fire Legal		per Occurrence
6.	Blasting and Explosion		per Occurrence*
7.	Collapse of Structures		per Occurrence*
8.	Underground Damage		per Occurrence*
9.	General Aggregate		per Project/Location

<sup>\*</sup>Required only during the term of any construction.

Additional Requirements for Commercial General Liability Insurance:

Coverage

1.

2

- (1) The policy shall name as additional insureds the officers, members, and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims that arise out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (iv) Commercial Business Automobile Liability Insurance. The Landlord shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily injury and property damage arising from the operation of any owned, non-owned or hired automobiles. The Commercial Business Automobile Liability Insurance policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (v) Commercial Umbrella Liability Insurance. The Landlord shall provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverage's and minimum limits stated in subparagraphs (i), (ii), (iii) and (iv) above shall be:

\$2,000,000 per Occurrence; and \$2,000,000 aggregate.

Additional requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of work or occupancy of the Premises under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (vi) <u>Builders Risk Insurance</u>. During any period of construction only, the Landlord shall provide a Builder's Risk Insurance Policy to be payable to the Tenant and the Landlord as their interest may appear. The policy amount shall be equal to 100% of the improvements construction contract sum, written on a 2002 Causes of loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord or the contractor. The policy shall be endorsed as follows:

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- Furniture and equipment may be delivered to the insured premises and installed in place ready for use;
- (2) Partial or complete occupancy by the Tenant or Landlord;
   and
- (3) Performance of work in connection with construction operations insured by the Landlord or Tenant, by agents or subtenants other contractors of Landlord or Tenant, or by contractors of the Landlord or Tenant.
- (vii) Property Insurance. During the term of the Rental Agreement, Landlord shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Tenant and Landlord as their interests may appear. The policy amount should be equal to 100% of the replacement value of the improvements, written on 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord.
- (viii) Rental Interruption Insurance. During the term of the Rental Agreement, Landlord shall provide a Rental Interruption Insurance Policy. Such policy shall provide coverage for full or partial interruption of rents for up to 24 months as a result of any abatement of rents (in whole or in part).

END OF EXHIBIT "D"

### Exhibit "E"

# Georgia College & State University Student Wellness and Recreation Center

Rental Agreement Commencement Date: Not Earlier than 8-1-2011 Rental Agreement Termination Date: Last Option Period End 6-30-2041 Semi-Annual Rental Agreement Payment Dates: December 1 and June 1

Fiscal Year Beginning	Fiscal Year End	Annual Base Rent	Semi- Annual Base Rent	Annual Additional Rent	Semi- Annual Additional Rent	Annual Total Rent	Semi-Annua Total Rent
7/1/2011	6/30/2012	1,018,450	509,225	101,430	50,715	1,119,880	559,940
7/1/2012	6/30/2013	2,015,200	1,007,600	104,473	52,236	2,119,673	1,059,836
7/1/2013	6/30/2014	2,015,200	1,007,600	107,607	53,804	2,122,807	1,061,404
7/1/2014	6/30/2015		1,007,600	110,835	55,418	2,126,035	1,063,018
7/1/2015	6/30/2016		1,007,600	114,160	57,080	2,129,360	1,064,680
7/1/2016	6/30/2017		1,007,600	117,585	58,793	2,132,785	1,066,393
7/1/2017	6/30/2018		1,007,600	121,113	60,556	2,136,313	1,068,156
7/1/2018	6/30/2019		1,007,600	124,746	62,373	2,139,946	1,069,973
7/1/2019	6/30/2020		1,007,600	128,488	64,244	2,143,688	1,071,844
7/1/2020	6/30/2021		1,007,600	132,343	66,172	2,147,543	1,073,772
7/1/2021	6/30/2022		1,007,600	136,313	68,157	2,151,513	1,075,757
7/1/2022	6/30/2023	2,015,200	1,007,600	140,403	70,201	2,155,603	1,077,801
7/1/2023	6/30/2024	2,015,200	1,007,600	144,615	72,307	2,159,815	1,079,907
7/1/2024	6/30/2025		1,007,600	148,953	74,477	2,164,153	1,082,077
7/1/2025	6/30/2026	2,015,200	1,007,600	153,422	76,711	2,168,622	1,084,311
7/1/2026	6/30/2027	2,015,200	1,007,600	158,025	79,012	2,173,225	1,086,612
7/1/2027	6/30/2028		1,007,600	162,765	81,383	2,177,965	1,088,983
7/1/2028	6/30/2029	2,015,200	1,007,600	167,648	83,824	2,182,848	1,091,424
7/1/2029	6/30/2030	2,015,200	1,007,600	172,678	86,339	2,187,878	1,093,939
7/1/2030	6/30/2031	2,015,200	1,007,600	177,858	88,929	2,193,058	1,096,529
7/1/2031	6/30/2032	2,015,200	1,007,600	183,194	91,597	2,198,394	1,099,197
7/1/2032	6/30/2033	2,015,200	1,007,600	188,690	94,345	2,203,890	1,101,945
7/1/2033	6/30/2034	2,015,200	1,007,600	194,350	97,175	2,209,550	1,104,775
7/1/2034	6/30/2035	2,015,200	1,007,600	200,181	100,090	2,215,381	1,107,690
7/1/2035	6/30/2036		1,007,600	206,186	103,093	2,221,386	1,110,693
7/1/2036	6/30/2037	1901 St. 1000 Co. 100	1,007,600	212,372	106,186	2,227,572	1,113,786
7/1/2037	6/30/2038		1,007,600	218,743	109,372	2,233,943	1,116,972
7/1/2038	6/30/2039		1,007,600	225,305	112,653	2,240,505	1,120,253
7/1/2039	6/30/2040	2,015,200	1,007,600	232,065	116,032	2,247,265	1,123,632
7/1/2040	6/30/2041	1,011,366	505,683	239,026	119,513	1,250,392	625,196

andlord

Tenant

Counterpart No	of 2 Original Executed Counterparts
Counterpart of the _	

#### STATE OF GEORGIA; GLYNN COUNTY:

# FIRST AMENDMENT TO RENTAL AGREEMENT (GCSU Wellness and Recreation Center)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, (the "Effective Date") by and between USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company whose address is 270 Washington Street, SW, Suite 7002, Atlanta, Georgia 30334, party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, whose address is 270 Washington Street, SW, Sixth Floor, Atlanta, Georgia 30334, Attention: Vice Chancellor for Facilities, party of the second part (hereinafter referred to as "Tenant").

#### WITNESSETH:

**WHEREAS**, Landlord and Tenant are parties to that certain Rental Agreement, dated August 12, 2010 (the "Rental Agreement"), whereby Landlord rents to Tenant the Premises (as defined in the Rental Agreement) described therein and known as a wellness and recreation center on the campus of the Georgia College & State University;

**WHEREAS**, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided for herein;

- **NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:
- 1. <u>Notices</u>. Section 26 of <u>Exhibit "A"</u> Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement is hereby deleted in its entirety and replaced with the following:

#### "26. NOTICE

Any notice, statement, demand, request, consent, approval and authorization required to be given by any party to the other party pursuant to this Agreement shall be given in writing to such other party at the physical or electronic mail address set forth below and shall be deemed to have been properly given, rendered or made only if (i) personally delivered by reputable private courier services, (ii) sent by first-class mail, postage prepaid certified or registered with

return receipt requested, (iii) sent by Federal Express or other comparable commercial overnight delivery service, or (iv) sent by electronic mail to the party entitled thereto. Any notice shall be deemed to have been given, rendered or made on the day (x) so delivered unless such day is not a business day, in which case such delivery shall be deemed to be made as of the next succeeding business day, or (y) upon telephonic confirmation of receipt from the party's principal addressee if sent by electronic mail. Each party hereto shall have the right at any time and from time to time to specify another physical or electronic mail address and addressee to whom notice thereunder should be given, upon five (5) days' written notice thereof to the other party. The notice addresses for the parties shall be as follows:

#### To Landlord:

USG Real Estate Foundation III, LLC c/o University System of Georgia Foundation, Inc. 270 Washington Street, SW Suite 7005
Atlanta, Georgia 30334

Attention: Vice Chancellor for Development

Email: karen.mccauley@usg.edu

#### To Tenant:

Board of Regents of the University System of Georgia 270 Washington Street, SW, Sixth Floor Atlanta, Georgia 30334

Attention: Vice Chancellor for Facilities

E-mail: Jim.James@usg.edu

#### With copy to:

Georgia College & State University 131 N. Clarke Street Campus Box 21 Milledgeville, Georgia 31061

Attention: Vice President for Finance and Administration

E-mail: susan.allen@gcsu.edu"

- 2. <u>Maintenance and Repairs</u>. Section 4 of <u>Exhibit "B"</u> Special Stipulations to the Rental Agreement is hereby deleted in its entirety and replaced with the following:
  - "4. Tenant Responsibility for Capital Repairs and Replacements:
  - (a) Landlord pursuant to its financing of the Premises has established and maintains a reserve account with a trustee, or shall establish, no later than thirty (30) days from the date of this Amendment, and maintain, during the term of this Agreement, a reserve account with the applicable trustee, for capital repairs and

replacements (the "Repair and Replacement Reserve") to the Premises as set forth in Exhibit "A," Stipulations 7, 8, 17, 21(a) and 21(b) of this Agreement. In order to fund the Repair and Replacement Reserve, Tenant, through its applicable institution, shall pay Landlord additional rent as indicated on Exhibit "E" of this Agreement. Landlord shall obtain prior written consent from Tenant, which shall not be unreasonably withheld, for any expenditure or projected aggregate of expenditures for the same repair or replacement from the Repair and Replacement Reserve that will be \$200,000 or greater. Landlord shall semiannually provide Tenant with a written report that includes a description and amount of all expenditures made from the Repair and Replacement Reserve between: i) July 1 through December 31; and ii) January 1 through June 30, no later than thirty (30) days from the last day of each respective sixth month period of the then current exercised renewal term. Landlord designates Tenant as an authorized representative of Landlord to request and receive, at any time, from the applicable trustee an accounting of the Repair and Replacement Reserve, and shall properly notify the applicable trustee of this authorization.

Tenant, through its applicable institution, shall complete a Facilities Condition Assessment Report ("FCAR") on the physical and mechanical condition of the Premises every two and one-half (2.5) years; provided, however, that the due date for the first FCAR shall be as set forth on Exhibit "F" to this Agreement. Each FCAR shall be delivered by Tenant, through its applicable institution, to the System Office (as defined below) on the dates (assuming Tenant exercises each of the applicable renewal terms) as indicated on Exhibit "F" of this Agreement.

The FCAR shall provide information pursuant to established Board of Regents of the University System of Georgia reporting guidelines; and be performed by an engineering firm that is reasonably acceptable to Tenant. Landlord shall pay all costs for the FCAR, which may be paid from the Repair and Replacement Reserve. The parties hereto will work together to confer, schedule and implement any capital repair and replacement recommendations contained in the FCAR, or needed during the Term of this Agreement.

- (b) Notwithstanding any other provision of this Agreement, to the extent there are insufficient funds in the Repair and Replacement Reserve to pay for any capital repair and replacement, Landlord shall exhaust any other supplemental reserve funds available to Landlord to eliminate or mitigate the Repair and Replacement Reserve shortfall. To the extent a shortfall remains, Tenant and Landlord shall by mutual written consent adjust the additional rent schedule to address the shortfall.
- (c) For purposes of this Section 4, any consent, review, or other action required by the Tenant herein shall specifically be performed by the Office of Fiscal Affairs, and the Office of Real Estate and Facilities at the University System of Georgia ("System Office") and not the applicable institution, unless otherwise provided herein or directed by the System Office."
- 3. <u>Repair and Replacement Reserve</u>. The Rental Agreement is hereby amended by replacing the reference to "Landlord's Repair, Replacement and Maintenance Fund" in every

instance in which it appears in the Rental Agreement with "Landlord's Repair and Replacement Reserve".

- 4. <u>Rent Schedule</u>. Exhibit "E" to the Rental Agreement is hereby deleted in its entirety and the attached Exhibit "E" is substituted in its place.
- 5. <u>Insurance.</u> Subsection (b) of Section "3. LANDLORD'S INSURANCE" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(b) <u>Policy Provisions</u>. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class V or larger. Each such policy shall contain the following provisions:
    - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by Landlord and Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
    - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
    - (iii) Each insurer is hereby notified that Georgia law requires that the Attorney General of the State shall represent and defend the Indemnitees, but the Attorney General will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorneys General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
    - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00."
- 6. <u>Compliance with Laws, Ordinances and Regulations.</u> Subsection (a) of Section "21. COMPLIANCE WITH LAWS ORDINANCES AND REGULATIONS" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:

- "(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, ordinances relating to security standards enacted pursuant to O.C.G.A. § 44-7-4(a), and the holding of a current and proper certificate of occupancy."
- 7. <u>FCAR Due Dates.</u> The Rental Agreement is hereby amended by adding <u>Exhibit</u> "F" attached hereto as <u>Exhibit</u> "F" to the Rental Agreement.
- 8. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES ON FOLLOWING PAGES)

**IN WITNESS WHEREOF,** Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

Signed, sealed and delivered as to Landlord, in the presence of:	LANDLORD:		
Unofficial Witness	USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company		
Notary Public	By: USGREF Manager, LLC, a Georgia limited liability company, its Manager		
(NOTARY SEAL)	By:L.S.		
	Attest:		
	Secretary		

(SIGNATURES CONTINUE ON NEXT PAGE)

#### **TENANT:**

Signed, sealed and delivered as to Tenant, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA		
Unofficial Witness	By: Vice Chancellor for Facilities		
Notary Public	Attest: Associate Vice Chancellor for Facilities		
(NOTARY SEAL)	(SEAL)		

### Exhibit "E"

### Rent Schedule

(Attached)

# Exhibit "F" (GCSU Wellness and Recreation Center)

FCAR DUE DATE	

Counterpart No. /	of Two Original Executed Counterparts
Counterpart of the	of Two Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF FULTON:

#### RENTAL AGREEMENT

THIS RENTAL AGREEMENT (hereinafter "Agreement"), made and entered into this day of Agreement, 2010, by and between USG REAL ESTATE FOUNDATION III, LLC, whose address is 270 Washington Street, Atlanta, Georgia 30334, Party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of Savannah State University, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the second part (hereinafter referred to as "Tenant"):

#### WITNESSETH:

#### ARTICLE I PREMISES RENTED AND USE OF PREMISES

Landlord, in consideration of the rents agreed to be paid by Tenant and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties hereto, does hereby this day grant, demise and rent, upon the terms and conditions herein stated, unto Tenant those certain premises situated in Chatham County, Georgia, and more particularly described in Exhibit "C", which is attached hereto and incorporated herein by this reference, and more commonly known as (i) a 47,239 square foot student center and site amenities, and (ii) an approximately 8,000 seat stadium with concession and ticket booths, locker rooms and restrooms, and site amenities, together with all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining, including the right of ingress and egress thereto and therefrom at all times (hereinafter referred to as "Premises"). Tenant does hereby rent and take from Landlord, upon the terms and conditions herein stated, for the use of educational functions and facilities, the Premises.

#### ARTICLE II FIXED RENTAL

Tenant agrees to pay Landlord, at its above stated address, or at such other address or addresses as may be designated in writing from time to time by Landlord, rent in the amount and at the times designated on Exhibit "E": Rental Schedule, which is attached hereto and incorporated by this reference (hereinafter referred to as "Rent") for the use and rent of the Premises.

#### ARTICLE III TERM

This Rental Agreement shall be for a term commencing at 12:00 o'clock A.M., on the first day of the first month following the issuance of a certificate of occupancy (hereinafter referred to as the "Commencement Date"), but the Commencement Date shall be no earlier than August 1, 2011, and ending at 11:59 o'clock P.M. on June 30, 2012 (hereinafter referred to as the "Expiration Date") unless terminated earlier as hereinafter provided (hereinafter referred to as the "Initial Term").

### ARTICLE IV OPTION TO RENEW OR EXTEND TERM

The Landlord, in consideration of the premises and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties to this Agreement, does hereby give and grant unto the Tenant the exclusive right, privilege and option of renewing or extending this Agreement at the expiration of the Initial Term on a year to year basis for twenty-nine (29) consecutive

Landlord Tenant mw

1

years (each year is hereinafter referred to as a "Renewal Term") until June 30, 2041, the Expiration Date, upon which date the final Renewal Term shall terminate. The Initial Term and Renewal Terms shall be collectively referred to as the "Term." Each Renewal Term shall be granted upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the rental rate stipulated on Exhibit "E"; provided, that notice of the Tenant's desire, through the President or Chief Business Officer of Savannah State University, a unit of the University System of Georgia, to exercise such option shall be given to the Landlord at least sixty (60) days prior to the expiration date of the immediately preceding Initial Term or Renewal Term. It is further provided that this option may be exercised by the Tenant only in the event that the Tenant is not in material breach of this Agreement.

#### ARTICLE V CONFLICTS

The stipulations, provisions, covenants, agreements, terms and conditions, contained in the attached Exhibits "A," "B," "C," "D," and "E" are incorporated into this Agreement by this reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Agreement or in the other Exhibits.

(SIGNATURES BEGIN ON NEXT PAGE)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, and delivered this Agreement in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

(Name of Landlord Signed As to Landlord, in the presence of: Unofficial Witness (Seal) Notary Public Motory Public, Pulton County, Georgia My Commission Expires August 8, 2011 BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA Vice Chancellor for Facilities Associate Vice Chancellor for Facilities SIGNED As to Board Of Regents of the University System of Georgia in the presence of: Unofficial Witness (Seal) Notary Public Approval of Institution

3

Rev Standard Form 2009

#### EXHIBIT "A"

#### STIPULATIONS, PROVISIONS, COVENANTS, AGREEMENTS, TERMS AND CONDITIONS OF AGREEMENT

### 1. COVENANTS OF TITLE AND QUIET ENJOYMENT

Landlord covenants that Landlord is seized with an Estate for Years in the Premises and warrants that Tenant will lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy the Premises for the Term without any suit, hindrance, interruption, inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If Tenant is deprived of Tenant's right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy the Premises, for any reason whatever, Tenant shall have the option to terminate this Agreement by giving the Landlord notice provided however that if Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant's option is to withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation. This Agreement shall be terminated or the abatement of rent shall commence upon the date of Tenant's notice to Landlord.

### LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

Should the Landlord, for any reason whatever, be unable to deliver possession of the Premises to the Tenant on the Commencement Date of the Initial Term, Tenant shall have the option of terminating this Agreement by giving the Landlord notice thereof and this Agreement shall be null and void as of the date of the notice and neither party shall have any further obligations hereunder. In the event Tenant elects not to exercise Tenants option to terminate this Agreement, there shall be a total abatement of rent during the period between the Commencement Date and the date upon which Landlord actually delivers possession of the Premises to the Tenant.

#### 3. LANDLORD'S INSURANCE

- (a) <u>Insurance Certificates</u>. Landlord shall procure the insurance coverage identified in Exhibit "D" and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. The insurance certificate must provide the following:
  - (i) Name and address of authorized agent;
  - (ii) Name and address of insured;
  - (iii) Name of insurance company(ies);
  - (iv) Description of policies;
  - (v) Policy number(s);

Landlord Tenant MN

4

- (vi) Policy period(s);
- (vii) Limits of liability;
- (viii) Name and address of Landlord as certificate holders;
- (ix) Lease number, Name of Facility and Address of Premises;
- (x) Signature of authorized agent;
- (xi) Telephone of authorized agent; and
- (xii) Mandatory forty-five (45) days notice of cancellation-renewal.
- (b) Policy Provisions. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class VIII or larger. Each such policy shall contain the following provisions:
  - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by the Landlord and the Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
  - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
  - (iii) Each Insurer is hereby notified that the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees, but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
  - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00.
- (c) <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues

throughout the term of this Agreement and shall not terminate until this Agreement has been terminated.

(d) <u>Failure of Insurers</u>. The Landlord is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.

### 4. USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

- (a) Tenant shall use the Premises for its educational and administrative functions and for any purpose within the powers of the University System. No use shall be made of the Premises, nor acts done which will cause a cancellation of or an increase in the existing rate of fire, casualty, and other extended coverage insurance insuring the Premises, without first consulting with Landlord who shall obtain appropriate insurance endorsements. Tenant shall submit payment of the increase in premium for such endorsements. Tenant shall not sell, or permit to be kept for use in or about the Premises, any article or articles which may be prohibited by the standard form of fire insurance policies unless the policy is endorsed as set forth in this paragraph.
- (b) Tenant shall insure or self-insure at its own cost and expense its fixtures, furnishings, equipment, and personal property which it may use or store on the Premises. Tenant will provide third party liability coverage arising from the acts of its officers, members, and employees through the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. and the self-insurance funds maintained pursuant to Georgia Law. The Georgia Tort Claims Act provides coverage for \$1,000,000 per person and \$3,000,000 per occurrence for claims covered by the Act.

### 5. TAXES AND ASSESSMENTS

During the Term of this Agreement, Landlord covenants to pay off, satisfy and discharge, as they become due, all assessments, taxes, levies and other charges, general or special, of whatever name, nature and kind, which are or may be levied, assessed, imposed and charged upon the Premises herein demised and rented.

### JANITORIAL SERVICES, RUBBISH REMOVAL, TERMITES, RODENTS AND PESTS, UTILITIES

(a) Landlord shall furnish, without additional charge, janitorial services for general cleaning of the Premises. Landlord shall use care to select honest and efficient employees. Landlord shall be responsible to the Tenant for the negligence, theft, fault, and misconduct of such employees. Tenant agrees to report promptly to the Landlord any neglect of duty or any incivility on the part of such employees, which in any way interferes with the full enjoyment of the Premises.

- (b) Landlord shall keep the Premises clean, both inside and outside at its own expense, and shall see that all garbage, trash, and all other refuse is removed from the Premises.
- (c) Landlord shall, at its own expense, keep the Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the Premises by the same during the Term of this Agreement.
- (d) Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the Premises. No deduction shall be made from the rent due to a stoppage in the services of water, electricity, gas, fuel, oil, coal, light, heat, and power or any other utility unless caused by the act or omission of Landlord. In the event of interruption in the water, electricity, gas, fuel, oil, coal, light, heat and power service, Landlord will proceed with all due diligence to restore same.

## 7. NOTICE TO LANDLORD OF DAMAGE OR DEFECTS

Tenant shall provide Landlord with notice of any accident to or any defects in the Premises and such damage or defects shall be remedied by the Landlord at Landlord's expense no later than sixty (60) days after Landlord's receipt of such notice provided that if the repair can not be completed within sixty (60) days, Landlord shall have made reasonable progress towards remedying the damage or defect prior to the expiration of the sixty days. Landlord shall repair or correct all damage or defects in a commercially reasonable manner.

#### 8. REPAIRS BY LANDLORD

During the Term of this Agreement, Landlord, shall, at its sole cost and expense, service, replace, keep and maintain in good order and repair each and every part and portion of the Premises together with any improvements or additions the Landlord might install in or place upon the Premises during the Term of this Agreement. Services, replacements, or repairs made by the Tenant to the Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. Landlord shall have no obligation to service, replace, keep and maintain or repair additions or improvements made to the Premises by Tenant.

#### ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR ADDITIONS

Tenant shall permit Landlord, its agents or employees, to enter into and upon the Premises at all reasonable times for the purpose of inspecting the Premises or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises. Landlord's entry shall not interfere with Tenant's business or quiet use and enjoyment of the Premises.

#### 10. TENANT IMPROVEMENTS

With the express written consent of the Landlord first having been had and obtained, the Tenant may make, at its own expense, such improvements, erections, and alterations as are necessary to adapt the Premises for the conduct of the Tenant's business. All improvements, erections and additions installed in or placed upon the Premises by the Tenant, whether permanently affixed thereto or otherwise, shall continue and remain the property of the Tenant, and may be removed by the Tenant, in whole or in part, at or before the expiration or earlier termination of this Agreement or upon a reasonable time thereafter. If the Tenant removes any or all of the improvements, erections and additions it has installed in or placed upon the Premises, the Tenant agrees to repair any specific damage directly resulting to the Premises from such removal to the condition existing at the beginning of the tenancy, normal wear and tear excepted.

### 11. REMOVAL OF FIXTURES BY TENANT

At any time before the expiration or earlier termination of this Agreement, or upon a reasonable time thereafter, Tenant shall have the right and privilege to remove all fixtures, equipment, appliances, and movable furniture that Tenant has placed in or upon the Premises.

#### 12. SURRENDER OF PREMISES

At the expiration, or earlier termination, of this Agreement, Tenant shall surrender the Premises in good order and condition; ordinary wear and tear, damage by fire, acts of God, the elements, other casualties, condemnation and/or appropriation, and damage or defects arising from the negligence or default of the Landlord excepted.

### 13. ABANDONMENT, WASTE AND NUISANCE

Tenant shall not abandon or vacate the Premises without cause during the Term of this Agreement. Tenant shall not commit, or suffer to be committed any waste upon the Premises, or any nuisance, or other act or thing which may disturb the enjoyment of other Tenants, if any, in the building in which Premises are located.

#### 14. HOLDING OVER

Any holding over, continued or occupancy of the Premises by the Tenant after the expiration of the Term of this Agreement shall operate and be construed as a tenancy-at-will and Tenant shall continue Tenant's occupancy at the same rental rate and under the same terms and conditions in force at the expiration of the immediately preceding Initial Term or Renewal Term.

#### 15. ENTRY FOR CARDING

In the event, Tenant does not exercise the renewal or extension option provided herein, then Landlord may, within thirty (30) days immediately preceding the expiration of the then current Initial Term or Renewal Term of this Agreement, place a card or sign in the Premises advertising the Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to show the Premises to prospective purchasers or tenants so long as Landlord's entry does not interfere with the quiet use and enjoyment of Tenant.

#### 16. DEFAULT

- (a) It shall be an event of default (hereinafter referred to as "Event of Default") if
- (i) Tenant fails to pay rent when due and fails to cure such default within thirty (30) business days (hereinafter referred to as "Rental Cure Period") after written notice of such default is received by Tenant from Landlord; or
- (ii) If either party fails to perform any of its obligations under this Agreement other than the provisions requiring the payment of Rent, and fails to cure such default within thirty (30) days after notice of such default is received (hereinafter referred to as "Cure Period") by the defaulting party from the non-defaulting party provided that it will not be an Event of Default if the default cannot be cured within the Cure Period and the defaulting party promptly commences and diligently proceeds the cure to completion within sixty (60) days after the expiration of the Cure Period; or

Landlord W Tenant MW

- (iii) the Landlord is adjudicated a bankrupt; or a permanent receiver is appointed for the Landlord and such receiver is not removed within sixty (60) days after the appointment of the receiver.
- b) If the Event of Default that is not cured by the defaulting party within the applicable cure period, the non-defaulting party may pursue remedies as are available at law or in equity.

# 17. DESTRUCTION OF OR DAMAGE TO PREMISES

- (a) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the Premises are not thereafter repaired by the Landlord at its expense with reasonable promptness and dispatch, this Agreement may be terminated at the option of the Tenant by giving the Landlord notice, and all obligations of Tenant hereunder, including the payment of rent, shall automatically terminate as of the date of the damage.
- (b) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord shall, at the Landlord's expense and with reasonable promptness and dispatch, repair and restore the Premises to substantially the same condition as before the damage. In the event of a partial destruction of the Premises, there shall be an abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent shall be based upon the extent to which the damage and the repairs or rebuilding interfere with the business carried on by the Tenant in Premises. Full rental shall commence after: (i) completion of the repairs and restoration of the Premises by the Landlord; and (ii) Tenant, after making a reasonable assessment of damages, determines that the Premises are fit for occupancy by the Tenant.

#### 18. CONDEMNATION

(a) In the event, during the Term of this Agreement, the whole of the Premises are appropriated or taken by any Municipal, County, State, Federal or other authority for any public or quasi-public use through the exercise of the power of eminent domain or condemnation proceeding, or sold to the possessor of such power under the threat of its exercise, or if by reason of law, ordinance or by court decree, whether by consent or otherwise, the use of the Premises by the Tenant for the purpose is prohibited; the Tenant shall have the right to terminate this Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises.

- (b) When only a portion of the Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the Rent shall be reduced by an amount determined by the ratio of the fair market value of the portion of the Premises thus acquired to the fair market value of the total Premises immediately preceding such acquisition. "Fair market value" shall be determined in both the case of the condemned property and the total Premises by a member of the American Institute of Real Estate Appraisers who is reasonably acceptable to Landlord and Tenant.
- (c) In the event that only a portion of the Premises are so acquired, the Landlord agrees to promptly make all necessary alterations and repairs which shall be required because of such partial acquisition. The rights of the Landlord shall in no way prejudice or interfere with any claim which the Tenant may have against the authority exercising the power of eminent domain or condemnation for damages or otherwise for destruction of or interference with the business of the Tenant in the Premises. Tenant agrees that it will not request, encourage or support the use of the State's power of eminent domain to frustrate the purposes of this Agreement; provided, however that nothing herein shall limit or restrict the State's right to exercise in good faith the power of eminent domain for appropriate governmental purposes.

#### 19. CHANGE IN OWNERSHIP OF PREMISES

No change or division in the ownership of the Premises, or of the rents payable hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of the Tenant. Further, no change or division in ownership shall be binding on the Tenant for any purpose until the Tenant shall have been furnished with a certified copy of the recorded instrument, or other legally authenticated written instrument, evidencing such change or division in ownership.

# 20. NOTICE OF APPOINTMENT OF AGENT

Tenant shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until notice of the appointment and the extent of the authority of such agent shall be first given to the Tenant by the party appointing such agent.

# 21. COMPLIANCE WITH LAWS, ORDINANCES, AND REGULATIONS

(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, security, and the holding of a current and proper certificate of occupancy.

- (b) Notwithstanding any provisions of this Agreement to the contrary, Landlord is solely responsible for assuring that the Premises and all common areas are at all times in compliance with Title III of the Americans with Disabilities Act of 1990, 42 USC §12101 et seq. (hereinafter the "ADA") as amended, and with all regulations promulgated pursuant to the ADA (hereinafter the "Regulations"). Except for any remodeling or alterations to the Premises after the commencement date of this Agreement due to an election by Tenant to remodel (but not including any remodeling or alterations at the beginning of the Term of this Agreement to make the Premises initially suitable for Tenant), Landlord shall be solely responsible for all costs and expenses associated with ADA compliance. Landlord shall not charge Tenant for, or seek reimbursement from Tenant for, any expenditures, capital or otherwise, associated with conforming the Premises or common areas to the requirements of the ADA and the Regulations.
- (c) Landlord and Tenant hereby certify that the provisions of law contained in Title 45 Chapter 10 of the Official Code of Georgia Annotated which prohibit full-time and part-time public officials and employees of the State of Georgia from engaging in certain transactions with the State or state agencies have not and will not be violated in any respect by this Agreement.

#### 22. HAZARDOUS MATERIALS

- (a) As used in this Agreement, the term "Hazardous Materials" shall mean and include any substance that is or contains petroleum, asbestos, polychlorinated biphenyls, lead, or any other substance, material or waste which is now or is hereafter classified or considered to be hazardous or toxic under any federal, state or local law, rule, regulation or ordinance relating to pollution or the protection or regulation of human health, natural resources or the environment (collectively "Environmental Laws") or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent property.
- (b) Tenant agrees that during its use and occupancy of the Premises it will not permit Hazardous Materials to be present on or about the Premises except in a manner and quantity necessary for the ordinary performance of Tenant's business and that it will comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials.
- (c) If Tenant's use of Hazardous Materials on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the property in which the Premises are located, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (a) the requirements of (i) all Environmental Laws and (ii) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (b) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises or the property in which the Premises are located. Landlord

shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems reasonably necessary to protect the value of the Premises or the property in which the Premises are located. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

- (d) Upon reasonable notice to Tenant, Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Agreement or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.
- (e) Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Agreement free of debris, waste, or Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees.
- (f) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

## 23. ASSIGNMENT AND SUBLETTING

- (a) Tenant shall not assign this Agreement, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the Premises, or any portion thereof, without the express written consent of Landlord first having been obtained, which consent shall not unreasonably be withheld, delayed or conditioned. Any such assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, on thirty (30) days notice to Tenant, terminate this Agreement. Consent to one assignment and/or subletting shall not waive this provision, and all later assignments and/or sublettings shall likewise be made only on the prior consent of Landlord, which consent shall not unreasonably be withheld.
- (b) The voluntary or other surrender of this Agreement by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing sublets or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such sublets or subtenancies.
- (c) Notwithstanding the subparagraph 23(a), Tenant may sublet the Premises without first obtaining the consent of Landlord for educational or related uses or other uses that are reasonably contemplated by the parties so long as the term of any such use is less than twenty (24) hours.

Landlord LH Tenant MN

### 24. SUBORDINATION

This Agreement shall be subject and subordinate to all existing liens and encumbrances against the Premises and all rights and obligations contained therein; provided, however that as to all such liens and encumbrances and any future liens and encumbrances, as a condition precedent to any such subordination, the holder of the lien or encumbrance agrees, so long as the Tenant is not in material default under this Agreement, to the continuing possession of the Premises by Tenant under the same financial provisions and substantive terms and conditions set forth in this Agreement.

### 25. LANDLORD'S FINANCING

- (a) Tenant has not and will not participate in the structuring, offering, or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Premises and Tenant shall have no obligation with respect to the bonds or the financing of the Premises and no moral obligation to continue to rent the Premises in a manner supportive of the creditworthiness of the bonds or financing.
- (b) Without first notifying the Landlord, Tenant will not perform any activity on the Premises that will adversely affect the tax-exempt status of any debt instrument of Landlord relating to the Premises. In the event the administrative office of the Board of Regents is made aware of a use that may have an adverse affect, Tenant will contact Landlord as soon as practicable after being made aware of the use or anticipated use.
- (c) Tenant shall exercise reasonable efforts to prevent the purchase of any bonds or other debt instrument issued to finance or refinance the Premises by any other instrumentality or department of the State of Georgia.

### 26. NOTICE

All notices, statements, demands, requests, consents, approvals and authorizations hereunder given by either party to the other shall be in writing and sent by registered or certified mail, postage prepaid and addressed.

To Tenant, the same shall be addressed to the President of the Institution, the Chief Business Officer of the Institution, and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia as stated in the preamble.

To Landlord, the same shall be sent to the address stated in the preamble or at such other address as Landlord may from time to time designate by notice to Tenant.

Landlor LV Tenant MN

### 27. BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Agreement shall apply, extend to, be binding upon and inure to the benefit or detriment of each and every one of the heirs, legal representatives, devisees, legatees, next-of-kin, successors and assigns of the respective parties hereto, and shall be deemed and treated as covenants real running with the Premises during the Term of this Agreement. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the heirs, legal representatives, devisees, legatees, next-of-kin, successors, and assigns of said party, the same as if in each case expressed.

### 28. TIME OF ESSENCE

Time is of the essence in this Agreement.

### 29. WAIVER OF RIGHTS

The waiver by Landlord, or by Tenant, of any breach of any stipulation, provision, term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of such stipulation, provision, term, covenant, agreement or condition on any subsequent breach of the same or any other stipulation, provision, term, covenant, agreement or condition herein contained.

## 30. INVALIDITY OF PROVISION OR PORTION OF PROVISION

Should any provision or portion of such provision of this Agreement be held invalid, the remainder of this Agreement, or the remainder of such provision shall not be affected thereby.

### 31. ENTIRE AGREEMENT

This Agreement, including Exhibits "A," "B," "C," "D," and "E," embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the Premises. There shall be no provisions, agreements, conditions, covenants, terms, understandings, representations or inducements either oral or written, between the parties other than are herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Agreement.

Landlor Tenant MN

### END OF EXHIBIT "A"

16

Rev Standard Form 2009

Landlord LW Tenant MW

### **EXHIBIT "B"**

### SPECIAL STIPULATIONS

- 1. Tenant Responsibility for Services: Notwithstanding any other provision of this Agreement, Tenant, as the principal occupant of the building, shall be solely responsible for discharging the obligations set forth in Exhibit "A", Stipulation 6 of this Agreement, and such responsibility shall be paid directly by Tenant. Such responsibility has been taken into account in establishing the rent established in this Agreement.
- 2. Tenant Responsibility for Insurance: Notwithstanding any other provision of this Agreement, during the term of this Agreement, Tenant as sole occupant of the Premises shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 3; such responsibility shall be paid by special rent assessment.

In addition to the foregoing, any payment or payments made by Tenant for insurance coverage, as provided in this Exhibit "B", Stipulation 2 or Exhibit "A", Stipulation 3 of this Agreement, which coverage extends beyond the Term of this Agreement (whether due to cancellation, non-renewal or expiration by its express terms) shall be immediately reimbursed to Tenant by Landlord.

3. Tenant Responsibility for Taxes and Assessments: Notwithstanding any other provision of this Agreement, during the Term of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to all assessments, taxes, levies and other charges set forth in Exhibit "A", Stipulation 5 of this Agreement. Tenant's payment of such additional rent to Landlord shall be within ninety (90) days of Tenant's receipt of supporting documentation evidencing Landlord's payment of such expense. Such responsibility has been taken into account in establishing the rent established in this Agreement.

### 4. Tenant Responsibility for Maintenance and Repairs:

(a) Notwithstanding any other provision of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit "A", Stipulations 7, 8, and 21(a) and (b) of this Agreement, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 7 and 8, Tenant will notify Landlord of expenses incurred to construct or acquire replacements of fixtures or personal property that have become worn out or otherwise obsolete or for making any other capital improvements or capital expenditures, and Landlord agrees to requisition such amounts from its Repair, Replacement and Maintenance Fund (as defined in Stipulation 4(b) below) and to use such proceeds to pay such costs to the extent funds are available therefor. Tenant's payment of any additional rent pursuant to this Stipulation 4 shall be within thirty (30) days of Tenant's receipt of supporting documentation evidencing the necessity for the related expenditures.

Landlord Tenant MN

- (b) Landlord agrees to establish and maintain an account to be used for the repair, replacement, and maintenance of the Premises (the "Repair, Replacement, and Maintenance Fund"). In order to fund the Repair, Replacement and Maintenance Fund, Tenant shall pay Landlord the amounts shown on Exhibit "E" of this Agreement as additional rent each month, payable on the first day of each and every calendar month during the term. On or before March 31 of every five-year period commencing March 31, 2012 and ending March 31, 2040 (the first such report being due by March 31, 2016), Landlord shall provide to Tenant an engineering report on the physical and mechanical condition of the Premises, performed by an engineer reasonably acceptable to Tenant. Such report shall include a capital asset replacement analysis, an evaluation of the adequacy of the monthly additional rent to fund the Repair, Replacement and Maintenance Fund, and a recommendation as to any required adjustment of the foregoing. The parties hereto shall implement any recommendations contained in the engineer's report, commencing with the next renewal term, if this Agreement is renewed.
- 5. Cap on Tenant's Obligations in this Exhibit "B" Special Stipulations 2, 3 and 4 Hereinabove: Tenant's maximum obligation pursuant to Exhibit "B", Stipulations 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by amounts held in Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by Savannah State University in the applicable fiscal year for such purpose, which budget shall be subject to annual review and modification. If and to the extent Tenant pays for expenditures having a useful life beyond the term of this Agreement, then Landlord shall immediately (upon the effective date of such termination) reimburse Tenant for that portion of such expenditures not inuring to the benefit of Tenant.

END OF EXHIBIT "B"

Landlord N Tenant MN

### EXHIBIT "C"

## Legal Description Chatham County – Savannah State University

### STUDENT CENTER

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, being known as the Student Center Lease Area at Savannah State University, a portion of Lot 9, Placentia Tract, Ravers Ward, City of Savannah. Being more particularly described as follows:

Commencing at the intersection of the centerline of Skidaway Road and Laroche Avenue; thence along the centerline of Laroche Avenue South 18 degrees 07 minutes 00 seconds East a distance of 1,190.60 feet to a point which is the projection of the line between the properties of N/F Margaret Elizabeth Smith (Deed Book 170Z, Page 163), N/F University System of Georgia and N/F SSU Foundation Real Estate (Deed Book 333V, Page 643); thence along said projection line South 68 degrees 13 minutes 41 seconds East a distance of 1,843.56 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and N/F SSU Foundation Real Estate North 21 degrees 53 minutes 12 seconds East a distance of 3.62 feet to a point inside the property of N/F University System of Georgia and being the point of beginning; thence with a line within the property of N/F University System of Georgia North 21 degrees 53 minutes 12 seconds East a distance of 12.38 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 125.55 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 27.08 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 30.10 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 17.08 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 6.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 77.50 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 6.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 17.08 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 42.73 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 4.48 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 3.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 12.34 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 77.42 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 10.32 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 57.56 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 10.32 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 46.61 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 23.81 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 15.53 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 85.11 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 7.64 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 50.07 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 63.77 feet to a point of beginning; and containing 0.743 acres, or 32,369 square feet.

### STADIUM

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, a portion of Lots 7 & 8, Placentia Tract, Ravers Ward, City of Savannah being more particularly described as follows:

### Lease Area 1

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 45.02 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 10.00 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 66.10 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 53.19 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 66.10 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 53.19 feet to the point of beginning; and containing 0.081 acres, or 3,516 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

Landlor Tenant MN

#### Lease Area 2

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 175.03 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 11.65 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 276.36 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 65.11 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 276.36 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 65.11 feet to a point of beginning; and containing 0.413 acres, or 17,994 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

#### Lease Area 3

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 515.39 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 10.59 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 75.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 7.67 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.33 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 30.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 2.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 75.67 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 46.00 feet to the point of beginning; and containing 0.126 acres, or 5,478 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

### Lease Area 4

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 328.05 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 50.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 320.71 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 60.09 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning, thence South 85 degrees 36 minutes 20 seconds East a distance of 46.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 75.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 2.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 30.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.33 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 7.67 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 75.67 feet to the point of beginning; and containing 0.126 acres, or 5,478 square feet.

Landlord V Tenant MN

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

#### Lease Area 5

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 272.75 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 17.88 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 85 degrees 36 minutes 20 seconds East a distance of 66.90 feet to a point, thence South 85 degrees 36 minutes 20 seconds West a distance of 348.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 66.90 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 348.67 feet to the point of beginning; and containing 0.535 acres, or 23,325 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

#### Lease Area 6

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 180.14 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 10.00 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 18.35 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 12.51 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 12.51 feet to a point, thence South 85 degrees 36 minutes 40 seconds East a distance of 64.85 feet to the point of beginning; and containing 0.092 acres, or 4,003 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

END OF EXHIBIT "C"

Landlord W Tenant MN

### EXHIBIT "D"

### REQUIRED INSURANCE COVERAGES

Insurance Coverages. The Landlord agrees to secure and have an authorized agent state on the Insurance Certificate that the following types of insurance coverages, not inconsistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased or caused to be purchased by the Landlord, during the term of this Agreement. The minimum required coverages and liability limits are as follows:

(i) Workers' Compensation Insurance. In the event Landlord has employees, the Landlord agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate of authority from the Insurance Commissioner approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Tenant qualifies to pay its own workers' compensation claims. The Landlord shall require all subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of the Construction Term (as defined in the Ground Lease):

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own workers' compensation insurance or are covered by the Landlord's workers' compensation insurance."

(ii) Employers' Liability Insurance. In the event Landlord has employees, Landlord shall also maintain Employers' Liability Insurance Coverage with limits of at least: (1) bodily injury by accident - \$1,000,000 each accident; and (2) bodily injury by disease - \$1,000,000 each employee.

The Landlord shall require all contractors and subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Employers' Liability Insurance Coverage and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers' liability insurance or are covered by the Landlord's employers liability insurance."

(iii) <u>Commercial General Liability Insurance</u>. The Landlord shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or

Landlord L Tenant MN

equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury liability, and contractual liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Coverage	Limit
----------	-------

1.	Premises and Operations	\$1,000,000	per Occurrence
	Products and Completed Operations		per Occurrence
	Personal Injury		per Occurrence
4.	Contractual	\$1,000,000	per Occurrence
5.	Fire Legal		per Occurrence
6.	Blasting and Explosion		per Occurrence*
7.	Collapse of Structures		per Occurrence*
8.	Underground Damage		per Occurrence*
9.	General Aggregate		per Project/Location

<sup>\*</sup>Required only during the term of any construction.

Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims that arise out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (iv) <u>Commercial Business Automobile Liability Insurance</u>. The Landlord shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily injury and property damage arising from the operation of any owned, non-owned, or hired automobiles. The Commercial Business Automobile Liability Insurance policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional requirements for Commercial Business Automobile Liability Insurance:

Landlord St Tenant MN

- (1) The policy shall name as additional insureds the officers, members and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (v) Commercial Umbrella Liability Insurance. The Landlord shall provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverage's and minimum limits stated in subparagraphs (i), (ii), (iii) and (iv) above shall be:

\$2,000,000 per Occurrence; and \$2,000,000 aggregate.

Additional requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of work or occupancy of the Premises under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (vi) <u>Builders Risk Insurance</u>. During any period of construction only, the Landlord shall provide a Builder's Risk Insurance Policy to be payable to the Tenant and the Landlord as their interest may appear. The policy amount shall be equal to 100% of the improvements construction contract sum, written on a 2002 Causes of loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord or the contractor, and in no event shall the amount of the "All Risk" deductible exceed \$10,000. The policy shall be endorsed as follows:

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

Landlord Tenant MN

- (1) Furniture and equipment may be delivered to the insured premises and installed in place ready for use;
- (2) Partial or complete occupancy by the Tenant or Landlord;
   and
- (3) Performance of work in connection with construction operations insured by the Landlord or Tenant, by agents or subtenants other contractors of Landlord or Tenant, or by contractors of the Landlord or Tenant.
- (vii) Property Insurance. During the term of the Rental Agreement, Landlord shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Tenant and Landlord as their interests may appear. The policy amount should be equal to 100% of the replacement value of the improvements, written on 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord, and in no event shall the amount of the "All Risk" deductible exceed \$10,000.
- (viii) <u>Rental Interruption Insurance.</u> During the term of the Rental Agreement, Landlord shall provide a Rental Interruption Insurance Policy. Such policy shall provide coverage for full or partial interruption of rents for up to 24 months as a result of any abatement of rents (in whole or in part).

END OF EXHIBIT "D"

Landlord Soy Tenant MN

## Exhibit "E"

### Savannah State Univeristy **Student Center and Stadium**

Rental Agreement Commencement Date: Not Earlier than 8-1-2011 Rental Agreement Termination Date: Last Option Period End 6-30-2041 Semi-Annual Rental Agreement Payment Dates: December 1 and June 1

Fiscal Year Beginning	Fiscal Year End	Annual Base Rent	Semi- Annual Base Rent	Annual Additional Rent	Semi- Annual Additional Rent	Annual Total Rent	Semi- Annual Total Rent
7/1/2011	6/30/2012	617,800	308,900	60,000	30,000	677,800	338,900
7/1/2012	6/30/2013	1,221,600	610,800	61,800	30,900	1,283,400	641,700
7/1/2013	6/30/2014	1,221,600	610,800	63,654	31,827	1,285,254	642,627
7/1/2014	6/30/2015	1,221,600	610,800	65,564	32,782	1,287,164	643,582
7/1/2015	6/30/2016	1,221,600	610,800	67,531	33,765	1,289,131	644,565
7/1/2016	6/30/2017	1,221,600	610,800	69,556	34,778	1,291,156	645,578
7/1/2017	6/30/2018	1,221,600	610,800	71,643	35,822	1,293,243	646,622
7/1/2018	6/30/2019	1,221,600	610,800	73,792	36,896	1,295,392	647,696
7/1/2019	6/30/2020	1,221,600	610,800	76,006	38,003	1,297,606	648,803
7/1/2020	6/30/2021	1,221,600	610,800	78,286	39,143	1,299,886	649,943
7/1/2021	6/30/2022	1,221,600	610,800	80,635	40,317	1,302,235	651,117
7/1/2022	6/30/2023	1,221,600	610,800	83,054	41,527	1,304,654	652,327
7/1/2023	6/30/2024	1,221,600	610,800	85,546	42,773	1,307,146	653,573
7/1/2024	6/30/2025	1,221,600	610,800	88,112	44,056	1,309,712	654,856
7/1/2025	6/30/2026	1,221,600	610,800	90,755	45,378	1,312,355	656,178
7/1/2026	6/30/2027	1,221,600	610,800	93,478	46,739	1,315,078	657,539
7/1/2027	6/30/2028	1,221,600	610,800	96,282	48,141	1,317,882	658,941
7/1/2028	6/30/2029	1,221,600	610,800	99,171	49,585	1,320,771	660,385
7/1/2029	6/30/2030	1,221,600	610,800	102,146	51,073	1,323,746	661,873
7/1/2030	6/30/2031	1,221,600	610,800	105,210	52,605	1,326,810	663,405
7/1/2031	6/30/2032	1,221,600	610,800	108,367	54,183	1,329,967	664,983
7/1/2032	6/30/2033	1,221,600	610,800	111,618	55,809	1,333,218	666,609
7/1/2033	6/30/2034	1,221,600	610,800	114,966	57,483	1,336,566	668,283
7/1/2034	6/30/2035	1,221,600	610,800	118,415	59,208	1,340,015	670,008
7/1/2035	6/30/2036	1,221,600	610,800	121,968	60,984	1,343,568	671,784
7/1/2036	6/30/2037	1,221,600	610,800	125,627	62,813	1,347,227	673,613
7/1/2037	6/30/2038	1,221,600	610,800	129,395	64,698	1,350,995	675,498
7/1/2038	6/30/2039	1,221,600	610,800	133,277	66,639	1,354,877	677,439
7/1/2039	, 6/30/2040	1,221,600	610,800	137,276	68,638	1,358,876	679,438
7/1/2049/	6/30/2041	615,507	307,754	141,394	70,697	756,901	378,450

STATE OF GEORGIA; CHATHAM COUNTY:

## FIRST AMENDMENT TO RENTAL AGREEMENT (SSU Stadium)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this 3 day of May , 2017, (the "Effective Date") by and between USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, SW, Atlanta, Georgia 30334, party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, whose address is 270 Washington Street, SW, Sixth Floor, Atlanta, Georgia 30334, Attention: Vice Chancellor for Facilities, party of the second part (hereinafter referred to as "Tenant").

### WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Rental Agreement, dated August 12, 2010 (the "Rental Agreement"), whereby Landlord rents to Tenant the Premises (as defined in the Rental Agreement) described therein and known as Stadium on the campus of Savannah State University;

WHEREAS, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided for herein;

NOW, THEREFORE, FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:

 Notices. Section 26 of Exhibit "A" Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement is hereby deleted in its entirety and replaced with the following:

### "26. NOTICE

Any notice, statement, demand, request, consent, approval and authorization required to be given by any party to the other party pursuant to this Agreement shall be given in writing to such other party at the physical or electronic mail address set forth below and shall be deemed to have been properly given, rendered or made only if (i) personally delivered by reputable private courier services, (ii) sent by first-class mail, postage prepaid certified or registered with return receipt requested, (iii) sent by Federal Express or other comparable commercial overnight delivery service, or (iv) sent by electronic mail to the party entitled thereto. Any notice shall be deemed to have been given, rendered or

00340928.1/002860-000083

made on the day (x) so delivered unless such day is not a business day, in which case such delivery shall be deemed to be made as of the next succeeding business day, or (y) upon telephonic confirmation of receipt from the party's principal addressee if sent by electronic mail. Each party hereto shall have the right at any time and from time to time to specify another physical or electronic mail address and addressee to whom notice thereunder should be given, upon five (5) days' written notice thereof to the other party. The notice addresses for the parties shall be as follows:

### To Landlord:

USG Real Estate Foundation III, LLC

270 Washington Street, SW

Atlanta, Georgia 30334
Attn: Christina Paloski
E-mail: Christina Puloski Queg edu

### To Tenant:

Board of Regents of the University System of Georgia 270 Washington Street, SW, Sixth Floor Atlanta, Georgia 30334

Attn: Vice Chancellor for Facilities E-mail: Jim.James@usg.edu"

Maintenance and Repairs. Section 4 of Exhibit "B" Special Stipulations to the Rental Agreement is hereby deleted in its entirety and replaced with the following:

#### "4. Tenant Responsibility for Capital Repairs and Replacements:

Landlord has established and maintains a reserve account for capital repairs and replacements (the "Repair and Replacement Reserve") to the Premises. In order to fund the Repair and Replacement Reserve, Tenant, through its applicable institution, shall pay Landlord additional rent as indicated on Exhibit "E" of this Agreement. Landlord shall obtain prior written consent from Tenant, which shall not be unreasonably withheld, for any expenditure or projected aggregate of expenditures for the same repair or replacement from the Repair and Replacement Reserve that will be \$200,000 or greater. Landlord shall semiannually provide Tenant with a written report that includes a description and amount of all expenditures made from the Repair and Replacement Reserve between i) July 1 through December 31; and ii) January 1 through June 30, no later than thirty (30) days from the last day of each respective six-month period of the then current exercised renewal term.

Tenant, through its applicable institution, shall complete a Facilities Condition Assessment Report ("FCAR") on the physical and mechanical condition of the Premises every two and a half (2.5) years. Each FCAR shall be delivered by Tenant, through its applicable institution, to the System Office (as defined below)

2

on the dates (assuming Tenant exercises each of the applicable renewal terms) as indicated on Exhibit "F" of this Agreement.

The FCAR shall provide information pursuant to established Board of Regents of the University System of Georgia reporting guidelines; and be performed by an engineering firm that is reasonably acceptable to Tenant. Landlord shall pay all costs for the FCAR, which may be paid from the Repair and Replacement Reserve. The parties hereto will work together to confer, schedule and implement any capital repair and replacement project recommendations contained in the FCAR, or needed during the Term of this Agreement.

- (b) Notwithstanding any other provision of this Agreement, to the extent there are insufficient funds in the Repair and Replacement Reserve to pay for any capital repair and replacement, Landlord shall exhaust any other supplemental reserve funds available to Landlord to eliminate or mitigate the Repair and Replacement Reserve shortfall. To the extent a shortfall remains, Tenant shall address the shortfall by paying to Landlord as additional rent the cost of all necessary repairs and replacements which exceed available funds in the Repair and Replacement Reserve.
- (c) For purposes of this section, any consent, review, or other action required by the Tenant herein shall specifically be performed by the Office of Fiscal Affairs, and the Office of Real Estate and Facilities at the University System of Georgia ("System Office") and not the applicable institution, unless otherwise provided herein or directed by the System Office."
- Repair and Replacement Reserve. The Rental Agreement is hereby amended by replacing the reference to "Landlord's Repair. Replacement and Maintenance Fund" as stated in the Rental Agreement with "Landlord's Repair and Replacement Reserve".
- FCAR Due Dates. The Rental Agreement is hereby amended by adding <u>Exhibit</u> "F" attached hereto as <u>Exhibit</u> "F" to the Rental Agreement.
- Effect of Amendment. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES ON FOLLOWING PAGES)

00140928 1/002860-000083

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, sealed and delivered this Amendment, effective as of the date first above written.

Signed, sealed and delivered as to Landlord, in the presence of:

Unofficial Witness

LANDLORD:

USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company

By: USGREF Manager, LLC,

a Georgia limited liability company,

itscManager

By: Sachin Shailendra

President

(CORPORATE SEAL)

(SIGNATURES CONTINUE OF NEXT PAGE)

4

00340928.1/002860-000083

Signed, sealed and delivered as to Tenant, in the presence of:

Linofficial Witness

Notary Public

(NOTARY SEAR)

TENANT:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

By:

Jim James, Vice Chancellor for Facilities

Attest: Janh Jam New

Sandra Lynn Neuse, Associate Vice

Chancellor for Facilities

(SIGNATURE PAGE FOR BOARD OF REGENTS)

### Exhibit "F" (SSU Stadium)

FCAR DUE DATE
10/01/18
04/01/21
10/01/23
04/01/26
10/01/28
04/01/31
10/01/33
04/01/36
10/01/38
04/01/41
10/01/43
04/01/46

6

Counterpart No	of 2 Original Executed Counterparts
Counterpart of the _	

### STATE OF GEORGIA; CHATHAM COUNTY:

## SECOND AMENDMENT TO RENTAL AGREEMENT (SSU Stadium and Student Center)

THIS SECOND AMENDMENT TO 1	<b>RENTAL AGREEMENT</b> (this "Amendment")
is made and entered into this day of	, 2020, (the "Effective Date") by and
between USG REAL ESTATE FOUNDATION	NIII, LLC, a Georgia limited liability company
whose address is 270 Washington Street, SW, S	uite 7002, Atlanta, Georgia 30334, party of the
first part (hereinafter referred to as "Landlord"	), and the BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA, who	se address is 270 Washington Street, SW, Sixth
Floor, Atlanta, Georgia 30334, Attention: Vic	e Chancellor for Facilities, party of the second
part (hereinafter referred to as "Tenant").	

### WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Rental Agreement, dated August 12, 2010, and first amended effective May 3, 2017 (collectively the "Rental Agreement"), whereby Landlord rents to Tenant the Premises (as defined in the Rental Agreement) described therein and known as a stadium and a student center on the campus of Savannah State University;

**WHEREAS**, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided for herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:

- 1. <u>Rent Schedule</u>. Exhibit "E" to the Rental Agreement is hereby deleted in its entirety and the attached Exhibit "E" is substituted in its place.
- 2. <u>Compliance with Laws, Ordinances and Regulations.</u> Subsection (a) of Section "21. COMPLIANCE WITH LAWS ORDINANCES AND REGULATIONS" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, ordinances relating to

security standards enacted pursuant to O.C.G.A. § 44-7-4(a), and the holding of a current and proper certificate of occupancy."

3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES ON FOLLOWING PAGES)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

Signed, sealed and delivered as to Landlord, in the presence of:	LANDLORD:		
Unofficial Witness	USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company		
Notary Public	By: USGREF Manager, LLC, a Georgia limited liability company, its Manager		
(NOTARY SEAL)	By: L.S.		
	Attest:		
	Secretary		

(SIGNATURES CONTINUE ON NEXT PAGE)

### **TENANT:**

Signed, sealed and delivered as to Tenant, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
Unofficial Witness	By: Vice Chancellor for Facilities
Notary Public	Attest: Associate Vice Chancellor for Facilities
(NOTARY SEAL)	(SEAL)

### Exhibit "E"

### Rent Schedule

(Attached)

Counterpart No. /	of Two Original Executed Counterparts
Counterpart of the	LANdlord

STATE OF GEORGIA; COUNTY OF FULTON:

### RENTAL AGREEMENT

THIS RENTAL AGREEMENT (hereinafter "Agreement"), made and entered into this // day of // 2010, by and between USG REAL ESTATE FOUNDATION III, LLC, whose address is 270 Washington Street, Atlanta, Georgia 30334, Party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of University of West Georgia, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the second part (hereinafter referred to as "Tenant"):

### WITNESSETH:

### ARTICLE I PREMISES RENTED AND USE OF PREMISES

Landlord, in consideration of the rents agreed to be paid by Tenant and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties hereto, does hereby this day grant, demise and rent, upon the terms and conditions herein stated, unto Tenant those certain premises situated in Carroll County, Georgia, and more particularly described in Exhibit "C", which is attached hereto and incorporated herein by this reference, and more commonly known as an approximately 23,478 square-foot bookstore and site amenities, together with all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining, including the right of ingress and egress thereto and therefrom at all times (hereinafter referred to as "Premises"). Tenant does hereby rent and take from Landlord, upon the terms and conditions herein stated, for the use of educational functions and facilities, the Premises.

### ARTICLE II FIXED RENTAL

Tenant agrees to pay Landlord, at its above stated address, or at such other address or addresses as may be designated in writing from time to time by Landlord, rent in the amount and at the times designated on Exhibit "E": Rental Schedule, which is attached hereto and incorporated by this reference, (hereinafter referred to as "Rent") for the use and rent of the Premises.

### ARTICLE III TERM

This Rental Agreement shall be for a term commencing at 12:00 o'clock A.M., on the first day of the first month following the issuance of a certificate of occupancy (hereinafter referred to as the "Commencement Date"), but the Commencement Date shall be no earlier than August 1, 2011, and ending at 11:59 o'clock P.M. on June 30, 2012 (hereinafter referred to as the "Expiration Date") unless terminated earlier as hereinafter provided (hereinafter referred to as the "Initial Term").

## ARTICLE IV OPTION TO RENEW OR EXTEND TERM

The Landlord, in consideration of the premises and of the covenants, agreements, provisions and stipulations herein agreed to be mutually kept and performed by the parties to this Agreement, does hereby give and grant unto the Tenant the exclusive right, privilege and option of renewing or extending this Agreement at the expiration of the Initial Term on a year to year basis for twenty-nine (29) consecutive years (each year is hereinafter referred to as a "Renewal Term") until June 30, 2041, the Expiration Date,

Landlord Tenant MN

Rev Standard Form 2009

upon which date the final Renewal Term shall terminate. The Initial Term and Renewal Terms shall be collectively referred to as the "Term." Each Renewal Term shall be granted upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the rental rate stipulated on Exhibit "E"; provided, that notice of the Tenant's desire, through the President or Chief Business Officer of University of West Georgia, a unit of the University System of Georgia, to exercise such option shall be given to the Landlord at least sixty (60) days prior to the expiration date of the immediately preceding Initial Term or Renewal Term. It is further provided that this option may be exercised by the Tenant only in the event that the Tenant is not in material breach of this Agreement.

### ARTICLE V CONFLICTS

The stipulations, provisions, covenants, agreements, terms and conditions, contained in the attached Exhibits "A," "B," "C," "D," and "E" are incorporated into this Agreement by this reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Agreement or in the other Exhibits.

(SIGNATURES BEGIN ON NEXT PAGE)

Landlord Ar Tenant MV

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, and delivered this Agreement in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	Michelle LS  Attest  (Name of Landford)  Whelle LS  Attest
Signed As to Landlord, in the presence of:  Lisa N Waria M  Unofficial Witness  Notary Public Fulton County, Georgia  My Commission Expires August 8, 2011	(Seal)
	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA  By: Vice Chancellor for Facilities  Attest: Associate Vice Chancellor for Facilities
SIGNED As to Board Of Regents of the University System of Georgia in the presence of:  Onofficial Witness  Notary Public  EXPIRE GEOR	(Seal)
Approval of Institution  By: President	COUNTY STATE OF THE PARTY OF TH
Rev Standard Form 2009	Landlor Tenant MN

### EXHIBIT "A"

### STIPULATIONS, PROVISIONS, COVENANTS, AGREEMENTS, TERMS AND CONDITIONS OF AGREEMENT

## 1. COVENANTS OF TITLE AND QUIET ENJOYMENT

Landlord covenants that Landlord is seized with an Estate for Years in the Premises and warrants that Tenant will lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy the Premises for the Term without any suit, hindrance, interruption, inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If Tenant is deprived of Tenant's right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy the Premises, for any reason whatever, Tenant shall have the option to terminate this Agreement by giving the Landlord notice provided however that if Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant's option is to withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation. This Agreement shall be terminated or the abatement of rent shall commence upon the date of Tenant's notice to Landlord.

## 2. LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

Should the Landlord, for any reason whatever, be unable to deliver possession of the Premises to the Tenant on the Commencement Date of the Initial Term, Tenant shall have the option of terminating this Agreement by giving the Landlord notice thereof and this Agreement shall be null and void as of the date of the notice and neither party shall have any further obligations hereunder. In the event Tenant elects not to exercise Tenants option to terminate this Agreement, there shall be a total abatement of rent during the period between the Commencement Date and the date upon which Landlord actually delivers possession of the Premises to the Tenant.

### 3. LANDLORD'S INSURANCE

- (a) <u>Insurance Certificates</u>. Landlord shall procure the insurance coverage identified in Exhibit "D" and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. The insurance certificate must provide the following:
  - (i) Name and address of authorized agent;
  - (ii) Name and address of insured;
  - (iii) Name of insurance company(ies);
  - (iv) Description of policies;
  - (v) Policy number(s);

Landlord Tenant MN

4

Rev Standard Form 2009

- (vi) Policy period(s);
- (vii) Limits of liability;
- (viii) Name and address of Landlord as certificate holders;
- (ix) Lease number, Name of Facility and Address of Premises;
- (x) Signature of authorized agent;
- (xi) Telephone of authorized agent; and
- (xii) Mandatory forty-five (45) days notice of cancellation-renewal.
- (b) Policy Provisions. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class VIII or larger. Each such policy shall contain the following provisions:
  - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by the Landlord and the Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
  - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
  - (iii) Each Insurer is hereby notified that the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees, but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
  - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00.
- (c) <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues

Landlord Tenant MN

throughout the term of this Agreement and shall not terminate until this Agreement has been terminated.

(d) <u>Failure of Insurers</u>. The Landlord is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.

## 4. USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

- (a) Tenant shall use the Premises for its educational and administrative functions and for any purpose within the powers of the University System. No use shall be made of the Premises, nor acts done which will cause a cancellation of or an increase in the existing rate of fire, casualty, and other extended coverage insurance insuring the Premises, without first consulting with Landlord who shall obtain appropriate insurance endorsements. Tenant shall submit payment of the increase in premium for such endorsements. Tenant shall not sell, or permit to be kept for use in or about the Premises, any article or articles which may be prohibited by the standard form of fire insurance policies unless the policy is endorsed as set forth in this paragraph.
- (b) Tenant shall insure or self-insure at its own cost and expense its fixtures, furnishings, equipment, and personal property which it may use or store on the Premises. Tenant will provide third party liability coverage arising from the acts of its officers, members, and employees through the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. and the self-insurance funds maintained pursuant to Georgia Law. The Georgia Tort Claims Act provides coverage for \$1,000,000 per person and \$3,000,000 per occurrence for claims covered by the Act.

### 5. TAXES AND ASSESSMENTS

During the Term of this Agreement, Landlord covenants to pay off, satisfy and discharge, as they become due, all assessments, taxes, levies and other charges, general or special, of whatever name, nature and kind, which are or may be levied, assessed, imposed and charged upon the Premises herein demised and rented.

# 6. JANITORIAL SERVICES, RUBBISH REMOVAL, TERMITES, RODENTS AND PESTS, UTILITIES

(a) Landlord shall furnish, without additional charge, janitorial services for general cleaning of the Premises. Landlord shall use care to select honest and efficient employees. Landlord shall be responsible to the Tenant for the negligence, theft, fault, and misconduct of such employees. Tenant agrees to report promptly to the Landlord any neglect of duty or any incivility on the part of such employees, which in any way interferes with the full enjoyment of the Premises.

Landlord Tenant MN

6

- (b) Landlord shall keep the Premises clean, both inside and outside at its own expense, and shall see that all garbage, trash, and all other refuse is removed from the Premises.
- (c) Landlord shall, at its own expense, keep the Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the Premises by the same during the Term of this Agreement.
- (d) Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the Premises. No deduction shall be made from the rent due to a stoppage in the services of water, electricity, gas, fuel, oil, coal, light, heat, and power or any other utility unless caused by the act or omission of Landlord. In the event of interruption in the water, electricity, gas, fuel, oil, coal, light, heat and power service, Landlord will proceed with all due diligence to restore same.

## 7. NOTICE TO LANDLORD OF DAMAGE OR DEFECTS.

Tenant shall provide Landlord with notice of any accident to or any defects in the Premises and such damage or defects shall be remedied by the Landlord at Landlord's expense no later than sixty (60) days after Landlord's receipt of such notice provided that if the repair can not be completed within sixty (60) days. Landlord shall have made reasonable progress towards remedying the damage or defect prior to the expiration of the sixty days. Landlord shall repair or correct all damage or defects in a commercially reasonable manner.

### 8. REPAIRS BY LANDLORD

During the Term of this Agreement, Landlord, shall, at its sole cost and expense, service, replace, keep and maintain in good order and repair each and every part and portion of the Premises together with any improvements or additions the Landlord might install in or place upon the Premises during the Term of this Agreement. Services, replacements, or repairs made by the Tenant to the Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. Landlord shall have no obligation to service, replace, keep and maintain or repair additions or improvements made to the Premises by Tenant.

Landlord Tenant MA

### 9.

### ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR ADDITIONS

Tenant shall permit Landlord, its agents or employees, to enter into and upon the Premises at all reasonable times for the purpose of inspecting the Premises or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises. Landlord's entry shall not interfere with Tenant's business or quiet use and enjoyment of the Premises.

### 10. TENANT IMPROVEMENTS

With the express written consent of the Landlord first having been had and obtained, the Tenant may make, at its own expense, such improvements, erections, and alterations as are necessary to adapt the Premises for the conduct of the Tenant's business. All improvements, erections and additions installed in or placed upon the Premises by the Tenant, whether permanently affixed thereto or otherwise, shall continue and remain the property of the Tenant, and may be removed by the Tenant, in whole or in part, at or before the expiration or earlier termination of this Agreement or upon a reasonable time thereafter. If the Tenant removes any or all of the improvements, erections and additions it has installed in or placed upon the Premises, the Tenant agrees to repair any specific damage directly resulting to the Premises from such removal to the condition existing at the beginning of the tenancy, normal wear and tear excepted.

## 11. REMOVAL OF FIXTURES BY TENANT

At any time before the expiration or earlier termination of this Agreement, or upon a reasonable time thereafter, Tenant shall have the right and privilege to remove all fixtures, equipment, appliances, and movable furniture that Tenant has placed in or upon the Premises.

### 12. SURRENDER OF PREMISES

At the expiration, or earlier termination, of this Agreement, Tenant shall surrender the Premises in good order and condition; ordinary wear and tear, damage by fire, acts of God, the elements, other casualties, condemnation and/or appropriation, and damage or defects arising from the negligence or default of the Landlord excepted.

Landlord A Tenant Ma

## 13. ABANDONMENT, WASTE, AND NUISANCE

Tenant shall not abandon or vacate the Premises without cause during the Term of this Agreement. Tenant shall not commit, or suffer to be committed any waste upon the Premises, or any nuisance, or other act or thing which may disturb the enjoyment of other Tenants, if any, in the building in which Premises are located.

### 14. HOLDING OVER

Any holding over, continued or occupancy of the Premises by the Tenant after the expiration of the Term of this Agreement shall operate and be construed as a tenancy-at-will and Tenant shall continue Tenant's occupancy at the same rental rate and under the same terms and conditions in force at the expiration of the immediately preceding Initial Term or Renewal Term.

### 15. ENTRY FOR CARDING

In the event, Tenant does not exercise the renewal or extension option provided herein, then Landlord may, within thirty (30) days immediately preceding the expiration of the then current Initial Term or Renewal Term of this Agreement, place a card or sign in the Premises advertising the Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to show the Premises to prospective purchasers or tenants so long as Landlord's entry does not interfere with the quiet use and enjoyment of Tenant

### 16. DEFAULT

- (a) It shall be an event of default (hereinafter referred to as "Event of Default") if
- (i) Tenant fails to pay rent when due and fails to cure such default within thirty (30) business days (hereinafter referred to as "Rental Cure Period") after written notice of such default is received by Tenant from Landlord; or
- (ii) If either party fails to perform any of its obligations under this Agreement other than the provisions requiring the payment of Rent, and fails to cure such default within thirty (30) days after notice of such default is received (hereinafter referred to as "Cure Period") by the defaulting party from the non-defaulting party provided that it will not be an Event of Default if the default cannot be cured within the Cure Period and the defaulting party promptly commences and diligently proceeds the cure to completion within sixty (60) days after the expiration of the Cure Period; or

Landlor Tenant MM

9

- (iii) the Landlord is adjudicated a bankrupt; or a permanent receiver is appointed for the Landlord and such receiver is not removed within sixty (60) days after the appointment of the receiver.
- b) If the Event of Default that is not cured by the defaulting party within the applicable cure period, the non-defaulting party may pursue remedies as are available at law or in equity.

## 17. DESTRUCTION OF OR DAMAGE TO PREMISES

- (a) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the Premises are not thereafter repaired by the Landlord at its expense with reasonable promptness and dispatch, this Agreement may be terminated at the option of the Tenant by giving the Landlord notice, and all obligations of Tenant hereunder, including the payment of rent, shall automatically terminate as of the date of the damage.
- (b) In the event the Premises, either prior to the Commencement Date of this Agreement or during the Term, are partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord shall, at the Landlord's expense and with reasonable promptness and dispatch, repair and restore the Premises to substantially the same condition as before the damage. In the event of a partial destruction of the Premises, there shall be an abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent shall be based upon the extent to which the damage and the repairs or rebuilding interfere with the business carried on by the Tenant in Premises. Full rental shall commence after: (i) completion of the repairs and restoration of the Premises by the Landlord; and (ii) Tenant, after making a reasonable assessment of damages, determines that the Premises are fit for occupancy by the Tenant.

### 18. CONDEMNATION

(a) In the event, during the Term of this Agreement, the whole of the Premises are appropriated or taken by any Municipal, County, State, Federal or other authority for any public or quasi-public use through the exercise of the power of eminent domain or condemnation proceeding, or sold to the possessor of such power under the threat of its exercise, or if by reason of law, ordinance or by court decree, whether by consent or otherwise, the use of the Premises by the Tenant for the purpose is prohibited; the Tenant shall have the right to terminate this Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises.

Landlord & Tenant MN

- (b) When only a portion of the Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the Rent shall be reduced by an amount determined by the ratio of the fair market value of the portion of the Premises thus acquired to the fair market value of the total Premises immediately preceding such acquisition. "Fair market value" shall be determined in both the case of the condemned property and the total Premises by a member of the American Institute of Real Estate Appraisers who is reasonably acceptable to Landlord and Tenant.
- (c) In the event that only a portion of the Premises are so acquired, the Landlord agrees to promptly make all necessary alterations and repairs which shall be required because of such partial acquisition. The rights of the Landlord shall in no way prejudice or interfere with any claim which the Tenant may have against the authority exercising the power of eminent domain or condemnation for damages or otherwise for destruction of or interference with the business of the Tenant in the Premises. Tenant agrees that it will not request, encourage or support the use of the State's power of eminent domain to frustrate the purposes of this Agreement; provided, however that nothing herein shall limit or restrict the State's right to exercise in good faith the power of eminent domain for appropriate governmental purposes.

## 19. CHANGE IN OWNERSHIP OF PREMISES

No change or division in the ownership of the Premises, or of the rents payable hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of the Tenant. Further, no change or division in ownership shall be binding on the Tenant for any purpose until the Tenant shall have been furnished with a certified copy of the recorded instrument, or other legally authenticated written instrument, evidencing such change or division in ownership.

## 20. NOTICE OF APPOINTMENT OF AGENT

Tenant shall be under no obligation to recognize any agent for the collection of rent accrued or to accrue hereunder or otherwise authorized to act with respect to the Premises until notice of the appointment and the extent of the authority of such agent shall be first given to the Tenant by the party appointing such agent.

## 21. COMPLIANCE WITH LAWS, ORDINANCES, AND REGULATIONS

(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, security, and the holding of a current and proper certificate of occupancy.

Landlord LSV Tenant MN

- (b) Notwithstanding any provisions of this Agreement to the contrary, Landlord is solely responsible for assuring that the Premises and all common areas are at all times in compliance with Title III of the Americans with Disabilities Act of 1990, 42 USC §12101 et seq. (hereinafter the "ADA") as amended, and with all regulations promulgated pursuant to the ADA (hereinafter the "Regulations"). Except for any remodeling or alterations to the Premises after the commencement date of this Agreement due to an election by Tenant to remodel (but not including any remodeling or alterations at the beginning of the Term of this Agreement to make the Premises initially suitable for Tenant), Landlord shall be solely responsible for all costs and expenses associated with ADA compliance. Landlord shall not charge Tenant for, or seek reimbursement from Tenant for, any expenditures, capital or otherwise, associated with conforming the Premises or common areas to the requirements of the ADA and the Regulations.
- (c) Landlord and Tenant hereby certify that the provisions of law contained in Title 45 Chapter 10 of the Official Code of Georgia Annotated which prohibit full-time and part-time public officials and employees of the State of Georgia from engaging in certain transactions with the State or state agencies have not and will not be violated in any respect by this Agreement.

#### 22. HAZARDOUS MATERIALS

- (a) As used in this Agreement, the term "Hazardous Materials" shall mean and include any substance that is or contains petroleum, asbestos, polychlorinated biphenyls, lead, or any other substance, material or waste which is now or is hereafter classified or considered to be hazardous or toxic under any federal, state or local law, rule, regulation or ordinance relating to pollution or the protection or regulation of human health, natural resources or the environment (collectively "Environmental Laws") or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent property.
- (b) Tenant agrees that during its use and occupancy of the Premises it will not permit Hazardous Materials to be present on or about the Premises except in a manner and quantity necessary for the ordinary performance of Tenant's business and that it will comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials.
- (c) If Tenant's use of Hazardous Materials on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the property in which the Premises are located, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (a) the requirements of (i) all Environmental Laws and (ii) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (b) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises or the property in which the Premises are located. Landlord

Landlord LW Tenant Mil

shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems reasonably necessary to protect the value of the Premises or the property in which the Premises are located. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

- (d) Upon reasonable notice to Tenant, Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Agreement or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.
- (e) Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Agreement free of debris, waste, or Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees.
- (f) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

#### 23. ASSIGNMENT AND SUBLETTING

- (a) Tenant shall not assign this Agreement, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the Premises, or any portion thereof, without the express written consent of Landlord first having been obtained, which consent shall not unreasonably be withheld, delayed or conditioned. Any such assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, on thirty (30) days notice to Tenant, terminate this Agreement. Consent to one assignment and/or subletting shall not waive this provision, and all later assignments and/or sublettings shall likewise be made only on the prior consent of Landlord, which consent shall not unreasonably be withheld.
- (b) The voluntary or other surrender of this Agreement by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing sublets or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such sublets or subtenancies.
- (c) Notwithstanding the subparagraph 23(a), Tenant may sublet the Premises without first obtaining the consent of Landlord for educational or related uses or other uses that are reasonably contemplated by the parties so long as the term of any such use is less than twenty (24) hours.

Landlord LW Tenant MN

#### 24. SUBORDINATION

This Agreement shall be subject and subordinate to all existing liens and encumbrances against the Premises and all rights and obligations contained therein; provided, however that as to all such liens and encumbrances and any future liens and encumbrances, as a condition precedent to any such subordination, the holder of the lien or encumbrance agrees, so long as the Tenant is not in material default under this Agreement, to the continuing possession of the Premises by Tenant under the same financial provisions and substantive terms and conditions set forth in this Agreement.

#### 25. LANDLORD'S FINANCING

- (a) Tenant has not and will not participate in the structuring, offering, or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Premises and Tenant shall have no obligation with respect to the bonds or the financing of the Premises and no moral obligation to continue to rent the Premises in a manner supportive of the creditworthiness of the bonds or financing.
- (b) Without first notifying the Landlord, Tenant will not perform any activity on the Premises that will adversely affect the tax-exempt status of any debt instrument of Landlord relating to the Premises. In the event the administrative office of the Board of Regents is made aware of a use that may have an adverse affect, Tenant will contact Landlord as soon as practicable after being made aware of the use or anticipated use.
- (c) Tenant shall exercise reasonable efforts to prevent the purchase of any bonds or other debt instrument issued to finance or refinance the Premises by any other instrumentality or department of the State of Georgia.

#### 26. NOTICE

All notices, statements, demands, requests, consents, approvals and authorizations hereunder given by either party to the other shall be in writing and sent by registered or certified mail, postage prepaid and addressed.

To Tenant, the same shall be addressed to the President of the Institution, the Chief Business Officer of the Institution, and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia as stated in the preamble.

To Landlord, the same shall be sent to the address stated in the preamble or at such other address as Landlord may from time to time designate by notice to Tenant.

Landlord SN Tenant MW

14

#### 27. BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Agreement shall apply, extend to, be binding upon and inure to the benefit or detriment of each and every one of the heirs, legal representatives, devisees, legatees, next-of-kin, successors and assigns of the respective parties hereto, and shall be deemed and treated as covenants real running with the Premises during the Term of this Agreement. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the heirs, legal representatives, devisees, legatees, next-of-kin, successors, and assigns of said party, the same as if in each case expressed.

#### 28. TIME OF ESSENCE

Time is of the essence in this Agreement.

#### 29. WAIVER OF RIGHTS

The waiver by Landlord, or by Tenant, of any breach of any stipulation, provision, term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of such stipulation, provision, term, covenant, agreement or condition on any subsequent breach of the same or any other stipulation, provision, term, covenant, agreement or condition herein contained.

## 30. INVALIDITY OF PROVISION OR PORTION OF PROVISION

Should any provision or portion of such provision of this Agreement be held invalid, the remainder of this Agreement, or the remainder of such provision shall not be affected thereby.

#### 31. ENTIRE AGREEMENT

This Agreement, including Exhibits "A," "B," "C," "D," and "E," embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the Premises. There shall be no provisions, agreements, conditions, covenants, terms, understandings, representations or inducements either oral or written, between the parties other than are herein set forth. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Agreement.

Landlord Y Tenant MA

15

#### END OF EXHIBIT "A"

16

Rev Standard Form 2009

Landlord Tenant MN

#### EXHIBIT "B"

#### SPECIAL STIPULATIONS

- 1. Tenant Responsibility for Services: Notwithstanding any other provision of this Agreement, Tenant, as the principal occupant of the building, shall be solely responsible for discharging the obligations set forth in Exhibit "A", Stipulation 6 of this Agreement, and such responsibility shall be paid directly by Tenant. Such responsibility has been taken into account in establishing the rent established in this Agreement.
- Tenant Responsibility for Insurance: Notwithstanding any other provision of this Agreement, during the term of this Agreement, Tenant as sole occupant of the Premises shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 3; such responsibility shall be paid by special rent assessment.

In addition to the foregoing, any payment or payments made by Tenant for insurance coverage, as provided in this Exhibit "B", Stipulation 2 or Exhibit "A", Stipulation 3 of this Agreement, which coverage extends beyond the Term of this Agreement (whether due to cancellation, non-renewal or expiration by its express terms) shall be immediately reimbursed to Tenant by Landlord.

3. Tenant Responsibility for Taxes and Assessments: Notwithstanding any other provision of this Agreement, during the Term of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to all assessments, taxes, levies and other charges set forth in Exhibit "A", Stipulation 5 of this Agreement. Tenant's payment of such additional rent to Landlord shall be within ninety (90) days of Tenant's receipt of supporting documentation evidencing Landlord's payment of such expense. Such responsibility has been taken into account in establishing the rent established in this Agreement.

4. Tenant Responsibility for Maintenance and Repairs:

(a) Notwithstanding any other provision of this Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit "A", Stipulations 7, 8, and 21(a) and (b) of this Agreement, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 7 and 8, Tenant will notify Landlord of expenses incurred to construct or acquire replacements of fixtures or personal property that have become worn out or otherwise obsolete or for making any other capital improvements or capital expenditures, and Landlord agrees to requisition such amounts from its Repair, Replacement and Maintenance Fund (as defined in Stipulation 4(b) below) and to use such proceeds to pay such costs to the extent funds are available therefor. Tenant's payment of any additional rent pursuant to this Stipulation 4 shall be within thirty (30) days of Tenant's receipt of supporting documentation evidencing the necessity for the related expenditures.

Landlord LY Tenant MIN

- (b) Landlord agrees to establish and maintain an account to be used for the repair, replacement, and maintenance of the Premises (the "Repair, Replacement, and Maintenance Fund"). In order to fund the Repair, Replacement and Maintenance Fund, Tenant shall pay Landlord the amounts shown on Exhibit "E" of this Agreement as additional rent each month, payable on the first day of each and every calendar month during the term. On or before March 31 of every five-year period commencing March 31, 2012 and ending March 31, 2040 (the first such report being due by March 31, 2016), Landlord shall provide to Tenant an engineering report on the physical and mechanical condition of the Premises, performed by an engineer reasonably acceptable to Tenant. Such report shall include a capital asset replacement analysis, an evaluation of the adequacy of the monthly additional rent to fund the Repair, Replacement and Maintenance Fund, and a recommendation as to any required adjustment of the foregoing. The parties hereto shall implement any recommendations contained in the engineer's report, commencing with the next renewal term, if this Agreement is renewed.
- 5. Cap on Tenant's Obligations in this Exhibit "B" Special Stipulations 2, 3 and 4 Hereinabove: Tenant's maximum obligation pursuant to Exhibit "B", Stipulations 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by amounts held in Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by University of West Georgia in the applicable fiscal year for such purpose, which budget shall be subject to annual review and modification. If and to the extent Tenant pays for expenditures having a useful life beyond the term of this Agreement, then Landlord shall immediately (upon the effective date of such termination) reimburse Tenant for that portion of such expenditures not inuring to the benefit of Tenant.

END OF EXHIBIT "B"

Landlord A Tenant MIN

#### **EXHIBIT "C"**

#### Legal Description

#### Carroll County - University of West Georgia

All that tract or parcol of land, lying and being in Land Lot 126, 10th District, City of Carrollton, Carroll County, Georgia and being more fully described as follows:

To Find the True Point of Beginning, start at the point where the centerline of University Drive (University Drive having an 80 foot right-of-way) intersects the centerline of West Georgia Drive (West Georgia Drive having an 80' right-of-way) and run N71°29'57"W a distance of 134.21 feet to a point which is the True Point of Beginning.

From said True Point of Beginning run the following courses and distances: N00°51'28"E a distance of 10.51 feet to a point, S89°26'57"E a distance of 13.96 feet to a point, N01°36'51"E a distance of 15.25 feet to a point, S89°08'32"E a distance of 8.67 feet to a point, N00°51'28"E a distance of 13.00 feet to a point, N89°10'48"W a distance of 8.24 feet to a point, N11°18'17"E a distance of 29.83 feet to a point, N00°51'28"E a distance of 35.33 feet to a point, N89°08'32"W a distance of 22.50 feet to a point, S00°51'28"W a distance of 4.42 feet to a point, N89°08'32"W a distance of 25.98 feet to a point, N00°51'28"E a distance of 3.58 feet to a point, N89°08'32"W a distance of 16.02 feet to a point, S00°51'28"W a distance of 3.58 feet to a point, N89°08'32"W a distance of 76.39 feet to a point, N00°51'28"E a distance of 3.58 feet to a point, N89°08'32"W a distance of 16.02 feet to a point, N00°51'28"W a distance of 5.03 feet to a point, N89°08'32"W a distance of 16.02 feet to a point, S00°51'28"W a distance of 5.03 feet to a point, N89°08'32"W a distance of 40.85 feet to a point, S00°51'28"W a distance of 27.31 feet to a point, N89°05'24"W a distance of 12.31 feet to a point, S00°51'28"W a distance of 32.00 feet to a point, S89°05'24"E a distance of 12.31 feet to a point, S00°51'28"W a distance of 23.44 feet to a point, S89°08'32"E a distance of 45.50 feet to a point, S00°51'28"W a distance of 8.72 feet to a point, S89°08'32"E a distance of 45.50 feet to a point, S00°51'28"W a distance of 8.72 feet to a point, S89°08'32"E a distance of 129.00 feet to a point which is also the True Point of Beginning.

Said Tract or Parcel of land contains 19,385.34 SF (0.45 Acres) as shown on that certain ALTA/ACSM Land Title Survey prepared by Keck & Wood, Inc., bearing the seal of Russell S. Shadrix, GRLS No. 2874, dated April 21, 2010 and last revised on August 3, 2010.

END OF EXHIBIT "C"

Landlord N Tenant MN

#### EXHIBIT "D"

#### REQUIRED INSURANCE COVERAGES

Insurance Coverages. The Landlord agrees to secure and have an authorized agent state on the Insurance Certificate that the following types of insurance coverages, not inconsistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased or caused to be purchased by the Landlord, during the term of this Agreement. The minimum required coverages and liability limits are as follows:

(i) Workers' Compensation Insurance. In the event Landlord has employees, the Landlord agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate of authority from the Insurance Commissioner approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Tenant qualifies to pay its own workers' compensation claims. The Landlord shall require all subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of the Construction Term (as defined in the Ground Lease):

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own workers' compensation insurance or are covered by the Landlord's workers' compensation insurance."

(ii) Employers' Liability Insurance. In the event Landlord has employees, Landlord shall also maintain Employers' Liability Insurance Coverage with limits of at least: (1) bodily injury by accident - \$1,000,000 each accident; and (2) bodily injury by disease - \$1,000,000 each employee.

The Landlord shall require all contractors and subcontractors performing work or occupying the Premises to obtain an insurance certificate showing proof of Employers' Liability Insurance Coverage and shall submit a certificate on the letterhead of the Landlord in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers' liability insurance or are covered by the Landlord's employers liability insurance."

(iii) <u>Commercial General Liability Insurance</u> The Landlord shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or

Landlord Tenant MN

equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury liability, and contractual liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Coverage	Limit
----------	-------

1.	Premises and Operations	\$1,000,000	per Occurrence
2.	Products and Completed Operations	\$1,000,000	per Occurrence
	Personal Injury	\$1,000,000	per Occurrence
4.	Contractual	\$1,000,000	per Occurrence
5.	Fire Legal	\$1,000,000	per Occurrence
6.	Blasting and Explosion	\$1,000,000	per Occurrence*
7.	Collapse of Structures	\$1,000,000	per Occurrence*
8.	Underground Damage	\$1,000,000	per Occurrence*
9.	General Aggregate	\$2,000,000	per Project/Location

<sup>\*</sup>Required only during the term of any construction.

#### Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims that arise out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (iv) <u>Commercial Business Automobile Liability Insurance</u>. The Landlord shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily injury and property damage arising from the operation of any owned, non-owned, or hired automobiles. The Commercial Business Automobile Liability Insurance policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of the occupancy under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (v) Commercial Umbrella Liability Insurance. The Landlord shall provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverage's and minimum limits stated in subparagraphs (i), (ii), (iii) and (iv) above shall be:

\$2,000,000 per Occurrence; and \$2,000,000 aggregate.

Additional requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers. members, agents and employees of the Landlord, the Tenant and the State of Georgia, but only with respect to claims arising out of work or occupancy of the Premises under this Agreement for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 ot seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
  - (3) The policy or policies must be on an "occurrence" basis.
- (vi) <u>Builders Risk Insurance</u>. During any period of construction only, the Landlord shall provide a Builder's Risk Insurance Policy to be payable to the Tenant and the Landlord as their interest may appear. The policy amount shall be equal to 100% of the improvements construction contract sum, written on a 2002 Causes of loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord or the contractor. Self-insured retention or deductible in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood and Earthquake which shall not exceed \$50,000.00 and the deductible for Windstorm shall be 3% subject to a \$100,000 minimum. The policy shall be endorsed as follows:

Landlord V Tenant III

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- Furniture and equipment may be delivered to the insured premises and installed in place ready for use;
- (2) Partial or complete occupancy by the Tenant or Landlord;
   and
- (3) Performance of work in connection with construction operations insured by the Landlord or Tenant, by agents or subtenants other contractors of Landlord or Tenant, or by contractors of the Landlord or Tenant.
- (vii) Property Insurance. During the term of the Rental Agreement, Landlord shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Tenant and Landlord as their interests may appear. The policy amount should be equal to 100% of the replacement value of the improvements, written on 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of the Landlord.
- (viii) Rental Interruption Insurance. During the term of the Rental Agreement, Landlord shall provide a Rental Interruption Insurance Policy. Such policy shall provide coverage for full or partial interruption of rents for up to 24 months as a result of any abatement of rents (in whole or in part).

END OF EXHIBIT "D"

Landlord W Tenant MN

## Exhibit "E"

## University of West Georgia Bookstore

Rental Agreement Commencement Date: Not Earlier than 8-1-2011 Rental Agreement Termination Date: Last Option Period End 6-30-2041 Semi-Annual Rental Agreement Payment Dates: December 1 and June 1

Fiscal Year Beginning	Fiscal Year End	Annual Base Rent	Semi- Annual Base Rent	Annual Additional Rent	Semi- Annual Additional Rent	Annual Total Rent	Semi- Annual Total Rent
7/1/2011	6/30/2012	205,200	102,600	23,478	11.720	220 570	
7/1/2012	6/30/2012	400,050	200,025		11,739	228,678	114,339
7/1/2013	6/30/2014	400,050	200,025	24,182	12,091	424,232	212,116
7/1/2014	6/30/2015	400,050		24,908	12,454	424,958	212,479
7/1/2014	6/30/2015	400,050	200,025	25,655	12,828	425,705	212,853
7/1/2015			200,025	26,425	13,212	426,475	213,237
7/1/2016	6/30/2017	400,050	200,025	27,217	13,609	427,267	213,634
7/1/2017	6/30/2018	400,050	200,025	28,034	14,017	428,084	214,042
7/1/2018	6/30/2019	400,050	200,025	28,875	14,437	428,925	214,462
	6/30/2020	400,050	200,025	29,741	14,871	429,791	214,896
7/1/2020	6/30/2021	400,050	200,025	30,633	15,317	430,683	215,342
7/1/2021	6/30/2022	400,050	200,025	31,552	15,776	431,602	215,801
7/1/2022	6/30/2023	400,050	200,025	37,499	16,250	432,549	216,275
7/1/2023	6/30/2024	400,050	200,025	33,474	16,737	433,524	216,762
7/1/2024	6/30/2025	400,050	200,025	34,478	17,239	434,528	217,264
7/1/2025	6/30/2026	400,050	200,025	35,513	17,756	435,563	217,781
7/1/2026	6/30/2027	400,050	200,025	36,578	18,289	436,628	218,314
7/1/2027	6/30/2028	400,050	200,025	37,675	18,838	437,725	218,863
7/1/2028	6/30/2029	400,050	200,025	38,806	19,403	438,856	219,428
7/1/2029	6/30/2030	400,050	200,025	39,970	19,985	440,020	220,010
7/1/2030	6/30/2031	400,050	200,025	41,169	20,584	441,219	220,609
7/1/2031	6/30/2032	400,050	200,025	42,404	21,202	442,454	221,227
7/1/2032	6/30/2033	400,050	200,025	43,676	21,838	443,726	221,863
7/1/2033	6/30/2034	400,050	200,025	44,986	22,493	445,036	222,518
7/1/2034	6/30/2035	400,050	200,025	46,336	23,168	446,386	223,193
7/1/2035	6/30/2036	400,050	200,025	47,726	23,863	447,776	223,888
7/1/2036	6/30/2037	400,050	200,025	49,158	24,579	449,208	224,604
7/1/2037	6/30/2038	400,050	200,025	50,632	25,316	450,682	225,341
7/1/2038	6/30/2039	400,050	200,025	52,151	26,076	452,201	226,101
7/1/2039	6/30/2040	400,050	200,025	53,716	26,858	453,766	226,883
7/1/2040	6/30/2041	207,555	103,777	55,327	27,664	262,882	131,441

Landlord

Tenant

Counterpart No	of 2 Original Executed Counterparts
Counterpart of the _	

#### STATE OF GEORGIA; CARROLL COUNTY:

## FIRST AMENDMENT TO RENTAL AGREEMENT (UWG Bookstore)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, (the "Effective Date") by and between USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company whose address is 270 Washington Street, SW, Suite 7002, Atlanta, Georgia 30334, party of the first part (hereinafter referred to as "Landlord"), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, whose address is 270 Washington Street, SW, Sixth Floor, Atlanta, Georgia 30334, Attention: Vice Chancellor for Facilities, party of the second part (hereinafter referred to as "Tenant").

#### WITNESSETH:

**WHEREAS**, Landlord and Tenant are parties to that certain Rental Agreement, dated August 12, 2010 (the "Rental Agreement"), whereby Landlord rents to Tenant the Premises (as defined in the Rental Agreement) described therein and known as a bookstore on the campus of the University of West Georgia;

**WHEREAS**, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided for herein;

- **NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:
- 1. <u>Notices</u>. Section 26 of <u>Exhibit "A"</u> Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement is hereby deleted in its entirety and replaced with the following:

#### "26. NOTICE

Any notice, statement, demand, request, consent, approval and authorization required to be given by any party to the other party pursuant to this Agreement shall be given in writing to such other party at the physical or electronic mail address set forth below and shall be deemed to have been properly given, rendered or made only if (i) personally delivered by reputable private courier services, (ii) sent by first-class mail, postage prepaid certified or registered with

return receipt requested, (iii) sent by Federal Express or other comparable commercial overnight delivery service, or (iv) sent by electronic mail to the party entitled thereto. Any notice shall be deemed to have been given, rendered or made on the day (x) so delivered unless such day is not a business day, in which case such delivery shall be deemed to be made as of the next succeeding business day, or (y) upon telephonic confirmation of receipt from the party's principal addressee if sent by electronic mail. Each party hereto shall have the right at any time and from time to time to specify another physical or electronic mail address and addressee to whom notice thereunder should be given, upon five (5) days' written notice thereof to the other party. The notice addresses for the parties shall be as follows:

#### To Landlord:

USG Real Estate Foundation III, LLC c/o University System of Georgia Foundation, Inc. 270 Washington Street, SW **Suite 7005** Atlanta, Georgia 30334

Attention: Vice Chancellor for Development

Email: karen.mccauley@usg.edu

#### To Tenant:

Board of Regents of the University System of Georgia 270 Washington Street, SW, Sixth Floor Atlanta, Georgia 30334

Attention: Vice Chancellor for Facilities

E-mail: Jim.James@usg.edu

#### With copy to:

University of West Georgia 1601 Maple Street Carrollton, Georgia 30118

Attention: Senior Vice President – Business and Finance

E-mail: sutherla @westga.edu"

- Maintenance and Repairs. Section 4 of Exhibit "B" Special Stipulations to the Rental Agreement is hereby deleted in its entirety and replaced with the following:
  - "4. Tenant Responsibility for Capital Repairs and Replacements:
  - Landlord pursuant to its financing of the Premises has established and maintains a reserve account with a trustee, or shall establish, no later than thirty (30) days from the date of this Amendment, and maintain, during the term of this Agreement, a reserve account with the applicable trustee, for capital repairs and replacements (the "Repair and Replacement Reserve") to the Premises as set forth

in Exhibit "A," Stipulations 7, 8, 17, 21(a) and 21(b) of this Agreement. In order to fund the Repair and Replacement Reserve, Tenant, through its applicable institution, shall pay Landlord additional rent as indicated on Exhibit "E" of this Agreement. Landlord shall obtain prior written consent from Tenant, which shall not be unreasonably withheld, for any expenditure or projected aggregate of expenditures for the same repair or replacement from the Repair and Replacement Reserve that will be \$200,000 or greater. Landlord shall semiannually provide Tenant with a written report that includes a description and amount of all expenditures made from the Repair and Replacement Reserve between: i) July 1 through December 31; and ii) January 1 through June 30, no later than thirty (30) days from the last day of each respective sixth month period of the then current exercised renewal term. Landlord designates Tenant as an authorized representative of Landlord to request and receive, at any time, from the applicable trustee an accounting of the Repair and Replacement Reserve, and shall properly notify the applicable trustee of this authorization.

Tenant, through its applicable institution, shall complete a Facilities Condition Assessment Report ("FCAR") on the physical and mechanical condition of the Premises every two and one-half (2.5) years; provided, however, that the due date for the first FCAR shall be as set forth on Exhibit "F" to this Agreement. Each FCAR shall be delivered by Tenant, through its applicable institution, to the System Office (as defined below) on the dates (assuming Tenant exercises each of the applicable renewal terms) as indicated on Exhibit "F" of this Agreement.

The FCAR shall provide information pursuant to established Board of Regents of the University System of Georgia reporting guidelines; and be performed by an engineering firm that is reasonably acceptable to Tenant. Landlord shall pay all costs for the FCAR, which may be paid from the Repair and Replacement Reserve. The parties hereto will work together to confer, schedule and implement any capital repair and replacement recommendations contained in the FCAR, or needed during the Term of this Agreement.

- (b) Notwithstanding any other provision of this Agreement, to the extent there are insufficient funds in the Repair and Replacement Reserve to pay for any capital repair and replacement, Landlord shall exhaust any other supplemental reserve funds available to Landlord to eliminate or mitigate the Repair and Replacement Reserve shortfall. To the extent a shortfall remains, Tenant and Landlord shall by mutual written consent adjust the additional rent schedule to address the shortfall.
- (c) For purposes of this Section 4, any consent, review, or other action required by the Tenant herein shall specifically be performed by the Office of Fiscal Affairs, and the Office of Real Estate and Facilities at the University System of Georgia ("System Office") and not the applicable institution, unless otherwise provided herein or directed by the System Office."
- 3. <u>Repair and Replacement Reserve</u>. The Rental Agreement is hereby amended by replacing the reference to "Landlord's Repair, Replacement and Maintenance Fund" in every instance in which it appears in the Rental Agreement with "Landlord's Repair and Replacement Reserve".

- 4. <u>Rent Schedule</u>. Exhibit "E" to the Rental Agreement is hereby deleted in its entirety and the attached Exhibit "E" is substituted in its place.
- 5. <u>Insurance.</u> Subsection (b) of Section "3. LANDLORD'S INSURANCE" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(b) <u>Policy Provisions</u>. Each of the insurance coverages required (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be issued by an insurer (or, for qualified self-insured or group of self-insureds, a specific excess insurer provider) with a Best Policyholders Rating of "A-" or better and with a financial size rating of a class V or larger. Each such policy shall contain the following provisions:
    - (i) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after Landlord and Tenant have received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Agreement shall have been received, accepted and acknowledged by Landlord and Tenant. Such notice shall be valid only as to the Premises and the address of the Premises shall be included in said notice.
    - (ii) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").
    - (iii) Each insurer is hereby notified that Georgia law requires that the Attorney General of the State shall represent and defend the Indemnitees, but the Attorney General will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorneys General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
    - (iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in the "All Risk" policy shall not exceed \$10,000 except that deductibles for Catastrophic Perils shall not exceed \$50,000.00."
- 6. <u>Compliance with Laws, Ordinances and Regulations.</u> Subsection (a) of Section "21. COMPLIANCE WITH LAWS ORDINANCES AND REGULATIONS" of Exhibit "A" to the Rental Agreement is hereby deleted in its entirety and the following substituted in its place:
  - "(a) Landlord shall be responsible for compliance with all applicable laws, ordinances, and regulations, including permitting and zoning ordinances and requirements and local and state building codes, life safety codes, ordinances relating to

security standards enacted pursuant to O.C.G.A. § 44-7-4(a), and the holding of a current and proper certificate of occupancy."

- 7. <u>FCAR Due Dates.</u> The Rental Agreement is hereby amended by adding <u>Exhibit</u> "F" attached hereto as <u>Exhibit</u> "F" to the Rental Agreement.
- 8. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES ON FOLLOWING PAGES)

**IN WITNESS WHEREOF,** Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

Signed, sealed and delivered as	LANDLORD:
to Landlord, in the presence of:	
	_ USG REAL ESTATE FOUNDATION III,
Unofficial Witness	LLC, a Georgia limited liability company
	By: USGREF Manager, LLC,
Notary Public	a Georgia limited liability company, its Manager
(NOTARY SEAL)	By:L.S.
	Attest:
	Secretary

(SIGNATURES CONTINUE ON NEXT PAGE)

### **TENANT:**

Signed, sealed and delivered as to Tenant, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
Unofficial Witness	By: Vice Chancellor for Facilities
Notary Public	Attest: Associate Vice Chancellor for Facilities
(NOTARY SEAL)	(SEAL)

## Exhibit "E"

## Rent Schedule

(Attached)

### Exhibit "F" (UWG Bookstore)

FCAR DUE DATE	

# APPENDIX F COPY AND FORM OF GROUND LEASES



Filed and Recorded 08/26/2010 at 10:47:01 AM CFN #632010008726 Transaction#56668 Clerk of Superior Court Glynn County County, GA Deed BK 2756 PG 463 - 504, Lola Jamsky #1

**Ground Lease** 

By and between

The Board of Regents of the University System of Georgia

and

USG Real Estate Foundation III, LLC

dated August 12, 2010

Counterpart No. 2 Counterpart of the	of Two Original	Executed	Counterparts
Counterpart of the	LESSEE		

#### STATE OF GEORGIA; COUNTY OF FULTON:

#### GROUND LEASE

#### WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately 0.92 acres situated on the campus of the Institution, more particularly described in Exhibit "A" attached hereto (hereinafter referred to as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of May 12, 2010, Lessor determined the Premises to no longer be advantageously useful to the Institution or other units of the University System, but only for the purpose of constructing, owning, operating and maintaining an approximately 47,500 square foot campus center and site amenities; and further approved the leasing of the Premises to Lessee under the conditions set forth in this Lease; and

WHEREAS, Lessor's leasing of the Premises is for the purposes of constructing, owning, operating and maintaining an approximately 47,500 square foot campus center and site amenities for the benefit of the Institution.

NOW, THEREFORE, in consideration of the mutual promises herein contained, upon the following terms and conditions to be paid and kept by Lessee, Lessor grants and leases, and Lessee does hereby accept, take and lease, the Premises from Lessor. This Lease creates in Lessee an estate for years.

Lessor MN Lessee L>

#### 1. USE OF PROPERTY

- 1.1 The Premises shall be used by Lessee for the purpose of constructing, owning, operating and maintaining an approximately 47,500 square foot campus center and site amenities (hereinafter the "Improvements"). The Improvements shall be constructed pursuant to the program, plans and specifications identified in Exhibit "C" attached hereto approved by Lessor. Upon completion of construction of the Improvements, the Premises may be modified as set forth in Section 9.7.
- 1.2 Without limitation of the foregoing, Lessee shall not: (a) use the Premises or Improvements for any illegal purpose, nor for any purpose inimical to the health, safety and welfare of the public, or (b) commit, or suffer to be committed, any waste in or on the Premises and Improvements, nor shall it create or permit any nuisance in or on the Premises.
- 1.3 Lessor retains a non-exclusive easement on, over, under, upon, across, or through the Premises together with the right of ingress and egress to adjoining land of Lessor as may be reasonably necessary for Lessor to operate the Institution provided the use of such easement by Lessor does not unreasonably interfere with Lessee's construction, operation, maintenance or use of the Premises. Lessor retains non-exclusive easements to all utility lines crossing the Premises that provide service to the property owned by Lessor surrounding the Premises; such easements shall include the ability of Lessor to maintain, repair and replace such utilities.

#### 2. OCCUPANCY

Lessee shall occupy the Premises continuously throughout the Term of this Lease and shall not desert, surrender, abandon or cease using the Premises during the term of this Lease. As hereinafter used, "Term" shall collectively refer to the Construction Term, the Primary Term and any extension thereof.

#### 3. RENT

For and as rent for the Premises, Lessee covenants and agrees to keep each and every term and condition of this Lease required to be kept by Lessee, each of which shall constitute rent for the Premises, in addition to payment by Lessee to Lessor of the following amounts of rent:

- 3.1 Lessee shall pay in advance to Lessor the sum of TEN DOLLARS (\$10.00) per year, payable in advance upon execution of this Lease.
- 3.2 Lessee shall also pay to Lessor, as additional rent, all costs and expenses which Lessor incurs as a result of any default of Lessee or failure on the part of Lessee to comply with any provisions of this Lease.

Lessor MN Lessee W

#### 4. TERM AND TERMINATION

- 4.1 Unless sooner terminated as hereinafter provided, the Construction Term shall begin upon the execution of this Lease and shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the last day preceding the Commencement Date of the Primary Term, as set forth in Section 4.2; provided, however that, unless an extension of the Construction Term is agreed to by Lessor, the Construction Term shall terminate automatically, if construction is not completed, or is suspended without the consent of the Lessor for period in excess of six (6) months) without further action by either party, at midnight on the day before the second (2<sup>nd</sup>) anniversary of the commencement of the Construction Term.
- 4.2 The Primary Term of this Lease shall be for thirty (30) years beginning upon the first day of the first month after issuance of a certificate of occupancy for the Improvements (the "Commencement Date") but in no event shall the Commencement Date be prior to August 1, 2011. The Primary Term shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the day before the thirtieth (30th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days written notice to Lessor and, subject to Lessor's rights under Section 9.3, conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed including the cancellation of any security interest held upon the leasehold interest and conveyance to Lessor of all right and title to all improvements then existing on the Premises.
- 4.3 The termination date of the Primary Term shall be extended, upon the request of Lessee, for one extension period of up to five (5) years, and such request must be made to Lessor at least ninety (90) days, but no more than 180 days, prior to the termination date. Any outstanding obligation of the Lessee to pay an amount secured directly or indirectly by any leasehold security deed permitted under this Lease is sufficient grounds that Lessor shall grant an extension provided that any such extension for this purpose shall terminate on the earlier to occur of (a) the end of any such extension period, or (b) the date of repayment in full of the secured indebtedness and release of the leasehold security deed.
- 4.4 Upon expiration of this Lease (including any renewals or extensions thereof), if and only if Lessor determines the continued rental of the Premises is in the best interest of the Institution and the University System, Lessor may grant Lessee a usufruct in the Premises for fair market rental value and under terms to be mutually agreed upon by Lessor and Lessee.
- 4.5 Subject to Sections 4.3 and 4.4, upon expiration or termination of this Lease, all rights and interests of Lessee (and all persons whomsoever claiming by, under or through Lessee) in and to the Premises and the Improvements shall wholly cease and title to the Premises and the Improvements, including but not limited to all permanent improvements, erections and

Lessor MA Lessee LW

additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefore to Lessee or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time other than pursuant to the specific terms of this Lease. This provision shall not relieve Lessee from liability for having left the Premises or the Improvements in unsound or unsafe condition or with encumbered title. Lessee, upon the request of Lessor, covenants and agrees to execute a quitclaim deed releasing all such rights in the Premises and the Improvements in a form and substance acceptable to Lessor.

4.6 Subject to Section 9.5, in addition to the termination provisions set forth in Section 4.2, if Lessee shall, after ten (10) days notice thereof, default in the performance of any of the stipulations, covenants, terms, conditions, agreements or provisions of this Lease; then and in any of the above events, Lessor, at its option, may at once or thereafter (but only during the continuance of such default), terminate this Lease. Upon such termination by default the provisions of Section 4.5 shall apply and Lessor may forthwith re-enter the Premises and repossess itself and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry, detainer or other tort.

#### 5. RULE AGAINST PERPETUITIES

If the Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, including, without limitation, O.C.G.A. §44-6-1, as amended, shall limit the time within which the vesting of title to the Improvements for which provision is made in Section 9 must occur, then such vesting of title shall occur not later than twenty (20) years after the death of the last survivor of the Board of Regents of the University System of Georgia in office on the date of execution of this Lease. In the event such vesting should occur due to the provisions of this section and prior to the expiration or termination of this Lease, this Lease shall continue in full force and effect, except the term "Premises" shall be automatically modified to include the Improvements.

#### 6. HOLDING OVER

Lessee shall not use or remain in possession of the Premises after the termination of this Lease. Any holding over or continued use and/or occupancy of the Premises by Lessee after the expiration or any termination of the Primary Term of this Lease, without consent from Lessor, shall not constitute a Tenancy-At-Will in Lessee, but Lessee shall be a Tenant-At-Sufferance, subject to the provisions of Section 4.

Lessor MN Lessee LW

#### 7. INSPECTION AND TITLE

Lessee hereby acknowledges that it has fully inspected the Premises and that the Premises and title to the Premises is accepted and is in satisfactory and a suitable condition for the use intended by Lessee as hereinabove provided for in this Lease.

### 8. NO JOINT VENTURE

Nothing contained in this Lease shall make, or shall be construed to make, Lessor or Institution and Lessee partners in, of, or joint venturers with each other, nor shall anything contained in this Lease render, or shall be construed to render, either Lessor, Institution or Lessee liable to a third party for the debts or obligations of the other.

#### 9. IMPROVEMENTS

- 9.1 Lessee shall construct during the Construction Term, at its sole cost and expense, the Improvements specified and described in the program, plans and specifications identified in Exhibit "C" attached hereto, including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and Improvements for use as an approximately 47,500 square foot campus center and site amenities. After obtaining permission for demolition from Lessor Lessee shall, at its sole cost and expense, demolish any necessary existing improvements or structures on the Premises to facilitate the construction contemplated herein, including the clearing, grubbing and preparation of the Premises for construction of the Improvements. All Improvements and facilities shall be constructed wholly within the boundary lines of the Premises and each shall be a self-contained, complete unit and shall not be tied into or have any physical connection with any structure located on any other property of Lessor.
- 9.2 Title to the Improvements shall vest in Lessee until the end of the Primary Term, unless sooner terminated pursuant to the terms of this Lease. Lessee covenants and agrees to convey all of Lessee's right, title and interests, free and clear of all liens and security interests, and subject to Section 4.4, surrender possession of the Premises and Improvements, at the expiration of the Primary Term, or at such date of earlier termination pursuant to the provisions of this Lease. Any and all temporary improvements, erections or additions constructed on the Premises by Lessee, which are not a part of the Improvements as specified in Section 9.1, shall continue to be and remain the property of Lessee, and may be removed by the Lessee, in whole or in part, at any time before the termination of this Lease. If Lessee removes any or all temporary improvements, erections or additions it has constructed on the Premises, Lessee agrees to repair any and all damage resulting to the Premises and the Improvements from such removal.

Lessor MN Lessee LW

- 9.3 Upon the expiration (including any renewal periods) or earlier termination of this Lease, Lessor may, at the option of Lessor, notify Lessee that any or all improvements, temporary and permanent, placed upon the Premises by Lessee should be removed at the expiration or earlier termination of the Lease in which event Lessee shall remove such improvements. Lessee shall not begin the removal or demolition of any improvements prior to the expiration or earlier termination date: provided that all improvements shall be removed as expeditiously as possible. Lessor herein grants to Lessee a license to enter the Premises, said license shall take effect upon the termination or expiration of this Lease for the sole and exclusive purpose of removing such improvements. Lessee's right to use said license is contingent upon Lessor's notification to Lessee that permanent improvements shall be removed from the Premises.
- 9.4 Lessee, at all times during the Term of this Lease, at its sole cost and expense, shall keep the Premises and the Improvements in good order, condition and repair, ordinary wear and tear excepted. Lessee's obligations hereunder include, without limitation, all necessary repairs and replacements of the Premises, structural or otherwise, ordinary or extraordinary, foreseen and unforeseen, including but not limited to the exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, and lighting, heating, plumbing and sewage facilities, and air conditioning equipment. Lessor shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term of this Lease.
- Lessee shall have the right to mortgage and/or otherwise encumber the Premises and Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encumbrance of the Premises during the Construction Term for the purpose of construction and during the Primary Term for permanent financing of the Improvements to the Premises contemplated by this Section 9. Lessor agrees to give any lender written notice of any default by Lessee under this Lease, provided lender has given Lessor timely notice of lender and lender's contact information and timely notice of any change in lender or lender's contact information, and lender shall have a period of time after lender's receipt of the notice of default (thirty (30) days in the case of a default in the payment of any sum due hereunder; sixty (60) days in the case of all other defaults) in which to cure, or to cause to be cured, any such default, before Lessor may exercise any right or remedy hereunder or as otherwise available to Lessor. Notwithstanding any other provision of this Lease, Lessor shall not be required to subordinate this Lease to any other interest of any person or entity lending money for the Improvements, and all such interests or instruments shall be subordinate to this Lease. If any lender requires recordation of this Lease, both parties hereby consent to such recordation, and either party may record this Lease in that event. Lessee shall not permit any liens to be placed against the Premises, and if such liens are filed, Lessee shall cause prompt removal of such liens.
- 9.6 Lessor has not and will not participate in the structuring, offering or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Improvements and Lessor shall have no obligation with respect to the bonds or the financing of the Improvements.

9.7 Upon completion of construction of the Improvements, but not later than ninety (90) days after termination of the Construction Term, Lessee shall provide, at its sole cost and expense, "as built" drawings and plats of the Premises and the Improvements. Should the Premises as described on Exhibit A not be fully utilized by the Improvements, then Lessee covenants and agrees to resurvey the portion of the Premises used by the Improvements and to then convey the unused portion of the Premises back to Lessor, at which time this Lease shall be modified so that the Premises subject to the Primary Term is the "as built" property utilized by the Improvements.

### 10. INDEMNIFICATION AND HOLD HARMLESS

- 10.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor during the Term of this Lease for all injury or damage of any kind resulting from any negligent act or omission or breach, failure or other default regarding the occupancy of the Premises by the Lessee, or any of its subcontractors, its agents, employees or others working at the direction of Lessee or on its behalf, regardless of who may be the owner of the property. The Lessee is responsible for insuring its tools, equipment, fixtures, trade fixtures and personal property and Lessor shall not be liable for any loss or damage to such tools, equipment, fixtures and personal property.
- 10.2 Lessee hereby agrees to indemnify and hold harmless the Lessor, the Board of Regents of the University System of Georgia, the Institution, the State of Georgia and its departments, agencies and instrumentalities and all of their respective officers, members, employees, directors and agents (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, arising out of or resulting from the performance of this Lease due to liability to a third party or parties, or due to any act or omission on the part of the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or due to any breach of this Lease by the Lessee, or due to the application or violation of any pertinent Federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of the Lessee. This indemnification obligation survives the termination of this Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Insurance and Hazard Reserve Fund, and other selfinsured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services (hereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monies paid out by the Funds.
  - 10.2.1 This indemnification applies where the Indemnitees are partially responsible for the situation giving rise to the claim, provided however, that this indemnification does not apply to the extent of the sole negligence of the Indemnitees.

Lessor MN Lessee LV

10.2.2 This indemnification does not extend beyond the scope of this Lease and the work undertaken thereunder. Nor does this indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to breach or default by the Indemnitees under the terms and conditions of this Lease.

## INSURANCE

- Insurance Certificates. Unless waived in writing, or otherwise provided by the Lessor the Lessee shall, prior to the commencement of work, procure the insurance coverages identified below at the Lessee's own expense and shall furnish the Lessor an insurance certificate listing the Lessor as the certificate holder. The insurance certificate must provide the following:
  - (a) Name and address of authorized agent
  - (b) Name and address of insured
  - (c) Name of insurance company(ies)
  - (d) Description of policies
  - (e) Policy Number(s)
  - (f) Policy Period(s)
  - (g) Limits of liability
  - (h) Name and address of Lessor as certificate holder
  - (i) Lease number, Name of Facility and Address of Premises
  - (j) Signature of authorized agent
  - (k) Telephone number of authorized agent
  - (I) Mandatory forty-five (45) days notice of cancellation/non-renewal (See Section 11.2(a)).
  - 11.2 Policy Provisions. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger. Each such policy shall contain the following provisions:
  - The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Lessor has received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Lease shall have been received, accepted, and acknowledged by the Lessor. Such notice shall be valid only as to the Premises and the address of the Premises shall be required in said notice.
  - (b) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").

Lessor Mal Lessee

- (c) Each insurer is hereby notified of the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company may, at the option of the Attorney General, have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
- (d) Self-insured retention in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood, Earthquake and Windstorm which shall not exceed \$50,000.00.
- 11.3 Insurance Coverages. The Lessee agrees to purchase and have the authorized agent state on the insurance certificate that the following types of insurance coverages, consistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased by the Lessee, during the Construction Term and Primary Term of this Lease. The minimum required coverages and liability limits which may be amended from time to time during the term of this Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Section 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:
- (a) <u>Workers' Compensation</u>. In the event Lessee has employees, the Lessee agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate from the Georgia Board of Workers' Compensation approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Lessee qualifies to pay its own workers' compensation claims. The Lessee shall require all subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of the Construction Term:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own worker's compensation insurance or are covered by the Lessee's worker's compensation insurance."

- (b) <u>Employers' Liability Insurance</u>. In the event Lessee has employees, the Lessee shall also maintain Employers Liability Insurance Coverage with limits of at least:
  - (i) Bodily Injury by Accident \$1,000,000 each accident; and
  - (ii) Bodily Injury by Disease \$1,000,000 each employee.

The Lessee shall require all contractors and subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Employers

Liability Insurance Coverage and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers liability insurance or are covered by the Lessee's employers liability insurance."

(c) Commercial General Liability Insurance. The Lessee shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

1. Premises and Operations 2. Products and Completed Operations 3. Personal Injury and Advertising 4. Contractual 5. Fire Legal 6. Blasting and Explosion 7. Collapse of Structures 8. Underground Damage 9. General Aggregate	Limit \$1,000,000 per Occurrence \$2,000,000 this Lease only	* *
--	--	-----

Required during any construction period.

## Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (d) <u>Commercial Business Automobile Liability Insurance</u>. The Lessee shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily

Lessor MN Lessen XX

injury and property damage arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional Requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (e) <u>Commercial Umbrella Liability Insurance</u>. The Lessee shall provide a Commercial Umbrella Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverages and minimum limits stated in 11.3(a), (b), (c) and (d) shall be:

\$2,000,000 per Occurrence \$2,000,000 Aggregate

Additional Requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy must be on an "occurrence" basis.
- (f) <u>Builders Risk Insurance</u>. During any construction period only, Lessee shall provide a Builder's Risk Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the Improvements construction contract sum, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor. The policy shall be endorsed as follows:

Lessor MN Lessed

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- (i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and
- (ii) Partial or complete occupancy by Lessee or Lessor, and
- (iii) Performance of work in connection with construction operations insured by the Lessee or Lessor, by agents or sublessees or other contractors of Lessee or Lessor, or by contractors of the Lessee or Lessor."
- (g) <u>Property Insurance</u>. During the Primary Term, Lessee shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the replacement value of the Improvements, written on a 2002 Causes of Loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee.
- 11.4 <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Primary Term and shall not terminate until this Lease has been terminated.
- 11.5 <u>Failure of Insurers</u>. The Lessee is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.
- 11.6 <u>Waiver of Insurance for Additional Insureds</u>. Unless otherwise expressly provided to the contrary, the obligation of Lessee to name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia for claims arising out of work or occupancy of the Premises under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy is hereby waived to the extent and during any term or renewal term of any rental agreement under which the Lessor is occupying the Premises; provided, however, that this waiver does not apply to any insurance requirements in this Lease applicable to the Construction Period or any subsequent construction period in which renovation, rehabilitation or other work is being performed on the Premises.

### 12. UTILITIES

At its sole cost and expense, Lessee shall cause to be furnished and shall pay for all water, gas, light, power, sanitation (sewerage or otherwise), garbage pick-up and disposal, telephone and other utilities or services required for Lessee's use of the Premises.

Lessor MV Lessee

### 13. TAXES AND ASSESSMENTS

- 13.1 Lessee covenants and agrees, during its use and/or occupancy of the Premises, to pay or cause to be paid, to the public officer charged with collection thereof and before any of the same shall become delinquent and shall indemnify, protect, save and hold harmless Lessor from the payment of (a) any and all taxes, assessments, license fees, excises, imposts, fees and charges of every sort, nature and kind, hereinafter collectively referred to as "impositions", which during Lessee's use and/or occupancy of the Premises, may be assessed, levied, charged or imposed against or with respect to the Premises, including, but not limited to, the building, fixtures, equipment and personal property, if any there be, located therein or thereon; and (b) any impositions assessed, levied, charged or imposed on or with respect to the conduct of Lessee's business in or on the Premises.
- 13.2 Nothing herein shall obligate or require the payment of any imposition by Lessee, unless such obligation or requirement is provided by law. Lessee may contest the validity, legality or amount of any imposition in the manner provided by law after posting of security with (and acceptable to) Lessor in an amount equal to the amount of the imposition claimed to be due. Within ten (10) days after the payment of Lessee of any imposition, Lessee shall furnish Lessor with a copy of said receipt evidencing such payment.

# 14. DESTRUCTION OF OR DAMAGE TO PROPERTY

If the Improvements and/or any other building(s) on the Premises are totally or partially destroyed or rendered untenantable by storm, fire, earthquake, hurricane or other natural catastrophe, this Lease shall not terminate, but Lessor shall permit Lessee to rebuild, or at Lessee's option, Lessee may terminate this Lease (subject, however, to the consent and concurrence of the holder of the leasehold security deed) and invoke the provisions of Section 4.5.

### 15. REPAIR

Lessee shall operate, maintain and repair the Premises, Improvements and any building built thereon in accordance with the existing rules, regulations, and policies of the Lessor, and in accordance with the provisions of this Lease.

### 16. HAZARDOUS SUBSTANCES

16.1 Lessee shall not bring, deposit, or allow to be brought or deposited, in or upon the Premises any pollutant or harmful substance, except for substances ordinarily used in the care and maintenance of the Premises and in compliance with all other applicable provisions of this Lease.

Lessor MN Lessee W

16.2 Lessee warrants that it will not allow any of the following to occur on the Premises, regardless of cause: (A) any generation, treatment, recycling, storage or disposal of any hazardous substance; (B) any underground storage tank, surface impoundment, lagoon or other containment facility for the temporary or permanent storage, treatment or disposal of hazardous substances; (C) any landfill or solid waste disposal area; (D) any asbestos-containing material as defined by the Toxic Substances Control Act; (E) any polychlorinated biphenyl (PCB) used in hydraulic oils, electric transformers or other equipment; or (F) any release or threatened release of hazardous substance to the environment in forms or quantity requiring remedial action under environmental laws. In addition, Lessee warrants that it will not allow any violations of environmental laws on the Premises, regardless of cause. Lessee's obligation in no way extends to any environmental condition of the Premises existing prior to Lessee's possession.

### 17. INSPECTION

For the purpose of inspecting the Premises, Lessee shall permit Lessor at reasonable times to enter in and on the Premises and the Improvements.

### 18. NO DISCRIMINATION

In its occupancy and use of the Premises, Lessee shall not discriminate against any person on the basis of race, color, national origin, age or disability. This covenant of the Lessee may be enforced by termination of this Lease, (provided that notice of the breach of such covenant shall have been given to any leasehold mortgagee and such breach shall not have been cured, as provided in Section 9 of this Lease), injunction, and any other remedy available at law to Lessor.

### 19. TRANSFER, ASSIGNMENT AND SUBLETTING

19.1 Lessee shall not transfer or assign (whether by instrument or operation of law or, if applicable, by withdrawal, sale, gift, exchange, change in partnership ownership or membership, change in stock ownership, merger, consolidation, dissolution or reorganization of any type) this Lease or any right or privilege of Lessee hereunder without the prior written consent, in Lessor's sole discretion, of Lessor. Lessee shall not sublet the Premises or any building built thereon or part thereof, or any right or privilege appurtenant thereto, nor permit nor suffer any party other than Lessee to use or occupy the Premises or any portion thereof without the prior written consent, in Lessor's sole discretion, of the Lessor. Any transfer, assignment or subletting without the prior written consent of Lessor shall be void *ab initio* and shall at the option of Lessor terminate this Lease. Lessor's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Lessee, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer, assignment and subletting, and each subsequent

Lessor MN Lessee Dr

use and occupancy by a party other than Lessee shall likewise be made only with the prior written consent of Lessor.

Lessee under Section 9.5; and the enforcement by the holder of a leasehold security deed encumbering the Premises and improvements, including the foreclosure of such security deed or transfer of Lessee's leasehold interest in lieu of foreclosure, shall not be restricted or prohibited hereunder or subject to Lessor's consent. In addition, if any leasehold mortgagee (or its successor, assign, designees or nominee) succeeds to the interest of Lessee under this Lease, then such mortgagee (or its successor, assign, designee or nominee) shall have (a) the right, with the consent of Lessor, which shall not be unreasonably withheld, to further transfer or assign this Lease or to sublet the Premises and improvements thereon, anything to the contrary herein contained notwithstanding, and (b) all the rights, options and privileges of the Lessee under this Lease.

### 20. NOTICES

All notices, statements, reports, demands, requests, consents, approvals, waivers and authorizations, hereinafter collectively referred to as "notices", required by the provisions of this Lease to be secured from or given by either of the parties hereto to the other shall be in writing (whether or not the provision hereof requiring such notice specifies written notice) and the original of said notice shall be sent by United States Certified Mail - Return Receipt Requested, postage prepaid and addressed to the recipient party at such party's hereinabove set forth address. The sender of said notice shall request the United States Postal Service to "Show to whom, date and address of delivery" of said notice on the returned receipt. The day upon which such notice is so mailed shall be deemed the date of service of such notice. The parties hereto agree that, even though notices, where applicable, shall be addressed to the attention of the person or title, or both if applicable, hereinabove set forth, valid and perfected delivery of notice shall be accomplished under this Lease even though the said named person or the person holding said title is not the person who accepts or receives delivery of the said notice. Any notice, so mailed, the text of which is reasonably calculated to apprise the recipient party of the substance thereof and the circumstances involved, shall be deemed sufficient under this Lease. Either party hereto may from time to time, by notice of the other, designate a different person or title, or both as applicable, address or addresses to which notices to said party shall be given.

### 21. TIME IS OF THE ESSENCE

All time limits stated herein are of the essence of this Lease.

Lessor Mal Lesse LN

### 22. NON-WAIVER

No failure of Lessor to exercise any right or power given to Lessor under this Lease, or to insist upon strict compliance by Lessee with the provisions of this Lease, and no custom or practice of Lessor or Lessee at variance with the terms and conditions of this Lease, shall constitute a waiver of Lessor's right to demand exact and strict compliance by Lessee with the terms and conditions of this Lease.

### 23. RIGHTS CUMULATIVE

All rights, powers and privileges conferred by this Lease upon Lessor and Lessee shall be cumulative of, but not restricted to, those given by law.

### 24. BINDING EFFECT

Each of the terms and conditions of this Lease shall apply, extend to, be binding upon, and inure to the benefit or detriment of the parties hereto, to the successors and assigns of Lessor, and to the extent that Lessor has consented to a transfer or assignment of this Lease (if such consent is required) to the successors and assigns of Lessee, and to any leasehold mortgagee and its successors and assigns. Subject to the foregoing, whenever a reference to the parties hereto is made, such reference shall be deemed to include the successors and assigns of said party, the same as if in each case expressed.

### 25. INTERPRETATION

Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

### 26. GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

Lessor MN Lessee

### 27. SECTION HEADINGS

The brief headings or title preceding each section herein are merely for purposes of section identification, convenience and ease of reference, and shall be completely disregarded in the construction of this Lease.

### 28. COUNTERPARTS

This Lease is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

### 29. NO THIRD PARTY BENEFICIARY

Nothing in this Lease, whether express or implied, is intended to confer upon any other party other than the parties hereto and their respective successors and assigns, any right or interest whatsoever. No party other than the parties hereto is entitled to rely in any way upon the warranties, representations, obligations, indemnities or limitations of liability whatsoever in this Lease.

### 30. SPECIAL STIPULATIONS

The Special Stipulations on Exhibit B, attached hereto are hereby incorporated by reference herein. To the extent that the Special Stipulations set forth on Exhibit B conflict with any of the foregoing terms and conditions of this Lease, the said Special Stipulations shall control.

### 31. SEVERABILITY

If any provision of this Lease, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, then any remaining portion of such provision and all other provisions of this Lease shall survive and be applied, and any invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

### 32. ENTIRE AGREEMENT

This Lease constitutes the entire Lease between the parties. This Lease supersedes all prior negotiations, discussions, statements and agreements between Lessor and Lessee with

Lessor MN Lessee RN

respect to the Premises and Lessee's use and occupancy thereof. No member, officer, employee or agent of Lessor or Lessee has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this Lease. No modification of or amendment to this Lease shall be binding on either party hereto unless such modification or amendment shall be properly authorized, in writing, properly signed by both Lessor and Lessee and incorporated in and by reference made a part hereof.

[CONTINUED ON NEXT PAGE]

Lessor MJ Lessee LW

IN WITNESS WHEREOF, Lessor, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named representatives, and Lessee, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named officers, have caused these presents to be signed, sealed and delivered all as of the date hereof.

#### LESSOR:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

By: LINDA M. DANIELS
Vice Chancellor for Facilities

L.S.

Attest:

VAMES BURNS NEWSOME Secretary to the Board

Signed, sealed and delivered as to Lessor in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires:

APPROVAL OF INSTITUTION:

President

[SIGNATURES CONTINUED ON NEXT PAGE]

Lessor MN Lessee LX

## [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

APPROVED:

Sonny Perdue

Solvernor

Attest: BRIAN P. KEMP
Secretary of State

(Great Seal of the State of Georgia)

Signed, sealed and delivered as to Governor in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires:

GEORGIA AUG. 28, 2010

[SIGNATURES CONTINUED ON NEXT PAGE]

## [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

#### LESSEE:

USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company

By:

USGREF Manager, LLC,

a Georgia limited liability company, its Manager

Authorized Representative

Signed, sealed and delivered as to Lessee in the presence of:

Lice N. Wor Unofficial Witness

Official Witness, Notary Public

My Commission Expires: My Commission Expires August 8, 2011





### EXHIBIT "A"

### **Legal Description**

### GROUND LEASE LIMITS

All that certain lot, tract, or parcel of land situate, lying, and being in the City of Brunswick, 26th G.M.D., Glynn County, Georgia and more completely described as follows:

Commencing at the intersection of the centerline of the northern entrance to the College of Coastal Georgia and the centerline of Altama Avenue; thence proceed South 64 degrees 05 minutes 48 seconds East for a distance of 651.83 feet to the point of beginning; thence proceed South 77 degrees 39 minutes 30 seconds East for a distance of 139.06 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.00 feet to a point; thence proceed South 77 degrees 39 minutes 30 seconds East for a distance of 150.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 4.67 feet to a point; thence proceed South 77 degrees 39 minutes 30 seconds East for a distance of 33.06 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 107.13 feet to a point; thence proceed North 77 degrees 39 minutes 30 seconds West for a distance of 29.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.00 feet to a point; thence proceed North 77 degrees 39 minutes 30 seconds West for a distance of 54.00 feet to a point; thence proceed South 12 degrees 20 minutes 30 seconds West for a distance of 30.33 feet to a point; thence proceed North 77 degrees 39 minutes 30 seconds West for a distance of 64.13 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 90.67 feet to a point; thence proceed North 77 degrees 39 minutes 30 seconds West for a distance of 148.33 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 4.67 feet to a point; thence proceed North 77 degrees 39 minutes 30 seconds West for a distance of 26.67 feet to a point; thence proceed North 12 degrees 20 minutes 30 seconds East for a distance of 106.79 feet back to the point of beginning.

The above described parcel containing 40,084 square feet more or less as shown on that certain ALTA/ACSM land Title Survey prepared by Atlantic Survey Professionals, bearing the seal of Ernest C. Johns, Jr., GRLS no.: 2774, dated June 3, 2010 and last revised on July 29, 2010.

## TEMPORARY CONSTRUCTION EASEMENT

Lessor hereby grants to Lessee a temporary non-exclusive easement on, over, across and through the "Construction Easement Area" described below for the purpose of facilitating the construction of the improvements contemplated in this Ground Lease. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. This Temporary Construction Easement shall expire on the last

Lessor MN Lessee LW

day of the Construction Term of this Ground Lease. The Construction Easement Area is described as follows:

All that certain lot, tract, or parcel of land situate, lying, and being in the City of Brunswick, 26th G.M.D., Glynn County, Georgia and more completely described as follows:

Commencing at the intersection of the centerline of the northern entrance to the College of Coastal Georgia and the centerline of Altama Avenue; thence proceed South 73 degrees 56 minutes 55 seconds East for a distance of 451.83 feet to the point of beginning; thence proceed South 76 degrees 44 minutes 08 seconds East for a distance of 157.83 feet to a point; thence proceed North 12 degrees 41 minutes 56 seconds East for a distance of 61.59 feet to a point; thence proceed South 76 degrees 59 minutes 19 seconds East for a distance of 12.54 feet to a point; thence proceed South 12 degrees 32minutes 09 seconds West for a distance of 21.99 feet to a point; thence proceed South 77 degrees 31 minutes 54 seconds East for a distance of 11.74 feet to a point; thence proceed South 12 degrees 20 minutes 45 seconds West for a distance of 13.58 feet to a point; thence proceed South 76 degrees 23 minutes 20 seconds East for a distance of 162.79 feet to a point; thence proceed South 28 degrees 59 minutes 06 seconds East for a distance of 49.74 feet to a point; thence proceed South 13 degrees 46 minutes 07 seconds West for a distance of 38.67 feet to a point; thence proceed South 58 degrees 10 minutes 32 seconds East for a distance of 29.23 feet to a point; thence proceed South 12 degrees 36 minutes 53 seconds West for a distance of 7.52 feet to a point; thence proceed South 77 degrees 46 minutes 08 seconds East for a distance of 134.13 feet to a point; thence proceed North 13 degrees 50 minutes 01 seconds East for a distance of 7.14 feet to a point; thence proceed South 77 degrees 36 minutes 13 seconds East for a distance of 38.73 feet to a point; thence proceed South 42 degrees 16 minutes 56 seconds East for a distance of 69.26 feet to a point; thence proceed South 12 degrees 15 minutes 50 seconds West for a distance of 193.40 feet to a point; thence proceed South 23 degrees 11 minutes 46 seconds East for a distance of 121.33 feet to a point; thence proceed North 77 degrees 18 minutes 42 seconds West for a distance of 172.19 feet to a point; thence proceed North 13 degrees 23 minutes 08 seconds East for a distance of 61.50 feet to a point; thence proceed North 77 degrees 28 minutes 29 seconds West for a distance of 120.91 feet to a point; thence proceed South 28 degrees 00 minutes 57 seconds West for a distance of 98.51 feet to a point; thence proceed North 78 degrees 03 minutes 16 seconds West for a distance of 60.30 feet to a point; thence proceed North 37 degrees 49 minutes 56 seconds West for a distance of 206.84 feet to a point; thence proceed North 77 degrees 39 minutes 15 seconds West for a distance of 65.09 feet to a point; thence proceed North 20 degrees 38 minutes 44 seconds West for a distance of 78.39 feet to a point; thence proceed North 10 degrees 40 minutes 09 seconds East for a distance of 171.12 feet to a point; thence proceed North 42 degrees 55 minutes 38 seconds West for a distance of 66.14 feet to a point; thence proceed North 12 degrees 20 minutes 45 seconds East for a distance of 23.84 feet back to the point of beginning.

The above described parcel containing 4.53 acres more or less as shown on that certain ALTA/ACSM land title survey prepared by Atlantic Survey Professionals, bearing the seal of Ernest C. Johns, Jr., GRLS no.: 2774, dated June 3, 2010 and last revised on July 29, 2010.

Lessor MN Lesses

## OTHER EASEMENTS

In addition, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below and provided that Lessee's use of the easements below does not unreasonably interfere with Lessor's use of its property adjacent to the Premises or existing and future walkways and drives, respectively. The easements, rights and privileges granted hereby shall run with the land during the term of this Lease.

## UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Premises (as described in Deed Book 11I, Page 733, Deed Book 13F, Page 712; Deed Book 18S, Page 489, Deed Book 15D, Page 686 And Deed Book 11J, Page 619, Glynn County, Georgia Deed Records) to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, electronic and other communication facilities, television, internet, chilled water and other such utility lines and services to those of Lessor or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Lessee pays to Lessor when due all of Lessor's cost for extending any such utility lines to the Premises and Lessor's cost of Lessee's usage of any such utility services. In addition, Lessor grants to Lessee a non-exclusive easement over Lessor's property adjacent to the Premises to install electronic data and communication lines and transformers in such locations as may be approved by the Lessor, such approval not to be unreasonably withheld. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

## INGRESS/EGRESS EASEMENTS:

During the term of this Lease, Lessor grants to Lessee a non-exclusive easement over and across all existing and future walkways and drives between Altama Avenue and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and Altama Avenue for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the improvements and subject to such reasonable fees and regulations as Lessor may impose.

Lessor MN Lessee

## EXHIBIT "B"

## Special Stipulations

Notwithstanding Section 11.2(d) of the Ground Lease, self-insured retention or deductible in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood and Earthquake which shall not exceed \$50,000.00 and the deductible for Windstorm shall be 3% subject to a \$100,000 minimum.

Lessor MN Lessee W

## EXHIBIT "C"

#### CONTRACT DRAWINGS

Entitled "College of Coastal Georgia New Campus Center - GMP Submittal" dated March 26, 2010 prepared by Perkins Eastman.

Sheet	Description	Date	Revised	Revised
	Cover and Index Sheets			
A000	Cover Sheet	3/26/10		
A001	Code Data	3/26/10		
A002	Partition Types	3/26/10		
	Civil/Site			
C0.0	Existing Plan	3/26/10		
C1.0	Demolition Plan	3/26/10		
C2.0	Site Plan	3/26/10	į	
C3.0	Grading and Drainage Plan	3/26/10		
C4.0	Utility Plan	3/26/10		
C5.0	Erosion, Sediment Control Notes	3/26/10		
C5.1	Erosion, Sediment Control Plan	3/26/10		
C5.2	Erosion, Sediment Control Details	3/26/10		
C6.0	Construction Details	3/26/10		
C6.1	Construction Details	3/26/10		
	Landscaping			
L1.0	Landscape Plan	3/26/10		
L1.1	Irrigation Plan	3/26/10		
L1.2	Landscape and Irrigation Details	3/26/10		
	Structural			
S-001	General Notes	3/26/10		
\$-002	General Notes	3/26/10		

Lessor MN Lessee XX

Sheet	Description	<u>Date</u>	Revised	Revised
S-101-A	Foundation and First Floor Plan-A	3/26/10		
S-101-B	Foundation and First Floor Plan-B	3/26/10		
S-102-A	Second Floor Framing Plan-A	3/26/10		
S-102-B	Second Floor Framing Plan-B	3/26/10		
S-103-A	Roof Framing Plan-A	3/26/10		
S-103-B	Roof Framing Plan-B	3/26/10		
S-201	Foundation Details	3/26/10		
S-202	Foundation Sections and Details	3/26/10		
S-203	Foundation Sections and Details	3/26/10		
S-301	Typical Framing Details	3/26/10		
S-302	Typical Framing Details	3/26/10		
S-303	Typical Framing Details	3/26/10		
S-304	Framing Sections and Details	3/26/10		
S-305	Framing Sections and Details	3/26/10		1
S-306	Framing Sections and Details	3/26/10		1
S-401	Typical Masonry Details	3/26/10		
S-402	Typical Masonry Details	3/26/10		
S-501	Column Details	3/26/10		
	Architectural			
AL100	Main Level Life Safety Plan	3/26/10		
AL101	Second Level Life Safety Plan	3/26/10		
A100	Floor Plan- Main Level	3/26/10		
A100A	Floor Plan – Main Level Floor	3/26/10		
A100B	Floor Plan – Main Level Floor	3/26/10		
A101	Floor Plan - Second Level	3/26/10		
A101A	Floor Plan - Second Level	3/26/10		
A101B	Floor Plan - Second Level	3/26/10		
A102	Roof Plans	3/26/10		

Sheet	Description	Date	Revised	Revised
A200	Elevations	3/26/10		
A210	Building Sections	3/26/10		
A211	Building Sections	3/26/10		
A300	Wall Sections	3/26/10		
A301	Wall Sections	3/26/10		
A302	Wall Sections	3/26/10		
A303	Wall Sections	3/26/10		
A320	Dumpster Utility Enclosure Plan, Elevations, And Details	3/26/10		
A321	Enlarged Trellis Plan, Elevations, and Details	3/26/10		
A360	Exterior Roof Details	3/26/10		
A400	Main Level Reflected Ceiling Plan	3/26/10		,
A400a	Main Level Reflected Ceiling Plan – Area A	3/26/10	Í	
A400b	Main Level Reflected Ceiling Plan - Area B	3/26/10		
A401	Second Level Reflected Ceiling Plan	3/26/10		
A401a	Second Level Reflected Ceiling Plan – Area A	3/26/10		
A401b	Second Level Reflected Ceiling Plan – Area B	3/26/10		
A510	Enlarged Theater Plan and Elevations	3/26/10		
A511	Theater Details	3/26/10		
A600	Enlarged Toilet Plans, Elevations, and Details	3/26/10		
A610	Millwork Sections	3/26/10		
A701	Enlarged Stair 132 & 105 Plans & Sections	3/26/10		
A702	Enlarged Stairs 115 & Bookstore Plans & Sections	3/26/10		
A710	Enlarged Stair Details	3/26/10		
A720	Elevation Plans & Sections	3/26/10		
A800	Door Schedule, Elevations and Frames	3/26/10		
A801	Door Head and Jamb Details	3/26/10		
A802	Threshold Details	3/26/10		
A840	Window and Louver Elevations	3/26/10		
A841	Curtainwall and Louver Details	3/26/10		

Sheet	Description	Date	Revised	Revised
	Interiors			
I100a	Main Level Furniture Plan - Part 'A'	3/26/10		
I100b	Main Level Furniture Plan – Part '8'	3/26/10		
I110a	Second Level Furniture Plan - Part 'A'	3/26/10		
I110b	Second Level Furniture Plan Part 'B'	3/26/10		1
1200a	Main Level Floor Finish Plan - Part 'A'	3/26/10		
1200b	Main Level Floor Finish Plan - Part 'B'	3/26/10		
1210a	Second Level Floor Finish Plan – Part 'A'	3/26/10		
1210b	Second Level Floor Finish Plan - Part 'B'	3/26/10		ĺ
1300a	Main Level Wall Finish Plan – Part 'A'	3/26/10		
1300b	Main Level Wall Finish Plan - Part 'B'	3/26/10		
1310a	Second Level Wall Finish Plan - Part 'A'	3/26/10		
1310b	Second Level Wall Finish Plan - Part 'B'	3/26/10		
1400a	Main Level RCP - Part 'A'	3/26/10	[	
1400b	Main Level RCP - Part 'B'	3/26/10		
1410a	Second Level RCP – Part 'A'	3/26/10		
I410b	Second Level RCP - Part 'B'	3/26/10		
1500	Elevations	3/26/10		
1510	Elevations	3/26/10		
1520	Elevations	3/26/10		
1530	Elevations	3/26/10		
	Mechanical			-
M0.01	Abbreviations, Legends, and Schedule - HVAC	3/26/10		
M0.02	Schedules - HVAC	3/26/10		
M1.01	Site Plan - HVAC	3/26/10		
M2.11	Partial First Floor Plan - HVAC	3/26/10		
M2.12	Partial First Floor Plan - HVAC	3/26/10		

Sheet	Description	<u>Date</u>	Revised	Revised
M2.21	Partial Second Floor Plan - HVAC	3/26/10		
M2.22	Partial Second Floor Plan - HVAC	3/26/10		
M2.31	Partial Roof Plan - HVAC	3/26/10		
M2.32	Partial Roof Plan - HVAC	3/26/10		
M3.01	Large Scale - Mecha/Elec Room - HVAC	3/26/10	-	
M4.01	Flow Diagrams - HVAC	3/26/10		
M5.01	Details - HVAC	3/26/10	1	
M5.02	Details - HVAC	3/26/10		
M5.03	Details - HVAC	3/26/10		-
-	Electrical			
E0.01	Legend & Lighting Fixture Schedule - Electrical	3/26/10		
E1.01	Site Plan Electrical	3/26/10	i	
E2.11	Partial First Floor Plan - Lighting	3/26/10		
E2.12	Partial First Floor Plan - Lighting	3/26/10		
E2.21	Partial Second Floor Plan - Lighting	3/26/10		
E2.22	Partial Second Floor Plan - Lighting	3/26/10		
E3.11	Partial First Floor Plan - Power	3/26/10		
E3.12	Partial First Floor Plan - Power	3/26/10		
E3.21	Partial Second Floor Plan - Power	3/26/10		
E3.22	Partial Second Floor Plan - Power	3/26/10	4	1
E3.31	Roof Plan - Electrical	3/26/10		
E4.11	Partial First Floor Plan - Systems	3/26/10		
E4.12	Partial First Floor Plan - Systems	3/26/10		
E4.21	Partial Second Floor Plan - Systems	3/26/10		
E4.22	Partial Second Floor Plan - Systems	3/26/10		
E5.01	Large Scale Plans - Electrical	3/26/10		
E5.02	Large Scale Plans - Electrical	3/26/10		
E6.01	Risers - Electrical	3/26/10		

Sheet	Description	Date	Revised	Revised
E6.02	Risers - Electrical	3/26/10	i	
E7.01	Details - Electrical	3/26/10		
E7.02	Details - Electrical	3/26/10		
E8.01	Panelboards - Electrical	3/26/10		
E8.02	Panelboards - Electrical	3/26/10		
E8.03	Panelboards - Electrical	3/26/10		
T2.11	Partial First Floor Plan - Telecommunication	3/26/10		- Vre=23.17
T2.12	Partial First Floor Plan - Telecommunication	3/26/10		
T2.21	Partial Second Floor Plan - Telecommunication	3/26/10		
T2.22	Partial Second Floor Plan - Telecommunication	3/26/10		
T3.01	Large Scale, Details & Risers - Telecommunications	3/26/10		
	Plumbing			
P0.01	Legends, Schedules, Notes & Details - Plumbing	3/26/10		1
P2.11	Partial First Floor Plan - Plumbing	3/26/10		
P2.12	Partial First Floor Plan - Plumbing	3/26/10	i	
P2.21	Partial Second Floor Plan - Plumbing	3/26/10		
P2.22	Partial Second Floor Plan - Plumbing	3/26/10		
P2.31	Partial Roof Plan - Plumbing	3/26/10		
P2.32	Partial Roof Plan - Plumbing	3/26/10		
P3.01	Large Scale - Mecha/Elec Room - Plumbing	3/26/10		
P3.02	Large Scale Kitchen Plan - Plumbing	3/26/10		
P4.01	Riser Diagrams - Plumbing	3/26/10		
P4.02	Riser Diagrams - Plumbing	3/26/10		-
P5.01	Details - Plumbing	3/26/10		
P5.02	Details - Plumbing	3/26/10		
P5.03	Details - Plumbing	3/26/10		
P5.04	Details - Plumbing	3/26/10		

Sheet	Description	Date	Revised	Revised
	Fire Protection			
F0.01	Legend, Notes - & Details - Fire Protection	3/26/10		
F2.11	Partial First Floor Plan – Fire Protection	3/26/10		
F2.12	Partial First Floor Plan - Fire Protection	3/26/10		
F2.21	Partial Second Floor Plan - Fire Protection	3/26/10		
F2.22	Partial Second Floor Plan - Fire Protection	3/26/10		
	Food Service			
FS-1	Food Service Equipment Schedule	3/26/10		
FS-2	Food Service Equipment Schedule	3/26/10		
FS-3	Food Service Equipment Layout	3/26/10		
FS-4	Food Service Mechanical Layout	3/26/10		
FS-5	Food Service Electrical Layout	3/26/10		
FS-6	Food Service Plumbing Layout	3/26/10		
FS-7	Food Service Exhaust Hood Details	3/26/10		
FS-8	Food Service Cold Storage and Refrigeration Details	3/26/10		
	(END OF CONTRACT DRAWINGS)			-

### PROJECT SPECIFICATIONS

Entitled "Campus Center - College of Coastal Georgia" dated March 26, 2010 prepared by Perkins Eastman.

Section	Description	# Pages	Date	Revised
	Volume 1 of 2 (Divisions 1 through 14)			
	Table of Contents			
тос	Table of Contents	6	3/26/10	
	Division 1 – General Requirements		<u> </u>	
01 12 00	Summary	3	3/26/10	
01 22 00	Unit Prices	2	3/26/10	
01 23 00	Alternates	3	3/26/10	
01 26 00	Contract Modification Process	2	3/26/10	
01 26 13	Request for Interpretation	3	3/26/10	
01 29 00	Payment Procedures	3	3/26/10	
01 31 00	Project Management and Coordination	5	3/26/10	
01 32 00	Construction Progress Documentation	3	3/26/10	į
01 32 33	Photographic Documentation	2	3/26/10	
01 33 00	Submittal Procedures	9	3/26/10	
01 40 00	Quality Requirements	6	3/26/10	
01 42 00	References	3	3/26/10	
01 45 29	Testing Laboratory	16	3/26/10	
01 50 00	Temporary Facilities and Controls	9	3/26/10	į
01 56 39	Temporary Tree and Plant Protection	3	3/26/10	
01 60 00	Product Requirements	6	3/26/10	
01 73 00	Execution Requirements	5	3/26/10	i
01 73 29	Cutting and Patching	4	3/26/10	
01 74 19	Construction Waste Management	4	3/26/10	
01 77 00	Closeout Procedures	4	3/26/10	
01 78 23	Operation and Maintenance Data	6	3/26/10	
01 78 39	Project Record Documents	4	3/26/10	
01 79 00	Demonstration and Training	3	3/26/10	

Section	Description	# Pages	<u>Date</u>	Revised
1 81 15	Limits for Volatile Organic Compound Contents for Adhesives, Sealants, Paints, and Coalings	5	3/26/10	
	Division 2 – Existing Conditions			
	Section Not Used	Not Used		
	Division 3 – Concrete	-		
03 10 00	Concrete Forming and Accessories	6	3/26/10	
03 20 00	Concrete Reinforcing	6	3/26/10	
03 30 00	Cast-In-Place Concrete	26	3/26/10	-
	Division 4 – Masonry			
04 21 00	Clay Unit Masonry	3	3/26/10	
04 22 13	Structural Reinforced Concrete Unit Masonry	17	3/26/10	
	Division 5 - Metals			
05 12 00	Structural Steel Framing	12	3/26/10	<u>į                                    </u>
05 31 13	Steel Floor Decking	5	3/26/10	
05 31 23	Steel Roof Decking	5	3/26/10	
05 50 00	Metal Fabrications	8	3/26/10	
05 51 00	Metal Stairs	6	3/26/10	
05 52 13	Pipe and Tube Railings	8	3/26/10	
05 73 00	Decorative Metal Railings	7	3/26/10	-
				-
	Division 6 - Wood, Plastics and Composites			
06 10 00	Rough Carpentry	7	3/26/10	
06 20 00	Finish Carpentry	3	3/26/10	-
06 40 13	Exterior Architectural Woodwork	2	3/26/10	
	Division 7 – Thermal and Moisture Protection		-i	

Section	Description	# Pages	Date	Revised
07 11 19	Sheet Dampproofing	2	3/26/10	
07 14 13	Hot Fluid-Applied Rubberized Asphalt Waterproofing	4	3/26/10	
07 17 00	Bentonite Waterproofing	5	3/26/10	
07 21 00	Building Insulation	8	3/26/10	
07 32 13	Clay Roof Tiles	3	3/26/10	
07 54 00	Thermoplastic Membrane Roofing	9	3/26/10	
07 62 00	Sheet Metal Flashing and Trim	8	3/26/10	
07 71 00	Roof Specialties	5	3/26/10	
07 72 00	Roof Accessories	4	3/26/10	
07 84 13	Penetration Firestopping	5	3/26/10	
07 84 46	Fire-Resistive Joint Systems	3	3/26/10	
07 92 00	Joint Sealing	8	3/26/10	
	Division 8 – Openings			
08 11 13	Hollow Metal Doors & Frames	8	3/26/10	
08 14 16	Flush Wood Doors	4	3/26/10	
08 16 13	Fiberglass Door Assemblies	4	3/26/10	
08 31 13	Access Doors and Frames	4	3/26/10	
08 33 26	Overhead Coiling Grilles	2	3/26/10	-
08 36 13	Sectional Doors	5	3/26/10	
08 41 13	Aluminum-Framed Entrances and Storefronts	8	3/26/10	1
08 44 13	Glazed Aluminum Curtain Walls	7	3/26/10	
08 51 13	Aluminum Windows	8	3/26/10	
08 71 00	Finish Hardware	19	3/26/10	
08 80 00	Glazing	7	3/26/10	
08 90 00	Louvers and Vents	3	3/26/10	
	Division 9 – Finishes			
09 21 16	Gypsum Board Assemblies	11	3/26/10	

Section	Description	# Pages	Date	Revised
09 24 00	Portland Cement Plastering	4	3/26/10	
-	Division 10 - Specialties		-	
10 22 26	Operable Partitions	5	3/26/10	
10 28 00	Toilet and Bath Accessories	4	3/26/10	
10 44 00	Fire Protection Specialties	5	3/26/10	
10 71 13	Exterior Sun Control Devices	2	3/26/10	
	Division 11 – Equipment			
11 40 00	Food Service Equipment	48	3/26/10	
11 52 00	Audio- Visual Equipment	2	3/26/10	-
	Division 12 – Furnishings			
12 93 00	Site Furnishings	5	3/26/10	-
	Division 13 – Special Construction	<u> </u>	-	
	Section Not Used	Not Used		
	Division 14 – Conveying Systems			
14 21 00	Electric Traction Elevators	6	3/26/10	
	Volume 2 of 2 (Divisions 21 through 33)			1
	Table of Contents		010044	-
тос	Table of Contents	6	3/26/10	
	Division 21 – Fire Suppression			
21 05 10	General Fire Suppression Requirements	9	3/26/10	
21 11 00	Fire Suppression Piping	7	3/26/10	

Section	Description	# Pages	Date	Revised
21 13 00	Fire Suppression Sprinkler System	5	3/26/10	
21 30 00	Fire Pumps	4	3/26/10	
1010	Division 22 – Plumbing			
22 05 10	General Plumbing Requirements	10	3/26/10	
22 05 13	Motors for Plumbing Equipment	3	3/26/10	
22 05 19	Meters and Gages for Plumbing Piping	3	3/26/10	
22 05 53	Identification for Plumbing Piping and Equipment	3	3/26/10	
22 07 19	Plumbing Piping Insulation	6	3/26/10	
22 10 05	Plumbing Piping	12	3/26/10	
22 10 06	Plumbing Piping Specialties	9	3/26/10	
22 30 00	Plumbing Equipment	7	3/26/10	
22 40 00	Plumbing Fixtures	12	3/26/10	
	Division 23 - Heating, Ventilating and Air Conditioning			
23 05 10	General Mechanical Requirements	11	3/26/10	
23 05 13	Motors for HVAC Equipment	4	3/26/10	
23 05 14	Variable Frequency Controllers	4	3/26/10	
23 05 15	Enclosed Motor Controllers	3	3/26/10	
23 05 19	Meters and Gages for HVAC Piping	4	3/26/10	
23 05 48	Vibration and Seismic Controls for HVAC Piping and Equipment	2	3/26/10	
23 05 53	Identification for HVAC Piping and Equipment	2	3/26/10	
23 05 93	Testing, Adjusting, and Balancing for HVAC	11	3/26/10	
23 07 13	Duct Insulation	5	3/26/10	
23 07 19	HVAC Piping Insulation	5	3/26/10	
23 08 10	Mechanical Commissioning	4	3/26/10	
23 09 13	Instrumentation and Control Devices for HVAC	9	3/26/10	
23 09 23	Direct-Digital Control System for HVAC	12	3/26/10	
23 09 94	HVAC Sequence of Operation	5	3/26/10	

Section	Description	# Pages	Date	Revised
23 21 13	Hydronic Piping	8	3/26/10	
23 21 14	Hydronic Specialties	2	3/26/10	
23 21 23	Hydronic Pumps	2	3/26/10	
23 23 00	Refrigerant Piping	4	3/26/10	
23 25 00	HVAC Water Treatment	2	3/26/10	
23 31 00	HVAC Ducts and Casings	7	3/26/10	
23 33 00	Air Duct Accessorles	5	3/26/10	
23 34 23	HVAC Power Ventilators	5	3/26/10	
23 35 30	Kitchen Hood Exhaust System	3	3/26/10	
23 36 00	Air Terminal Units	4	3/26/10	
23 37 00	Air Outlets and Inlets	5	3/26/10	
23 40 00	HVAC Air Cleaning Devices	3	3/26/10	
23 51 00	Breechings, Chimneys and Stacks	3	3/26/10	
23 61 10	Underground Distribution Centers	4	3/26/10	
23 73 13	Modular Indoor Central Station Air – Handling Units	6	3/26/10	["
23 81 01	Terminal Heat Transfer Units	3	3/26/10	
23 81 30	Ductless Split System Air Conditioner	4	3/26/10	
	Division 25 – Integrated Automation			
	Section Not Used	Not Used		-
	Division 26 - Electrical			
26 05 10	General Electrical Requirements	14	3/26/10	
26 05 13	Medium Voltage Cables	5	3/26/10	
26 05 15	Electrical Underground Ducts	3	3/26/10	
26 05 19	Low-Voltage Electrical Power Conductors and Cables	5	3/26/10	1
26 05 26	Grounding and Bonding for Electrical Systems	3	3/26/10	

Section	Description	# Pages	Date	Revised
26 05 27	Site Grounding	2	3/26/10	
26 05 29	Hangers and Supports for Electrical Systems	2	3/26/10	
26 05 34	Conduit	6	3/26/10	
26 05 36	Cable Trays for Electrical Systems	3	3/26/10	
26 05 37	Boxes	5	3/26/10	
26 05 53	Identification for Electrical Systems	2	3/26/10	
26 05 73	Overcurrent Protective Device Coordination Study	5	3/26/10	
26 05 74	Electrical Testing	2	3/26/10	
26 12 00	Medium Voltage Transformers	7	3/26/10	
26 22 00	Low Voltage Transformers	3	3/26/10	
26 24 13	Switchboards	4	3/26/10	
26 24 16	PanelBoards	3	3/26/10	
26 24 17	Surge Protective Devices (SPDS)	6	3/26/10	
26 27 01	Electrical Service Entrance	1	3/26/10	
26 27 17	Equipment Wiring	3	3/26/10	
26 27 26	Wiring Devices	5	3/26/10	
26 28 13	Fuses	1	3/26/10	
26 28 17	Enclosed Circuit Breakers	2	3/26/10	
26 28 18	Enclosed Switches	2	3/26/10	
26 32 13	Engine Generators	7	3/26/10	
26 36 00	Transfer Switches	3	3/26/10	
26 41 13	Lighting Protection	3	3/26/10	
26 51 00	Interior Lighting	6	3/26/10	
26 52 00	Sensor Lighting Controls	6	3/26/10	
26 56 00	Exterior Lighting	2	3/26/10	
	Division 27 - Communications		1	
27 10 05	Structured Cabling for Voice and Data - Inside Plant	16	3/26/10	
27 13 00	Outside Plant (OPS) Cabling, Pathways and Components	7	3/26/10	

Section	Description	# Pages	Date	Revised
	Division 28 – Electronic Safety and Security		 	ļ
28 31 00	Fire Alarm System	13	3/26/10	
	Division 31 - Earthwork			
31 22 19	Landscape Grading	3	3/26/10	
31 23 00	Excavation and Fill	11	3/26/10	
31 23 16	Trenching	7	3/26/10	
31 25 00	Erosion and Sedimentation Controls	5	3/26/10	
	Division 32 – Exterior Improvements			
32 11 23	Aggregate Base Course	4	3/26/10	
32 12 00	Asphalt Paving	5	3/26/10	
32 13 00	Concrete Work	7	3/26/10	
32 17 23	Pavement Markings	6	3/26/10	i i
32 31 00	Fencing	2	3/26/10	
32 31 13	Chain Link Fences and Gates	7	3/26/10	
32 92 00	Grassing	4	3/26/10	
32 92 19	Seeding	5	3/26/10	
32 93 00	Planting	4	3/26/10	
32 94 00	Irrigation	5	3/26/10	
	Division 33 - Utilities			
33 05 14	Utility Manholes and Structures	7	3/26/10	
33 05 19	Pressure Piping Tied Joint Restraint System	4	3/26/10	
33 11 00	Domestic Water Distribution	9	3/26/10	
33 30 00	Sanitary Sewerage Systems	7	3/26/10	
33 40 00	Storm Drainage System	9	3/26/10	
33 47 26	Bioretention Basin	5	3/26/10	

Section	Description	#Pages	<u>Date</u>	Revised
	(END OF PROJECT SPECIFICATIONS)			

Space Above This Line For Recorder's Use

AFTER RECORDING RETURN TO:

Fallany O. Stover Stover Legal Group, LLC 1075 Peachtree Street NE Suite 3650 Atlanta, Georgia 30309

#### CROSS REFERENCE:

Deed Book 2756, Pages 463-504 Glynn County, Georgia records

Counterpart No. \_\_\_\_\_ of 2 Original Executed Counterparts Counterpart of \_\_\_\_\_

STATE OF GEORGIA; COUNTY OF GLYNN:

# FIRST AMENDMENT TO GROUND LEASE (CCG Campus Center)

THIS FIRST AMENDMENT TO GROUND LEASE (hereinafter "Amendment"), is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of the COLLEGE OF COASTAL GEORGIA, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the first part, hereinafter called Lessor, and USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, S.W., Suite 7002, Atlanta, Georgia 30334, party of the second part, hereinafter called Lessee, and:

#### WITNESSETH:

**WHEREAS**, Lessor and Lessee are parties to that certain Ground Lease dated August 12, 2010 (hereinafter "Ground Lease") whereby Lessor leases to Lessee the Premises (as defined in the Ground Lease) described therein and constituting a campus center and site amenities located on the campus of the College of Coastal Georgia, Glynn County, Georgia; and

**WHEREAS**, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

- 1. Recitals. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified to change the acreage of the Premises by deleting the figures and characters "0.92" and inserting in lieu thereof the figures and characters "\_\_\_\_\_."
- 2. <u>Legal Description for Premises–Exhibit "A"</u>. Exhibit "A" to the Ground Lease is hereby deleted in its entirety, and the attached Exhibit "A" is substituted in its place.
- 3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Ground Lease, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Lessor and Lessee, by and through their authorized representatives, have hereunto executed, signed, and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	LESSOR:			
Signed, sealed and delivered as to Lessor, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA			
Unofficial Witness	_ By: Jim James, Vice Chancellor for Facilities			
	_ Attest: Edward Tate, Secretary to the Board			
Notary Public	Edward Tate, Secretary to the Board			
(NOTARY SEAL)	(SEAL)			
Cionad saslad and daliyanad as	APPROVED:			
Signed, sealed and delivered as to Governor, in the presence of:	By:			
to Governor, in the presence or.	BRIAN KEMP			
	Governor			
Unofficial Witness	_			
	Attest:			
	_ BRAD RAFFENSPERGER			
Notary Public	Secretary of State			
(NOTARY SEAL)	(Great Seal of the State of Georgia)			

[CCG Ground Lease Amendment]

	LESSEE:		
Signed, sealed and delivered as to Lessee, in the presence of:	USG REAL ESTATE FOUNDATION III LLC By: USGREF Manager, LLC, its Manager		
Unofficial Witness	By:L.S		
Notary Public	Vice President		
(NOTARY SEAL)			

## EXHIBIT "A"

## **Legal Description**



FILED & RECORDED CLERK, SUPERIOR COURT BALDWIN COUNT Y. GA

Ground Lease

By and between

The Board of Regents of the University System of Georgia

and

USG Real Estate Foundation III, LLC

dated August 12, 2010

Georgia College and State University

H 166218

Counterpart No. 2 of Two Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF FULTON:

#### GROUND LEASE

### WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately 1.895 acres situated on the campus of the Institution, more particularly described in Exhibit "A" attached hereto(hereinafter referred to as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of May 12, 2010, Lessor determined the Premises to no longer be advantageously useful to the Institution or other units of the University System, but only for the purpose of constructing, owning, operating and maintaining an approximately 101,430 square foot wellness and recreation center and site amenities; and further approved the leasing of the Premises to Lessee under the conditions set forth in this Lease; and

WHEREAS, Lessor's leasing of the Premises is for the purposes of constructing, owning, operating and maintaining an approximately 101,430 square foot wellness and recreation center and site amenities for the benefit of the Institution.

NOW, THEREFORE, in consideration of the mutual promises herein contained, upon the following terms and conditions to be paid and kept by Lessec, Lessor grants and leases, and Lessee does hereby accept, take and lease, the Premises from Lessor. This Lease creates in Lessee an estate for years.

Lessor MN Lessee

#### 1. USE OF PROPERTY

- 1.1 The Premises shall be used by Lessee for the purpose of constructing, owning, operating and maintaining an approximately 101,430 square foot wellness and recreation center and site amenities (hereinafter the "Improvements"). The Improvements shall be constructed pursuant to the program, plans and specifications identified in Exhibit "C" attached hereto approved by Lessor. Upon completion of construction of the Improvements, the Premises may be modified as set forth in Section 9.7.
- 1.2 Without limitation of the foregoing, Lessee shall not: (a) use the Premises or Improvements for any illegal purpose, nor for any purpose inimical to the health, safety and welfare of the public, or (b) commit, or suffer to be committed, any waste in or on the Premises and Improvements, nor shall it create or permit any nuisance in or on the Premises.
- 1.3 Lessor retains a non-exclusive easement on, over, under, upon, across, or through the Premises together with the right of ingress and egress to adjoining land of Lessor as may be reasonably necessary for Lessor to operate the Institution provided the use of such easement by Lessor does not unreasonably interfere with Lessee's construction, operation, maintenance or use of the Premises. Lessor retains non-exclusive casements to all utility lines crossing the Premises that provide service to the property owned by Lessor surrounding the Premises; such easements shall include the ability of Lessor to maintain, repair and replace such utilities.

# OCCUPANCY

Lessee shall occupy the Premises continuously throughout the Term of this Lease and shall not desert, surrender, abandon or cease using the Premises during the term of this Lease. As hereinafter used, "Term" shall collectively refer to the Construction Term, the Primary Term and any extension thereof.

### 3. RENT

For and as rent for the Premises, Lessee covenants and agrees to keep each and every term and condition of this Lease required to be kept by Lessee, each of which shall constitute rent for the Premises, in addition to payment by Lessee to Lessor of the following amounts of rent:

- 3.1 Lessee shall pay in advance to Lessor the sum of TEN DOLLARS (\$10.00) per year, payable in advance upon execution of this Lease.
- 3.2 Lessee shall also pay to Lessor, as additional rent, all costs and expenses which Lessor incurs as a result of any default of Lessee or failure on the part of Lessee to comply with any provisions of this Lease.

Lessor MN Lesser W

#### 4. TERM AND TERMINATION

- 4.1 Unless sooner terminated as hereinafter provided, the Construction Term shall begin upon the execution of this Lease and shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the last day preceding the Commencement Date of the Primary Term, as set forth in Section 4.2; provided, however that, unless an extension of the Construction Term is agreed to by Lessor, the Construction Term shall terminate automatically, if construction is not completed, or is suspended without the consent of the Lessor for period in excess of six (6) months) without further action by either party, at midnight on the day before the second (2<sup>nd</sup>) anniversary of the commencement of the Construction Term.
- 4.2 The Primary Term of this Lease shall be for thirty (30) years beginning upon the first day of the first month after issuance of a certificate of occupancy for the Improvements (the "Commencement Date") but in no event shall the Commencement Date be prior to August 1, 2011. The Primary Term shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the day before the thirtieth (30th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days written notice to Lessor and, subject to Lessor's rights under Section 9.3, conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed including the cancellation of any security interest held upon the leasehold interest and conveyance to Lessor of all right and title to all improvements then existing on the Premises.
- 4.3 The termination date of the Primary Term shall be extended, upon the request of Lessee, for one extension period of up to five (5) years, and such request must be made to Lessor at least ninety (90) days, but no more than 180 days, prior to the termination date. Any outstanding obligation of the Lessee to pay an amount secured directly or indirectly by any leasehold security deed permitted under this Lease is sufficient grounds that Lessor shall grant an extension provided that any such extension for this purpose shall terminate on the earlier to occur of (a) the end of any such extension period, or (b) the date of repayment in full of the secured indebtedness and release of the leasehold security deed.
- 4.4 Upon expiration of this Lease (including any renewals or extensions thereof), if and only if Lessor determines the continued rental of the Premises is in the best interest of the Institution and the University System, Lessor may grant Lessee a usufruct in the Premises for fair market rental value and under terms to be mutually agreed upon by Lessor and Lessee.
- 4.5 Subject to Sections 4.3 and 4.4, upon expiration or termination of this Lease, all rights and interests of Lessee (and all persons whomsoever claiming by, under or through Lessee) in and to the Premises and the Improvements shall wholly cease and title to the Premises and the Improvements, including but not limited to all permanent improvements, erections and

Lessor Mr Lesser

additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefore to Lessee or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time other than pursuant to the specific terms of this Lease. This provision shall not relieve Lessee from liability for having left the Premises or the Improvements in unsound or unsafe condition or with encumbered title. Lessee, upon the request of Lessor, covenants and agrees to execute a quitclaim deed releasing all such rights in the Premises and the Improvements in a form and substance acceptable to Lessor.

4.6 Subject to Section 9.5, in addition to the termination provisions set forth in Section 4.2, if Lessee shall, after ten (10) days notice thereof, default in the performance of any of the stipulations, covenants, terms, conditions, agreements or provisions of this Lease; then and in any of the above events, Lessor, at its option, may at once or thereafter (but only during the continuance of such default), terminate this Lease. Upon such termination by default the provisions of Section 4.5 shall apply and Lessor may forthwith re-enter the Premises and repossess itself and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry, detainer or other tort.

# 5, RULE AGAINST PERPETUITIES

If the Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, including, without limitation, O.C.G.A. §44-6-1, as amended, shall limit the time within which the vesting of title to the Improvements for which provision is made in Section 9 must occur, then such vesting of title shall occur not later than twenty (20) years after the death of the last survivor of the Board of Regents of the University System of Georgia in office on the date of execution of this Lease. In the event such vesting should occur due to the provisions of this section and prior to the expiration or termination of this Lease, this Lease shall continue in full force and effect, except the term "Premises" shall be automatically modified to include the Improvements.

# 6. HOLDING OVER

Lessee shall not use or remain in possession of the Premises after the termination of this Lease. Any holding over or continued use and/or occupancy of the Premises by Lessee after the expiration or any termination of the Primary Term of this Lease, without consent from Lessor, shall not constitute a Tenancy-At-Will in Lessee, but Lessee shall be a Tenant-At-Sufferance, subject to the provisions of Section 4.

Lessor MN Lesser

# 6

# 7. INSPECTION AND TITLE

Lessee hereby acknowledges that it has fully inspected the Premises and that the Premises and title to the Premises is accepted and is in satisfactory and a suitable condition for the use intended by Lessee as hereinabove provided for in this Lease.

# 8. NO JOINT VENTURE

Nothing contained in this Lease shall make, or shall be construed to make, Lessor or Institution and Lessee partners in, of, or joint venturers with each other, nor shall anything contained in this Lease render, or shall be construed to render, either Lessor, Institution or Lessee liable to a third party for the debts or obligations of the other.

# 9. IMPROVEMENTS

- 9.1 Lessee shall construct during the Construction Term, at its sole cost and expense, the Improvements specified and described in the program, plans and specifications identified in Exhibit "C" attached hereto, including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and Improvements for use as an approximately 101,430 square foot wellness and recreation center and site amenities. After obtaining permission for demolition from Lessor Lessee shall, at its sole cost and expense, demolish any necessary existing improvements or structures on the Premises to facilitate the construction contemplated herein, including the clearing, grubbing and preparation of the Premises for construction of the Improvements. All Improvements and facilities shall be constructed wholly within the boundary lines of the Premises and each shall be a self-contained, complete unit and shall not be tied into or have any physical connection with any structure located on any other property of Lessor.
- 9.2 Title to the Improvements shall vest in Lessee until the end of the Primary Term, unless sooner terminated pursuant to the terms of this Lease. Lessee covenants and agrees to convey all of Lessee's right, title and interests, free and clear of all liens and security interests, and subject to Section 4.4, surrender possession of the Premises and Improvements, at the expiration of the Primary Term, or at such date of earlier termination pursuant to the provisions of this Lease. Any and all temporary improvements, crections or additions constructed on the Premises by Lessee, which are not a part of the Improvements as specified in Section 9.1, shall continue to be and remain the property of Lessee, and may be removed by the Lessee, in whole or in part, at any time before the termination of this Lease. If Lessee removes any or all temporary improvements, erections or additions it has constructed on the Premises, Lessee agrees to repair any and all damage resulting to the Premises and the Improvements from such removal.

Lessor MN Lessee RN



- 9.3 Upon the expiration (including any renewal periods) or earlier termination of this Lease, Lessor may, at the option of Lessor, notify Lessee that any or all improvements, temporary and permanent, placed upon the Premises by Lessee should be removed at the expiration or earlier termination of the Lease in which event Lessee shall remove such improvements. Lessee shall not begin the removal or demolition of any improvements prior to the expiration or earlier termination date: provided that all improvements shall be removed as expeditiously as possible. Lessor herein grants to Lessee a license to enter the Premises, said license shall take effect upon the termination or expiration of this Lease for the sole and exclusive purpose of removing such improvements. Lessee's right to use said license is contingent upon Lessor's notification to Lessee that permanent improvements shall be removed from the Premises.
- 9.4 Lessee, at all times during the Term of this Lease, at its sole cost and expense, shall keep the Premises and the Improvements in good order, condition and repair, ordinary wear and tear excepted. Lessee's obligations hereunder include, without limitation, all necessary repairs and replacements of the Premises, structural or otherwise, ordinary or extraordinary, foreseen and unforeseen, including but not limited to the exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, and lighting, heating, plumbing and sewage facilities, and air conditioning equipment. Lessor shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term of this Lease.
- 9.5 Lessee shall have the right to mortgage and/or otherwise encumber the Premises and Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encumbrance of the Premises during the Construction Term for the purpose of construction and during the Primary Term for permanent financing of the Improvements to the Premises contemplated by this Section 9. Lessor agrees to give any lender written notice of any default by Lessee under this Lease, provided lender has given Lessor timely notice of lender and lender's contact information and timely notice of any change in lender or lender's contact information, and lender shall have a period of time after lender's receipt of the notice of default (thirty (30)) days in the case of a default in the payment of any sum due hereunder; sixty (60) days in the case of all other defaults) in which to cure, or to cause to be cured, any such default, before Lessor may exercise any right or remedy hereunder or as otherwise available to Lessor. Notwithstanding any other provision of this Lease, Lessor shall not be required to subordinate this Lease to any other interest of any person or entity lending money for the Improvements, and all such interests or instruments shall be subordinate to this Lease. If any lender requires recordation of this Lease, both parties hereby consent to such recordation, and either party may record this Lease in that event. Lessee shall not permit any liens to be placed against the Premises, and if such liens are filed, Lessee shall cause prompt removal of such liens.
- 9.6 Lessor has not and will not participate in the structuring, offering or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Improvements and Lessor shall have no obligation with respect to the bonds or the financing of the Improvements.



9.7 Upon completion of construction of the Improvements, but not later than ninety (90) days after termination of the Construction Term, Lessee shall provide, at its sole cost and expense, "as built" drawings and plats of the Premises and the Improvements. Should the Premises as described on Exhibit A not be fully utilized by the Improvements, then Lessee covenants and agrees to resurvey the portion of the Premises used by the Improvements and to then convey the unused portion of the Premises back to Lessor, at which time this Lease shall be modified so that the Premises subject to the Primary Term is the "as built" property utilized by the Improvements.

# 10. INDEMNIFICATION AND HOLD HARMLESS

- 10.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor during the Term of this Lease for all injury or damage of any kind resulting from any negligent act or omission or breach, failure or other default regarding the occupancy of the Premises by the Lessee, or any of its subcontractors, its agents, employees or others working at the direction of Lessee or on its behalf, regardless of who may be the owner of the property. The Lessee is responsible for insuring its tools, equipment, fixtures, trade fixtures and personal property and Lessor shall not be liable for any loss or damage to such tools, equipment, fixtures and personal property.
- 10.2 Lessee hereby agrees to indemnify and hold harmless the Lessor, the Board of Regents of the University System of Georgia, the Institution, the State of Georgia and its departments, agencies and instrumentalities and all of their respective officers, members, employees, directors and agents (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, arising out of or resulting from the performance of this Lease due to liability to a third party or parties, or due to any act or omission on the part of the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or due to any breach of this Lease by the Lessee, or due to the application or violation of any pertinent Federal. State or local law, rule or regulation. This indemnification extends to the successors and assigns of the Lessee. This indemnification obligation survives the termination of this Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Insurance and Hazard Reserve Fund, and other selfinsured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services (hereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monics paid out by the Funds.
- 10.2.1 This indemnification applies where the Indemnitees are partially responsible for the situation giving rise to the claim, provided however, that this indemnification does not apply to the extent of the sole negligence of the Indemnitees.



10.2.2 This indemnification does not extend beyond the scope of this Lease and the work undertaken thereunder. Nor does this indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to breach or default by the Indemnitees under the terms and conditions of this Lease.

# 11. INSURANCE

- 11.1 <u>Insurance Certificates</u>. Unless waived in writing, or otherwise provided by the Lessor the Lessee shall, prior to the commencement of work, procure the insurance coverages identified below at the Lessee's own expense and shall furnish the Lessor an insurance certificate listing the Lessor as the certificate holder. The insurance certificate must provide the following:
  - (a) Name and address of authorized agent
  - (b) Name and address of insured
  - (c) Name of insurance company(ies)
  - (d) Description of policies
  - (c) Policy Number(s)
  - (f) Policy Period(s)
  - (g) Limits of liability
  - (h) Name and address of Lessor as certificate holder
  - (i) Lease number, Name of Facility and Address of Premises
  - (j) Signature of authorized agent
  - (k) Telephone number of authorized agent
- Mandatory forty-five (45) days notice of cancellation/non-renewal (See Section 11.2(a)).
- 11.2 <u>Policy Provisions</u>. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger. Each such policy shall contain the following provisions:
- (a) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Lessor has received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Lease shall have been received, accepted, and acknowledged by the Lessor. Such notice shall be valid only as to the Premises and the address of the Premises shall be required in said notice.
- (b) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").

Lessor MN Lessee W

- (c) Each insurer is hereby notified of the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company may, at the option of the Attorney General, have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
- (d) Self-insured retention in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood, Earthquake and Windstorm which shall not exceed \$50,000.00.
- 11.3 <u>Insurance Coverages</u>. The Lessee agrees to purchase and have the authorized agent state on the insurance certificate that the following types of insurance coverages, consistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased by the Lessee, during the Construction Term and Primary Term of this Lease. The minimum required coverages and liability limits which may be amended from time to time during the term of this Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Section 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:
- (a) Workers' Compensation. In the event Lessee has employees, the Lessee agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate from the Georgia Board of Workers' Compensation approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Lessee qualifies to pay its own workers' compensation claims. The Lessee shall require all subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of the Construction Term:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own worker's compensation insurance or are covered by the Lessee's worker's compensation insurance."

- (b) <u>Employers' Liability Insurance</u>. In the event Lessee has employees, the Lessee shall also maintain Employers Liability Insurance Coverage with limits of at least:
  - (i) Bodily Injury by Accident \$1,000,000 each accident; and
  - (ii) Bodily Injury by Disease \$1,000,000 each employee.

The Lessee shall require all contractors and subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Employers

Lessor Mh/ Lessee

Liability Insurance Coverage and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers liability insurance or are covered by the Lessee's employers liability insurance."

(c) Commercial General Liability Insurance. The Lessee shall provide Commercial General Liability Insurance (2004 ISO Occurrence Form or equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Limit	
\$1,000,000 per Occurrence	
	*
	*
\$1,000,000 per Occurrence	*
\$2,000,000 this Lease only	
	\$1,000,000 per Occurrence \$1,000,000 per Occurrence

Required during any construction period.

#### Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (d) <u>Commercial Business Automobile Liability Insurance</u>. The Lessee shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily

Lessor MN Lessee RN

injury and property damage arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional Requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (e) Commercial Umbrella Liability Insurance. The Lessee shall provide a Commercial Umbrella Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverages and minimum limits stated in 11.3(a), (b), (c) and (d) shall be:

\$2,000,000 per Occurrence \$2,000,000 Aggregate

Additional Requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy must be on an "occurrence" basis.
- (f) Builders Risk Insurance. During any construction period only, Lessee shall provide a Builder's Risk Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the Improvements construction contract sum, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor. The policy shall be endorsed as follows:

Lessor MN Lesson Br

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- (i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and
- (ii) Partial or complete occupancy by Lessee or Lessor, and
- (iii) Performance of work in connection with construction operations insured by the Lessee or Lessor, by agents or sublessees or other contractors of Lessee or Lessor, or by contractors of the Lessee or Lessor."
- (g) Property Insurance. During the Primary Term, Lessee shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the replacement value of the Improvements, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee.
- 11.4 <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Primary Term and shall not terminate until this Lease has been terminated.
- 11.5 Failure of Insurers. The Lessee is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.
- 11.6 Waiver of Insurance for Additional Insureds. Unless otherwise expressly provided to the contrary, the obligation of Lessee to name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia for claims arising out of work or occupancy of the Premises under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 at saq. is not the exclusive remedy is hereby waived to the extent and during any term or renewal term of any rental agreement under which the Lessor is occupying the Premises; provided, however, that this waiver does not apply to any insurance requirements in this Lease applicable to the Construction Period or any subsequent construction period in which renovation, rehabilitation or other work is being performed on the Premises.

### 12. UTILITIES

At its sole cost and expense, Lessee shall cause to be furnished and shall pay for all water, gas, light, power, sanitation (sewerage or otherwise), garbage pick-up and disposal, telephone and other utilities or services required for Lessee's use of the Premises.

Lessor MN Lessee BV

# 13. TAXES AND ASSESSMENTS

- 13.1 Lessee covenants and agrees, during its use and/or occupancy of the Premises, to pay or cause to be paid, to the public officer charged with collection thereof and before any of the same shall become delinquent and shall indemnify, protect, save and hold harmless Lessor from the payment of (a) any and all taxes, assessments, license fees, excises, imposts, fees and charges of every sort, nature and kind, hereinafter collectively referred to as "impositions", which during Lessee's use and/or occupancy of the Premises, may be assessed, levied, charged or imposed against or with respect to the Premises, including, but not limited to, the building, fixtures, equipment and personal property, if any there be, located therein or thereon; and (b) any impositions assessed, levied, charged or imposed on or with respect to the conduct of Lessee's business in or on the Premises.
- 13.2 Nothing herein shall obligate or require the payment of any imposition by Lessee, unless such obligation or requirement is provided by law. Lessee may contest the validity, legality or amount of any imposition in the manner provided by law after posting of security with (and acceptable to) Lessor in an amount equal to the amount of the imposition claimed to be due. Within ten (10) days after the payment of Lessee of any imposition, Lessee shall furnish Lessor with a copy of said receipt evidencing such payment.

# 14. DESTRUCTION OF OR DAMAGE TO PROPERTY

If the Improvements and/or any other building(s) on the Premises are totally or partially destroyed or rendered untenantable by storm, fire, earthquake, hurricane or other natural catastrophe, this Lease shall not terminate, but Lessor shall permit Lessee to rebuild, or at Lessee's option, Lessee may terminate this Lease (subject, however, to the consent and concurrence of the holder of the leasehold security deed) and invoke the provisions of Section 4.5.

# 15. REPAIR

Lessee shall operate, maintain and repair the Premises, Improvements and any building built thereon in accordance with the existing rules, regulations, and policies of the Lessor, and in accordance with the provisions of this Lease.

#### 16. HAZARDOUS SUBSTANCES

16.1 Lessee shall not bring, deposit, or allow to be brought or deposited, in or upon the Premises any pollutant or harmful substance, except for substances ordinarily used in the care and maintenance of the Premises and in compliance with all other applicable provisions of this Lesse.

Lessor MN Lesson

16.2 Lessee warrants that it will not allow any of the following to occur on the Premises, regardless of cause: (A) any generation, treatment, recycling, storage or disposal of any hazardous substance; (B) any underground storage tank, surface impoundment, lagoon or other containment facility for the temporary or permanent storage, treatment or disposal of hazardous substances; (C) any landfill or solid waste disposal area; (D) any asbestos-containing material as defined by the Toxic Substances Control Act; (E) any polychlorinated biphenyl (PCB) used in hydraulic oils, electric transformers or other equipment; or (F) any release or threatened release of hazardous substance to the environment in forms or quantity requiring remedial action under environmental laws. In addition, Lessee warrants that it will not allow any violations of environmental laws on the Premises, regardless of cause. Lessee's obligation in no way extends to any environmental condition of the Premises existing prior to Lessee's possession.

### 17. INSPECTION

For the purpose of inspecting the Premises, Lessee shall permit Lessor at reasonable times to enter in and on the Premises and the Improvements.

# 18. NO DISCRIMINATION

In its occupancy and use of the Premises, Lessee shall not discriminate against any person on the basis of race, color, national origin, age or disability. This covenant of the Lessee may be enforced by termination of this Lease, (provided that notice of the breach of such covenant shall have been given to any leasehold mortgagee and such breach shall not have been cured, as provided in Section 9 of this Lease), injunction, and any other remedy available at law to Lessor.

### 19. TRANSFER, ASSIGNMENT AND SUBLETTING

19.1 Lessee shall not transfer or assign (whether by instrument or operation of law or, if applicable, by withdrawal, sale, gift, exchange, change in partnership ownership or membership, change in stock ownership, merger, consolidation, dissolution or reorganization of any type) this Lease or any right or privilege of Lessee hercunder without the prior written consent, in Lessor's sole discretion, of Lessor. Lessee shall not sublet the Premises or any building built thereon or part thereof, or any right or privilege appurtenant thereto, nor permit nor suffer any party other than Lessee to use or occupy the Premises or any portion thereof without the prior written consent, in Lessor's sole discretion, of the Lessor. Any transfer, assignment or subletting without the prior written consent of Lessor shall be void *ab initio* and shall at the option of Lessor terminate this Lease. Lessor's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Lessee, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer, assignment and subletting, and each subsequent

use and occupancy by a party other than Lessee shall likewise be made only with the prior written consent of Lessor.

19.2 Nothing contained in Section 19 shall limit or is intended to limit the rights of Lessee under Section 9.5; and the enforcement by the holder of a leasehold security deed encumbering the Premises and improvements, including the foreclosure of such security deed or transfer of Lessee's leasehold interest in lieu of foreclosure, shall not be restricted or prohibited hereunder or subject to Lessor's consent. In addition, if any leasehold mortgagee (or its successor, assign, designees or nominee) succeeds to the interest of Lessee under this Lease, then such mortgagee (or its successor, assign, designee or nominee) shall have (a) the right, with the consent of Lessor, which shall not be unreasonably withheld, to further transfer or assign this Lease or to sublet the Premises and improvements thereon, anything to the contrary herein contained notwithstanding, and (b) all the rights, options and privileges of the Lessee under this Lease.

# 20. NOTICES

All notices, statements, reports, demands, requests, consents, approvals, waivers and authorizations, hereinafter collectively referred to as "notices", required by the provisions of this Lease to be secured from or given by either of the parties hereto to the other shall be in writing (whether or not the provision hereof requiring such notice specifies written notice) and the original of said notice shall be sent by United States Certified Mail - Return Receipt Requested, postage prepaid and addressed to the recipient party at such party's hereinabove set forth address. The sender of said notice shall request the United States Postal Service to "Show to whom, date and address of delivery" of said notice on the returned receipt. The day upon which such notice is so mailed shall be deemed the date of service of such notice. The parties hereto agree that, even though notices, where applicable, shall be addressed to the attention of the person or title, or both if applicable, hereinabove set forth, valid and perfected delivery of notice shall be accomplished under this Lease even though the said named person or the person holding said title is not the person who accepts or receives delivery of the said notice. Any notice, so mailed, the text of which is reasonably calculated to apprise the recipient party of the substance thereof and the circumstances involved, shall be deemed sufficient under this Lease. Either party hereto may from time to time, by notice of the other, designate a different person or title, or both as applicable, address or addresses to which notices to said party shall be given.

#### 21. TIME IS OF THE ESSENCE

All time limits stated herein are of the essence of this Lease.

#### 22. NON-WAIVER

No failure of Lessor to exercise any right or power given to Lessor under this Lease, or to insist upon strict compliance by Lessee with the provisions of this Lease, and no custom or practice of Lessor or Lessee at variance with the terms and conditions of this Lease, shall constitute a waiver of Lessor's right to demand exact and strict compliance by Lessee with the terms and conditions of this Lease.

#### 23. RIGHTS CUMULATIVE

All rights, powers and privileges conferred by this Lease upon Lessor and Lessee shall be cumulative of, but not restricted to, those given by law.

# 24. BINDING EFFECT

Each of the terms and conditions of this Lease shall apply, extend to, be binding upon, and inure to the benefit or detriment of the parties hereto, to the successors and assigns of Lessor, and to the extent that Lessor has consented to a transfer or assignment of this Lease (if such consent is required) to the successors and assigns of Lessee, and to any leasehold mortgagee and its successors and assigns. Subject to the foregoing, whenever a reference to the parties hereto is made, such reference shall be deemed to include the successors and assigns of said party, the same as if in each case expressed.

# 25. INTERPRETATION

Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

# 26. GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

Lessor MN Lessee

# 27. SECTION HEADINGS

The brief headings or title preceding each section herein are merely for purposes of section identification, convenience and ease of reference, and shall be completely disregarded in the construction of this Lease.

### 28. COUNTERPARTS

This Lease is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

### 29. NO THIRD PARTY BENEFICIARY

Nothing in this Lease, whether express or implied, is intended to confer upon any other party other than the parties hereto and their respective successors and assigns, any right or interest whatsoever. No party other than the parties hereto is entitled to rely in any way upon the warranties, representations, obligations, indemnities or limitations of liability whatsoever in this Lease.

### 30. SPECIAL STIPULATIONS

The Special Stipulations on Exhibit B, attached hereto are hereby incorporated by reference herein. To the extent that the Special Stipulations set forth on Exhibit B conflict with any of the foregoing terms and conditions of this Lease, the said Special Stipulations shall control.

# 31. SEVERABILITY

If any provision of this Lease, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, then any remaining portion of such provision and all other provisions of this Lease shall survive and be applied, and any invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

# 32. ENTIRE AGREEMENT

This Lease constitutes the entire Lease between the parties. This Lease supersedes all prior negotiations, discussions, statements and agreements between Lessor and Lessee with

Lessor MN Lessea Ly

respect to the Premises and Lessee's use and occupancy thereof. No member, officer, employee or agent of Lessor or Lessee has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this Lease. No modification of or amendment to this Lease shall be binding on either party hereto unless such modification or amendment shall be properly authorized, in writing, properly signed by both Lessor and Lessee and incorporated in and by reference made a part hereof.

[CONTINUED ON NEXT PAGE]

20

L.S.

IN WITNESS WHEREOF, Lessor, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named representatives, and Lessee, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named officers, have caused these presents to be signed, scaled and delivered all as of the date hereof.

#### LESSOR:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

By: Linda M. Daniel L.S

Linda M. Daniels

Vice Chancellor for Facilities

Attest: AMES BURNS NEWSOME Secretary to the Board

(Seal Affixed Here)

Signed, sealed and delivered as to Lessor in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires:

APPROVAL OF INSTITUTION

President

[SIGNATURES CONTINUED ON NEXT PAGE]

19

Lessor MN Lessee KDY

# [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

APPROVED:

NY PERDUE

Governor

Attest:

BRIAN P. KEMP Secretary of State

(Great Seal of the State of Georgia)

Signed, sealed and delivered as to Governor in the presence of:

**Unofficial Witness** 

Brunds John 8W Official Witness, Notary Public

My Commission Expires:

EXPIRES
GEORGIA
AUG. 28, 2010

[SIGNATURES CONTINUED ON NEXT PAGE]

20

Lessor MN Lessee SN

# [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

### LESSEE:

USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company

By:

USGREF Manager, LLC,

a Georgia limited liability company, its Manager

Authorized Representative

Signed, sealed and delivered as to Lessee in the presence of:

Official Witness, Notary Public Notary Public, Fulton County, Georgia My Commission Expires August 8, 2011

My Commission Expires:



#### EXHIBIT "A"

# Legal Description

#### GROUND LEASE LIMITS

All that tract or parcel of land lying and being in Land Lot 252, 1st District, 321st G.M. District City of Milledgeville, Baldwin County, Georgia, and being more particularly described as follows:

To find the Point of Beginning, commence at a right of way monument found at the intersection of the westerly right of way of U.S. 441 Bypass also known as Culver Kidd Parkway (having a 300' right of way) with the northerly right of way of West Campus Drive (having a 100' right of way), thence along the northerly right of way of West Campus Drive the following calls and distances, South 51° 12' 29" West, 2.70 feet; thence, 668.51 feet along the arc of a curve deflecting to the right, having a radius of 981.90 feet and a chord bearing and distance of South 70° 42' 45" West, 655.67 feet; thence, 116.68 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 78° 51' 06" West. 116.65 feet; thence leaving said right of way and along the property of Baldwin County Board of Education (per plat book 34 page 71, Baldwin County land records) the following calls and distances North 86° 44' 50" West, 59.06 feet; thence, South 02° 01' 50" East, 18.65 feet; to the northerly right of way of West Campus Drive, thence along the northerly right of way of West Campus Drive the following calls and distances, 267.01 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 68° 45' 51" West, 266.62 feet; thence, South 63° 25' 11" West, 273.54 feet; thence leaving said right of way North 00° 54' 05" West, 75.37 feet to the Point of Beginning.

Thence from said Point of Beginning, North 50° 49' 40" West, 160.00 feet; thence, North 39° 10' 20" East, 7.50 feet; thence, North 50° 49' 40" West, 4.17 feet; thence, North 39° 10' 20" East, 15.50 feet; thence, North 50° 49' 40" West, 37.00 feet; thence, North 39° 10' 20" East, 168.50 feet; thence, South 50° 49' 40" East, 19.50 feet; thence, North 39° 10' 20" East, 155.50 feet; thence, South 50° 49' 40" East, 17.51 feet; thence, North 39° 10' 20" East, 37.20 feet; thence, South 55° 58' 12" East, 164.83 feet; thence, South 39° 10' 20" West, 81.97 feet; thence, South 50° 49' 40" East, 32.33 feet; thence, South 39° 10' 20" West, 289.00 feet; thence, North 50° 49' 40" West, 32.33 feet; thence, South 39° 10' 20" West, 28.00 feet to the Point of Beginning. The above description being contained within the property of the Board of Regents of the University System of Georgia.

Containing 82,555 square feet or 1.8952 acres of land, more or less, as more particularly described and shown on ALTA/ACSM Land Title Survey prepared by TerraMark Professional Land Surveying, bearing the seal of William C. Wohlford, Jr., RLS No. 2577, last revised on June 14, 2010.

Lessor MN Lessee 37

# TEMPORARY CONSTRUCTION EASEMENT

Lessor hereby grants to Lessee a temporary non-exclusive easement on, over, across and through the "Construction Easement Area" described below for the purpose of facilitating the construction of the improvements contemplated in this Ground Lease. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. This Temporary Construction Easement shall expire on the last day of the Construction Term of this Ground Lease. The Construction Easement Area is described as follows:

#### Construction Limits Tract

All that tract or parcel of land lying and being in Land Lot 252, 1st District, 321st G.M. District City of Milledgeville, Baldwin County, Georgia, and being more particularly described as follows:

To find the Point of Beginning, commence at a right of way monument found at the intersection of the westerly right of way of U.S. 441 Bypass also known as Culver Kidd Parkway (having a 300' right of way) with the northerly right of way of West Campus Drive (having a 100' right of way), thence along the northerly right of way of West Campus Drive the following calls and distances, South 51° 12' 29" West, 2.70 feet; thence, 668.51 feet along the arc of a curve deflecting to the right, having a radius of 981.90 feet and a chord bearing and distance of South 70° 42' 45" West, 655.67 feet; thence, 116.68 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 78° 51' 06" West, 116.65 feet; thence leaving said right of way and along the property of Baldwin County Board of Education (per plat book 34 page 71, Baldwin County land records) North 86° 44' 50" West, 59.06 feet, to the Point of Beginning.

Thence from said Point of Beginning, and continuing along the Baldwin County Board of Education South 02° 01' 50" East, 18.65 feet; to the northerly right of way of West Campus Drive, thence along the northerly right of way of West Campus Drive the following calls and distances, 267.01 feet along the arc of a curve deflecting to the left, having a radius of 1432.03 feet and a chord bearing and distance of South 68° 45' 51" West, 266.62 feet; thence, South 63° 25' 11" West, 273.54 feet; thence, 93.97 feet along the arc of a curve deflecting to the left, having a radius of 677.18 feet and a chord bearing and distance of South 59° 26' 41" West, 93.89 feet; thence leaving said right of way, North 34° 31' 50" West, 42.37 feet; thence. 96.52 feet along the arc of a curve deflecting to the right, having a radius of 134.50 feet and a chord bearing and distance of North 13° 58' 18" West, 94.46 feet; thence, 99.42 feet along the arc of a curve deflecting to the left, having a radius of 232.50 feet and a chord bearing and distance of North 05° 39' 49" West, 98.67 feet; thence, North 17° 54' 51" West, 197.95 feet; thence, North 66° 40' 54" East, 264.30 feet; thence, North 33° 55' 36" East, 54.27 feet; thence, South 56° 14' 26" East, 445.00 feet; thence, South 57° 46' 49" East, 56.53 feet to the Point of Beginning. The above

Lessor MV Lessee XV

description being contained within the property of the Board of Regents of the University System of Georgia.

Containing 199,076 square feet or 4.5702 acres of land, more or less, as more particularly described and shown on ALTA/ACSM Land Title Survey prepared by TerraMark Professional Land Surveying, bearing the seal of William C. Wohlford, Jr., RLS No. 2577, last revised on June 14, 2010.

#### OTHER EASEMENTS

In addition, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below and provided that Lessee's use of the easements below does not unreasonably interfere with Lessor's use of its property adjacent to the Premises or existing and future walkways and drives, respectively. The easements, rights and privileges granted hereby shall run with the land during the term of this Lease.

#### UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Premises (as described in Deed Book 77, Page 631, Baldwin County, Georgia Deed Records) to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, electronic and other communication facilities, television, internet, chilled water and other such utility lines and services to those of Lessor or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Lessee pays to Lessor when due all of Lessor's cost for extending any such utility lines to the Premises and Lessor's cost of Lessee's usage of any such utility services. In addition, Lessor grants to Lessee a non-exclusive easement over Lessor's property adjacent to the Premises to install electronic data and communication lines and transformers in such locations as may be approved by the Lessor, such approval not to be unreasonably withheld. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

Lessor MN Lessee Br

#### INGRESS/EGRESS EASEMENTS:

A non-exclusive easement over and across all existing and future walkways and drives between West Campus Drive and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and West Campus Drive for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose, such easements being more particularly described in the Ground Lease.

27

# EXHIBIT "B"

# **Special Stipulations**

[None]

# EXHIBIT "C"

### VOLUME I ARCHITECTURAL

No	Nema	Inches Date	
No. A0-0.1	DRAWING LIST	04/09/2010	
A0-1.0	PARTITION TYPES		ADD 0
A0-1.0	FIRST FLOOR LIFE SAFETY PLAN	04/22/2010	ADD. 2
A0-2.1	SECOND FLOOR LIFE SAFETY PLAN	04/09/2010	
A0-2.3		04/09/2010	
A2-1.0	THIRD FLOOR LIFE SAFETY PLAN FIRST FLOOR REFERENCE PLAN	04/09/2010	400.0
		04/22/2010	ADD. 2
A2-1.0.1	FIRST FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-1.1	FIRST FLOOR PART PLAN POOL	04/22/2010	ADD. 2
A2-1.1.1	FIRST FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-1.2	FIRST FLOOR PART PLAN GYM	04/22/2010	ADD. 2
A2-1.2.1	FIRST FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-1.3	FIRST FLOOR PART PLAN BAR	04/22/2010	ADD. 2
A2-1.3.1	FIRST FLOOR REFELCTED CEILING PLAN	04/27/2010	ADD. 3
A2-2.0	SECOND FLOOR REFERENCE PLAN	04/22/2010	ADD. 2
A2-2.0.1	SECOND FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD, 3
AZ-2.1	SECOND FLOOR PART PLAN POOL	04/22/2010	ADD. 2
A2-2.1.1	SECOND FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD, 3
A2-2.2	SECOND FLOOR PART PLAN GYM	04/22/2010	ADD. 2
A2-2.2.1	SECOND FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-2.3	SECOND FLOOR PART PLAN BAR	04/22/2010	ADD, 2
A2-2.3.1	SECOND FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-3.0	THIRD FLOOR REFERENCE PLAN	04/22/2010	ADD. 2
A2-3.0.1	THIRD FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD, 3
A2-3.1	THIRD FLOOR PART PLAN MECHANICAL	04/22/2010	ADD. 2
A2-3 1 1	THIRD FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD, 3
A2-3.2.1	THIRD FLOOR REFLECTED CEILING PLAN	04/27/2010	ADD. 3
A2-4.0	ROOF PLAN	04/22/2010	ADD, 2
A3-1.0	BUILDING ELEVATIONS	04/27/2010	ADD, 3
A3-1.1	BUILDING ELEVATIONS	04/27/2010	ADD, 3
A3-2.0	BUILDING SECTIONS	04/22/2010	ADD. 2
A3-2.1	BUILDING SECTIONS	04/22/2010	ADD. 2
A4-1.0	WALL SECTIONS	04/22/2010	ADD. 2
A4-1.1	WALL SECTIONS	04/27/2010	ADD. 3
A4-1.2	WALL SECTIONS	04/22/2010	ADD, 2
A4-1.3	WALL SECTIONS	04/22/2010	ADD, 2
A5-1.0	SECTION DETAILS	04/22/2010	ADD, 2
A6-1.1	SECTION DETAILS	04/22/2010	ADD, 2
A5-1.2	SECTION DETAILS	04/27/2010	ADD. 3
A6-1.0	STAIR 1 DETAILS	04/22/2010	ADD, 2
A6-2.0	STAIR 2 DETAILS	04/22/2010	ADD, 2
A6-3.0	STAIR 3 DETAILS	04/22/2010	ADD, 2
A7-1.0	INTERIOR ELEVATIONS	04/09/2010	
A7-1.1	INTERIOR ELEVATIONS	04/09/2010	
A7-1.2	INTERIOR ELEVATIONS	04/09/2010	
A7-1.3	BUILDING SECTIONS	04/09/2010	
A7-2.0	RESTROOMS ENLARGED PLANS & INTERIOR ELEV.	04/09/2010	
A7-2.1	RESTROOMS ENLARGED PLANS & INTERIOR ELEV.	04/09/2010	
A7-2.2	RESTROOMS ENLARGED PLANS & INTERIOR ELEV.	04/09/2010	
A7-23	MOUNTING HEIGHTS & KEY	04/09/2010	
A7-3.0	MILLWORK	04/27/2010	ADD, 3
A7-3.1	MILLWORK	04/27/2010	ADD. 3
A8-1.0	DOOR + WINDOW SCHEDULE	04/22/2010	ADD. 2
	FRAME TYPES	04/22/2010	ADD. 2
A8-3.0	DOOR DETAILS	04/22/2010	ADD, 2
A8-2.0	FRAME TYPES	04/22/2010	ADD. 2

Lessor MV Lessee Lyr

ADD. 2 ADD. 3

04/22/2010

A8-3.1	DOOR DETAILS	04/22/2010	ADD. 2
A12-0.0	FINISH SCHEDULE AND LEGEND	04/27/2010	ADD, 3
112-1.0	FIRST FLOOR FINISH PLAN	04/09/2010	
A12-2.0	SECOND FLOOR FINISH PLAN	04/09/2010	
A12-3.0	DETAILS (STD.)	04/27/2010	ADD. 3
VOLUME II	CONSULTANTS		
No.	Name	Issue Date	
C1.1	EXISTING CONDITIONS	04/09/2010	
C1.2	EXISTING CONDITIONS	04/09/2010	
C2.1	SITE DEMOLITION PLAN	04/09/2010	
C2.2	SITE DEMOLITION PLAN	04/09/2010	
C3.1	SITE PLAN	04/09/2010	
C3.2	SITE PLAN	04/09/2010	
C4.1	GRADING PLAN	04/27/2010	ADD. 3
C4.2	GRADING PLAN	04/09/2010	
C5.1	UTILITY PLAN	04/27/2010	ADD, 3
C5.2	UTILITY PLAN	04/09/2010	
C6.1	EROSION CONTROL PLAN INITIAL PHASE	04/22/2010	ADD, 2
C6.2	EROSION CONTROL PLAN INITIAL PHASE	04/22/2010	ADD, 2
C7.1	FROSION CONTROL PLAN INTERMEDIATE PHASE	04/22/2010	ADD, 2
C7.2	EROSION CONTROL PLAN INTERMEDIATE PHASE	04/22/2010	ADD, 2
C8.1	EROSION CONTROL PLAN FINAL PHASE	04/22/2010	ADD. 2
C8.2	EROSION CONTROL PLAN FINAL PHASE	04/22/2010	ADD, 2
C10.1	PROFILES	04/27/2010	ADD. 3
C10.2	PROFILES	04/27/2010	ADD. 3
C11.1	CONSTRUCTION DETAILS	04/22/2010	ADD. 2
011.2	CONSTRUCTION DETAILS	04/09/2010	ADD. E
C11.3	CONSTRUCTION DETAILS	04/09/2010	
C11.4	CONSTRUCTION DETAILS	04/22/2010	ADD, 2
C11.5	CONSTRUCTION DETAILS	04/09/2010	ADD. Z
C11.6	CONSTRUCTION DETAILS	04/09/2010	
C11.7	CONSTRUCTION DETAILS	04/09/2010	
C11.8	CONSTRUCTION DETAILS	04/09/2010	
C11.9	CONSTRUCTION DETAILS	04/27/2010	ADD, 3
		04/09/2010	AUD. S
C11.10	CONSTRUCTION DETAILS		
C11.11	CONSTRUCTION DETAILS	04/09/2010	
L1.0	DEMOLITION PLAN	04/27/2010	ADD. 3
L2.1	SITE PLAN	04/27/2010	ADD. 3
L2.2	SITE PLAN ENLGT	04/22/2010	ADD, 2
L3.1	DETAILS	04/22/2010	ADD. 2
L3.2	DETAILS	04/22/2010	ADD, 2
1.3.3	DETAILS	04/09/2010	
1.3.4	DETAIL\$	04/27/2010	ADD. 3
L4.1	TREE PLAN	04/09/2010	
L4.2	LANDSCAPE PLAN	04/22/2010	ADD. 2
L4.3	LANDSCAPE PLAN	04/22/2010	ADD, 2
L4.4	LANDSCAPE DETAILS	04/22/2010	ADD, 2
L5.1	IRRIGATION PLAN	04/09/2010	
L5.2	IRRIGATION SLEEVING PLAN	04/09/2010	
L5.3	IRRIGATION DETAILS	04/09/2010	
L5.4	IRRIGATION DETAILS	04/09/2010	
1.5.5	IRRIGATION CISTERN PUMPING DETAIL	04/09/2010	
		F2 - F2-F2-F2-F2-F2-F2-F2-F2-F2-F2-F2-F2-F2-F	

04/09/2010

IRRIGATION CISTERN PUMPING DETAIL

L5.6

A8-3.1

DOOR DETAILS

Ma	W.		_
No. S0-0.1	Name	Issue Date	
S0-0.1 S0-0.2	STRUCTURAL ABBREVIATIONS, SYMBOLS & LEGENDS STRUCTURAL NOTES	04/09/2010	
50-0.2		04/09/2010	
S0-0.3 S0-0.4	STRUCTURAL NOTES	04/09/2010	
\$2-1.0	COMPONENTS & CLADDING WIND DIAGRAM	04/09/2010	
	FIRST FLOOR REFERENCE PLAN	04/09/2010	
S2-1.1	FOUNDATION & FIRST FLOOR PART SLAB PLAN - POOL	04/22/2010	ADD, 2
\$2-1.2	FOUNDATION & FIRST FLOOR PART SLAB PLAN - GYM	04/22/2010	ADD, 2
82-1.3	FOUNDATION & FIRST FLOOR PART SLAB PLAN - BAR	04/27/2010	ADD, 3
S2 2.0	SECOND FLOOR REFERENCE PLAN	04/09/2010	
\$2-2.1	SECOND FLOOR PART FRAMING PLAN - POOL	04/22/2010	ADD, 2
S2-2.2	SECOND FLOOR PART FRAMING PLAN - GYM	04/22/2010	ADD, 2
52-2,3	SECOND FLOOR PART FRAMING PLAN - BAR	04/22/2010	ADD, 2
S2-2.4	SECOND FLOOR PART FRAMING PLAN	04/09/2010	1000000
52-3.0	THIRD FLOOR REFERENCE PLAN	04/09/2010	
S2-3.1	THIRD FLOOR PART FRAMING PLAN - POOL	04/22/2010	ADD, 2
S2-3.2	THIRD FLOOR PART FRAMING PLAN - GYM	04/09/2010	
S2-3.3	THIRD FLOOR PART FRAMING PLAN - BAR	04/22/2010	ADD. 2
82-3.4	THIRD FLOOR PART FRAMING PLAN	04/27/2010	ADD. 3
S2-4.0	ROOF REFERENCE PLAN	04/09/2010	AUU. 3
S2-4.1	ROOF PART FRAMING PLAN	04/09/2010	
S2-4.2	ROOF PART FRAMING PLAN	04/00/2010	
S2-4.3	ROOF PART FRAMING PLAN	04/09/2010	
S3-0.1	FOUNDATION DETAILS	04/09/2010	
83-0.2	FOUNDATION DETAILS	04/22/2010	ADD 0
\$3-0.3	FOUNDATION DETAILS	04/22/2010	ADD. 2
\$3-0.4	FOUNDATION DETAILS	04/22/2010	ADD, 2
\$3-1.1	GRADE SUPPORTED SLAB DETAILS	04/27/2010	ADD. 3
\$4 0.1	MASONRY DETAILS	04/22/2010	ADD, 2
55-0.1	STEEL FRAMING DETAILS	04/09/2010	
\$5-0.2	STEEL FRAMING DETAILS	04/09/2010	
55-0.2	STEEL FRAMING DETAILS	04/09/2010	100
S5-0.4	STEEL FRAMING DETAILS	04/27/2010	ADD. 3
S6-0.1	TRUSS ELEVATIONS	04/27/2010	ADD, 3
\$6-0.2	PARTIAL PLANS	04/27/2010	ADD. 3
30-0.2	PARTIAL PLANS	04/22/2010	ADD, 2
M2-1.0	FIRST FLOOR HVAC REFERENCE PLAN FIRST FLOOR HVAC PART PLAN - POOL	04/09/2010	
M2-1.1	FIRST FLOOR HVAC PART PLAN - POOL	04/27/2010	ADD, 3
M2-1.2	FIRST FLOOR HVAC PART PLAN – GYM	04/09/2010	100.0
M2-1,3	FIRST FLOOR HVAC PART PLAN - HEALTH	04/09/2010	
M2-1.4	FIRST FLOOR HVAC PART PLAN - INTRAMURALS	04/27/2010	ADD, 3
M2-2.0	SECOND FLOOR HVAC REFERENCE PLAN	04/09/2010	ADD. 3
M2-2.1	SECOND FLOOR HVAC PART PLAN - POOL	04/27/2010	ADD, 3
M2-2.2	SECOND FLOOR HVAC PART PLAN - TRACK	04/09/2010	AU. 3
M2-2.3	SECOND FLOOR HVAC PART PLAN - COUNSELING	04/27/2010	ADD, 3
M2-2.4	SECOND FLOOR HVAC PART PLAN - FITNESS	04/09/2010	ADD. 3
M2-3.0	MECHANICAL FLOOR HVAC REFERENCE PLAN		
M2-3.1	MECH. FLOOR HVAC PART PLAN	04/09/2010	
M2-4.0	ROOF HVAC REFERENCE PLAN	04/27/2010	ADD. 3
M2-4.1	ROOF HVAC PART PLAN	04/09/2010	
M2-4.2	ROOF HVAC PART PLAN	04/09/2010	
M3-1.1	FIRST FLOOR LIVAC PIRING PART PLAN. POOL	04/09/2010	
M3-1.1	FIRST FLOOR HVAC PIPING PART PLAN - POOL	04/09/2010	
00000140010001	FIRST FLOOR HVAC PIPING PART PLAN - GYM	04/09/2010	
M3-1.3	FIRST FLOOR HVAC PIPING PART PLAN - HEALTH	04/09/2010	
M3-1.4	FIRST FLOOR HVAC PIPING PART PLAN - INTRAMURALS	04/09/2010	
M3-2.1	SECOND FLOOR HVAC PIPING PART PLAN - POOL	04/09/2010	
M3-2.2	NOT USED		
M3-2.3	SECOND FLOOR HVAC PIPING PART PLAN - COUNSELING	04/09/2010	
M3-2,4	SECOND FLOOR HVAC PIPING PART PLAN - FITNESS	04/09/2010	
No.	Name	Issue Date	

M3-3.1	MECH, FLOOR HVAC PIPING PART PLAN	04/27/2010	ADD, 3
M4-1.0	HVAC SECTIONS & MECHANICAL ROOM PART PLANS	04/09/2010	1100.0
M5-1 ()	HVAC DETAILS	04/00/2010	
M5-2.0	HVAC DETAILS	04/09/2010	
M5-3.0	HVAC DETAILS	04/09/2010	
M5-4.0	HVAC DETAILS	04/09/2010	
M5-5.0	HVAC DETAILS	04/09/2010	
M6-1.0	HVAC SCHEDULES	04/08/2010	
M6-2.0	HVAC SCHEDULES	04/27/2010	ADD, 3
M6-3.0	HVAC SCHEDULES	04/09/2010	
M7-1.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-2.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-3.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-4.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-5.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-6.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-7.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-8.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
M7-9.0	I/O SUMMARY & SEQUENCE OF OPERATION	04/09/2010	
P2-1.0	FIRST FLOOR PLUMBING REFERANCE PLAN	04/09/2010	
P2-1.1	FIRST FLOOR PLUMBING S,W,V & RW PART PLAN - POOL	04/27/2010	ADD, 3
P2-1.2	FIRST FLOOR PLUMBING S,W,V & RW PART PLAN - GYM	04/09/2010	101042-000
P2-1.3	FIRST FLOOR PLUMBING S,W,V & RW PART PLAN - HEALTH	04/09/2010	
P2-1.4	FIRST FLOOR PLUMBING S,W,V & RW PART PLAN INTRAMURA		
P2-2.0	SECOND FLOOR PLUMBING REFERANCE PLAN	04/09/2010	
P2-2.1	SECOND FLOOR PLUMBING S,W,V & RW PART PLAN - POOL	04/09/2010	
P2-2.2	SECOND FLOOR PLUMBING S.W.V & RW PART PLAN TRACK	04/09/2010	
P2-2.3	SECOND FLOOR PLUMBING S,W,V & RW PART PLAN-COUNSELI	NG 04/09/2010	
P2-2.4	SECOND FLOOR PLUMBING S,W,V & RW PART PLAN - FITNESS		
P2-3.0	MECH, FLOOR PLUMBING REFERENCE PLAN	04/09/2010	
P2-3.1	MECH, FLOOR PLUMBING S,W,V, RW & WATER PART PLAN	04/09/2010	
P2-3.2	MECH, FLOOR PLUMBING S.W.V. & RW PART PLAN	04/09/2010	
P2-4.0	ROOF PLUMBING REFERENCE PLAN	04/09/2010	
P2-4.1	ROOF PLUMBING S.W.V. RW & WATER PART PLAN	04/09/2010	
P2-4.2	ROOF PLUMBING RW PART PLAN	04/09/2010	
P3-1.1	FIRST FLOOR PLUMBING WATER & GAS PART PLAN-POOL	04/27/2010	ADD 3
P3-1.2	FIRST FLOOR PLUMBING WATER & GAS PART PLAN - GYM	04/27/2010	ADD. 3
P3-1.3	FIRST FLOOR PLUMBING WATER PART PLAN - HEALTH	04/27/2010	ADD 3
P3-1.4	FIRST FLOOR PLUMBING WATER PART PLAN - INTRAMURALS	04/22/2010	ADD, 2
P4-2.3	SECOND FLOOR PLUMBING WATER PART PLAN - COUNSELING		
P5-1.0	PLUMBING DETAILS	04/27/2010	ADD, 3
P6-1.0	PLUMBING SCHEDULES, LEGEND & SYMBOLS	04/22/2010	ADD. 2
E0.1	DETAIL, NOTES, & SYMBOL LEGEND	04/27/2010	ADD. 3
E0.2	SITE PLAN - ELECTRICAL	04/27/2010	ADD, 3
E1.1	FIRST FLOOR PARTIAL PLAN - POOL - POWER	04/27/2010	ADD, 3
E1.2	FIRST FLOOR PLARTIAL PLAN - GYM - POWER	04/27/2010	ADD, 3
E1.3	FIRST FLOOR PARTIAL PLAN - HEALTH AND INTRAMURALS POWER	04/27/2010	ADD. 3
E1.4	SECOND FLOOR PARTIAL PLAN POOL POWER	04/09/2010	
E1.5	SECOND FLOOR PARITAL PLAN - TRACK - POWER	04/27/2010	ADD, 3
	Continuing and Highly Contain	OWELLEGIO	MUD. O

No.	Name	Issue Date	
E1.6	SECOND FLOOR PARTIAL PLANS - COUNSELING AND	04/27/2010	ADD 3
E1.7	THIRD FLOOR PARTIAL PLAN - POOL - POWER	04/27/2010	ADD. 3
E1.8	ROOF PLAN - ELECTRICAL	04/09/2010	ADD. 3
E2.1	FIRST FLOOR PARTIAL PLAN - POOL - LIGHTING		ADD 0
		04/27/2010	ADD. 3
E2.2 E2.3	FIRST FLOOR PARTIAL PLAN – GYM – LIGHTING FIRST FLOOR PARTIAL PLAN – HEALTH AND INTAMURALS –	04/27/2010	ADD. 3
C2.0		DARTONA	
FO 4	LIGHTING	04/27/2010	ADD. 3
E2.4	SECOND FLOOR PARTIAL PLAN - POOL - LIGHTING	04/27/2010	ADD. 3
E2.5	SECOND FLOOR PARITAL PLAN - TRACK - LIGHTING	04/27/2010	ADD, 3
E2.6	SECOND FLOOR PARTIAL PLANS - COUNCELING AND		
E0.7	FITNESS - LIGHTING	04/27/2010	ADD. 3
E2.7	THIRD FLOOR PARTIAL PLAN - POOL - LIGHTING	04/27/2010	ADD. 3
E3.1	FIRST FLOOR PARTIAL PLAN - POOL - SYSTEMS	04/27/2010	ADD. 3
E3.2	FIRST FLOOR PLARTIAL PLAN - GYM - SYSTEMS	04/27/2010	ADD. 3
E3.3	FIRST FLOOR PARTIAL PLAN - HEALTH AND INTAMURALS -		
2357	SYSTEMS	04/27/2010	ADD, 3
E3.4	SECOND FLOOR PARTIAL PLAN - POOL - SYSTEMS	04/27/2010	ADD. 3
E3.5	SECOND FLOOR PARITAL PLAN - TRACK - SYSTEMS	04/27/2010	ADD. 3
E3.6	SECOND FLOOR PARTIAL PLANS - COUNCELING AND	PRODUCE A PROBLEM OF	
	FITNESS - SYSTEMS	04/27/2010	ADD, 3
E3.7	THIRD FLOOR PARTIAL PLAN - POOL - SYSTEMS	04/27/2010	ADD, 3
E4.1	MECHANICAL SCHEDULES	04/27/2010	ADD. 3
E4.2	MECHANICAL SCHEDULES	04/27/2010	ADD. 3
E4.3	LIGHTING FIXTURE SCHEDULES, LIGHTING CONTROL,		
	DEVICE LEGEND, AND LIGHTING CONTROL SCHEDULES	04/27/2010	ADD. 3
E4.4	RISER DIAGRAM	04/27/2010	ADD. 3
AV-000 I	EGEND & COVER SHEET	04/27/2010	ADD, 3
	FIRST FLOOR PLAN POOL AREA	04/09/2010	ADD. S
	FIRST FLOOR PLAN GYM AREA	04/09/2010	
	FIRST FLOOR PLAN BAR AREA	04/27/2010	ADD 3
	BECOND FLOOR PLAN POOL AREA	04/09/2010	ADD, 3
	SECOND FLOOR PLAN GYM AREA	04/09/2010	
The second secon	SECOND FLOOR PLAN BAR AREA	04/27/2010	ADD, 3
	ARGE SCALES	04/09/2010	noo. o
	ARGE SCALES	04/09/2010	
	ARGE SCALES	04/09/2010	
	CONFER. ROOM FUNCTIONAL & DETAILS	04/09/2010	
	CLASSROOM FUNCTIONAL & DETAILS	04/09/2010	
	MULTI-PURPOSE RM FUNCTIONAL DIAGRAM	04/09/2010	
	ECTERN FUNCTIONAL DIAGRAM & DETAILS	04/09/2010	
AV-305	BGMPAGING AND POOL FUNCTIONAL & DETAILS	04/27/2010	ADD, 3
	SYMNASIUM FUNCTIONAL DIAGRAMS	04/09/2010	AUU. 3
	CONTROL SYSTEM FUNCTIONAL & DETAILS	04/09/2010	
AV-401 1	RACK ELEVATIONS & DETAILS	04/09/2010	
T\$1.1	SITE PLAN - CABLING	04/27/2010	ADD. 3
T1.1	FIRST FLOOR PLAN – CABLING	04/09/2010	
T1.2	SECOND FLOOR PLAN - CABLING	04/08/2010	
T2.1	DETAILS AND SCHEDULES - CABLING	04/09/2010	
T2.2	DETAILS - CABLING	04/09/2010	
T3.1	MER RACK & WALL ELEVATIONS - CABLING	04/09/2010	
T3.2	TR1 & TR2 WALL ELEVATION - CABLING	04/09/2010	
SP0.0	POOL SITE PLAN	04/09/2010	
SP1.0	RECREATION POOL PLAN AND SECTIONS	04/09/2010	
SP1.1	RECREATION POOL PLAN AND SECTIONS RECREATION POOL WATER POLO LAYOUT	04/09/2010	
SP1.1	RECREATION POOL WATER FOLD EATOUT	04/09/2010	
OF I.Z	NEGRETION FOOL DE MILO	04/03/2010	

SP1.3	RECREATION POOL DETAILS	04/09/2010	
SP1.4	RECREATION POOL DETAILS	04/09/2010	
SP2.0	LEISURE POOL PLAN AND SECTIONS	04/00/2010	
SP2.1	LEISURE POOL DETAILS	04/09/2010	
SP4.0	POOL SUCTION PIPING PLAN	04/09/2010	
SP4.1	POOL SUCTION PIPING PLAN	04/09/2010	
SP5.0	POOL MECHANICAL ROOM PLAN AND SECTIONS	04/09/2010	
SP5.1	SURGE TANK PLAN AND SECTIONS	04/09/2010	
SP5.2	POOL MECHANICAL DETAILS	04/09/2010	
SP5.3	POOL MECHANICAL DETAILS	04/09/2010	
SP5.4	POOL MECHANICAL DETAILS	04/09/2010	
SP6.0	POOL MECHANICAL DETAILS RECREATION POOL SYSTEMS SCHEMATIC	04/09/2010	
SP6.1	LEISURE POOL SYSTEMS SCHEMATIC	04/09/2010	
No.	Name	Incus Data	
	BLE OF CONTENTS	04/09/2010	
		A TOUR DESCRIPTION OF THE PROPERTY.	
00920 - St	JBSTITUTION REQUEST FORM	04/09/2010	
	1 GENERAL REQUIREMENTS	04/00/0040	
01100	SUMMARY	04/09/2010	
01200	PRICE AND PAYMENT PROCEDURES	04/09/2010	
01210	ALLOWANCES	04/09/2010	
01230	ALTERNATIVES	04/09/2010	
01270	UNIT PRICES	04/09/2010	
01300	ADMINISTRATIVE REQUIREMENTS	04/09/2010	
01310	STRUCTURAL SUBMITTALS	04/09/2010	
01354	LEED-NC 2009 CREDIT SUMMARY	04/09/2010	
01356	LEED SUBMITTAL FORMS	04/09/2010	
01357	LEED MATERIAL COST SUMMARY FORM	04/09/2010	
01359	LEED METAL-CONTAINING PRODUCT LIST	04/09/2010	
01360	LEED NEW PRODUCT CONTENT FORM	04/09/2010	
01361	LEED NEW PRODUCT SOURCE FORM	04/09/2010	
01363	LEED PROHIBITED CONTENT INSTALLER CERTIFICATION	04/09/2010	
01400	QUALITY REQUIREMENTS	04/09/2010	
01420	SPECIAL INSPECTIONS	04/22/2010	ADD, 2
01500	TEMPORARY FACILITIES AND CONTROLS	04/09/2010	
01000	PRODUCT REQUIEMENTS	04/09/2010	
01700	EXECUTION REQUIREMENTS	04/09/2010	
01732	WASTE MANAGEMENT	04/09/2010	
01780	CLOSEOUT SUBMITTALS	04/09/2010	
DIVISION	2 SITE CONSTRUCTION		
02220	SITE DEMOLITION	04/09/2010	
02221	EXCAVATING, BACKFILLING, AND COMPACTING	04/09/2010	
	FOR STRUCTURES		
02230	SITE CLEARING	04/09/2010	
02231	TEMPORARY TREE AND PLANT PROTECTION	04/09/2010	
02300	EARTHWORK	04/09/2010	
02361	SOIL TREATMENT FOR TERMITE CONTROL	04/09/2010	
02370	EROSION CONTROL	04/09/2010	
02510	WATER DISTRIBUTION	04/09/2010	
02530	SANITARY SEWERAGE		
02630		04/09/2010	
02740	STORM DRAINAGE FLEXIBLE PAVING	04/09/2010	
02740	LIEVIBLE LYAING	04/00/2010	
	22		

Lessor MN Lessee LV



No.	Name	Issue Date	
02750	RIGID PAVEMENT	04/09/2010	
02770	OURD & CUTTER	04/09/2010	
02775	SIDEWALKS	04/09/2010	4.0
02781	FLEXIBLE POROUS PAVEMENT	04/09/2010	
02810	UNDERGROUND IRRIGATION SYSTEM	04/09/2010	
	FENCES & GATES	04/09/2010	
02820			
02826	ORNAMENTAL FENCES AND GATES	04/09/2010	
02870	SITE FURNISHINGS	04/09/2010	
02920	TURF AND GRASSES	04/09/2010	
02930	EXTERIOR PLANTS	04/09/2010	
DIVISION	3 - CONCRETE		
03100	CONCRETE FORMWORK	04/09/2010	
	CONCRETE FORMWORK  CONCRETE REINFORCEMENT	04/09/2010	
03200		and the second second second second	
03300	CAST-IN-PLACE CONGRETE	04/09/2010	
03356	CONCRETE FLOOR FINISHING	04/09/2010	
03600	NON-SHRINK GROUT	04/09/2010	
DIVISION	I - MASONRY		
04810	UNIT MASONRY ASSEMBLIES	04/09/2010	
DIVISION	5 - METALS		
05100	STRUCTURAL STEEL	04/09/2010	
05300	METAL DECKING	04/09/2010	
05400	COLD FORMED METAL FRAMING	04/09/2010	
	METAL FABRICATIONS	04/09/2010	
05500			
05505	FIXED LADDERS	04/09/2010	
05510	METAL STAIRS	04/09/2010	
05522	TEMPERED GLASS RAILING ASSEMBLIES	04/09/2010	
DIVISION (	- WOOD AND PLASTICS		
06100	ROUGH CARPENTRY	04/09/2010	
06200	FINISH CARPENTRY	04/09/2010	
06410	CUSTOM CABINETS	04/09/2010	
06423	WOOD VENEER FACED PANELING	04/09/2010	
00425	WOOD VENEER PACED PARELING	04/03/2010	
	7 THERMAL AND MOISTURE PROTECTION		
07130	SHEET WATERPROOFING	04/09/2010	
07145	SPRAY-APPLIED WATERPROOFING MEMBRANE	04/09/2010	
07161	METALLIC OXIDE WATERPROOFING	04/09/2010	
07180	PEDESTRIAN TRAFFIC DECK WATERPROOFING	04/09/2010	
07212	BOARD AND BATT INSULATION	04/09/2010	
07272	VAPOR PERMEABLE, FLUID-APPLIED MEMBRANE	04/09/2010	
07272	AIR BARRIERS	0 110012010	
07410	METAL ROOF & WALL PANELS	04/09/2010	
07426	METAL COMPOSITE MATERIAL PANEL SYSTEM	04/09/2010	
07520	MODIFIED BITUMINOUS MEMBRANE ROOFING	04/09/2010	
07620	SHEET METAL FLASHING AND TRIM	04/09/2010	
07720	ROOF ACCESSORIES	04/09/2010	
07815	SPRAYED-ON FIREPROOFING	04/09/2010	
07816	INTUMESCENT COATINGS	04/27/2010	ADD, 3
07840	FIRESTOPPING	04/09/2010	1 100, 0
		04/09/2010	
07900	JOINT SEALERS	0103/2010	1.0

Lessor MN Lessee RN

No.	Name	Issue Date	
	- DOORE AND WINDOWS		
08110	STEEL DOORS AND FRAMES	04/09/2010	
08130	STAINLESS STEEL DOORS AND FRAMES	04/09/2010	
08211	FLUSH WOOD DOORS	04/09/2010	
08310	ACCESS DOORS AND PANELS	04/09/2010	
08331	OVERHEAD COILING DOORS	04/09/2010	
08334	COILING COUNTER DOORS	04/09/2010	
08410	METAL-FRAMED STOREFRONTS	04/09/2010	
08441	GLAZED ALUMINUM CURTAIN WALLS	04/09/2010	
08625	INSULATED POLYCARBONATE TRANSLUCENT	04/09/2010	
	GLAZED WALL SYSTEMS	0 110012010	
08710	DOOR HARDWARE	04/22/2010	ADD, 2
08800	GLAZING	04/09/2010	100.2
08830	MIRRORS	04/09/2010	
DIVISION 9			
09206	METAL LATH	04/09/2010	
09220	PORTLAND CEMENT PLASTER	04/09/2010	
09260	GYPSUM BOARD ASSEMBLIES	04/09/2010	
09300	TILE	04/09/2010	
09511	SUSPENDED ACOUSTICAL CEILINGS	04/09/2010	
09622	RESILIENT ATHLETIC FLOORING	04/09/2010	
09644	WOOD ATHLETIC FLOORING	04/09/2010	
09650	RESILIENT FLOORING	04/09/2010	
09652	SPECIALTY RESILIENT FLOORING	04/09/2010	
09685	CARPET TILE	04/09/2010	
09720	WALL COVERING	04/09/2010	
09900	PAINTS AND COATINGS	04/09/2010	
09960	HIGH PERFORMANCE COATINGS FOR STEEL	04/27/2010	ADD. 3
DIVISION 40	- SPECIALTIES		
10100	VISUAL DISPLAY BOARDS	04/09/2010	
10145	CUBUCLE TRACK AND HARDWARE	04/27/2010	ADD. 3
10170	PLASTIC TOILET AND SHOWER PARTITIONS	04/09/2010	ADD. 3
10456	TURNSTILES	04/09/2010	
10505	METAL LÖCKERS	04/27/2010	ADD 2
			ADD, 3
10523	FIRE EXTINGUISHERS, CABINETS AND ACCESSORIES	04/09/2010	
10800	TOILET, BATH, AND LAUNDRY ACCESSORIES	04/08/2010	
	- EQUIPMENT	12001201001	122212530
11480	GYMNASIUM EQUIPMENT	04/27/2010	ADD, 3
DIVISION 12	- FURNISHINGS		
12400	FLOOR MATS	04/09/2010	
12494	ROLLER SHADES	04/09/2010	
DIVISION 13	SPECIAL CONSTRUCTION		
13126	SWIMMING POOL BLEACHERS	04/27/2010	ADD, 3
13150	SWIMMING POOLS	04/09/2010	,,,,,,
13154	SWIMMING POOLS SWIMMING POOL TILE	04/09/2010	
13156	SWIMMING POOL TIMING SYSTEM	04/09/2010	
13181	DASHER BOARD SYSTEM	04/09/2010	
13101	DOUBLY DOVING STOTEM	04/08/2010	

Lessor MA Lessee XW

No.	Name	lesue Date	
	- CONVEYING SYSTEMS		
14240	HYDRAULIC HOSPITAL ELEVATORS	04/09/2010	
DIVISION 15			
15010	GENERAL PROVISIONS-MECHANICAL	04/09/2010	
15030	MAINTENANCE AND OPERATING MANUALS	04/09/2010	
15050	BASIC MATERIALS AND METHODS	04/09/2010	
15051	MECHANICAL SYSTEMS IDENTIFICATION	04/09/2010	
15055	WATER TREATMENT SYSTEMS	04/09/2010	
15056	NON-CHEMICAL WATER TREATMENT FOR OPEN HYDRONIC SYSTEMS	04/09/2010	
15057	WATER FILTERING SYSTEM	04/09/2010	
15060	PIPE, FITTINGS AND ACCESSORIES - GENERAL	04/09/2010	
15062	HYDRONIC PIPING	04/09/2010	
15064	REFRIGERANT PIPING AND ACCESSORIES	04/09/2010	
15066	UNDERGROUND HYDRONIC PIPING	04/09/2010	
15080	HYDRONIC SPECIALTIES	04/09/2010	
15100	HVAC VALVES AND STRAINERS	04/09/2010	
15105	PLUMBING VALVES AND STRAINERS	04/09/2010	
15142	PUMPS - END SUCTION	04/09/2010	4
15144	PUMPS PLUMBING	04/09/2010	
15145	PUMPS - IN LINE	04/09/2010	
15150	VARIABLE FREQUENCY DRIVES	04/09/2010	
15160	VIBRATION ISOLATION	04/09/2010	
15171	TEMPERATURE GAUGES AND TEST WELLS	04/09/2010	
15172	PRESSURE GAUGES AND VALVES	04/09/2010	
15180	MECHANICAL SYSTEMS INSULATION	04/09/2010	
15400	PLUMBING PIPING AND DRAINAGE ACCESSORIES	04/27/2010	ADD, 3
15410	PLUMBING FIXTURES AND TRIM	04/22/2010	ADD. 2
15420	DOMESTIC WATER HEATING EQUIPMENT	04/09/2010	
15500	FIRE PROTECTION	04/09/2010	
15631	COPPER HOT WATER HEATING BOILER	04/09/2010	
15632	POOL WATER HEATERS	04/09/2010	
15680	CENTRIFUGAL CHILLER	04/09/2010	
15885	COOLING TOWER	04/09/2010	
15686	PLATE HEAT EXCHANGER	04/09/2010	
15689	REFRIGERANT MONITORS AND ACCESSORIES	04/09/2010	
15765	CENTRAL STATION AIR HANDLERS	04/09/2010	
15775	MISCELLANEOUS ELECTRIC HEATERS	04/09/2010	
15776	DIRECT EXPANSION EQUIPMENT	04/09/2010	
15778	FAN COIL UNITS	04/09/2010	
15820	FANS	04/09/2010	
15821	POOL DEHUMIDIFICATION UNITS	04/09/2010	
15822	ENERGY RECOVERY UNITS	04/09/2010	
15830	GRILLES, REGISTERS AND DIFFUSERS	04/09/2010	
15840	DUCTWORK	04/09/2010	
15841	DUCT SILENCERS	04/09/2010	
15844	FIRE, SMOKE & COMBINATION FIRE SMOKE DAMPERS	04/09/2010	
15845	LOUVERS	04/09/2010	
15847	EQUIPMENT SUPPORTS	04/09/2010	
15860	POWERED INDUCTION TERMINALS	04/09/2010	

Lessor MN Lessee LW

· ...,

No.	Namo	Issue Date	
15865	VARIABLE VOLUME TERMINALS	04/09/2010	
15920	BUILDING AUTOMATION AND TEMPERATURE		
	CONTROL SYSTEM	04/09/2010	
15950	TESTING, BALANCING & ADJUSTING	04/09/2010	
DIVISION 16	3		
16010	GENERAL PROVISIONS	04/09/2010	
16015	DEFINITIONS	04/09/2010	
16020	WORK INCLUDED	04/09/2010	
16025	WORK NOT INCLUDED	04/09/2010	
16030	TESTS	04/09/2010	
16040	IDENTIFICATION	04/09/2010	
16100	BASIC MATERIALS AND METHODS	04/09/2010	
16110	RACEWAYS	04/09/2010	
16120	WIRES AND CABLES	04/09/2010	
16130	OUTLET BOXES AND JUNCTION BOXES	04/09/2010	
16140	SWITCHES AND RECEPTACLES	04/09/2010	
16150	MOTORS	04/09/2010	
16400	SERVICE AND DISTRIBUTION	04/09/2010	
16410	ELECTRIC SERVICE	04/09/2010	
16420	EMERGENCY/STANDBY POWER SYSTEMS	04/09/2010	
16475	ARC FLASH HAZARD ANALYSIS AND LABELING	04/27/2010	ADD. 3
16500	LIGHTING	04/09/2010	
16510	INTERIOR LIGHTING FIXTURES, LAMPS AND BALLASTS	04/09/2010	
16520	LIGHTING CONTROL DEVICES	04/09/2010	
16540	LIGHTING CONTROL PANEL BOARDS	04/09/2010	
16560	MODULAR DIMMING CONTROLS	04/09/2010	
16580	ADDRESSABLE FIXTURE LIGHTING CONTROL	04/09/2010	
16600	LIFE SAFETY SYSTEM	04/09/2010	
DIVISION 17			
17100	STRUCTURED CABLING	04/09/2010	
17110	COMMUNICATIONS EQUIPMENT ROOM FITTINGS	04/09/2010	
17120	COMMUNICATIONS BACKBONE CABLING	04/09/2010	
17130	COMMUNICATIONS HORIZONTAL CABLING	04/09/2010	
17140	GROUNDING AND BONDING FOR COMMUNICATIONS SYSTEMS	04/09/2010 04/09/2010	
17150	PATHWAYS FOR TELECOMMUNICATIONS SYSTEMS	- 110012010	
17160	TESTING, IDENTIFICATION AND ADMINISTRATION	04/09/2010	
17900	AUDIO VISUAL SYSTEMS	04/27/2010	Add. 3

Space Above This Line For Recorder's Use

AFTER RECORDING RETURN TO:

Fallany O. Stover Stover Legal Group, LLC 1075 Peachtree Street NE Suite 3650 Atlanta, Georgia 30309

CDOCC	DEDE	DEN	OD.
CROSS	KEFE	KEN	CE:

Deed Book, Pa Baldwin County, Ge	•
Counterpart No Counterpart of	_ of 2 Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF BALDWIN:

## FIRST AMENDMENT TO GROUND LEASE (GCSU Wellness Center)

THIS FIRST AMENDMENT TO GROUND LEASE (hereinafter "Amendment"), is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of the GEORGIA COLLEGE AND STATE UNIVERSITY, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the first part, hereinafter called Lessor, and USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, S.W., Suite 7002, Atlanta, Georgia 30334, party of the second part, hereinafter called Lessee, and:

## WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Ground Lease dated August 12, 2010 (hereinafter "Ground Lease") whereby Lessor leases to Lessee the Premises (as defined in the Ground Lease) described therein and constituting a wellness and recreation center and site amenities located on the campus of the Georgia College & State University, Baldwin County, Georgia; and

**WHEREAS**, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

- 1. Recitals. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified to change the acreage of the Premises by deleting the figures and characters "1.895" and inserting in lieu thereof the figures and characters "\_\_\_\_\_."
- 2. <u>Legal Description for Premises–Exhibit "A"</u>. Exhibit "A" to the Ground Lease is hereby deleted in its entirety, and the attached Exhibit "A" is substituted in its place.
- 3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Ground Lease, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Lessor and Lessee, by and through their authorized representatives, have hereunto executed, signed, and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	LESSOR:			
Signed, sealed and delivered as to Lessor, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA			
	By:			
Unofficial Witness	Jim James, Vice Chancellor for Facilities			
	Attest:			
Notary Public	Edward Tate, Secretary to the Board			
(NOTARY SEAL)	(SEAL)			
	APPROVED:			
Signed, sealed and delivered as	_			
to Governor, in the presence of:	By: BRIAN KEMP			
	Governor			
Unofficial Witness	_ Governor			
	Attest:			
	_ BRAD RAFFENSPERGER			
Notary Public	Secretary of State			
(NOTARY SEAL)	(Great Seal of the State of Georgia)			

[GCSU Ground Lease Amendment]

## LESSEE: USG REAL ESTATE FOUNDATION III, LLC By: USGREF Manager, LLC, its Manager Unofficial Witness By: Karen N. McCauley Vice President (NOTARY SEAL)

## EXHIBIT "A"

## **Legal Description**

Clock#: 1276847 FILED FOR RECORD 9/20/2010 11:05am PAID: 86.00 Daniel W. Massey, Clerk Superior Court of Chatham County Chatham County, Seorgia

Clock#: 1268279 FILED FOR RECORD 8/13/2010 10:58am PAID: 84.00 Daniel W. Massey, Clerk Superior Court of Chatham County Chatham County, Georgia

**Ground Lease** 

By and between

The Board of Regents of the University System of Georgia

and

USG Real Estate Foundation III, LLC

dated August 12, 2010

Counterpart No. 2	of Two Original Executed Counterpart	5
Counterpart of the	CE 0500	

## STATIE OF GEORGIA; COUNTY OF FULTON:

## 3630

## GROUND LEASE

## 363

## WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately [1.373] acres situated on the campus of the Institution, more particularly described in Exhibit "A" attached hereto (hereinafter referred to as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of May 12, 2010, Lessor determined the Premises to no longer be advantageously useful to the Institution or other units of the University System, but only for the purpose of constructing, owning, operating and maintaining an approximately 8,000 seat stadium with concession and ticket booths, locker rooms, and restrooms; and further approved the leasing of the Premises to Lessee under the conditions set forth in this Lease; and

WHEREAS, Lessor's leasing of the Premises is for the purposes of constructing, owning, operating and maintaining an approximately 8,000 seat stadium with concession and ticket booths, locker rooms, and restrooms for the benefit of the Institution.

NOW, THEREFORE, in consideration of the mutual promises herein contained, upon the following terms and conditions to be paid and kept by Lessee, Lessor grants and leases, and Lessee does hereby accept, take and lease, the Premises from Lessor. This Lease creates in Lessee an estate for years.

Lessor MN Lessee LW

## 1. USE OF PROPERTY

- operating and maintaining an approximately 8,000 seat stadium with concession and ticket booths, locker rooms, and restrooms (hereinafter the "Improvements"). The Improvements shall be constructed pursuant to the program, plans and specifications identified in Exhibit "C" attached hereto approved by Lessor. Upon completion of construction of the Improvements, the premises may be modified as set forth in Section 9.7.
- 1.2 Without limitation of the foregoing, Lessee shall not: (a) use the Premises or Improvements for any illegal purpose, nor for any purpose inimical to the health, safety and welfare of the public, or (b) commit, or suffer to be committed, any waste in or on the Premises and Improvements, nor shall it create or permit any nuisance in or on the Premises.
- the Premises together with the right of ingress and egress to adjoining land of Lessor as may be reasonably necessary for Lessor to operate the Institution provided the use of such easement by Lessor does not unreasonably interfere with Lessee's construction, operation, maintenance or use of the Premises. Lessor retains non-exclusive easements to all utility lines crossing the Premises that provide service to the property owned by Lessor surrounding the Premises; such easements shall include the ability of Lessor to maintain, repair and replace such utilities.

## 2. OCCUPANCY

Lessee shall occupy the Premises continuously throughout the Term of this Lease and shall not desert, surrender, abandon or cease using the Premises during the term of this Lease. As hereinafter used, "Term" shall collectively refer to the Construction Term, the Primary Term and any extension thereof.

## 3. RENT

For and as rent for the Premises, Lessee covenants and agrees to keep each and every term and condition of this Lease required to be kept by Lessee, each of which shall constitute rent for the Premises, in addition to payment by Lessee to Lessor of the following amounts of rent:

- 3.1 Lessee shall pay in advance to Lessor the sum of TEN DOLLARS (\$10.00) per year, payable in advance upon execution of this Lease.
- 3.2 Lessee shall also pay to Lessor, as additional rent, all costs and expenses which Lessor incurs as a result of any default of Lessee or failure on the part of Lessee to comply with any provisions of this Lease.

Lessor MN Lessee KW

## 4. TERM AND TERMINATION

- 4.1 Unless sooner terminated as hereinafter provided, the Construction Term shall begin Lipon the execution of this Lease and shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the last day preceding the Commencement Date of the Primary Term, as set forth in Section 4.2; provided, however that, unless an extension of the Construction Term is agreed to by Lessor, the Construction Term shall terminate automatically, if construction is not completed, or is suspended without the consent of the Lessor for period in excess of six (6) months) without further action by either party, at midnight on the day before the second (2<sup>nd</sup>) anniversary of the commencement of the Construction Term.
- 4.2 The Primary Term of this Lease shall be for thirty (30) years beginning upon the first day of the first month after issuance of a certificate of occupancy for the Improvements (the "Commencement Date") but in no event shall the Commencement Date be prior to August 1, 2011. The Primary Term shall end at 11.59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the day before the thirtieth (30th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days written notice to Lessor and, subject to Lessor's rights under Section 9.3, conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed including the carrocallation of any security interest held upon the leasehold interest and conveyance to Lessor of all right and title to all improvements then existing on the Premises.
- Lessee, for one extension period of up to five (5) years, and such request must be made to Lessor at least ninety (90) days, but no more than 180 days, prior to the termination date. Any outstanding obligation of the Lessee to pay an amount secured directly or indirectly by any leasehold security deed permitted under this Lease is sufficient grounds that Lessor shall grant an extension provided that any such extension for this purpose shall terminate on the earlier to occur of (a) the end of any such extension period, or (b) the date of repayment in full of the secured indebtedness and release of the leasehold security deed.
- 4.4 Upon expiration of this Lease (including any renewals or extensions thereof), if and only if Lessor determines the continued rental of the Premises is in the best interest of the Institution and the University System, Lessor may grant Lessee a usufruct in the Premises for fair market rental value and under terms to be mutually agreed upon by Lessor and Lessee.
- 4.5 Subject to Sections 4.3 and 4.4, upon expiration or termination of this Lease, all rights and interests of Lessee (and all persons whomsoever claiming by, under or through Lessee) in and to the Premises and the Improvements shall wholly cease and title to the Premises and the Improvements, including but not limited to all permanent improvements, erections and

Lessor MA Lesson

additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefore to Lessee or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time other than pursuant to the specific terms of this Lease. This provision shall not relieve Lessee from liability for having left the Premises or the Improvements in unsound or unsafe condition or with encumbered title. Lessee, upon the request of Lessor, covenants and agrees to execute a quitclaim deed releasing all such rights in the Premises and the Improvements in a form and substance acceptable to Lessor.

4.6 Subject to Section 9.5, in addition to the termination provisions set forth in Section 4.2, if Lessee shall, after ten (10) days notice thereof, default in the performance of any of the Stipulations, covenants, terms, conditions, agreements or provisions of this Lease; then and in any of the above events, Lessor, at its option, may at once or thereafter (but only during the continuance of such default), terminate this Lease. Upon such termination by default the provisions of Section 4.5 shall apply and Lessor may forthwith re-enter the Premises and repossess itself and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry, detainer or other tort.

## 5. RULE AGAINST PERPETUITIES

If the Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, including, without limitation, O.C.G.A. §44-6-1, as amended, shall limit the time within which the vesting of title to the Improvements for which provision is made in Section 9 must occur, then such vesting of title shall occur not later than twenty (20) years after the death of the last survivor of the Board of Regents of the University System of Georgia in office on the date of execution of this Lease. In the event such vesting should occur due to the provisions of this section and prior to the expiration or termination of this Lease, this Lease shall continue in full force and effect, except the term "Premises" shall be automatically modified to include the Improvements.

## 6. HOLDING OVER

Lessee shall not use or remain in possession of the Premises after the termination of this Lease. Any holding over or continued use and/or occupancy of the Premises by Lessee after the expiration or any termination of the Primary Term of this Lease, without consent from Lessor, shall not constitute a Tenancy-At-Will in Lessee, but Lessee shall be a Tenant-At-Sufferance, subject to the provisions of Section 4.

Lessor MN Lessed W

363C

## 7. INSPECTION AND TITLE

Lessee hereby acknowledges that it has fully inspected the Premises and that the Premises and title to the Premises is accepted and is in satisfactory and a suitable condition for the use intended by Lessee as hereinabove provided for in this Lease.

363C

## 8. NO JOINT VENTURE

Nothing contained in this Lease shall make, or shall be construed to make, Lessor or Institution and Lessee partners in, of, or joint venturers with each other, nor shall anything contained in this Lease render, or shall be construed to render, either Lessor, Institution or Lessee liable to a third party for the debts or obligations of the other.

539

## 9. IMPROVEMENTS

2 2

- the Improvements specified and described in the program, plans and specifications identified in Exhibit "C" attached hereto, including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and Improvements for use as an approximately 8,000 seat stadium with concession and ticket booths, locker rooms, and restrooms. After obtaining permission for demolition from Lessor Lessee shall, at its sole cost and expense, demolish any necessary existing improvements or structures on the Premises to facilitate the construction contemplated herein, including the clearing, grubbing and preparation of the Premises for construction of the Improvements. All Improvements and facilities shall be constructed wholly within the boundary lines of the Premises and each shall be a self-contained, complete unit and shall not be tied into or have any physical connection with any structure located on any other property of Lessor.
- 50
- 9.2 Title to the Improvements shall vest in Lessee until the end of the Primary Term, unless sooner terminated pursuant to the terms of this Lease. Lessee covenants and agrees to convey all of Lessee's right, title and interests, free and clear of all liens and security interests, and subject to Section 4.4, surrender possession of the Premises and Improvements, at the expiration of the Primary Term, or at such date of earlier termination pursuant to the provisions of this Lease. Any and all temporary improvements, crections or additions constructed on the Premises by Lessee, which are not a part of the Improvements as specified in Section 9.1, shall continue to be and remain the property of Lessee, and may be removed by the Lessee, in whole or in part, at any time before the termination of this Lease. If Lessee removes any or all temporary improvements, erections or additions it has constructed on the Premises, Lessee agrees to repair any and all damage resulting to the Premises and the Improvements from such removal.

5

Lessor MN Lessec RW

- 9.3 Upon the expiration (including any renewal periods) or earlier termination of this Lease. Lessor may, at the option of Lessor, notify Lessee that any or all improvements, temporary and permanent, placed upon the Premises by Lessee should be removed at the expiration or earlier termination of the Lease in which event Lessee shall remove such improvements. Lessee shall not begin the removal or demolition of any improvements prior to the expiration or earlier termination date: provided that all improvements shall be removed as expeditiously as possible. Lessor herein grants to Lessee a license to enter the Premises, said license shall take effect upon the termination or expiration of this Lease for the sole and exclusive purpose of removing such improvements. Lessee's right to use said license is contingent upon Lessor's notification to Lessee that permanent improvements shall be removed from the Premises.
- 9.4 Lessee, at all times during the Term of this Lease, at its sole cost and expense, shall keep the Premises and the Improvements in good order, condition and repair, ordinary wear and tear excepted. Lessee's obligations hereunder include, without limitation, all necessary repairs and replacements of the Premises, structural or otherwise, ordinary or extraordinary, foreseen and unforeseen, including but not limited to the exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, and lighting, heating, plumbing and sewage facilities, and air conditioning equipment. Lessor shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term of this Lease.
- 9.5 Lessee shall have the right to mortgage and/or otherwise encumber the Premises and Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encumbrance of the Premises during the Construction Term for the purpose of construction and during the Primary Term for permanent financing of the Improvements to the Premises contemplated by this Section 9. Lessor agrees to give any lender written notice of any default by Lessee under this Lease, provided lender has given Lessor timely notice of lender and lender's contact information and timely notice of any change in lender or lender's contact information, and lender shall have a period of time after lender's receipt of the notice of default (thirty (30) days in the case of a default in the payment of any sum due hereunder; sixty (60) days in the case of all other defaults) in which to cure, or to cause to be cured, any such default, before Lessor may exercise any right or remedy hereunder or as otherwise available to Lessor. Notwithstanding any other provision of this Lease, Lessor shall not be required to subordinate this Lease to any other interest of any person or entity lending money for the Improvements, and all such interests or instruments shall be subordinate to this Lease. If any lender requires recordation of this Lease, both parties hereby consent to such recordation, and either party may record this Lease in that event. Lessee shall not permit any liens to be placed against the Premises, and if such liens are filed, Lessee shall cause prompt removal of such liens.
- 9.6 Lessor has not and will not participate in the structuring, offering or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Improvements and Lessor shall have no obligation with respect to the bonds or the financing of the Improvements.

Lessor MN Lessee LW

540

363

9.7 Upon completion of construction of the Improvements, but not later than ninety (90) days after termination of the Construction Term, Lessee shall provide, at its sole cost and expense, "as built" drawings and plats of the Premises and the Improvements. Should the Premises as described on Exhibit A not be fully utilized by the Improvements, then Lessee covenants and agrees to resurvey the portion of the Premises used by the Improvements and to then convey the unused portion of the Premises back to Lessor, at which time this Lease shall be modified so that the Premises subject to the Primary Term is the "as built" property utilized by the Improvements.

## 10. INDEMNIFICATION AND HOLD HARMLESS

- 1 O.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor during the Term of this Lease for all injury or damage of any kind resulting from any negligent act or omission or breach, failure or other default regarding the occupancy of the Premises by the Lessee, or any of its subcontractors, its agents, employees or others working at the direction of Lessee or on its behalf, regardless of who may be the owner of the property. The Lessee is responsible for insuring its tools, equipment, fixtures, trade fixtures and personal property and Lessor shall not be liable for any loss or damage to such tools, equipment, fixtures and personal property.
- Lessee hereby agrees to indemnify and hold harmless the Lessor, the Board of Regents of the University System of Georgia, the Institution, the State of Georgia and its departirments, agencies and instrumentalities and all of their respective officers, members, employees, directors and agents (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, arising out of or resulting from the performance of this Lease due to liability to a third party or parties, or due to any act or omission on the part of the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or due to any breach of this Lease by the Lessee, or due to the application or violation of any pertinent Federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of the Lessee. This indemnification obligation survives the termination of this Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Insurance and Hazard Reserve Fund, and other selfinsured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services Chereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monies paid out by the Funds.
- 1 O.2.1 This indemnification applies where the Indemnitees are partially responsible for the situation giving rise to the claim, provided however, that this indemnification does not apply to the extent of the sole negligence of the Indemnitees.

Lessor MN Lessec DV

1 0.2.2 This indemnification does not extend beyond the scope of this Lease and the work undertaken thereunder. Nor does this indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to breach or default by the Indemnitees under the terms and conditions of this Lease.

## INSURANCE

Insurance Certificates. Unless waived in writing, or otherwise provided by the Lessor the Lessee shall, prior to the commencement of work, procure the insurance coverages identified below at the Lessee's own expense and shall furnish the Lessor an insurance certificate listing the Lessor as the certificate holder. The insurance certificate must provide the following:

- (a) Name and address of authorized agent
- (b) Name and address of insured
- (c) Name of insurance company(ies)
- (d) Description of policies
- (e) Policy Number(s)
- (f) Policy Period(s)
- (g) Limits of liability
- (h) Name and address of Lessor as certificate holder
- (i) Lease number, Name of Facility and Address of Premises
- (j) Signature of authorized agent
- (k) Telephone number of authorized agent
- 11.2(a)).

- (1) Mandatory forty-five (45) days notice of cancellation/non-renewal (See Section
- 11.2 Policy Provisions. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger. Each such policy shall contain the following provisions:
- (a) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Lessor has received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Lease shall have been received, accepted, and acknowledged by the Lessor. Such notice shall be valid only as to the Premises and the address of the Premises shall be required in said notice.
- (b) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").

Lessor MN Lessecch

. . . . .

(d) Self-insured retention in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood, Farthquake and Windstorm which shall not exceed \$50,000.00.

543

11.3 Insurance Coverages. The Lessee agrees to purchase and have the authorized agent state on the insurance certificate that the following types of insurance coverages, consistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased by the Lessee, during the Construction Term and Primary Term of this Lease. The minimum required coverages and liability limits which may be amended from time to time during the term of this Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Section 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:

ယ တ

(a) Workers' Compensation. In the event Lessee has employees, the Lessee agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate from the Georgia Board of Workers' Compensation approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Lessee qualifies to pay its own workers' compensation claims. The Lessee shall require all subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of the Construction Term:

585

7

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own worker's compensation insurance or are covered by the Lessee's worker's compensation insurance."

- (b) Employers' Liability Insurance. In the event Lessee has employees, the Lessee shall also maintain Employers Liability Insurance Coverage with limits of at least:
  - (i) Bodily Injury by Accident \$1,000,000 each accident; and
  - (ii) Bodily Injury by Disease \$1,000,000 each employee.

The Lessee shall require all contractors and subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Employers

Lessor MV Lessee Dt

Liability Insurance Coverage and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or
occupying the Premises are covered by their own employers liability
insurance or are covered by the Lessee's employers liability insurance."

General Liability Insurance (2004 ISO Occurrence Form or equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Coverage	Limit			
1. Premises and Operations	\$1,000,000 per Occurrence			
2. Products and Completed Operations	\$1,000,000 per Occurrence			
<ol><li>Personal Injury and Advertising</li></ol>	\$1,000,000 per Occurrence		36	
4. Contractual	\$1,000,000 per Occurrence		w	2
5. Fire Legal	\$1,000,000 per Occurrence		177	50
6. Blasting and Explosion	\$1,000,000 per Occurrence	*	recovery.	
7. Collapse of Structures	\$1,000,000 per Occurrence	*	1-1	
8. Underground Damage	\$1,000,000 per Occurrence	*		
9. General Aggregate	\$2,000,000 this Lease only		8	7
			(C)	1

\* Required during any construction period.

## Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (d) Commercial Business Automobile Liability Insurance. The Lessee shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily

Lessor MN Lessoe XTV

injury and property damage arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional Requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (e) Commercial Umbrella Liability Insurance. The Lessee shall provide a Commercial Umbrella Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverages and minimum limits stated in 11.3(a), (b), (c) and (d) shall be:

\$2,000,000 per Occurrence \$2,000,000 Aggregate

Additional Requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy must be on an "occurrence" basis.
- (f) Builders Risk Insurance. During any construction period only, Lessee shall provide a Builder's Risk Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the Improvements construction contract sum, written on a 2002 Causes of Loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor. The policy shall be endorsed as follows:

Lessor AN Lesson W

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

<ol> <li>Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and</li> <li>Partial or complete occupancy by Lessee or Lessor, and</li> </ol>	3630	None
	2	31
(iii) Performance of work in connection with construction operations insured by the Lessee or Lessor, by agents or sublessees or other contractors of Lessee or Lessor, or by contractors of the Lessee or Lessor."	915	7
Property Insurance. During the Primary Term, Lessee shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the replacement value of the Improvements, written on a 2002 Causes of Loss—Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee.	f	מככים
11.4 <u>Termination of Obligation to Insure</u> . Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Primary Term and shall not terminate until this Lease has been terminated.	e d /	'n
Sildir	CTI	-

- Failure of Insurers. The Lessee is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.
- Waiver of Insurance for Additional Insureds. Unless otherwise expressly provided to the contrary, the obligation of Lessee to name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia for claims arising out of work or occupancy of the Premises under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy is hereby waived to the extent and during any term or renewal term of any rental agreement under which the Lessor is occupying the Premises; provided, however, that this waiver does not apply to any insurance requirements in this Lease applicable to the Construction Period or any subsequent construction period in which renovation, rehabilitation or other work is being performed on the Premises.

## UTILITIES

At its sole cost and expense, Lessee shall cause to be furnished and shall pay for all water, gas, light, power, sanitation (sewerage or otherwise), garbage pick-up and disposal, telephone and other utilities or services required for Lessee's use of the Premises.

Lessor MV Lesser

588

## 13. TAXES AND ASSESSMENTS

- pay or cause to be paid, to the public officer charged with collection thereof and before any of the same shall become delinquent and shall indemnify, protect, save and hold harmless Lessor from the payment of (a) any and all taxes, assessments, license fees, excises, imposts, fees and charges of every sort, nature and kind, hereinafter collectively referred to as "impositions", which during Lessee's use and/or occupancy of the Premises, may be assessed, levied, charged or imposed against or with respect to the Premises, including, but not limited to, the building, fixtures, equipment and personal property, if any there be, located therein or thereon; and (b) any impositions assessed, levied, charged or imposed on or with respect to the conduct of Lessee's business in or on the Premises.
- 13.2 Nothing herein shall obligate or require the payment of any imposition by Lessee, unless such obligation or requirement is provided by law. Lessee may contest the validity, legality or amount of any imposition in the manner provided by law after posting of security with (and acceptable to) Lessor in an amount equal to the amount of the imposition claimed to be due. Within ten (10) days after the payment of Lessee of any imposition, Lessee shall furnish Lessor with a copy of said receipt evidencing such payment.

## 14. DESTRUCTION OF OR DAMAGE TO PROPERTY

If the Improvements and/or any other building(s) on the Premises are totally or partially destroyed or rendered untenantable by storm, fire, earthquake, hurricane or other natural entastrophe, this Lease shall not terminate, but Lessor shall permit Lessee to rebuild, or at Lessee's option, Lessee may terminate this Lease (subject, however, to the consent and concurrence of the holder of the leasehold security deed) and invoke the provisions of Section 4.5.

## 15. REPAIR

Lessee shall operate, maintain and repair the Premises, Improvements and any building built thereon in accordance with the existing rules, regulations, and policies of the Lessor, and in accordance with the provisions of this Lesse.

## 16. HAZARDOUS SUBSTANCES

16.1 Lessee shall not bring, deposit, or allow to be brought or deposited, in or upon the Premises any pollutant or harmful substance, except for substances ordinarily used in the care and maintenance of the Premises and in compliance with all other applicable provisions of this Lease.

Lessor MIN Lesson XIV

Premises, regardless of cause; (A) any generation, treatment, recycling, storage or disposal of any hazardous substance; (B) any underground storage tank, surface impoundment, lagoon or other containment facility for the temporary or permanent storage, treatment or disposal of hazardous substances; (C) any landfill or solid waste disposal area; (D) any asbestos-containing material as defined by the Toxic Substances Control Act; (E) any polychlorinated biphenyl (PCB) used in hydraulic oils, electric transformers or other equipment; or (F) any release or threatened release of hazardous substance to the environment in forms or quantity requiring remedial action under environmental laws. In addition, Lessee warrants that it will not allow any violations of environmental laws on the Premises, regardless of cause. Lessee's obligation in no way extends to any environmental condition of the Premises existing prior to Lessee's possession.

## 17. INSPECTION

For the purpose of inspecting the Premises, Lessee shall permit Lessor at reasonable times to enter in and on the Premises and the Improvements.

## 18. NO DISCRIMINATION

In its occupancy and use of the Premises, Lessee shall not discriminate against any person on the basis of race, color, national origin, age or disability. This covenant of the Lessee may be enforced by termination of this Lease, (provided that notice of the breach of such covenant shall have been given to any leasehold mortgagee and such breach shall not have been cured, as provided in Section 9 of this Lease), injunction, and any other remedy available at law to Lessor.

## 19. TRANSFER, ASSIGNMENT AND SUBLETTING

19.1 Lessee shall not transfer or assign (whether by instrument or operation of law or, if applicable, by withdrawal, sale, gift, exchange, change in partnership ownership or membership, change in stock ownership, merger, consolidation, dissolution or reorganization of any type) this Lease or any right or privilege of Lessee hereunder without the prior written consent, in Lessor's sole discretion, of Lessor. Lessee shall not sublet the Premises or any building built thereon or part thereof, or any right or privilege appurtenant thereto, nor permit nor suffer any party other than Lessee to use or occupy the Premises or any portion thereof without the prior written consent, in Lessor's sole discretion, of the Lessor. Any transfer, assignment or subletting without the prior written consent of Lessor shall be void ab initio and shall at the option of Lessor terminate this Lease. Lessor's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Lessee, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer, assignment and subletting, and each subsequent

use and occupancy by a party other than Lessee shall likewise be made only with the prior written consent of Lessor.

Lessee under Section 9.5; and the enforcement by the holder of a leasehold security deed encumbering the Premises and improvements, including the foreclosure of such security deed or transfer of Lessee's leasehold interest in lieu of foreclosure, shall not be restricted or prohibited hereunder or subject to Lessor's consent. In addition, if any leasehold mortgagee (or its successor, assign, designees or nominee) succeeds to the interest of Lessee under this Lease, then such mortgagee (or its successor, assign, designee or nominee) shall have (a) the right, with the consent of Lessor, which shall not be unreasonably withheld, to further transfer or assign this Lease. Or to sublet the Premises and improvements thereon, anything to the contrary herein contained notwithstanding, and (b) all the rights, options and privileges of the Lessee under this Lease.

## 20. NOTICES

All notices, statements, reports, demands, requests, consents, approvals, waivers and authorizations, hereinafter collectively referred to as "notices", required by the provisions of this Lease to be secured from or given by either of the parties hereto to the other shall be in writing (whether or not the provision hereof requiring such notice specifies written notice) and the original of said notice shall be sent by United States Certified Mail - Return Receipt Requested, postage prepaid and addressed to the recipient party at such party's hereinabove set forth address. The sender of said notice shall request the United States Postal Service to "Show to whom, date and address of delivery" of said notice on the returned receipt. The day upon which such notice is so mailed shall be deemed the date of service of such notice. The parties hereto agree that, even though notices, where applicable, shall be addressed to the attention of the person or title, or both if applicable, hereinabove set forth, valid and perfected delivery of notice shall be accomplished under this Lease even though the said named person or the person holding said title is not the person who accepts or receives delivery of the said notice. Any notice, so mailed, the text of which is reasonably calculated to apprise the recipient party of the substance thereof and the circumstances involved, shall be deemed sufficient under this Lease. Either party hereto may from time to time, by notice of the other, designate a different person or title, or both as applicable, address or addresses to which notices to said party shall be given.

## 21. TIME IS OF THE ESSENCE

All time limits stated herein are of the essence of this Lease.

Lessor MN Lessee LN

## 22. NON-WAIVER

No failure of Lessor to exercise any right or power given to Lessor under this Lesse, or to insist upon strict compliance by Lessee with the provisions of this Lease, and no custom or practice of Lessor or Lessee at variance with the terms and conditions of this Lease, shall constitute a waiver of Lessor's right to demand exact and strict compliance by Lessee with the terms and conditions of this Lease.

## 3630

## RIGHTS CUMULATIVE

550

All rights, powers and privileges conferred by this Lease upon Lessor and Lessee shall be cumulative of, but not restricted to, those given by law.

## BINDING EFFECT

Each of the terms and conditions of this Lease shall apply, extend to, be binding upon, and inure to the benefit or detriment of the parties hereto, to the successors and assigns of Lessor, and to the extent that Lessor has consented to a transfer or assignment of this Lease (if such consent is required) to the successors and assigns of Lessee, and to any leasehold mortgagee and its successors and assigns. Subject to the foregoing, whenever a reference to the parties hereto is made, such reference shall be deemed to include the successors and assigns of said party, the same as if in each case expressed.

## 592

## 25. INTERPRETATION

Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

## 26. GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

Lessor MA Lessea LW

## 27. SECTION HEADINGS

The brief headings or title preceding each section herein are merely for purposes of section identification, convenience and ease of reference, and shall be completely disregarded in the construction of this Lease.

## 3630

## COUNTERPARTS

This Lease is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same iristrument as the other.

## 55

## 29. NO THIRD PARTY BENEFICIARY

Nothing in this Lease, whether express or implied, is intended to confer upon any other party other than the parties hereto and their respective successors and assigns, any right or interest whatsoever. No party other than the parties hereto is entitled to rely in any way upon the warranties, representations, obligations, indemnities or limitations of liability whatsoever in this Lease.

## 363

## 30. SPECIAL STIPULATIONS

593

The Special Stipulations on Exhibit B, attached hereto are hereby incorporated by reference herein. To the extent that the Special Stipulations set forth on Exhibit B conflict with any of the foregoing terms and conditions of this Lease, the said Special Stipulations shall control.

## 31. SEVERABILITY

If any provision of this Lease, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, then any remaining portion of such provision and all other provisions of this Lease shall survive and be applied, and any invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

## 32. ENTIRE AGREEMENT

This Lease constitutes the entire Lease between the parties. This Lease supersedes all prior negotiations, discussions, statements and agreements between Lessor and Lessoe with

Lessor MN Lessee XW

respect to the Premises and Lessee's use and occupancy thereof. No member, officer, employee or agent of Lessor or Lessee has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this Lease. No modification of or amendment to this Lease shall be binding on either party hereto unless such modification or amendment shall be properly authorized, in writing, properly signed by both Lessor and Lessee and incorporated in and by reference made a part hereof.

[CONTINUED ON NEXT PAGE]

30 5

552

,

TAUC

18

Lessor MV Lessee XV

IN WITNESS WHEREOF, Lessor, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named representatives, and Lessee, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named officers, have caused these presents to be signed, sealed and delivered all as of the date hereof.

363C

LESSOR:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA 553

By: LIN

LINDA M. DANIELS
Vice Chancellor for Facilities

4

63

Z 59

Attest:

MES BURNS NEWSOME

Secretary to the Board

(Seal Affixed Here)

Signed, sealed and delivered as to Lessor in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires:

GEORGIA

ANE 21, 2013

AUBLIS

APPROVAL OF INSTITUTION:

By

[SIGNATURES CONTINUED ON NEXT PAGE]

19

Lessor MN Lessee DN

**REVISED 2/16/10** 

## [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

Sonny Perde	363
GOVERNOR PERDUE	7
Attest: BRIAN P. KEMP	596

(Great Seal of the State of Georgia)

Secretary of State

Signed, sealed and delivered as to Governor in the presence of:

Unofficial Witness

Brandi John 8W Official Witness, Notary Public

My Commission Expires:

[SIGNATURES CONTINUED ON NEXT PAGE]

GEORGIA

20

LESSUE MN LESSEE EN

## [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

	LES	SEE:	36	000
		REAL ESTATE FOUNDATION III, LLC, orgia limited liability company		
	Ry:	USGREF Manager, LLC, a Georgia limited liability company, its Manager	555	1
Signed, sealed and delivered as to Lessee in the presence of:			363	2000
Unofficial Witness			7	
James Javo			597	
Official Witness, Notary Public Hotory Public, Further Public,	on County.	86. 2011		



## EXHIBIT "A"

## Legal Description

## ARTICLE I

## "Premises" is defined as:

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, a portion of Lots 7 & 8, Placentla Tract, Ravers Ward, City of Savannah being more particularly described as follows:

### Lease Area 1

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 45.02 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 10.00 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 66.10 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 53.19 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 66.10 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 53.19 feet to the point of beginning; and containing 0.081 acres, or 3,516 sequence feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

### Lease Area 2

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 175.03 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 11.65 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 276.36 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 65.11 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 276.36 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 276.36 feet to a point, thence North 04 degrees 36 minutes 20 seconds East a distance of 276.36 feet to a point, thence North 05 degrees 36 minutes 20 seconds East a

Lessor MV Lessee AV

distance of 65.11 feet to a point of beginning; and containing 0.413 acres, or 17,994 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

## Lease Area 3

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 667.10 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 515.39 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 10.59 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 04 degrees 23 minutes 40 seconds West a distance of 75.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 7.67 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.33 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 30.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 3.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 2.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 75.67 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 46.00 feet to the point of beginning; and containing 0.126 acres, or 5,478 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

## Lease Area 4

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of sald N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 328.05 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 50.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 320.71 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 60.09 feet to a point inside the property of N/F University System of Georgia.

Lessor MN Lessed DV

and being the point of beginning; thence South 85 degrees 36 minutes 20 seconds East a distance of 46.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 75.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 2.00 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 30.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 19.33 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 30.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 19.33 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 19.33 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 20 seconds East a distance of 39.00 feet to a point, thence North 85 degrees 36 minutes 40 seconds East a distance of 75.67 feet to a point, thence North 85 degrees 36 minutes 40 seconds East a distance of 75.67 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 75.67 feet to the point of beginning; and containing 0.126 acres, or 5,478 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

### Lease Area 5

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 272.75 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 17.88 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 85 degrees 36 minutes 20 seconds East a distance of 66.90 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 348.67 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 66.90 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 348.67 feet to the point of beginning; and containing 0.535 acres, or 23,325 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

### Lease Area 6

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and

Lessor Mal Lessee LN

Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 180.14 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 10.00 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 18.35 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 18.35 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 18.35 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 11.51 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 64.85 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 53.19 feet to a point, thence North 85 degrees 36 minutes 40 seconds East a distance of 64.85 feet to the point of beginning; and containing 0.092 acres, or 4,003 square feet.

As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the seal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

## "Project Limits" is defined as:

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, being known as Tiger Stadium Project Limits Parcel at Savannah State University, a portion of Lots 7 & 8, Placentia Tract, Rayers Ward, City of Savannah. Being more particularly described as follows:

Commencing at the intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point, and being the point of beginning; thence continuing along the common line of properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 68 degrees 29 minutes 41 seconds East a distance of 455.02 feet to a point; thence with a line within the property of N/P University System of Georgia South 04 degrees 23 minutes 40 seconds West a distance of 638.50 feet to a point, thence South 22 degrees 21 minutes 33 seconds West a distance of 120.15 feet to a point, thence South 78 degrees 30 minutes 50 seconds West a distance of 375.78 feet to a point, thence North 27 degrees 20 minutes 54 seconds West a distance of 164.19 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 521.81 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 50.00 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 328.05 feet to the point of beginning.

## "Undisturbed Area Within Project Limits" is defined as:

Commencing at the Intersection of the centerline of Laroche Avenue and Skidaway Road; thence along the centerline of Skidaway Road North 23 degrees 58 minutes 22 seconds East a distance of 563.05 feet to a point which is the projection of the line between the properties of N/F University System of Georgia and Block "E" of "Parkwood" Subdivision (Subdivision Map Book A, Page 170); thence along said projection line

Lessor MN Lesson ZN

South 68 degrees 29 minutes 41 seconds East a distance of 212.08 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and Block "E" of "Parkwood" Subdivision South 04 degrees 23 minutes 40 seconds West a distance of 272.75 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 84.78 feet to a point inside the property of N/F University System of Georgia, and being the point of beginning; thence North 04 degrees 23 minutes 40 seconds East a distance of 78.97 feet to a point, thence South 85 degrees 36 minutes 20 seconds East a distance of 34.03 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 10.64 feet to a point, thence along a curve to the right having an arc length of 331.08 feet, a radius of 136.69 feet, a tangent of 363.47 feet, a delta of 138 degrees 46 minutes 53 seconds, a chord bearing of South 64 degrees 52 minutes 44 seconds Fast, and a chord of 255.88 feet to a point, thence South 04 degrees 23 minutes 40 seconds West a distance of 426.75 feet to a point, thence North 85 degrees 36 minutes 20 seconds West a distance of 34.01 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 9.63 feet to a point, thence along a curve to the right having an arc length of 329.62 feet, a radius of 136.74 feet, a tangent of 357.25 feet, a delta of 138 degrees 06 minutes 33 seconds, a chord bearing of North 65 degrees 09 minutes 42 seconds West, and a chord of 255.42 feet to a point, thence North 04 degrees 23 minutes 40 seconds East a distance of 350.13 feet to the point of beginning; and containing 3.460 acres or 150,714 square feet. As shown on that certain ALTA/ACSM Land Title Survey prepared by Kern-Coleman & Co., LLC, bearing the scal of Terry Mack Coleman, GRLS No.: 2486, dated May 18, 2010 and last revised July 29, 2010.

## "Construction Easement Area" is defined as:

The area known as the "Project Limits" as that term is defined in this Article I. Excepting therefrom 1.373 acres of leased area known as the "Premises" as that term is defined in this Article I and 3.460 acres of tootball field and track area known as the "Undisturbed Area Within Project Limits" as that term is defined in this Article I.

## "Parking Area" is defined as:

All of that certain unimproved land owned by Lessor which is located North of Tompkins Road, East of Skidaway Road and La Roche Avenue, West of the Project Limits and South of the southern boundary line of Block "E" of "Parkwood Subdivision" shown on Subdivision Map Book A, Page 170.

## I TEMPORARY CONSTRUCTION EASEMENT

Lessor hereby grants to Lessee a temporary non-exclusive easement on, over, across and through the Construction Easement Area for the purpose of facilitating the construction of the improvements conterriplated in this Ground Lesse. Lessee agrees that it will utilize this Temporary Construction Easement only to the extent reasonably necessary to initially construct said improvements. This Temporary Construction Easement shall expire on the last day of the Construction Term of this Ground Lease.

Lessor MW Lessee ZW

## 1 OTHER EASEMENTS DURING THE TERM OF THE GROUND LEASE

Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below. The easements, rights and privileges granted hereby shall run with the Premises during the Term of this Ground Lease.

## INGRESS/ECRESS EASEMENTS:

During the term of this Lease, Lessor grants to Lessee a non-exclusive easement over and across all existing and future walkways and drives between Laroche Avenue and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and Laroche Avenue for access to adjacent public roads.

## UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through the Project Limits, less and except the Premises and the Undisturbed Area Within Project Limits, and all of the real property owned by Lessor that is located on the Savannah State University campus as it exists as of the date hereof located in Chatham County, Georgia ("Lessor's Campus Property") to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, electronic and other communication facilities, television, internet, chilled water and other such utility lines and services to those of Lessor or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Lessee pays to Lessor when due all of Lessor's cost for extending any such utility lines to the Premises and Lessor's cost of Lessee's usage of any such utility services. In addition, Lessor grants to Lessee a non-exclusive easement over the Project Limits, less and except the Premises and the Undisturbed Area Within Project Limits, and Lessor's property adjacent to the Premises to install electronic data and communication lines and transformers in such locations as may be approved by the Lessor, such approval not to be unreasonably withheld. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

### ARTICLE IV

## OTHER EASEMENTS

Lessor hereby grants to Lessee and its employees, licensees, customers and invitees the following easements, rights and privileges subject to the limitations set forth below.

## GENERAL USE EASEMENTS

Lessor grants to Lessee and its employees, licensees, customers and invitees, a non-exclusive easement on, over, across and through the Project Limits for vehicular and pedestrian ingress and egress, landscaping, drainage, maintenance and for the general purpose of using, enjoying, muintaining and repairing, constructing and removing temporary improvements on the field surfaces, track and field surfaces and all surface areas and other improvements in the Project Limits to conduct income and non

Lessor MA Lessee

income producing events. Lessee shall return the area within the Project Limits and Parking Area to the same or better condition and repair as they existed prior to use by Lessee, its employees, licensees, eustomers or invitees.

## PARKING EASEMENTS

During periods of Lessee use of the Project Limits, Lessor grants to Lessee and its employees, licensees, customers and invitees, a non-exclusive easement for walking upon and driving vehicles upon, over and aeross and parking vehicles upon the Parking Area. Lessee shall return the area within the Parking Area to the same or better condition and repair as they existed prior to use by Lessee, its employees, licensees, customers or invitees.

## EXCLUSIVE USE

Lessee and Lessor hereby acknowledge and agree that from time to time Lessee, other than during the Lessor Exclusive Use Period (as defined below), shall have the right, upon providing Lessor with at least 30 day's prior written notice, to have exclusive use of the Parking Area and the Project Limits pursuant to the casements set forth in this Article IV for the purposes set forth above, which easements shall be exclusive for such period of time as Lessee in its reasonable judgment believes is necessary to prepare for, conduct and clean-up after any income or non-income producing event conducted by Lessee or its licensees in the Project Limits (a "Lessee Exclusive Use Period"). Such notice shall include a detailed description of the event as well as specific information on the dates and times of such Lessee Exclusive Use Period and shall be provided to Lessor at least 30 days prior to beginning of each such Lessee Exclusive Use Period. Following any Lessee Exclusive Use Period, Lessee shall return the area within the Project Limits and Parking Area to the same or better condition and repair as existed prior to the commencement of such Lessee Exclusive Use Period and in a clean and orderly condition. Any such Lessoe Exclusive Use Period will not conflict with any Lessor Exclusive Use Period. The term "Lessor Exclusive Use Period" means the exclusive use by Lessor of the Project Limits and the Parking Area during the Published Schedule. The term "Published Schedule" shall mean the schedule of Savannah State University intercollegiate athletic events or other academic or ceremonial or non-income producing spectator events of Savannah State University (such schedule shall include a detailed description of the events as well as specific information on the dates and times) provided by Lessor to Lessee on or before July 1st of each year for that period from August 1st through December 31st of the same year and on or before December 1" of each year for that period from January 1st through July 31st of the same year during the Term of this Lease, including such additional time as Lessor in its reasonable judgment believes is necessary to prepare for, conduct and clean up after any such event.

## EXHIBIT "B"

# Notwithstanding Section 11.2(d) of the Ground Lease, self-insured retention or deductible in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood and Earthquake which shall not exceed \$50,000.00 and the deductible for Windstorm shall be 3% subject to a \$100,000 minimum.

## EXHIBIT "C"

Specifications		Total		3630	
Division 1	General Requirements	Pages	Dated	3	NOOD
011000	Summary	4	04/01/10	( )	3
012100	Allowances	4	04/01/10	4.4	
012300	Athernatives	2	04/01/10		
013100	Project Management and Coordination	10	04/01/10	S	2
013200	Construction Progress Documentation	8	04/01/10	195	LAGE
013233	Photographic Documentation	4	04/01/10	+	r
013300	Submittal Procedures	10	04/01/10		
014000	Quality Requirements	8	04/01/10		
014200	References	4	04/01/10		
015000	Temporary Facilities and Controls	10	04/01/10		
016000	Product Requirments	4	04/01/10	co	
017300	Execution	10	04/01/10	63	U.
017700	Closeout Procedures	6	04/01/10	Co	NON
017823	Operation and Maintenance Data	8	04/01/10		2
017839	Project Record Documetns	4	04/01/10	7	
017900	Demonstration and Training	6	04/01/10		
Division 2	Existing Conditions	6	04/01/10	909	700
024119	Selective Structure Demolition	U	Onomi		
Division 3	Concrete		0.4104.41.0		
033000	Cast-In-Place Concrete	14	04/01/10		
Division 4	Masonry		15000000000		
042000	Unit Masonry	20	04/01/10		
047200	Cast Stone Masonry	6	04/01/10		
Division 5	Metals				
051200	Structural Steel Framing	10	04/01/10		
052100	Steel Joist Framing	6	04/01/10		
053100	Steel Decking	6	04/01/10		
054000	Cold-formed Metal Framing	8	04/01/10		
055000	Metal Fabrications	10	04/01/10		
055100	Metal Stairs	8	04/01/10		
055213	Pipe and Tube Railings	8	04/01/10		
057300	Decorative Metal Railings	8	04/01/10		
	30				

Lessor MN Lessee

Division 6	Wood, Plastics, Composites			
O61053	Miscellaneous Rough Carpentry	6	04/01/10	3630
O61600	Sheathing	6	04/01/10	60 0
O61753	Shop Fabricated Wood Trusses	6	04/01/10	53C
O64023	Interior Architectural Woodwork	12	04/01/10	
				4.5
Division 7	Thermal and Moisture Protection		90.00 \$0.00 \$0.00 \$0.00	
071113	Bituminous Dampproofing	4	04/01/10	565
O17100	Bentonite Waterproofing	4	04/01/10	65
O72100	Thermal Insulation	2	04/01/10	
O72726	Fluid-Applied Membrane Air Barriers	8	04/01/10	
073113	Asphalt Shingles	8	04/01/10	
074113	Metal Roof Panels	12	04/01/10	
074219	Metal Plate Wall Panels	10	04/01/10	363
075216	SBS Modified Bituminous Membrane Roofing	12	04/01/10	65 E
O76200	Sheet Metal Flashing and Trim	10	04/01/10	3
O77100	Roof Specialties	6	04/01/10	
O77200	Roof Accessories	8	04/01/10	7
O78100	Applied Fireproofing	6	04/01/10	
078413	Penetration Firestopping	6	04/01/10	607
078446	Fire-Resistive Joint Systems	6	04/01/10	607
079200	Joint Sealants	10	04/01/10	100000
Division 8	Openings			
081113	Hollow Metal Doors and Frames	8	04/01/10	
081416	Flush Wood Doors	6	04/01/10	
083113	Access Doors and Frames	4	04/01/10	
083300	Side Coiling Fire and Smoke Rated Doors	4	04/01/10	
083323	Overhead Coiling Doors	8	04/01/10	
084113	Aluminum-Framed Entrances and Storefronts	12	04/01/10	
085653	Security Windows	8	04/01/10	
087100	Door Hardware	32	04/01/10	
		14	04/01/10	
O88000	Glazing	6	04/01/10	
088300	Mirrors	8	04/01/10	
088853	Security Glazing	6	04/01/10	
O89000	Louvers and Vents	0	04/01/10	
Division 9	Finishes	72		
O92216	Non-Structural Metal Framing	6	04/01/10	
092400	Portland Cement Plastering	6	04/01/10	
	Lessor _	m.l.	ssee ZW	
*0ED 2/16/10	Lessor _	//// Les	5566 6 17 1	

	Canopies	4	04/01/10		
Division 11	Equipment	4	04/01/10		
10/210		4	0-1/01/10		
107316	Canopies		04/01/10		
107050	Exterior Sun Control Devices	4	04/01/10		
105113	Metal Lockers	10	04/01/10		
104416	fire Extinguishers	2	04/01/10		
104413	Fire Extinguisher Cabinets	6	04/01/10		
102800	Toilet, Bath, and Laundry Accessories	6	04/01/10	00	F
102600	Wall and Door Protection	6	04/01/10	808	LMBC
102226	Operable Partitions	8	04/01/10	CD	-
102113	Toilet Compartments	6	04/01/10		
101400	Signage	8	04/01/10	7	
101100	Visual Display Surfaces	6	04/01/10		=
Division 10	Specialties	,	04/01/10	co	NOOG
				363	
099419	Multi-Color Interior Finishing	4	04/01/10		
099300	Staining and Transparent Finishing	4	04/01/10		
099123	Interior Painting	8	04/01/10		
099113	Exterior Painting	6	04/01/10		
098433	Sound Absorbing Wall Units	6	04/01/10	99	۴
096816	Carpet	6	04/01/10	5	2
096813	Tile Carpeting	6	04/01/10	The same of	
096723	Resinous Flooring	6	04/01/10	*	
096519	Resilient Tile Flooring	4	04/01/10		
096516	Resilient Sheet Flooring	6	04/01/10	0	
096513	Resilient Base and Accessories	6	04/01/10	363C	5
095113	Acoustical Panel Ceilings	8	04/01/10	မ	
093033	Stone Tiling	8	04/01/10		
093000	Tiling	8	04/01/10		
092900	Gypsum Board	8	04/01/10		

Lessor MN Lessee

Division 21	Fire Suppression				
210500	Common Work Results for Fire Suppression	6	04/01/10	w	
211313	Wet Pipe Sprinkler System	8	04/01/10	3630	Loon
Division 22	Plumbing				=
220500	Common Work Results for Plumbing Common Motor Requirements for Plumbing	6	04/01/10	. 1	
220513	Equipment	4	04/01/10	cn	-
220519	Meters and Gages for Plumbing Piping	4	04/01/10	567	245
220523	General Duty Valves for Plumbing Piping Hangers and Supports for Plumbing Piping and	4	04/01/10	7	F
220529	Equipment	6	04/01/10		
220533	Heat Tracing for Plumbing Piping	2	04/01/10		
220553	Identification for Plumbing Piping and Equipment	4	04/01/10		
220700	Plumbing Insulation	6	04/01/10	w	
221113	Facility Water Distribution Piping	36	04/01/10	363	g
221116	Domestic Water Piping	8	04/01/10	ω .	NOOG
221119	Domestic Water Piping Specialties	4	04/01/10		-
221313	Facility Sanitary Sewers	8	04/01/10	5	
221316	Sanitary, Wast and Vent Piping	4	04/01/10		
221319	Sanitary, Wast Piping Specialtics	6	04/01/10	9	-
221323	Sanitary Waste Interceptors	4	04/01/10	9	1
221413	Facility Storm Drainage Piping	6	04/01/10	1,000	
223100	Natural Gas System	6	04/01/10		
223400	Fuel Fired Domestic Water Heaters	4	04/01/10		
224000	Plumbing Fixtures	10	04/01/10		
Division 23	Heating, Ventilation and Air Conditioning	•			
230500	Common Work Results for HVAC	6	04/01/10		
230513	Common Motor Requirements for HVAC Equipment	4	04/01/10		
230519	Meters and Gages for HVAC Piping	8	04/01/10		
230523	General Duty Valves for HVAC Piping Hangers and Supports for HVAC Piping and	6	04/01/10		
230529	Equipment	8	04/01/10		
230533	Heat Tracing for HVAC Piping Vibration and Seismic Controls for HVAC Piping and	2	04/01/10		
230548	Equipment	2	04/01/10		
230553	Identification for HVAC Piping and Equipment	4	04/01/10		
230593	Testing Adjusting and Balancing for HVAC	4	04/01/10		
230700	HVAC Insulation	10	04/01/10		

230900	Instrumentation and Control for HVAC	10	04/01/10	
230993	Sequence of Operation for HVAC Controls	4	04/01/10	
232113	Hydronic Piping	6	04/01/10	
323123	Hydronic Pumps	4	04/01/10	ω
232500	HVAC Water Treatment	4	04/01/10	σ,
233113	Metal Ducts	6	04/01/10	363C
233300	Air Duct Accessories	6	04/01/10	
233423	HVAC Power Ventilators	4	04/01/10	5.3
233600	Air Terminal Units	4	04/01/10	
233713	Diffusers Resisters and Grilles	6	04/01/10	S
233723	HVAC Gravity Ventilators	2	04/01/10	83
236426	Rotary, Screw or Scroll Air Colled Water Chiller	4	04/01/10	w
237313	Modular Indoor Central Station Air Handling Units	10	04/01/10	
237433	Make-Up Air Units for Kitchen Hoods	4	04/01/10	
238113	Package Terminal Units	4	04/01/10	
	Split System Units-ductless [Air Conditioners] [Heat			
238126	Pumps] to 2 Tons	4	04/01/10	w
	Split System Air Conditioning Units (100% Outside			63
238126a	Air)	4	04/01/10	53
238219	Fan Coil Unites	4	04/01/10	
238239	Unit Heaters	4	04/01/10	7
Division 26	Electrical			6 :
260500	Basic Electrical Requirements	8	04/01/10	910
260513	Medium Voltage Cable - 15 Kv	4	04/01/10	0 .
	Medium Voltage Cable Terminations Splices and	1957		
260513.01	Accessories	4	04/01/10	
260519	Wire and Cables	6	04/01/10	
260526	Secondary Grounding	4	04/01/10	
260526.01	Primary System Grounding	2	04/01/10	
260529	Supporting Devices	4	04/01/10	
260533	Raceways	8	04/01/10	
260533.01	Boxes	6	04/01/10	
260533.02	Electrical Connections for Equipment	6	04/01/10	
260543	Underground Duct Banks	2	04/01/10	
260553	Electrical Identification	б	04/01/10	
260573	Short-Circuit Coordination Study Arc Plash	6	04/01/10	
261200	Pad Mounted Transformers	4	04/01/10	
262200	Transformers Switchboard - Front Accessible Group Mounted	4	04/01/10	
262413.01	Feeder Devices	6	04/01/10	
262416	Panelboards	6	04/01/10	
202410	1 diviounds			

262726	Wiring Devices	6	04/01/10		
262816	Circuit and Motor Disconnects	4	04/01/10		
262913	Motor Controllers	4	04/01/10		
263213		12	04/01/10	co	
	Engine Driven Emergency Power Supply System	4	04/01/10	3630	
265100	Interior Lighting Fixtures	2	04/01/10	ಜ	DUUN
265100.02	Lamps	2	04/01/10	.,	3
265100.04	Ballasts	12	04/01/10	7.1	
266500	Electrical Equipment Acceptance Testing	12	04/01/10		
Division 27	Communications			569	3
270528.3640	Cable Trays for Communications Systems	4	04/01/10	9	۶
271000	Telecommunications Structured Cabling	12	04/01/10		
Division 28	Electronic Safety and Security				
293111	Fire Alarm-Addressable -Voice Evacuation Type	8	04/01/10		
	F 4 1			363	
Division 31	Earthwork	14	04/01/10	63	OX.
312000	Earth Moving Termite Control	4	04/01/10		NUUN
313116	Termite Control	.,	04/01/10	7	-
Division 32	Exterior Improvements			,	
321216	Asphalt Paving	10	04/01/10	9	3
321313	Concrete Paving	18	04/01/10	_	L'Aut
323113	Chain Link Fencing and Gates	6	04/01/10		-
323119	Decorative Metal Fencing and Gates	6	04/01/10		
329200	Turf and Grasses	14	04/01/10		
329300	Plants.	20	04/01/10		
Drawings					
Sheet Name	Description				
avol					
General G000	Cover Sheet				
G001	General Information		04/01/10		
Civil C100	General Notes		04/01/10		
C101	Demolition Plan		04/01/10		
C102	Layout Plan		04/01/10		
C102	Grading, Paving and Drainage Plan		04/01/10		
C103	Stadium Utility Plan		04/01/10		
C104	AOU E				
	35	1			

	C105	Erosion & Sediment Control Initial	04/01/10		
	C106	Erosion & Sediment Control Intermediate	04/01/10		
	C107	Erosion & Sediment Control Final	04/01/10		
	C108	Erosion & Sediment Control Notes and Details	04/01/10	643	
	C109	Erosion & Sediment Control Notes and Details	04/01/10	6	n
	C110	Utility Details	04/01/10	363C	auun
	C111	Utility Details	04/01/10	63	3
	C112	Utility Details	04/01/10		
Str	actural			S	7
.,	S0.1	General Notes	04/01/10	570	700
	S0.1	Foundation Details	04/01/10	0	г
	S1.1	Foundation Plans	04/01/10		
	S1.2	Foundation Plans	03/19/10		
	S1.3	Roof Framing Plans	04/01/10		
	S1.4	Roof Framing Plans	04/01/10		
	S2.1	Sections	04/01/10		
Ar	chitectural			S	
/**	A000	Wall, Door, Window Types, Door Schedule	04/01/10	363	Ü
	A100	Architectural Site Plan	04/01/10	-	מססנו
	A101	Pressbox Demolition and Floor Plans	04/01/10		-
	A102	Concession/Toilet and Locker Floor Plans	04/01/10	7	
	A103	Roof Plan	04/01/10		
	A200	Exterior Elevations	04/01/10	0	36
	A201	Exterior Elevations	04/01/10	2	F
	A202	Pressbox Building Sections	04/01/10	-	
	A300	Stair Plans	04/01/10		
	A400	Reflected Ceiling Plans	04/01/10		
	A500	Wall Sections	04/01/10		
	A501	Wall Sections	04/01/10		
	A600	Interior Elevations	04/01/10		
	ID100	Finish Schedule & Legend	04/01/10		
S	tadium Seating				
150	A701	Seating Plan	03/23/10		
	A702	Seating Plan	03/23/10		
	A720	Building Sections	03/23/10		
	A721	Building Sections	03/23/10		
	A722	Building Sections	03/23/10		
	A723	Ruilding Sections	03/23/10		
	A724	Building Sections	03/23/10		
		36			

Lessor MN Lessee AV

A725	Building Sections	03/23/10		
A726	Building Sections	03/23/10		
A727	Building Sections	03/23/10		
	0		86	
Plumbing			363C	
P001	Legends and Schedules Plumbing	04/01/10	()	
P101	Site Plan - Plumbing	04/01/10		
P201	Concession Plans - Plumbing	04/01/10		
P202	Locker Room Plans - Plumbing	04/01/10	S	
P203	[ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [			
Mechanical				
M001	Legend, Schedules and Details - HVAC	04/01/10		
M101	Floor Plans - HVAC	04/01/10	C)	
			63	
Electrical			CO	
E001	Legend, Detail and General Notes	04/01/10		
E010	Electrical Demolition and Site Plans	04/01/10	7	
E101	Concession/Toilet Electrical Plans	04/01/10		
E102	Pressbox Electrical Plans	04/01/10	0	
E103	Locker Room Electrical Plans	04/01/10	دى	
E400	Partial One Line Diagram	04/01/10	Co	
Telecommunicat	ions			
TO TO	Site Communications	04/01/10		
T2.1	Concessions Communications	04/01/10		
T2.2	Locker Room Communications	04/01/10		
T2.3	Pressbox Communications	04/01/10		
Т4	Legend	04/01/10		
Kitchen				
Equipment	(For Information Only - Not in Contract)	(12/19/19/19		
K101	Concessions Equipment Layout Plan	04/01/10		
K201	Concessions Equipment Schedule	04/01/10		
Addendum 1	April 13,2010			
Addendum 2	April 22, 2010			
Clarifications	April 26, 2010			

Lessor MV Lessee XV

. . . . . .

MUE

Space Above This Line For Recorder's Use

AFTER RECORDING RETURN TO:

Fallany O. Stover Stover Legal Group, LLC 1075 Peachtree Street NE Suite 3650 Atlanta, Georgia 30309

CROSS	REFERENCE:
-------	------------

Deed Book, Potential County, County, County, County, County	
Counterpart No	_ of 2 Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF CHATHAM:

## FIRST AMENDMENT TO GROUND LEASE (SSU Stadium)

THIS FIRST AMENDMENT TO GROUND LEASE (hereinafter "Amendment"), is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of the SAVANNAH STATE UNIVERSITY, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the first part, hereinafter called Lessor, and USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, S.W., Suite 7002, Atlanta, Georgia 30334, party of the second part, hereinafter called Lessee, and:

### WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Ground Lease dated August 12, 2010 (hereinafter "Ground Lease") whereby Lessor leases to Lessee the Premises (as defined in the Ground Lease) described therein and constituting a stadium with concession and ticket booths, locker rooms and restrooms located on the campus of the Savannah State University, Chatham County, Georgia; and

**WHEREAS**, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

- 1. Recitals. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified to change the acreage of the Premises by deleting the figures and characters "[1.373]" and inserting in lieu thereof the figures and characters "\_\_\_\_\_."
- 2. <u>Legal Description for Premises–Exhibit "A"</u>. Exhibit "A" to the Ground Lease is hereby deleted in its entirety, and the attached Exhibit "A" is substituted in its place.
- 3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Ground Lease, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Lessor and Lessee, by and through their authorized representatives, have hereunto executed, signed, and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	LESSOR:
Signed, sealed and delivered as to Lessor, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
	By:
Unofficial Witness	Jim James, Vice Chancellor for Facilitie
	Attest:
Notary Public	Edward Tate, Secretary to the Board
(NOTARY SEAL)	(SEAL)
	APPROVED:
Signed, sealed and delivered as	n
to Governor, in the presence of:	By: BRIAN KEMP
	Governor
Unofficial Witness	_
	Attest:
N. D. 11	_ BRAD RAFFENSPERGER
Notary Public	Secretary of State
(NOTARY SEAL)	(Great Seal of the State of Georgia)

	LESSEE:	
Signed, sealed and delivered as to Lessee, in the presence of:	USG REAL ESTATE FOUNDALLC By: USGREF Manager, LLC, its	
Unofficial Witness	By:  Karen N. McCauley  Vice President	L.S
Notary Public		
(NOTARY SEAL)		

### EXHIBIT "A"

### **Legal Description**

Clock#: 1276851 FILED FOR RECORD 9/20/2010 41:05afa PAID: 82.00

Daniel W. Massey, Clerk

Chatham County, Georgia

Clock#: 1268278 FILED FOR RECORD 8/13/2010 10:57am

PAID: 80.00

Daniel W. Massey, Clerk

Superior Court of Chatham Count@uperior Court of Chatham County

Chatham County, Georgia

**Ground Lease** 

By and between

The Board of Regents of the University System of Georgia

and

USG Real Estate Foundation III, LLC

dated August 12, 2010

STATIE OF GEORGIA; COUNTY OF FULTON:

363C

#### GROUND LEASE

### WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately 0.743 acres situated on the campus of the Institution, more particularly described in Exhibit "A" attached hereto (hereinafter referred to as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of May 12, 2010, Lessor determined the Premises to no longer be advantageously useful to the Institution or other units of the University System, but only for the purpose of constructing, owning, operating and maintaining an approximately 47,239 square-foot student center and site amenities; and further approved the leasing of the Premises to Lessee under the conditions set forth in this Lease; and

WHEREAS, Lessor's leasing of the Premises is for the purposes of constructing, owning, operating and maintaining an approximately 47,239 square-foot student center and site amenities for the benefit of the Institution.

NOW, THEREFORE, in consideration of the mutual promises herein contained, upon the following terms and conditions to be paid and kept by Lessee, Lessor grants and leases, and Lessee does hereby accept, take and lease, the Premises from Lessor. This Lease creates in Lessee an estate for years.

Lessor MN Lessed XW

#### 1. USE OF PROPERTY

operating and maintaining an approximately 47,239 square-foot student center and site amenities (hereinafter the "Improvements"). The Improvements shall be constructed pursuant to the program, plans and specifications identified in Exhibit "C" attached hereto approved by Lessor. Upon completion of construction of the Improvements, the Premises may be modified as set forth in Section 9.7.

363C

Improvements for any illegal purpose, nor for any purpose inimical to the health, safety and welfare of the public, or (b) commit, or suffer to be committed, any waste in or on the Premises and Improvements, nor shall it create or permit any nuisance in or on the Premises.

500

1.3 Lessor retains a non-exclusive easement on, over, under, upon, across, or through the Premises together with the right of ingress and egress to adjoining land of Lessor as may be reasonably necessary for Lessor to operate the Institution provided the use of such easement by Lessor does not unreasonably interfere with Lessee's construction, operation, maintenance or use of the Premises. Lessor retains non-exclusive easements to all utility lines crossing the Premises that provide service to the property owned by Lessor surrounding the Premises; such easements shall include the ability of Lessor to maintain, repair and replace such utilities.

363

### OCCUPANCY

616

Lessee shall occupy the Premises continuously throughout the Term of this Lease and shall not desert, surrender, abandon or cease using the Premises during the term of this Lease. As hereinafter used, "Term" shall collectively refer to the Construction Term, the Primary Term and any extension thereof.

#### 3. RENT

For and as rent for the Premises, Lessee covenants and agrees to keep each and every term and condition of this Lease required to be kept by Lessee, each of which shall constitute rent for the Premises, in addition to payment by Lessee to Lessor of the following amounts of rent:

- 3.1 Lessee shall pay in advance to Lessor the sum of TEN DOLLARS (\$10.00) per year, payable in advance upon execution of this Lease.
- 3.2 Lessee shall also pay to Lessor, as additional rent, all costs and expenses which Lessor incurs as a result of any default of Lessee or failure on the part of Lessee to comply with any provisions of this Lease.

Lessor MN Lessee

### 4. TERM AND TERMINATION

- begin upon the execution of this Lease and shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the last day preceding the Commencement Date of the Primary Term, as set forth in Section 4.2; provided, however that, unless an extension of the Construction Term is agreed to by Lessor, the Construction Term shall terminate automatically, if construction is not completed, or is suspended without the consent of the Lessor for period in excess of six (6) months) without further action by either party, at midnight on the day before the second (2<sup>nd</sup>) anniversary of the commencement of the Construction Term.
- 4.2 The Primary Term of this Lease shall be for thirty (30) years beginning upon the first day of the first month after issuance of a certificate of occupancy for the Improvements (the "Commencement Date") but in no event shall the Commencement Date be prior to August 1, 2011. The Primary Term shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia. on the day before the thirtieth (30th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days written notice to Lessor and, subject to Lessor's rights under Section 9.3, conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease Without the written consent and concurrence of the holder of such security deed including the cancellation of any security interest held upon the leasehold interest and conveyance to Lessor of all right and title to all improvements then existing on the Premises.
- Lessee, for one extension period of up to five (5) years, and such request must be made to Lessor at least ninety (90) days, but no more than 180 days, prior to the termination date. Any outstallding obligation of the Lessee to pay an amount secured directly or indirectly by any leasehold security deed permitted under this Lesse is sufficient grounds that Lessor shall grant an extension provided that any such extension for this purpose shall terminate on the earlier to occur of (a) the end of any such extension period, or (b) the date of repayment in full of the secured indebtedness and release of the leasehold security deed.
- 4.4 Upon expiration of this Lease (including any renewals or extensions thereof), if and only if Lessor determines the continued rental of the Premises is in the best interest of the Institution and the University System, Lessor may grant Lessee a usufruct in the Premises for fair market rental value and under terms to be mutually agreed upon by Lessor and Lessee.
- 4.5 Subject to Sections 4.3 and 4.4, upon expiration or termination of this Lease, all rights and interests of Lessee (and all persons whomsoever claiming by, under or through Lessee) in and to the Premises and the Improvements shall wholly cease and title to the Premises and the Improvements, including but not limited to all permanent improvements, erections and

Lessor MW Lessee LN

3630

50

CC - 1 7

additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefore to Lessee or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time other than pursuant to the specific terms of this Lease. This provision shall not relieve Lessee from liability for having left the Premises or the Improvements in unsound or unsafe condition or with encumbered title. Lessee, upon the request of Lessor, covenants and agrees to execute a quitelaim deed releasing all such rights in the Premises and the Improvements in a form and substance acceptable to Lessor.

4.6 Subject to Section 9.5, in addition to the termination provisions set forth in Section 4.2, if Lessee shall, after ten (10) days notice thereof, default in the performance of any of the stipulations, covenants, terms, conditions, agreements or provisions of this Lease; then and in any of the above events, Lessor, at its option, may at once or thereafter (but only during the continuance of such default), terminate this Lease. Upon such termination by default the provisions of Section 4.5 shall apply and Lessor may forthwith re-enter the Premises and repossess itself and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry, detainer or other tort.

# 5. RULE AGAINST PERPETUITIES

If the Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, including, without limitation, O.C.G.A. §44-6-1, as amended, shall limit the time within which the vesting of title to the Improvements for which provision is made in Section 9 must occur, then such vesting of title shall occur not later than twenty (20) years after the death of the last survivor of the Board of Regents of the University System of Georgia in office on the date of execution of this Lease. In the event such vesting should occur due to the provisions of this section and prior to the expiration or termination of this Lease, this Lease shall continue in full force and effect, except the term "Premises" shall be automatically modified to include the Improvements.

### 6. HOLDING OVER

Lessee shall not use or remain in possession of the Premises after the termination of this Lesse. Any holding over or continued use and/or occupancy of the Premises by Lessee after the expiration or any termination of the Primary Term of this Lesse, without consent from Lessor, shall not constitute a Tenancy-At-Will in Lessee, but Lessee shall be a Tenant-At-Sufferance, subject to the provisions of Section 4.

Lessor MN Lesson XX

### 7. INSPECTION AND TITLE

Lessee hereby acknowledges that it has fully inspected the Premises and that the Premises and title to the Premises is accepted and is in satisfactory and a suitable condition for the use intended by Lessee as hereinabove provided for in this Lease.

# 3630

### 8. NO JOINT VENTURE

503

Nothing contained in this Lease shall make, or shall be construed to make, Lessor or Institution and Lessee partners in, of, or joint venturers with each other, nor shall anything contained in this Lease render, or shall be construed to render, either Lessor, Institution or Lessee liable to a third party for the debts or obligations of the other.

### 9. IMPROVEMENTS

- the Improvements specified and described in the program, plans and specifications identified in Exhibit "C" attached hereto, including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and Improvements for use as an approximately 47,239 square-foot student center and site amenities. After obtaining permission for demolition from Lessor Lessee shall, at its sole cost and expense, demolish any necessary existing improvements or structures on the Premises to facilitate the construction contemplated herein, including the clearing, grubbing and preparation of the Premises for construction of the Improvements. All Improvements and facilities shall be constructed wholly within the boundary lines of the Premises and each shall be a self-contained, complete unit and shall not be tied into or have any physical connection with any structure located on any other property of Lessor.
- 9.2 Title to the Improvements shall vest in Lessee until the end of the Primary Term, unless sooner terminated pursuant to the terms of this Lease. Lessee covenants and agrees to convey all of Lessee's right, title and interests, free and clear of all liens and security interests, and subject to Section 4.4, surrender possession of the Premises and Improvements, at the expiration of the Primary Term, or at such date of earlier termination pursuant to the provisions of this Lease. Any and all temporary improvements, erections or additions constructed on the Premises by Lessee, which are not a part of the Improvements as specified in Section 9.1, shall continue to be and remain the property of Lessee, and may be removed by the Lessee, in whole of in part, at any time before the termination of this Lease. If Lessee removes any or all temporary improvements, erections or additions it has constructed on the Premises, Lessee agrees to repair any and all damage resulting to the Premises and the Improvements from such removal.

Lessor MN Lessell

- 9.3 Upon the expiration (including any renewal periods) or earlier termination of this Lease, Lessor may, at the option of Lessor, notify Lessee that any or all improvements, temporary and permanent, placed upon the Premises by Lessee should be removed at the expiration or earlier termination of the Lease in which event Lessee shall remove such improvements. Lessee shall not begin the removal or demolition of any improvements prior to the expiration or earlier termination date: provided that all improvements shall be removed as expeditiously as possible. Lessor herein grants to Lessee a license to enter the Premises, said license shall take effect upon the termination or expiration of this Lease for the sole and exclusive purpose of removing such improvements. Lessee's right to use said license is contingent upon Lessor's notification to Lessee that permanent improvements shall be removed from the Premises.
- 9.4 Lessee, at all times during the Term of this Lease, at its sole cost and expense, shall keep the Premises and the Improvements in good order, condition and repair, ordinary wear and tear excepted. Lessee's obligations hereunder include, without limitation, all necessary repairs and replacements of the Premises, structural or otherwise, ordinary or extraordinary, forceen and unforeseen, including but not limited to the exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, and lighting, heating, plumbing and sewage facilities, and air conditioning equipment. Lessor shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term of this Lense.
- Lessee shall have the right to mortgage and/or otherwise encumber the Premises and Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encum brance of the Premises during the Construction Term for the purpose of construction and during the Primary Term for permanent financing of the Improvements to the Premises contemplated by this Section 9. Lessor agrees to give any lender written notice of any default by Lessee under this Lease, provided lender has given Lessor timely notice of lender and lender's contact information and timely notice of any change in lender or lender's contact information. and lender shall have a period of time after lender's receipt of the notice of default (thirty (30) days in the case of a default in the payment of any sum due hereunder; sixty (60) days in the case of all other defaults) in which to cure, or to cause to be cured, any such default, before Lessor may exercise any right or remedy hereunder or as otherwise available to Lessor. Notwithstanding any other provision of this Lease, Lessor shall not be required to subordinate this Lease to any other interest of any person or entity lending money for the Improvements, and all such interests or instruments shall be subordinate to this Lease. If any lender requires recordation of this Lease, both parties hereby consent to such recordation, and either party may record this Lease in that event. Lessee shall not permit any liens to be placed against the Premises, and if such liens are filed, Lessee shall cause prompt removal of such liens.
- 9.6 Lessor has not and will not participate in the structuring, offering or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Improvements and Lessor shall have no obligation with respect to the bonds or the financing of the Improvements.

Lessor MW Lessed IV

9.7 Upon completion of construction of the Improvements, but not later than ninety (90) days after termination of the Construction Term, Lessee shall provide, at its sole cost and expense, "as built" drawings and plats of the Premises and the Improvements. Should the Premises as described on Exhibit A not be fully utilized by the Improvements, then Lessee covenants and agrees to resurvey the portion of the Premises used by the Improvements and to then convey the unused portion of the Premises back to Lessor, at which time this Lease shall be modified so that the Premises subject to the Primary Term is the "as built" property utilized by the Improvements.

## 10. INDEMNIFICATION AND HOLD HARMLESS

- 1 O.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor during the Term of this Lease for all injury or damage of any kind resulting from any negligent act or omission or breach, failure or other default regarding the occupancy of the Premises by the Lessee, or any of its subcontractors, its agents, employees or others working at the direction of Lessee or on its behalf, regardless of who may be the owner of the property. The Lessee is responsible for insuring its tools, equipment, fixtures, trade fixtures and personal property and Lessor shall not be liable for any loss or damage to such tools, equipment, fixtures and personal property.
- 10.2 Lessee hereby agrees to indemnify and hold harmless the Lessor, the Board of Regents of the University System of Georgia, the Institution, the State of Georgia and its departments, agencies and instrumentalities and all of their respective officers, members, employees, directors and agents (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, arising out of or resulting from the performance of this Lease due to liability to a third party or parties, or due to any act or omission on the part of the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or due to any breach of this Lease by the Lessee, or due to the application or violation of any pertinent Federal, State Or local law, rule or regulation. This indemnification extends to the successors and assigns of the Lessec. This indemnification obligation survives the termination of this Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Insurance and Hazard Reserve Fund, and other selfinsured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services (hereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monies paid out by the Funds.
- 10.2.1 This indemnification applies where the Indemnitees are partially responsible for the situation giving rise to the claim, provided however, that this indemnification does not apply to the extent of the sole negligence of the Indemnitees.

Lessor My Lessee Y

3630

1 O.2.2 This indemnification does not extend beyond the scope of this Lease and the work undertaken thereunder. Nor does this indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to breach or default by the Indemnitees under the terrors and conditions of this Lease.

### 11. INSURANCE

- Insurance Certificates. Unless waived in writing, or otherwise provided by the Lessor the Lessee shall, prior to the commencement of work, procure the insurance coverages identified below at the Lessee's own expense and shall furnish the Lessor an insurance certificate listing the Lessor as the certificate holder. The insurance certificate must provide the following:
  - (a) Name and address of authorized agent
  - (b) Name and address of insured
  - (c) Name of insurance company(ies)
  - (d) Description of policies
  - (e) Policy Number(s)
  - (f) Policy Period(s)

  - (g) Limits of liability
  - (b) Name and address of Lessor as certificate holder
  - (i) Lease number, Name of Facility and Address of Premises
  - (i) Signature of authorized agent
  - (1c) Telephone number of authorized agent
- (1) Mandatory forty-five (45) days notice of cancellation/non-renewal (See Section 11.2(a)).
- Policy Provisions. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger. Each such policy shall contain the following provisions:
- The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Lessor has received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Lease shall have been received, accepted, and acknowledged by the Lessor. Such notice shall be valid only as to the premises and the address of the Premises shall be required in said notice.
- (b) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").

Lessor MN Lesson LV

- General of the State shall represent and defend the Indemnitees but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company may, at the option of the Attorney General, have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
- (d) Self-insured retention in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood, Earthquake and Windstorm which shall not exceed \$50,000.00.
- 11.3 Insurance Coverages. The Lessee agrees to purchase and have the authorized agent state on the insurance certificate that the following types of insurance coverages, consistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased by the Lessee, during the Construction Term and Primary Term of this Lease. The minimum required coverages and liability limits which may be amended from time to time during the term of this Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Section 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:
- (a) Workers' Compensation. In the event Lessee has employees, the Lessee agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate from the Georgia Board of Workers' Compensation approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Lessee qualifies to pay its own workers' compensation claims. The Lessee shall require all subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of the Constituction Term;

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own worker's compensation insurance or are covered by the Lessee's worker's compensation insurance."

- (b) Employers' Liability Insurance. In the event Lessee has employees, the Lessee shall also maintain Employers Liability Insurance Coverage with limits of at least:
  - (i) Bodily Injury by Accident \$1,000,000 each accident; and
  - (ii) Bodily Injury by Disease \$1,000,000 each employee.

The Lessee shall require all contractors and subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Employers

Lesson MW Lesseed W

3630

507

Liability Insurance Coverage and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of occupancy:

"This is to	certi	fy that all	contr	actors an	l su	bcontr	actors	performing	work or
occupying	the	Premises	are	covered	by	their	own	employers	liability
								lity insurance	

General Liability Insurance (2004 ISO Occurrence Form or equivalent) which shall include, but need 110t be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Coverage	Limit			
1. Premises and Operations	\$1,000,000 per Occurrence			
2. Products and Completed Operations	\$1,000,000 per Occurrence			
3. Personal Injury and Advertising	\$1,000,000 per Occurrence		es	
4. Contractual	\$1,000,000 per Occurrence		5	00
5. Fire Legal	\$1,000,000 per Occurrence		CO	5
6. Blasting and Explosion	\$1,000,000 per Occurrence			-
7. Collapse of Structures	\$1,000,000 per Occurrence		7	
8. Underground Damage	\$1,000,000 per Occurrence	+		
9. General Aggregate	\$2,000,000 this Lease only		0	2
			2	- 3
* D	1		· C	

Required during any construction period.

### Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (d) Commercial Business Automobile Liability Insurance. The Lessee shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily

Lessor MN Lesson W

injury and property damage arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional Requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (e) Commercial Umbrella Liability Insurance. The Lessee shall provide a Commercial Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverages and minimum limits stated in 11.3(a), (b), (c) and (d) shall be:

\$2,000,000 per Occurrence \$2,000,000 Aggregate

Additional Requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy must be on an "occurrence" basis.
- (f) Builders Risk Insurance. During any construction period only, Lessee shall provide a Builder's Risk Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the Improvements construction contract sum, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor. The policy shall be endorsed as follows:

Lessor MV Lessee DV

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- (i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and
- (ii) Partial or complete occupancy by Lessee or Lessor, and
- (iii) Performance of work in connection with construction operations insured by the Lessee or Lessor, by agents or sublessees or other contractors of Lessee or Lessor, or by contractors of the Lessee or Lessor."
- (g) Property Insurance. During the Primary Term, Lessee shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the replacement value of the Improvements, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee.
- Termination of Obligation to Insure. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Primary Term and shall not terminate until this Lease has been terminated.
- Failure of Insurers. The Lessee is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.
- 11.6 Waiver of Insurance for Additional Insureds. Unless otherwise expressly provided to the contrary, the obligation of Lessee to name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia for claims arising out of work or occupancy of the Premises under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy is hereby waived to the extent and during any term or renewal term of any rental agreement under which the Lessor is occupying the Premises; provided, however, that this waiver does not apply to any insurance requirements in this Lease applicable to the Construction Period or any subsequent construction period in which renovation, rehabilitation or other work is being performed on the Premises.

### UTILITIES

At its sole cost and expense, Lessee shall cause to be furnished and shall pay for all water, gas, light, power, sanitation (sewerage or otherwise), garbage pick-up and disposal, telephone and other utilities or services required for Lessee's use of the Premises.

12

Lessor MV Lessee EN

### 13. TAXES AND ASSESSMENTS

- pay or cause to be paid, to the public officer charged with collection thereof and before any of the same shall become delinquent and shall indemnify, protect, save and hold harmless Lessor from the payment of (a) any and all taxes, assessments, license fees, excises, imposts, fees and charges of every sort, nature and kind, hereinafter collectively referred to as "impositions", which during Lessee's use and/or occupancy of the Premises, may be assessed, levied, charged or imposed against or with respect to the Premises, including, but not limited to, the building, fixtures, equipment and personal property, if any there be, located therein or thereon; and (b) any impositions assessed, levied, charged or imposed on or with respect to the conduct of Lessee's business in or on the Premises.
- 13.2 Nothing herein shall obligate or require the payment of any imposition by Lessee, such obligation or requirement is provided by law. Lessee may contest the validity, legality or amount of any imposition in the manner provided by law after posting of security with (and acceptable to) Lessor in an amount equal to the amount of the imposition claimed to be due. Within ten (10) days after the payment of Lessee of any imposition, Lessee shall furnish Lessor with a copy of said receipt evidencing such payment.

# 14. DESTRUCTION OF OR DAMAGE TO PROPERTY

destroyed or rendered untenantable by storm, fire, earthquake, hurricane or other natural catastrophe, this Lease shall not terminate, but Lessor shall permit Lessec to rebuild, or at Lessec's option, Lessee may terminate this Lease (subject, however, to the consent and concurrence of the holder of the leasehold security deed) and invoke the provisions of Section 4.5.

### 15. REPAIR

Lessee shall operate, maintain and repair the Premises, Improvements and any building built thereon in accordance with the existing rules, regulations, and policies of the Lessor, and in accordance with the provisions of this Lease.

### 16. HAZARDOUS SUBSTANCES

16.1 Lessee shall not bring, deposit, or allow to be brought or deposited, in or upon the Premises any pollutant or harmful substance, except for substances ordinarily used in the care and maintenance of the Premises and in compliance with all other applicable provisions of this Lease.

Lossor MN Lessee LV

3630

13

REVISED 2/16/10

Premises, regardless of cause: (A) any generation, treatment, recycling, storage or disposal of any hazardous substance; (B) any underground storage tank, surface impoundment, lagoon or other containment facility for the temporary or permanent storage, treatment or disposal of hazardous substances; (C) any landfill or solid waste disposal area; (D) any asbestos-containing material as defined by the Toxic Substances Control Act; (E) any polychlorinated biphenyl (PCB) used in hydraulic oils, electric transformers or other equipment; or (F) any release or threatened release of hazardous substance to the environment in forms or quantity requiring remedial action under environmental laws. In addition, Lessee warrants that it will not allow any violations of environmental laws on the Premises, regardless of cause. Lessee's obligation in no way extends to any environmental condition of the Premises existing prior to Lessee's possession.

### 17. INSPECTION

For the purpose of Inspecting the Premises, Lessee shall permit Lessor at reasonable times to enter in and on the Premises and the Improvements.

### 18. NO DISCRIMINATION

In its occupancy and use of the Premises, Lessee shall not discriminate against any person on the basis of race, color, national origin, age or disability. This covenant of the Lessee may be enforced by termination of this Lease, (provided that notice of the breach of such covenant shall have been given to any leasehold mortgagee and such breach shall not have been cured, as provided in Section 9 of this Lease), injunction, and any other remedy available at law to Lessor.

### 19. TRANSFER, ASSIGNMENT AND SUBLETTING

19.1 Lessee shall not transfer or assign (whether by instrument or operation of law or, if applicable, by withdrawal, sale, gift, exchange, change in partnership ownership or membership, change in stock ownership, merger, consolidation, dissolution or reorganization of any type) this Lease or any right or privilege of Lessee hereunder without the prior written consent, in Lessor's sole discretion, of Lessor. Lessee shall not sublet the Premises or any building built thereon or part thereof, or any right or privilege appurtenant thereto, nor permit nor suffer any party other than Lessee to use or occupy the Premises or any portion thereof without the prior written consent, in Lessor's sole discretion, of the Lessor. Any transfer, assignment or subletting without the prior written consent of Lessor shall be void ab initio and shall at the option of Lessor terminate this Lease. Lessor's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Lessee, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer, assignment and subletting, and each subsequent

Lessor MN Lesse XV

SUUN

use and occupancy by a party other than Lessee shall likewise be made only with the prior written consent of Lessor.

Lessee under Section 9.5; and the enforcement by the holder of a leasehold security deed encum bering the Premises and improvements, including the foreclosure of such security deed or transfer of Lessee's leasehold interest in lieu of foreclosure, shall not be restricted or prohibited hereunder or subject to Lessor's consent. In addition, if any leasehold mortgagee (or its successor, assign, designees or nominee) succeeds to the interest of Lessee under this Lease, then such mortgagee (or its successor, assign, designee or nominee) shall have (a) the right, with the consent of Lessor, which shall not be unreasonably withheld, to further transfer or assign this Lease or to sublet the Premises and improvements thereon, anything to the contrary herein contained notwithstanding, and (b) all the rights, options and privileges of the Lessee under this Lease.

### 20. NOTICES

All notices, statements, reports, demands, requests, consents, approvals, waivers and authorizations, hereinafter collectively referred to as "notices", required by the provisions of this Lease to be secured from or given by either of the parties hereto to the other shall be in writing (whether or not the provision hereof requiring such notice specifies written notice) and the original of said notice shall be sent by United States Certified Mail - Return Receipt Requested, postage prepaid and addressed to the recipient party at such party's hereinabove set forth address. The sender of said notice shall request the United States Postal Service to "Show to whom, date and address of delivery" of said notice on the returned receipt. The day upon which such notice is so mailed shall be deemed the date of service of such notice. The parties hereto agree that, even though notices, where applicable, shall be addressed to the attention of the person or title, or both if applicable, hereinabove set forth, valid and perfected delivery of notice shall be accomplished under this Lease even though the said named person or the person holding said title is not the person who accepts or receives delivery of the said notice. Any notice, so mailed, the text of which is reasonably calculated to apprise the recipient party of the substance thereof and the circumstances involved, shall be deemed sufficient under this Lease. Either party hereto may from time to time, by notice of the other, designate a different person or title, or both as applicable, address or addresses to which notices to said party shall be given.

### 21. TIME IS OF THE ESSENCE

All time limits stated herein are of the essence of this Lease.

Lessor MN Lessock W

363C

#### 22. NON-WAIVER

No failure of Lessor to exercise any right or power given to Lessor under this Lease, or to insist upon strict compliance by Lessee with the provisions of this Lease, and no custom or practice of Lessor or Lessee at variance with the terms and conditions of this Lease, shall constitute a waiver of Lessor's right to demand exact and strict compliance by Lessee with the terms and conditions of this Lease.

### 23. RIGHTS CUMULATIVE

All rights, powers and privileges conferred by this Lease upon Lessor and Lessee shall be cumulative of, but not restricted to, those given by law.

### 24. BINDING EFFECT

Each of the terms and conditions of this Lease shall apply, extend to, be binding upon, and intre to the benefit or detriment of the parties hereto, to the successors and assigns of Lessor, and to the extent that Lessor has consented to a transfer or assignment of this Lease (if such consent is required) to the successors and assigns of Lessee, and to any leasehold mortgagee and its successors and assigns. Subject to the foregoing, whenever a reference to the parties hereto is made, such reference shall be deemed to include the successors and assigns of said party, the same as if in each case expressed.

### 25. INTERPRETATION

Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

### 26. GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

Lessor MN Lessee Lyr

### 27. SECTION HEADINGS

The brief headings or title preceding each section herein are merely for purposes of section identification, convenience and ease of reference, and shall be completely disregarded in the construction of this Lease.

### 28. COUNTERPARTS

This Lease is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

### 29. NO THIRD PARTY BENEFICIARY

Nothing in this Lease, whether express or implied, is intended to confer upon any other party other than the parties hereto and their respective successors and assigns, any right or interest whatsoever. No party other than the parties hereto is entitled to rely in any way upon the warranties, representations, obligations, indemnities or limitations of liability whatsoever in this Lease.

### 30. SPECIAL STIPULATIONS

The Special Stipulations on Exhibit B, attached hereto are hereby incorporated by reference herein. To the extent that the Special Stipulations set forth on Exhibit B conflict with any of the foregoing terms and conditions of this Lease, the said Special Stipulations shall control.

### 31. SEVERABILITY

If any provision of this Lease, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, then any remaining portion of such provision and all other provisions of this Lease shall survive and be applied, and any invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

### 32. ENTIRE AGREEMENT

This Lease constitutes the entire Lease between the parties. This Lease supersedes all prior raegotiations, discussions, statements and agreements between Lessor and Lessee with

Lessor MN Lessoe LW

363C

respect to the Premises and Lessec's use and occupancy thereof. No member, officer, employee or agent of Lessor or Lessee has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this Lease. No modification of or amendment to this Lease shall be binding on either party hereto unless such modification or amendment shall be properly authorized, in writing, properly signed by both Lessor and Lessee and incorporated in and by reference made a part hereof.

[CONTINUED ON NEXT PAGE]

3630

5 6

3 6

53

18

Lessor MV Lessee LV

IN WITNESS WHEREOF, Lessor, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named representatives, and Lessee, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named officers, have caused these presents to be signed, sealed and delivered all as of the date hereof.

LESSOR:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

LINDA M. DANIELS

Vice Chancellor for Facilities

Attest:

Secretary to the Board

Signed, sealed and delivered as to Lessor in the presence of:

Official Witness, Notary Public

My Commission Expires:

APPROVAL OF INSTITUTION:

[SIGNATURES CONTINUED ON NEXT PAGE]

19

Lessor MN Lessee LW

REVISED 2/16/10

### [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

Sonny Perdu	2 363
OVINY PERDUE	7
Attest: BRIAN P. KEMP	634

(Great Scal of the State of Georgia)

Secretary of State

Signed, scaled and delivered as to Governor in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires:

EXPIRED
GEORGIA
AUG. 28, 2010

[SIGNATURES CONTINUED ON NEXT PAGE]

20

Lessor MN Lessee SW

REVISED 2/16/10

### EXHIBIT "A"

#### Legal Description

### GROUND LEASE LIMITS

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, being known as the Student Center Lease Area at Savannah State University, a portion of Lot 9, Placentia Tract, Ravers Ward, City of Savannah. Being more particularly described as follows:

Commencing at the intersection of the centerline of Skidaway Road and Laroche Avenue; thence along the centerline of Laroche Avenue South 18 degrees 07 minutes 00 seconds East a distance of 1,190.60 feet to a point which is the projection of the line between the properties of N/F Margaret Elizabeth Smith (Deed Book 170Z, Page 163), N/F University System of Georgia and N/F SSU Foundation Real Estate (Deed Book 333V, Page 643); thence along said projection line South 68 degrees 13 minutes 41 seconds East a distance of 1,843.56 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and N/F SSU Foundation Real Estate North 21 degrees 53 minutes 12 seconds East a distance of 3.62 feet to a point inside the property of N/F University System of Georgia and being the point of beginning; thence with a line within the property of N/F University System of Georgia North 21 degrees 53 minutes 12 seconds East a distance of 12.38 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 125.55 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 27.08 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 30.10 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 17.08 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 6.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 77.50 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 6.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 17.08 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 42.73 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 4.48 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 3.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 12.34 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 77.42 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 10.32 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 57.56 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 10.32 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 46.61 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 23.81 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 15.53 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 85.11 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 7.64 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 50.07 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 63.77 feet to a point of beginning; and containing 0.743 acres, or 32,369 square feet.

22

Lessor MN Lessee XX

### TEMPORARY CONSTRUCTION EASEMENT

Lessor hereby grants to Lessee a temporary non-exclusive easement on, over, across and through the "Construction Easement Area" described below for the purpose of facilitating the construction of the improvements contemplated in this Ground Lease. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. This Temporary Construction Easement shall expire on the last day of the Construction Term of this Ground Lease. The Construction Easement Area is described as follows:

All that certain tract of land located in the 4th G. M. District, Chatham County, Georgia, being known as the Student Center Project Limits Parcel at Savannah State University, a portion of Lot 9, Placentia Tract, Ravers Ward, City of Savannah. Being more particularly described as follows:

Commencing at the intersection of the centerline of Skidaway Road and Laroche Avenue; thence along the centerline of Laroche Avenue South 18 degrees 07 minutes 00 seconds East a distance of 1,1 90.60 feet to a point which is the projection of the line between the properties of N/F Margaret Elizabeth Smith (Deed Book 170Z, Page 163), N/F University System of Georgia and N/F SSU Foundation Real Estate (Deed Book 333V, Page 643); thence along said projection line South 68 degrees 13 minutes 41 seconds East a distance of 1,564.71 feet to a point; thence leaving the line between the properties of said N/F University System of Georgia and N/F SSU Foundation Real Estate North 21 degrees 53 minutes 12 seconds East a distance of 4.17 feet to a point inside the property of N/F University System of Georgia and being the point of beginning, thence with a line within the property of N/F University System of Georgia North 21 degrees 53 minutes 12 seconds East a distance of 221.12 feet to a point, thence South 60 degrees 29 minutes 41 seconds East a distance of 63.65 feet to a point, thence South 65 degrees 13 minutes 14 seconds East a distance of 49.46 feet to a point, thence South 69 degrees 36 minutes 44 seconds East a distance of 46.86 feet to a point, thence South 76 degrees 26 minutes 41 seconds East a distance of 91.29 feet to a point, thence South 85 degrees 18 minutes 11 seconds East a distance of 108.85 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 256.80 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 11.03 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 50.07 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 7.64 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 85.11 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 15.53 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 23.81 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 46.61 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 10.32 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 57.56 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 10.32 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 77.42 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 12.34 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 3.00 feet to a point, thence North 21 degrees 53 minutes 12 seconds East a distance of 4.48 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 42.73 feet to a

Lessor MN Lesson X

point, thence South 21 degrees 53 minutes 12 seconds West a distance of 17.08 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 6.00 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 77.50 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 6.00 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 17.08 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 30.10 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 27.08 feet to a point, thence South 68 degrees 06 minutes 48 seconds East a distance of 125.55 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 12.38 feet to a point, thence South 21 degrees 53 minutes 12 seconds West a distance of 12.38 feet to a point, thence North 68 degrees 06 minutes 48 seconds West a distance of 278.85 feet to the point of beginning; and containing 1.064 acres.

# OTHER EASEMENTS

In addition, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below and provided that Lessee's use of the casements below does not unreasonably interfere with Lessor's use of its property adjacent to the Premises or existing and future walkways and drives, respectively. The easements, rights and privileges granted hereby shall run with the land during the term of this Lease.

## UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Premises (Lessor's Property being more particularly described in Deed Book 13A, Page 29, Deed Book 6z, Page 37, Deed Book 7D, page 377, Deed Book 7A, page 447, and Deed Book 94C, page 505, Chatham County, Georgia Deed Records) to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, electronic and other communication facilities, television, internet, chilled water and other such utility lines and services to those of Lessor or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Lessee pays to Lessor when due all of Lessor's cost for extending any such utility lines to the Premises and Lessor's cost of Lessee's usage of any such utility services. In addition, Lessor grants to Lessee a non-exclusive easement over Lessor's property adjacent to the Premises to install electronic data and communication lines and transformers in such locations as may be approved by the Lessor, such approval not to be unreasonably withheld. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

## INGRESS/ECRESS EASEMENTS:

During the term of this Lease, Lessor grants to Lessee a non-exclusive easement over and across all existing and future walkways and drives between Laroche Avenue and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and Laroche Avenue for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose, such easements being more particularly described in the Ground Lease.

Lessor MN Lessed

ഗ

### EXHIBIT "B"

Special Stipulations

•	•				
of the Ground	Lease,	self-insured	retention o	r deductible	in ar
4 \$10 000	nn awar	ent for Cotoo	teanhia Par	ile including	Eloc

Notwithstanding Section 11.2(d) of policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood and Earthquake which shall not exceed \$50,000.00 and the deductible for Windstorm shall be 3% subject to a \$100,000 minimum.

#### EXHIBIT "C"

Specificatio	ns	Total		363C	COOR
Division 1	General Requirements	Pages	Dated		3
O11000	Summary	4	04/01/10		
O12100	Allowances	4	04/01/10		
O12300	Atlternatives	2	04/01/10	S	5
O13100	Project Management and Coordination	10	04/01/10	524	345
O13200	Construction Progress Documentation	8	04/01/10	+	
O13233	Photographic Documentation	4	04/01/10		
O13300	Submittal Procedures	10	04/01/10		
O14000	Quality Requirements	8	04/01/10		
O14200	References	4	04/01/10	w	
O15000	Temporary Facilities and Controls	10	04/01/10	363	п
O16000	Product Requirments	4	04/01/10	CO	מטטת
O17300	Execution	10	04/01/10		5
017700	Closeout Procedures	6	04/01/10	7	
017823	Operation and Maintenance Data	8	04/01/10		
017839	Project Record Documetns	4	04/01/10	0	2
017900	Demonstration and Training	6	04/01/10	049	Har
Division 2	Existing Conditions				
024119	Selective Structure Demolition	6	04/01/10		
Division 3	Concrete				
033000	Cast-In-Place Concrete	14	04/01/10		
Division 4	Masonry				
042000	Unit Masonry	20	04/01/10		
047200	Cast Stone Masonry	6	04/01/10		
Division 5	Metals				
051200	Structural Steel Framing	10	04/01/10		
052100	Steel Joist Framing	6	04/01/10		
053100	Steel Decking	6	04/01/10		
054000	Cold-formed Metal Framing	8	04/01/10		
055000	Metal Fabrications	10	04/01/10		
055100	Metal Stairs	8	04/01/10		
055213	Pipe and Tube Railings	8	04/01/10		
057300	Decorative Metal Railings	8	04/01/10		
	26	1			

Lessor MN Lessee LN

REVISED 2/16/10

Division 6	Wood, Plastics, Composites			w	
O61053	Miscellaneous Rough Carpentry	6	04/01/10	363C	τ
O61600	Sheathing	. 6	04/01/10	30	٤
O61753	Shop Fabricated Wood Trusses	6	04/01/10		7
O64023	Interior Architectural Woodwork	12	04/01/10	2.3-	
Division 7	Thermal and Moisture Protection			S	5
071113	Bituminous Dampproofing	4	04/01/10	12	4
O17100	Bentonite Waterproofing	4	04/01/10	0.	
O72100	Thermal Insulation	2	04/01/10		
O72726	Fluid-Applied Membrane Air Barriers	8	04/01/10		
073113	Asphalt Shingles	8	04/01/10		
074113	Metal Roof Panels	12	04/01/10		
O74219	Mctal Plate Wall Panels	10	04/01/10	CO	
075216	SBS Modified Bituminous Membrane Roofing	12	04/01/10	363	CI
076200	Sheet Metal Flashing and Trim	10	04/01/10	ಲು	UND
O77100	Roof Specialties	6	04/01/10		2
077200	Roof Accessories	8	04/01/10	~	
078100	Applied Fireproofing	6	04/01/10		
078413	Penetration Firestopping	6	04/01/10	9	-
078446	Fire-Resistive Joint Systems	6	04/01/10	199	3
O79200	Joint Sealants	10	04/01/10		•
Division 8	Openings				
081113	Hollow Metal Doors and Frames	8	04/01/10	4.	
081416	Flush Wood Doors	6	04/01/10		
083113	Access Doors and Frames	4	04/01/10		
O83300	Side Coiling Fire and Smoke Rated Doors	4	04/01/10		
083323	Overhead Coiling Doors	8	04/01/10		
084113	Aluminum-Framed Entrances and Storefronts	12	04/01/10		
085653	Security Windows	8	04/01/10		
087100	Door Hardware	32	04/01/10		
088000	Glazing	14	04/01/10		
O88300	Mirrors	6	04/01/10		
088853	Security Glazing	8	04/01/10		
089000	Louvers and Vents	6	04/01/10		
Division 9	Finishes				
092216	Non-Structural Metal Framing	6	04/01/10		
092400	Portland Cement Plastering 27	6	04/01/10		
	Lessor	my Less	cedw		
VISED 2/16/10		100			

REVISED 2/16/10

092900	Gypsum Board	8	04/01/10	
093000	Tiling	8	04/01/10	
()93033	Stone Tiling	8	04/01/10	w
095113	Acoustical Panel Ceilings	8	04/01/10	
096513	Resilient Base and Accessories	6	04/01/10	636
096516	Resilient Sheet Flooring	6	04/01/10	ന §
096519	Resilient Tile Flooring	4	04/01/10	4.45
096723	Resinous Flooring	6	04/01/10	
096813	Tile Carpeting	6	04/01/10	CF II
096816	Carpet	6	04/01/10	526
098433	Sound Absorbing Wall Units	6	04/01/10	e i
099113	Exterior Painting	6	04/01/10	
099123	Interior Painting	8	04/01/10	
099300	Staining and Transparent Finishing	4	04/01/10	
099419	Multi-Color Interior Finishing	4	04/01/10	
	_			w
Division 10	Specialties			363
101100	Visual Display Surfaces	6	04/01/10	Solon
101400	Signage	8	04/01/10	=
1 02113	Toilet Compartments	6	04/01/10	7
1 02226	Operable Partitions	8	04/01/10	
1 02600	Wall and Door Protection	6	04/01/10	o :
1 02800	Toilet, Bath, and Laundry Accessories	6	04/01/10	54
1 0 4 4 1 3	Fire Extinguisher Cabinets	6	04/01/10	10
104416	fire Extinguishers	2	04/01/10	
105113	Metal Lockers	10	04/01/10	
107050	Exterior Sun Control Devices	4	04/01/10	
107316	Canopies	4	04/01/10	
pivision 11	Equipment			
111300	Loading Dock Equipment	4	04/01/10	
114000	Food Service Equipment (NIC for reference only)	34	04/01/10	
114100	Food Service Equipment (NIC for reference only)	6	04/01/10	
Division 12	Furnishings			
122413	Roller Window Shades	6	04/01/10	
Division 13	Special Construction			
133416	Grandstands	6	04/01/10	
pivision 14	Conveying Equipment			
142400	Hydraulic Elevators	12	04/01/10	
	28	1		
			FF 4	

Lessor MN Lessee LY

Division 21	Fire Suppression			
210500	Common Work Results for Fire Suppression	б	04/01/10	
211313	Wet Pipe Sprinkler System	8	04/01/10	ω
11.000	2551 A 2000			3630
Division 22	Plumbing			0
220500	Common Work Results for Plumbing	6	04/01/10	
	Common Motor Requirements for Plumbing			\$19.98
220513	Equipment	4	04/01/10	
220519	Meters and Gages for Plumbing Piping	4	04/01/10	on;
220523	General Duty Valves for Plumbing Piping	4	04/01/10	123
-00500	Hangers and Supports for Plumbing Piping and		04/01/10	
220529	Equipment	6	04/01/10	
220533	Heat Tracing for Plumbing Piping	2	04/01/10	
220553	Identification for Plumbing Piping and Equipment	4	04/01/10	
220700	Plumbing Insulation	6	04/01/10	ယ
221113	Facility Water Distribution Piping	36	04/01/10	50 50
221116	Domestic Water Piping	8	04/01/10	S S
221119	Domestic Water Piping Specialties	4	04/01/10	
221313	Facility Sanitary Sewers	8	04/01/10	7
221316	Sanitary, Wast and Vent Piping	4	04/01/10	
221319	Sanitary, Wast Piping Specialties	6	04/01/10	643
221323	Sanitary Waste Interceptors	4	04/01/10	£3 1
221413	Facility Storm Drainage Piping	6	04/01/10	Cu
223100	Natural Gas System	6	04/01/10	
223400	Fuel Fired Domestic Water Heaters	4	04/01/10	
224000	Plumbing Fixtures	10	04/01/10	
Division 23	Heating, Ventilation and Air Conditioning			
230500	Common Work Results for HVAC	6	04/01/10	
230513	Common Motor Requirements for HVAC Equipment	4	04/01/10	
230519	Meters and Gages for HVAC Piping	8	04/01/10	
230523	General Duty Valves for HVAC Piping	6	04/01/10	
1.3	Hangers and Supports for HVAC Piping and			
230529	Equipment	8	04/01/10	
230533	Heat Tracing for HVAC Piping	2	04/01/10	
	Vibration and Scismic Controls for HVAC Piping and			
230548	Equipment	2	04/01/10	
230553	Identification for HVAC Piping and Equipment	4	04/01/10	
230593	Testing Adjusting and Balancing for HVAC	4	04/01/10	
230700	HVAC Insulation	10	04/01/10	
	1.0			

230900	Instrumentation and Control for HVAC	10	04/01/10		
230993	Sequence of Operation for HVAC Controls	4	04/01/10		
232113	Hydronic Piping	6	04/01/10		
323123	Hydronic Pumps	4	04/01/10	4	
232500	HVAC Water Treatment	4	04/01/10	6	
233113	Metal Ducts	6	04/01/10	363C	Š
233300	Air Duct Accessories	6	04/01/10	()	3
233423	HVAC Power Ventilators	4	04/01/10	med.	ri:
233600	Air Terminal Units	4	04/01/10		
233713	Diffusors Resisters and Grilles	6	04/01/10	S	7
233723	HVAC Gravity Ventilators	2	04/01/10	528	2
236426	Rotary, Screw or Scroll Air Colled Water Chiller	4	04/01/10	8	r
237313	Modular Indoor Central Station Air Handling Units	10	04/01/10		
237433	Make-Up Air Units for Kitchen Hoods	4	04/01/10		
238113	Package Terminal Units	4	04/01/10		
	Split System Units-ductless [Air Conditioners] [Heat				
238126	Pumps] to 2 Tons	4	04/01/10	S	
	Split System Air Conditioning Units (100% Outside			63	ū
238126a	Air)	4	04/01/10	Co	LINDS
238219	Fan Coil Unites	4	04/01/10		
238239	Unit Heaters	4	04/01/10	7	
Division 26	Electrical			6	ï
260500	Basic Electrical Requirements	8	04/01/10	949	5
260513	Medium Voltage Cable - 15 Kv	4	04/01/10	-	
	Medium Voltage Cable Terminations Splices and	97	0.0000000000000000000000000000000000000		
260513.01	Accessories	4	04/01/10		
260519	Wire and Cables	6	04/01/10		
260526	Secondary Grounding	4	04/01/10		
260526.01	Primary System Grounding	2	04/01/10		
260529	Supporting Devices	4	04/01/10		
260533	Raceways	8	04/01/10		
260533.01	Boxes	6	04/01/10		
260533.02	Electrical Connections for Equipment	6	04/01/10		
260543	Underground Duct Banks	2	04/01/10		
260553	Electrical Identification	6	04/01/10		
260573	Short-Circuit Coordination Study Arc Flash	6	04/01/10		
261200	Pad Mounted Transformers	4	04/01/10		
262200	Transformers	4	04/01/10		
T and the company of the company	Switchboard - Front Accessible Group Mounted				
262413.01	Feeder Devices	6	04/01/10		
262416	Panelboards	6	04/01/10		

- (080)	W" : P :	,	04/01/10		
262726	Wiring Devices	6	04/01/10		
262816	Circuit and Motor Disconnects	4	04/01/10		
2.62913	Motor Controllers	4	04/01/10		
263213	Engine Driven Emergency Power Supply System	12	04/01/10		
265100	Interior Lighting Fixtures	4	04/01/10	3630	
265100.02	Lamps	2	04/01/10	530	
265100.04	Ballasts	2	04/01/10	C 3	
266500	Electrical Equipment Acceptance Testing	12	04/01/10	- 4 1	
Division 27	Communications			-	
270528.3640	Cable Trays for Communications Systems	4	04/01/10	01 3	è
271000	Telecommunications Structured Cabling	12	04/01/10	529	
Division 28	Electronic Safety and Security				
293111	Fire Alarm-Addressable -Voice Evacuation Type	8	04/01/10		
Division 31	Earthwork			60	
312000	Earth Moving	14	04/01/10	363	
313116	Termite Control	4	04/01/10	53	
Division 32	Exterior Improvements			7	
321216	Asphalt Paving	10	04/01/10		
321313	Concrete Paving	18	04/01/10	07 3	
323113	Chain Link Fencing and Gates	6	04/01/10	242	
323119	Decorative Metal Fencing and Gates	6	04/01/10	C) I	
329200	Turf and Grasses	14	04/01/10		
329300	Plants.	20	04/01/10		
prawings					
	STUDENT CENTER				
Sheet Number	Description				
General	Cover Sheet				
G001	General Information		04/01/10		
Civil					
C100	General Notes		04/01/10		
C101	Demolition Plan		04/01/10		
C102	Layout Plan		04/01/10		
C103	Grading, Paving and Drainage Plan		04/01/10		
C104	Utility Plan		04/01/10		
	31	1			

Lessor MN Lessee ZW

C105	Erosion & Sediment Control Initial	04/01/10	
C106	Erosion & Sediment Control Intual Erosion & Sediment Control Intermidiate	04/01/10	
C107	Erosion & Sediment Control Fina;	04/01/10	
C108	Erosion & Sediment Control Pina, Erosion & Sediment Control Notes and Details	04/01/10	
C109	Erosion & Sediment Control Notes and Details  Erosion & Sediment Control Notes and Details	04/01/10	w
		04/01/10	363C
C110	Sanitary Sewer Profile	04/01/10	36
C111	Utility Details		
C112	Utility Details	04/01/10	200
C113	Utility Details	04/01/10	
Structural		19	S
S0.1	General Notes	04/01/10	30
S0.2	Foundation Details	04/01/10	
S0.3	Framing Details	04/01/10	
50.4	Framing Details	04/01/10	
S1.1	Foundation Plan	04/01/10	
31.2	Second Floor Framing Plan	04/01/10	
S1.3	Roof Framing Plan	04/01/10	w
S3.0	Column Schedule	04/01/10	63
S4.0	Truss Elevations	02/15/10	w 5
S4.1	Truss Elevations	04/01/10	7
Architectural			
A000	Wall Types	04/01/10	0
A001	Door Schedule, Types & Details	04/01/10	949
A002	· Storefront Types	04/01/10	0.
A003	Storefront Details	04/01/10	
A100	Site Plan	04/01/10	
A101	First Floor Plan	04/01/10	
A102	Second Floor Plan	04/01/10	
A103	Roof Drainage Plan	04/01/10	
A200	Exterior Elevations	04/01/10	
A201	Exterior Elevations	04/01/10	
A202	Building Sections	04/01/10	
A203	Building Sections	04/01/10	
A204	Building Sections	04/01/10	
A205	Building Sections	04/01/10	
A300	Enlarged Stair Floor Plans	04/01/10	
A301	Stair Sections & Details	04/01/10	
A302	Stair Sections & Details	04/01/10	
A303	Stair Sections & Details	04/01/10	
A304	Stair Sections & Details	04/01/10	
	32		

Lessor MN Lessee

A305	Enlarged Plans & Elevator Sections	04/01/10	
A401	First Floor Reflected Ceiling Plan	04/01/10	
A402	Second Floor Reflected Ceiling Plan	04/01/10	
A500	Wall Sections	04/01/10	
A501	Wall Sections	04/01/10	w
A502	Wall Sections & Details	04/01/10	3630
A503	Details	04/01/10	36
A504	Details	04/01/10	3
A505	Details	04/01/10	m # 3
A506	Details	04/01/10	
A507	Plan Details	04/01/10	<b>σ</b> ;
A508	Plan Details	04/01/10	3
A509	Plan Details	04/01/10	
A510	Plan Details	04/01/10	
A600	Interior Elevations	04/01/10	
A601	Interior Elevations	04/01/10	
A602	Interior Elevations	04/01/10	3
A603	Interior Elevations	04/01/10	363
1000000		2,000,000,000	3
Finishes	(NIC, for reference only)		7
ID101	First Floor Finishes Plan	04/01/10	1.07400011
ID 102	Second Floor Finishes Plan	04/01/10	CD -
ID103	Finish Schedule and Wood Profiles	04/01/10	14 9 mar
			7 1
Life Safety			
L101	First Floor Life Safety Plan	04/01/10	
L102	Second Floor Life Safety Plan	04/01/10	
Furniture			
FF101	First Floor Furniture Layout Plan	04/01/10	
FF102	Second Floor Furniture Layout Plan	04/01/10	
1.100			
Plumbing P001	Legends and Schedules - Plumbing	04/01/10	
P100	Plumbing Underground Sanitary	04/01/10	
P101	Plumbing First Floor Sanitary	04/01/10	
P102	Plumbing Second Floor Sanitary	04/01/10	
P102	Kitchen Part Plan Sanitary	04/01/10	
P201	First Floor Water and Fire Sprinklers	04/01/10	
P202	Second Floor Water and Fire Sprinklers	04/01/10	
P202	Plumbing Part Plans Water and Gas	04/01/10	
P 203	Fromining rate rians water and Gas	04/01/10	

Lessor MN Lessee LN

Mechanical			
Mech M001	Legen and Schedules - HVAC	04/01/10	
M002	Schedules - HVAC	04/01/10	
M101	First Floor Plan - HVAC	04/01/10	
M102	Second Floor Plan - HVAC	04/01/10	ω
M201	First Floor Plan - HVAC Piping	04/01/10	0
M202	Second Floor Plan - HVAC Piping	04/01/10	3630
M301	Details - HVAC	04/01/10	
Electrical			1.12
Elect E001	Legend, Details and General Notes	04/01/10	¢1 :
E002	Lighting Fixture Schedule	04/01/10	532
E010	Electrical Site Plan	04/01/10	10 1
E050	Mechanical Equipment Schedule	04/01/10	
E101	First Floor Power Plan	04/01/10	
E102	Second Floor Power Plan	04/01/10	
E103	Kitchen Power Plan	04/01/10	es
E104	Kitchen Equipment Schedule	04/01/10	3 5 3
E105	Electrical Details	04/01/10	33
E201	First Floor Lighting Plan	04/01/10	
E202	Second Floor Lighting Plan	04/01/10	7
E301	First Floor Communications Plan	04/01/10	
E302	Second Floor Communications Plan	04/01/10	0
E400	System One Line Diagram	04/01/10	848
Telecommunica	tions		
Teleco T2.1	First Floor Communications	04/01/10	
T2.2	Second Floor Communications	04/01/10	
T3.1	Riser Details	04/01/10	
T3.2	Copper and Fiber Cross Connect	04/01/10	
T3.3	Rack and Labeling Details	04/01/10	
T3.4	Communications Room Details	04/01/10	
14	Legend	04/01/10	
Food Service			
Equipment	(NIC - for reference only)		(4)
K101	Kitchen Equipment Plan	04/01/10	
K102	Plating Kitchen Equipment Plan	04/01/10	
K201	Kitchen Equipment Schedule	04/01/10	
K202	Kitchen Equipment Schedule	04/01/10	
K203	Kitchen Equipment Schedule and Walkin Details	04/01/10	
K204	Plating Kitchen Schedul	04/01/10	
	34		
	Lessor _M/	Lessee XW	
JEED 2/16/10			

REVISED 2/16/10

K301	Kitchen Equipment Plumbing Plan	04/01/10		
K302	Kitchen Equipment Plumbing Notes	04/01/10		
K303	Kitchen Floor Slope Plan	04/01/10		
IK304	Plating Kitchen Plumbing Plan	04/01/10	w	
K305	Plating Kitchen Floor Slope Plan	04/01/10	9	α
K401	Kitchen Electrical Plan	04/01/10	363C	KUUN
K402	Kitchen Electrical Plan	04/01/10	.,	7
K403	Plating Kitchen Electrical Plan	04/01/10	.0	
K501	Kitchen Hood Details	04/01/10		
K502	Kitchen Hood Details	04/01/10	S	3
IK.503	Kitchen Hood Details	04/01/10	533	TAUC
K.504	Kitchen Hood Details	04/01/10	ω	
K.505	Kitchen Hood Details	04/01/10		
K506	Kitchen Hood Details	04/01/10		
K.507	Hood Fire Suppression System	04/01/10		
Addendum 1 Addendum 2	April 13,2010 April 22, 2010		363	ROUN
Clarifications	April 26, 2010		2	
			6	:

Lessor MN Lessee LW

Space Above This Line For Recorder's Use

AFTER RECORDING RETURN TO:

Fallany O. Stover Stover Legal Group, LLC 1075 Peachtree Street NE Suite 3650 Atlanta, Georgia 30309

Deed Book, P Chatham County, C	
Counterpart No	of 2 Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF CHATHAM:

## FIRST AMENDMENT TO GROUND LEASE (SSU Student Center)

THIS FIRST AMENDMENT TO GROUND LEASE (hereinafter "Amendment"), is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of the SAVANNAH STATE UNIVERSITY, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the first part, hereinafter called Lessor, and USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, S.W., Suite 7002, Atlanta, Georgia 30334, party of the second part, hereinafter called Lessee, and:

### WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Ground Lease dated August 12, 2010 (hereinafter "Ground Lease") whereby Lessor leases to Lessee the Premises (as defined in the Ground Lease) described therein and constituting a student center and site amenities located on the campus of the Savannah State University, Chatham County, Georgia; and

**WHEREAS**, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

- 1. Recitals. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified to change the acreage of the Premises by deleting the figures and characters "0.743" and inserting in lieu thereof the figures and characters "\_\_\_\_\_."
- 2. <u>Legal Description for Premises–Exhibit "A"</u>. Exhibit "A" to the Ground Lease is hereby deleted in its entirety, and the attached Exhibit "A" is substituted in its place.
- 3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Ground Lease, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Lessor and Lessee, by and through their authorized representatives, have hereunto executed, signed, and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	LESSOR:
Signed, sealed and delivered as to Lessor, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
	By:
Unofficial Witness	Jim James, Vice Chancellor for Facilities
	Attest:
Notary Public	Edward Tate, Secretary to the Board
(NOTARY SEAL)	(SEAL)
	APPROVED:
Signed, sealed and delivered as	D.
to Governor, in the presence of:	By: Brian Kemp
	Governor
Unofficial Witness	
	Attest:
	BRAD RAFFENSPERGER
Notary Public	Secretary of State
(NOTARY SEAL)	(Great Seal of the State of Georgia)

	LESSEE:	
Signed, sealed and delivered as to Lessee, in the presence of:	USG REAL ESTATE FOUNDATION III LLC By: USGREF Manager, LLC, its Manager	
Unofficial Witness	By:  Karen N. McCauley  Vice President	L.S
Notary Public		
(NOTARY SEAL)		

### EXHIBIT "A"

### **Legal Description**

BK 4813

3) First American Title 244781 5) Coleman Talley LLP 247551

Ground Lease

By and between

The Board of Regents of the University System of Georgia

and

USG Real Estate Foundation III, LLC

dated August 12, 2010

BK PG BK PG 4813 002 4795 051

Counterpart No. 2 of Two Original Executed Counterparts

STATE OF GEORGIA; COUNTY OF FULTON:

t

#### GROUND LEASE

is made and entered this 12th day of 12ggs , 2010, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, whose address for purposes of this Lease is: Attention: Vice Chancellor for Facilities, 270 Washington Street, S.W., Atlanta, Georgia 30334, Party of the First Part, (hereinafter referred to as "Lessor"), and USG REAL ESTATE FOUNDATION III, LLC, whose address for purposes of this Lease is: 270 Washington Street, S.W. Atlanta, Georgia 30334, (hereinafter referred to as "Lessee"), for the use of certain real property located on the campus of University of West Georgia, a unit of the University System of Georgia (hereinafter referred to as "Institution").

### WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately .045 acres situated on the campus of the Institution, more particularly described in Exhibit "A" attached hereto(hereinafter referred to as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of May 12, 2010, Lessor determined the Premises to no longer be advantageously useful to the Institution or other units of the University System, but only for the purpose of constructing, owning, operating and maintaining an approximately 23,478 square-foot bookstore and site amenities; and further approved the leasing of the Premises to Lessee under the conditions set forth in this Lease; and

WHEREAS, Lessor's leasing of the Premises is for the purposes of constructing, owning, operating and maintaining approximately 23,478 square-foot bookstore and site amenities for the benefit of the Institution.

NOW, THEREFORE, in consideration of the mutual promises herein contained, upon the following terms and conditions to be paid and kept by Lessee, Lessor grants and leases, and Lessee does hereby accept, take and lease, the Premises from Lessor. This Lease creates in Lessee an estate for years.

Lessor MN Lessee LN

#### 1. USE OF PROPERTY

- 1.1 The Premises shall be used by Lessee for the purpose of constructing, owning, operating and maintaining an approximately 23,478 square-foot bookstore and site amenities (hereinafter the "Improvements"). The Improvements shall be constructed pursuant to the program, plans and specifications identified in Exhibit "C" attached hereto approved by Lessor. Upon completion of construction of the Improvements, the Premises may be modified as set forth in Section 9.7.
- 1.2 Without limitation of the foregoing, Lessee shall not: (a) use the Premises or Improvements for any illegal purpose, nor for any purpose inimical to the health, safety and welfare of the public, or (b) commit, or suffer to be committed, any waste in or on the Premises and Improvements, nor shall it create or permit any nuisance in or on the Premises.
- 1.3 Lessor retains a non-exclusive easement on, over, under, upon, across, or through the Premises together with the right of ingress and egress to adjoining land of Lessor as may be reasonably necessary for Lessor to operate the Institution provided the use of such easement by Lessor does not unreasonably interfere with Lessee's construction, operation, maintenance or use of the Premises. Lessor retains non-exclusive easements to all utility lines crossing the Premises that provide service to the property owned by Lessor surrounding the Premises; such easements shall include the ability of Lessor to maintain, repair and replace such utilities.

### 2. OCCUPANCY

Lessee shall occupy the Premises continuously throughout the Term of this Lease and shall not desert, surrender, abandon or cease using the Premises during the term of this Lease. As hereinafter used, "Term" shall collectively refer to the Construction Term, the Primary Term and any extension thereof.

### 3. RENT

For and as rent for the Premises, Lessee covenants and agrees to keep each and every term and condition of this Lease required to be kept by Lessee, each of which shall constitute rent for the Premises, in addition to payment by Lessee to Lessor of the following amounts of rent:

- 3.1 Lessee shall pay in advance to Lessor the sum of TEN DOLLARS (\$10.00) per year, payable in advance upon execution of this Lease.
- 3.2 Lessee shall also pay to Lessor, as additional rent, all costs and expenses which Lessor incurs as a result of any default of Lessee or failure on the part of Lessee to comply with any provisions of this Lease.

Lesson MN Lessed In

2

#### 4. TERM AND TERMINATION

- 4.1 Unless sooner terminated as hereinafter provided, the Construction Term shall begin upon the execution of this Lease and shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the last day preceding the Commencement Date of the Primary Term, as set forth in Section 4.2; provided, however that, unless an extension of the Construction Term is agreed to by Lessor, the Construction Term shall terminate automatically, if construction is not completed, or is suspended without the consent of the Lessor for period in excess of six (6) months) without further action by either party, at midnight on the day before the second (2<sup>nd</sup>) anniversary of the commencement of the Construction Term.
- 4.2 The Primary Term of this Lease shall be for thirty (30) years beginning upon the first day of the first month after issuance of a certificate of occupancy for the Improvements (the "Commencement Date") but in no event shall the Commencement Date be prior to August 1, 2011. The Primary Term shall end at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on the day before the thirtieth (30th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days written notice to Lessor and, subject to Lessor's rights under Section 9.3, conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed including the cancellation of any security interest held upon the leasehold interest and conveyance to Lessor of all right and title to all improvements then existing on the Premises.
- 4.3 The termination date of the Primary Term shall be extended, upon the request of Lessee, for one extension period of up to five (5) years, and such request must be made to Lessor at least ninety (90) days, but no more than 180 days, prior to the termination date. Any outstanding obligation of the Lessee to pay an amount secured directly or indirectly by any leasehold security deed permitted under this Lease is sufficient grounds that Lessor shall grant an extension provided that any such extension for this purpose shall terminate on the earlier to occur of (a) the end of any such extension period, or (b) the date of repayment in full of the secured indebtedness and release of the leasehold security deed.
- 4.4 Upon expiration of this Lease (including any renewals or extensions thereof), if and only if Lessor determines the continued rental of the Premises is in the best interest of the Institution and the University System, Lessor may grant Lessee a usufruct in the Premises for fair market rental value and under terms to be mutually agreed upon by Lessor and Lessee.
- 4.5 Subject to Sections 4.3 and 4.4, upon expiration or termination of this Lease, all rights and interests of Lessee (and all persons whomsoever claiming by, under or through Lessee) in and to the Premises and the Improvements shall wholly cease and title to the Premises and the Improvements, including but not limited to all permanent improvements, erections and

Lessor MN Lessee LW

additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefore to Lessee or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Lessee at any time other than pursuant to the specific terms of this Lease. This provision shall not relieve Lessee from liability for having left the Premises or the Improvements in unsound or unsafe condition or with encumbered title. Lessee, upon the request of Lessor, covenants and agrees to execute a quitclaim deed releasing all such rights in the Premises and the Improvements in a form and substance acceptable to Lessor.

4.6 Subject to Section 9.5, in addition to the termination provisions set forth in Section 4.2, if Lessee shall, after ten (10) days notice thereof, default in the performance of any of the stipulations, covenants, terms, conditions, agreements or provisions of this Lease; then and in any of the above events, Lessor, at its option, may at once or thereafter (but only during the continuance of such default), terminate this Lease. Upon such termination by default the provisions of Section 4.5 shall apply and Lessor may forthwith re-enter the Premises and repossess itself and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry, detainer or other tort.

### 5. RULE AGAINST PERPETUITIES

If the Rule Against Perpetuities or any rule of law with respect to restriction on the alienation of property or remoteness of vesting of property interests, including, without limitation, O.C.G.A. §44-6-1, as amended, shall limit the time within which the vesting of title to the Improvements for which provision is made in Section 9 must occur, then such vesting of title shall occur not later than twenty (20) years after the death of the last survivor of the Board of Regents of the University System of Georgia in office on the date of execution of this Lease. In the event such vesting should occur due to the provisions of this section and prior to the expiration or termination of this Lease, this Lease shall continue in full force and effect, except the term "Premises" shall be automatically modified to include the Improvements.

### 6. HOLDING OVER

Lease. Any holding over or continued use and/or occupancy of the Premises by Lessee after the expiration or any termination of the Primary Term of this Lease, without consent from Lessor, shall not constitute a Tenancy-At-Will in Lessee, but Lessee shall be a Tenant-At-Sufferance, subject to the provisions of Section 4.

Lessor MA Lessee

4

### 7. INSPECTION AND TITLE

Lessee hereby acknowledges that it has fully inspected the Premises and that the Premises and title to the Premises is accepted and is in satisfactory and a suitable condition for the use intended by Lessee as hereinabove provided for in this Lease.

### 8. NO JOINT VENTURE

Nothing contained in this Lease shall make, or shall be construed to make, Lessor or Institution and Lessee partners in, of, or joint venturers with each other, nor shall anything contained in this Lease render, or shall be construed to render, either Lessor, Institution or Lessee liable to a third party for the debts or obligations of the other.

### 9. IMPROVEMENTS

- the Improvements specified and described in the program, plans and specifications identified in Exhibit "C" attached hereto, including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and Improvements for use as an approximately 23,478 square-foot bookstore and site amenities. After obtaining permission for demolition from Lessor Lessee shall, at its sole cost and expense, demolish any necessary existing improvements or structures on the Premises to facilitate the construction contemplated herein, including the clearing, grubbing and preparation of the Premises for construction of the Improvements. All Improvements and facilities shall be constructed wholly within the boundary lines of the Premises and each shall be a self-contained, complete unit and shall not be tied into or have any physical connection with any structure located on any other property of Lessor.
- 9.2 Title to the Improvements shall vest in Lessee until the end of the Primary Term, unless sooner terminated pursuant to the terms of this Lease. Lessee covenants and agrees to convey all of Lessee's right, title and interests, free and clear of all liens and security interests, and subject to Section 4.4, surrender possession of the Premises and Improvements, at the expiration of the Primary Term, or at such date of earlier termination pursuant to the provisions of this Lease. Any and all temporary improvements, erections or additions constructed on the Premises by Lessee, which are not a part of the Improvements as specified in Section 9.1, shall continue to be and remain the property of Lessee, and may be removed by the Lessee, in whole or in part, at any time before the termination of this Lease. If Lessee removes any or all temporary improvements, erections or additions it has constructed on the Premises, Lessee agrees to repair any and all damage resulting to the Premises and the Improvements from such removal.

Lessor MN Lessed DV

- 9.3 Upon the expiration (including any renewal periods) or earlier termination of this Lease. Lessor may, at the option of Lessor, notify Lessee that any or all improvements, temporary and permanent, placed upon the Premises by Lessee should be removed at the expiration or earlier termination of the Lease in which event Lessee shall remove such improvements. Lessee shall not begin the removal or demolition of any improvements prior to the expiration or earlier termination date: provided that all improvements shall be removed as expeditiously as possible. Lessor herein grants to Lessee a license to enter the Premises, said license shall take effect upon the termination or expiration of this Lease for the sole and exclusive purpose of removing such improvements. Lessee's right to use said license is contingent upon Lessor's notification to Lessee that permanent improvements shall be removed from the Premises.
- 9.4 Lessee, at all times during the Term of this Lease, at its sole cost and expense, shall keep the Premises and the Improvements in good order, condition and repair, ordinary wear and tear excepted. Lessee's obligations hereunder include, without limitation, all necessary repairs and replacements of the Premises, structural or otherwise, ordinary or extraordinary, forescen and unforeseen, including but not limited to the exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, and lighting, heating, plumbing and sewage facilities, and air conditioning equipment. Lessor shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term of this Lease.
- Lessee shall have the right to mortgage and/or otherwise encumber the Premises and Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encumbrance of the Premises during the Construction Term for the purpose of construction and during the Primary Term for permanent financing of the Improvements to the Premises contemplated by this Section 9. Lessor agrees to give any lender written notice of any default by Lessee under this Lease, provided lender has given Lessor timely notice of lender and lender's contact information and timely notice of any change in lender or lender's contact information. and lender shall have a period of time after lender's receipt of the notice of default (thirty (30) days in the case of a default in the payment of any sum due hereunder; sixty (60) days in the case of all other defaults) in which to cure, or to cause to be cured, any such default, before Lessor may exercise any right or remedy hereunder or as otherwise available to Lessor. Notwithstanding any other provision of this Lease, Lessor shall not be required to subordinate this Lease to any other interest of any person or entity lending money for the Improvements, and all such interests or instruments shall be subordinate to this Lease. If any lender requires recordation of this Lease, both parties hereby consent to such recordation, and either party may record this Lease in that event. Lessee shall not permit any liens to be placed against the Premises, and if such liens are filed, Lessee shall cause prompt removal of such liens.
- 9.6 Lessor has not and will not participate in the structuring, offering or issuance of bonds or other financing to be used to construct, renovate, or rehabilitate the Improvements and Lessor shall have no obligation with respect to the bonds or the financing of the Improvements.

Lessor MN Lessee LN

9.7 Upon completion of construction of the Improvements, but not later than ninety (90) days after termination of the Construction Term, Lessee shall provide, at its sole cost and expense, "as built" drawings and plats of the Premises and the Improvements. Should the Premises as described on Exhibit A not be fully utilized by the Improvements, then Lessee covenants and agrees to resurvey the portion of the Premises used by the Improvements and to then convey the unused portion of the Premises back to Lessor, at which time this Lease shall be modified so that the Premises subject to the Primary Term is the "as built" property utilized by the Improvements.

# 10. INDEMNIFICATION AND HOLD HARMLESS

- 10.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor during the Term of this Lease for all injury or damage of any kind resulting from any negligent act or omission or breach, failure or other default regarding the occupancy of the Premises by the Lessee, or any of its subcontractors, its agents, employees or others working at the direction of Lessee or on its behalf, regardless of who may be the owner of the property. The Lessee is responsible for insuring its tools, equipment, fixtures, trade fixtures and personal property and Lessor shall not be liable for any loss or damage to such tools, equipment, fixtures and personal property.
- 10.2 Lessee hereby agrees to indemnify and hold harmless the Lessor, the Board of Regents of the University System of Georgia, the Institution, the State of Georgia and its departments, agencies and instrumentalities and all of their respective officers, members, employees, directors and agents (hereinafter collectively referred to as the "Indemnitees") from and against any and all claims, demands, liabilities, losses, costs or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, arising out of or resulting from the performance of this Lease due to liability to a third party or parties, or due to any act or omission on the part of the Lessee, its agents, employees or others working at the direction of Lessee or on its behalf, or due to any breach of this Lease by the Lessee, or due to the application or violation of any pertinent Federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of the Lessee. This indemnification obligation survives the termination of this Lease and the dissolution or, to the extent allowed by law, the bankruptcy of the Lessee. If and to the extent such darmage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Insurance and Hazard Reserve Fund, and other selfinsured funds (all such funds hereinafter collectively referred to as the "Funds") established and maintained by the State of Georgia Department of Administrative Services (hereinafter "DOAS") the Lessee agrees to reimburse the Funds for such monies paid out by the Funds.
- 1 O.2.1 This indemnification applies where the Indemnitees are partially responsible for the situation giving rise to the claim, provided however, that this indemnification does not apply to the extent of the sole negligence of the Indemnitees.

Lessor MN Lessea LN

è

1 O.2.2 This indemnification does not extend beyond the scope of this Lease and the work undertaken thereunder. Nor does this indemnification extend to claims for losses or injuries or damages incurred directly by the Indemnitees due to breach or default by the Indemnitees under the terms and conditions of this Lease.

### 11. INSURANCE

- 1 1.1 <u>Insurance Certificates</u>. Unless waived in writing, or otherwise provided by the Lessor the Lessee shall, prior to the commencement of work, procure the insurance coverages identified below at the Lessee's own expense and shall furnish the Lessor an insurance certificate listing the Lessor as the certificate holder. The insurance certificate must provide the following:
  - (a) Name and address of authorized agent
  - (b) Name and address of insured
  - (c) Name of insurance company(ies)
  - (d) Description of policies
  - (e) Policy Number(s)
  - (f) Policy Period(s)

.

- (g) Limits of liability
- (h) Name and address of Lessor as certificate holder
- (i) Lease number, Name of Facility and Address of Premises
- (i) Signature of authorized agent
- (k) Telephone number of authorized agent
- Mandatory forty-five (45) days notice of cancellation/non-renewal (See Section 11.2(a)).
- 11.2 <u>Policy Provisions</u>. Each of the insurance coverages required below (i) shall be issued by a company licensed by the Insurance Commissioner to transact the business of insurance in the State of Georgia for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger. Each such policy shall contain the following provisions:
- (a) The insurance company agrees that the policy shall not be canceled, changed, allowed to lapse, or allowed to expire until forty-five (45) days after the Lessor has received written notice thereof as evidenced by return receipt of registered letter or until such time as other insurance coverage providing protection equal to protection called for in this Lease shall have been received, accepted, and acknowledged by the Lessor. Such notice shall be valid only as to the Premises and the address of the Premises shall be required in said notice.
- (b) The policy shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives ("Separation of Insureds").

Lessor MV Lesson Lyv

- (c) Each insurer is hereby notified of the statutory requirements that the Attorney General of the State shall represent and defend the Indemnitees but will, without limiting the authority of the Attorney General, consider attorneys recommended by the insurance company for appointment as Special Assistant Attorney General to represent and defend the Indemnitees. The insurance company may, at the option of the Attorney General, have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement on behalf of the Indemnitees must be expressly approved by the Attorney General.
- (d) Self-insured retention in any policy for "All Risk" shall not exceed \$10,000.00 except for Catastrophic Perils including Flood, Earthquake and Windstorm which shall not exceed \$50,000.00.
- state on the insurance cortificate that the following types of insurance coverages, consistent with the policies and requirements of O.C.G.A. § 50-21-37, have been purchased by the Lessee, during the Construction Term and Primary Term of this Lease. The minimum required coverages and liability limits which may be amended from time to time during the term of this Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Section 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:
- (a) Workers' Compensation. In the event Lessee has employees, the Lessee agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the General Assembly of the State of Georgia. A group-insurer must submit a certificate from the Georgia Board of Workers' Compensation approving the group insurance plan. A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Lessee qualifies to pay its own workers' compensation claims. The Lessee shall require all subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of the Construction Term:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own worker's compensation insurance or are covered by the Lessee's worker's compensation insurance."

- (b) Employers' Liability Insurance. In the event Lessee has employees, the Lessee shall also maintain Employers Liability Insurance Coverage with limits of at least:
  - (i) Bodily Injury by Accident \$1,000,000 each accident; and
  - (ii) Bodily Injury by Disease \$1,000,000 each employee.

The Lessee shall require all contractors and subcontractors performing work or occupying the Premises under this Lease to obtain an insurance certificate showing proof of Employers

Lessor MV Lessee XW

9

### BK PG BK PG 4813 011 4795 060

Liability Insurance Coverage and shall submit a certificate on the letterhead of the Lessee in the following language prior to the commencement of occupancy:

"This is to certify that all contractors and subcontractors performing work or occupying the Premises are covered by their own employers liability insurance or are covered by the Lessee's employers liability insurance."

General Liability Insurance (2004 ISO Occurrence Form or equivalent) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

Coverage	Limit	
	\$1,000,000 per Occurrence	
	\$1,000,000 per Occurrence	*
		*
	\$1,000,000 per Occurrence	*
	\$2,000,000 this Lease only	
	Coverage Premises and Operations Products and Completed Operations Personal Injury and Advertising Contractual Fire Legal Blasting and Explosion Collapse of Structures Underground Damage General Aggregate	Premises and Operations Products and Completed Operations Personal Injury and Advertising Contractual Fire Legal Blasting and Explosion Collapse of Structures Underground Damage S1,000,000 per Occurrence \$1,000,000 per Occurrence

Required during any construction period.

Additional Requirements for Commercial General Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. §50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage limits for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy or policies must be on an "occurrence" basis.
- (4) The policy must include separate aggregate limits per project/location.
- (d) Commercial Business Automobile Liability Insurance. The Lessee shall provide Commercial Business Automobile Liability Insurance which shall include coverage for bodily

Lessor MW Lessee

10

ı

### BK PG BK PG 4813 012 4795 061

injury and property damage arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Additional Requirements for Commercial Business Automobile Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, Institution and the State of Georgia but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (e) Commercial Umbrella Liability Insurance. The Lessee shall provide a Commercial Umbrella Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability to satisfy the minimum limits set forth herein. The minimum amount of Umbrella limits required above the coverages and minimum limits stated in 11.3(a), (b), (c) and (d) shall be:

\$2,000,000 per Occurrence \$2,000,000 Aggregate

Additional Requirements for Commercial Umbrella Liability Insurance:

- (1) The policy shall name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia, but only with respect to claims arising out of work, occupancy of the Premises or performance under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy.
- (2) The policy must provide primary coverage for any claims not covered by the Georgia Tort Claims Act.
- (3) The policy must be on an "occurrence" basis.
- (f) Builders Risk Insurance. During any construction period only, Lessee shall provide a Builder's Risk Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the Improvements construction contract sum, written on a 2002 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor. The policy shall be endorsed as follows:

Lessor MN Lesser W

### BK PG BK PG 4813 013 4795 062

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

- (i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and
- (ii) Partial or complete occupancy by Lessee or Lessor, and
- (iii) Performance of work in connection with construction operations insured by the Lessee or Lessor, by agents or sublessees or other contractors of Lessee or Lessor, or by contractors of the Lessee or Lessor."
- (g) Property Insurance. During the Primary Term, Lessee shall provide a Fire and Hazard Property Insurance Policy to be made payable to the Lessor, Institution and Lessee as their interests may appear. The policy amount should be equal to 100% of the replacement value of the Improvements, written on a 2002 Causes of Loss Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee.
- 11.4 <u>Termination of Obligation to Insure</u>. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Primary Term and shall not terminate until this Lease has been terminated.
- 11.5 Failure of Insurers. The Lessee is responsible for any delay resulting from the failure of its insurance carriers to furnish proof of proper coverage in the prescribed form.
- 11.6 Waiver of Insurance for Additional Insureds. Unless otherwise expressly provided to the contrary, the obligation of Lessee to name as additional insureds the officers, members, agents and employees of the Lessor, the Institution and the State of Georgia for claims arising out of work or occupancy of the Premises under this Lease for which the Georgia Tort Claims Act, O.C.G.A. § 50-21-20 et seq. is not the exclusive remedy is hereby waived to the extent and during any term or renewal term of any rental agreement under which the Lessor is occupying the Premises; provided, however, that this waiver does not apply to any insurance requirements in this Lease applicable to the Construction Period or any subsequent construction period in which renovation, rehabilitation or other work is being performed on the Premises.

### 12. UTILITIES

At its sole cost and expense, Lessee shall cause to be furnished and shall pay for all water, gas, light, power, sanitation (sewerage or otherwise), garbage pick-up and disposal, telephone and other utilities or services required for Lessee's use of the Premises.

## 13. TAXES AND ASSESSMENTS

- pay or cause to be paid, to the public officer charged with collection thereof and before any of the same shall become delinquent and shall indemnify, protect, save and hold harmless Lessor from the payment of (a) any and all taxes, assessments, license fees, excises, imposts, fees and charges of every sort, nature and kind, hereinafter collectively referred to as "impositions", which during Lessee's use and/or occupancy of the Premises, may be assessed, levied, charged or imposed against or with respect to the Premises, including, but not limited to, the building, fixtures, equipment and personal property, if any there be, located therein or thereon; and (b) any impositions assessed, levied, charged or imposed on or with respect to the conduct of Lessee's business in or on the Premises.
- 13.2 Nothing herein shall obligate or require the payment of any imposition by Lessee, unless such obligation or requirement is provided by law. Lessee may contest the validity, legality or amount of any imposition in the manner provided by law after posting of security with (and acceptable to) Lessor in an amount equal to the amount of the imposition claimed to be due. Within ten (10) days after the payment of Lessee of any imposition, Lessee shall furnish Lessor with a copy of said receipt evidencing such payment.

# 14. DESTRUCTION OF OR DAMAGE TO PROPERTY

If the Improvements and/or any other building(s) on the Premises are totally or partially destroyed or rendered untenantable by storm, fire, earthquake, hurricane or other natural catastrophe, this Lease shall not terminate, but Lessor shall permit Lessee to rebuild, or at Lessee's option, Lessee may terminate this Lease (subject, however, to the consent and concurrence of the holder of the leasehold security deed) and invoke the provisions of Section 4.5.

### 15. REPAIR

Lessee shall operate, maintain and repair the Premises, Improvements and any building built thereon in accordance with the existing rules, regulations, and policies of the Lessor, and in accordance with the provisions of this Lease.

### 16. HAZARDOUS SUBSTANCES

16.1 Lessee shall not bring, deposit, or allow to be brought or deposited, in or upon the Premises any pollutant or harmful substance, except for substances ordinarily used in the care and maintenance of the Premises and in compliance with all other applicable provisions of this Lease.

Lessor MN Lessee

13

### вк рс вк рс 4813 015 4795 064

Premises, regardless of cause: (A) any generation, treatment, recycling, storage or disposal of any hazardous substance; (B) any underground storage tank, surface impoundment, lagoon or other containment facility for the temporary or permanent storage, treatment or disposal of hazardous substances; (C) any landfill or solid waste disposal area; (D) any asbestos-containing material as defined by the Toxic Substances Control Act; (E) any polychlorinated biphenyl (PCB) used in hydraulic oils, electric transformers or other equipment; or (F) any release or threatened release of hazardous substance to the environment in forms or quantity requiring remedial action under environmental laws. In addition, Lessee warrants that it will not allow any violations of environmental laws on the Premises, regardless of cause. Lessee's obligation in no way extends to any environmental condition of the Premises existing prior to Lessee's possession.

## 17. INSPECTION

For the purpose of inspecting the Premises, Lessee shall permit Lessor at reasonabletimes to enter in and on the Premises and the Improvements.

### 18. NO DISCRIMINATION

In its occupancy and use of the Premises, Lessee shall not discriminate against any person on the basis of race, color, national origin, age or disability. This covenant of the Lessee may be enforced by termination of this Lease, (provided that notice of the breach of such covenant shall have been given to any leasehold mortgagee and such breach shall not have been cured, as provided in Section 9 of this Lease), injunction, and any other remedy available at law to Lessor.

### 19. TRANSFER, ASSIGNMENT AND SUBLETTING

19.1 Lessee shall not transfer or assign (whether by instrument or operation of law or, if applicable, by withdrawal, sale, gift, exchange, change in partnership ownership or membership, change in stock ownership, merger, consolidation, dissolution or reorganization of any type) this Lease or any right or privilege of Lessee hereunder without the prior written consent, in Lessor's sole discretion, of Lessor. Lessee shall not sublet the Premises or any building built thereon or part thereof, or any right or privilege appurtenant thereto, nor permit nor suffer any party other than Lessee to use or occupy the Premises or any portion thereof without the prior written consent, in Lessor's sole discretion, of the Lessor. Any transfer, assignment or subletting without the prior written consent of Lessor shall be void ab initio and shall at the option of Lessor terminate this Lease. Lessor's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Lessee, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer, assignment and subletting, and each subsequent

Lessor MN Lessee

use and occupancy by a party other than Lessee shall likewise be made only with the prior written consent of Lessor.

Lessee under Section 9.5; and the enforcement by the holder of a leasehold security deed encumbering the Premises and improvements, including the foreclosure of such security deed or transfer of Lessee's leasehold interest in lieu of foreclosure, shall not be restricted or prohibited hereunder or subject to Lessor's consent. In addition, if any leasehold mortgagee (or its successor, assign, designees or nominee) succeeds to the interest of Lessee under this Lease, then such mortgagee (or its successor, assign, designee or nominee) shall have (a) the right, with the consent of Lessor, which shall not be unreasonably withheld, to further transfer or assign this Lease or to sublet the Premises and improvements thereon, anything to the contrary herein contained notwithstanding, and (b) all the rights, options and privileges of the Lessee under this Lease.

### 20. NOTICES

All notices, statements, reports, demands, requests, consents, approvals, waivers and authorizations, hereinafter collectively referred to as "notices", required by the provisions of this Lease to be secured from or given by either of the parties hereto to the other shall be in writing (whether or not the provision hereof requiring such notice specifies written notice) and the original of said notice shall be sent by United States Certified Mail - Return Receipt Requested, postage prepaid and addressed to the recipient party at such party's hereinabove set forth address. The sender of said notice shall request the United States Postal Service to "Show to whom, date and address of delivery" of said notice on the returned receipt. The day upon which such notice is so mailed shall be deemed the date of service of such notice. The parties hereto agree that, even though notices, where applicable, shall be addressed to the attention of the person or title. or both if applicable, hereinabove set forth, valid and perfected delivery of notice shall be accomplished under this Lease even though the said named person or the person holding said title is not the person who accepts or receives delivery of the said notice. Any notice, so mailed, the text of which is reasonably calculated to apprise the recipient party of the substance thereof and the circumstances involved, shall be deemed sufficient under this Lease. Either party hereto may from time to time, by notice of the other, designate a different person or title, or both as applicable, address or addresses to which notices to said party shall be given.

### 21. TIME IS OF THE ESSENCE

All time limits stated herein are of the essence of this Lease.

Lessor MN Lessoc ZN

i

### BK PG BK PG 4813 017 4795 066

### 22. NON-WAIVER

No failure of Lessor to exercise any right or power given to Lessor under this Lease, or to insist upon strict compliance by Lessee with the provisions of this Lease, and no custom or practice of Lessor or Lessee at variance with the terms and conditions of this Lease, shall constitute a waiver of Lessor's right to demand exact and strict compliance by Lessee with the terms and conditions of this Lease.

### 23. RIGHTS CUMULATIVE

All rights, powers and privileges conferred by this Lease upon Lessor and Lessee shall be cumulative of, but not restricted to, those given by law.

### 24. BINDING EFFECT

Each of the terms and conditions of this Lease shall apply, extend to, be binding upon, and incre to the benefit or detriment of the parties hereto, to the successors and assigns of Lessor, and to the extent that Lessor has consented to a transfer or assignment of this Lease (if such consent is required) to the successors and assigns of Lessee, and to any leasehold mortgagee and its successors and assigns. Subject to the foregoing, whenever a reference to the parties hereto is made, such reference shall be deemed to include the successors and assigns of said party, the same as if in each case expressed.

### 25. INTERPRETATION

Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

### 26. GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

Lessor MN Lessee LW

### 27. SECTION HEADINGS

The brief headings or title preceding each section herein are merely for purposes of section identification, convenience and ease of reference, and shall be completely disregarded in the construction of this Lease.

### 28. COUNTERPARTS

This Lease is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

### 29. NO THIRD PARTY BENEFICIARY

Nothing in this Lease, whether express or implied, is intended to confer upon any other party other than the parties hereto and their respective successors and assigns, any right or interest whatsoever. No party other than the parties hereto is entitled to rely in any way upon the warranties, representations, obligations, indemnities or limitations of liability whatsoever in this Lease.

### 30. SPECIAL STIPULATIONS

The Special Stipulations on Exhibit B, attached hereto are hereby incorporated by reference herein. To the extent that the Special Stipulations set forth on Exhibit B conflict with any of the foregoing terms and conditions of this Lease, the said Special Stipulations shall control.

#### 31. SEVERABILITY

If any provision of this Lease, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, then any remaining portion of such provision and all other provisions of this Lease shall survive and be applied, and any invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

### 32. ENTIRE AGREEMENT

This Lease constitutes the entire Lease between the parties. This Lease supersedes all prior negotiations, discussions, statements and agreements between Lessor and Lessee with

Lessor MN Lessee LW

BK PG BK PG 4813 019 4795 068

respect to the Premises and Lessee's use and occupancy thereof. No member, officer, employee or agent of Lessor or Lessee has authority to make, or has made, any statement, agreement, representation or contemporaneous agreement, oral or written, in connection herewith amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this Lease. No modification of or amendment to this Lease shall be binding on either party hereto unless such modification or amendment shall be properly authorized, in writing, properly signed by both Lessor and Lessee and incorporated in and by reference made a part hereof.

[CONTINUED ON NEXT PAGE]

18

Lessor MW Lessee LW

PG

IN WITNESS WHEREOF, Lessor, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named representatives, and Lessee, acting pursuant to and in conformity with a properly considered and adopted Resolution and acting by and through its duly authorized hereinafter named officers, have caused these presents to be signed, sealed and delivered all as of the date hereof.

#### LESSOR:

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

Vice Chancellor for Facilities

Attest: Secretary to the

Signed, sealed and delivered as to Lessor in the presence of:

Official Witness, Notary Public

My Commission Expires:

APPROVAL OF INSTITUTE

President

[SIGNATURES CONTINUED ON NEXT PAGE]

19

Lessor MN Lessee LW

BK PG 4813 021

### [SIGNATURES CONTINUED FROM PREVIOUS PAGE]

APPROVED:

Sonny terdere

Attest:

BRIAN P. KEMP
Secretary of State

(Great Seal of the State of Georgia)

Signed, sealed and delivered as to Governor in the presence of:

Unofficial Witness

Official Witness, Notary Publican Witness,

My Commission Expires

[SIGNATURES CONTINUED ON NEXT PAGE]

GEORGIA

20

Lessor MV Lessee

REVISED 2/16/10

#### EXHIBIT "A"

#### Legal Description

### GROUND LEASE LIMITS

All that tract or parcel of land, lying and being in Land Lot 126, 10<sup>th</sup> District, City of Carrollton, Carroll County, Georgia and being more fully described as follows:

To Find the True Point of Beginning, start at the point where the centerline of University Drive (University Drive having an 80 foot right-of-way) intersects the centerline of West Georgia Drive (West Georgia Drive having an 80' right-of-way) and run N71°29'57"W a distance of 134.21 feet to a point which is the True Point of Beginning.

From said True Point of Beginning run the following courses and distances: N00°51'28"E a distance of 10.51 feet to a point, S89°26'57"E a distance of 13.96 feet to a point, N01°36'51"E a distance of 15.25 feet to a point, S89°08'32"E a distance of 8.67 feet to a point, N00°51'28"E a distance of 13.00 feet to a point, N89°10'48"W a distance of 8.24 feet to a point, N11°18'17"E a distance of 29.83 feet to a point, N00°51'28"E a distance of 35.33 feet to a point, N89°08'32"W a distance of 22.50 feet to a point, S00°51'28"W a distance of 4.42 feet to a point, N89°08'32"W a distance of 25.98 feet to a point, N00°51'28"E a distance of 3.58 feet to a point, N89°08'32"W a distance of 16.02 feet to a point, S00°51'28"W a distance of 3.58 feet to a point, N89°08'32"W a distance of 76.39 feet to a point, N00°51'28"E a distance of 3.58 feet to a point, N89°08'32"W a distance of 16.02 feet to a point, S00°51'28"W a distance of 5.03 feet to a point, N89°08'32"W a distance of 40.85 feet to a point, S00°51'28"W a distance of 27.31 feet to a point, N89°O5'24"W a distance of 12.87 feet to a point, S00°54'36"W a distance of 32.00 feet to a point, S89°05'24"E a distance of 12.31 feet to a point, S00°51'28"W a distance of 23.44 feet to a point, S89°08'32"E a distance of 3.83 feet to a point, S00°51'28"W a distance of 6.17 feet to a point, S89°08'32"E a distance of 45.50 feet to a point, S00°51'28"W a distance of 8.72 feet to a point, S89°08'32"E a distance of 129.00 feet to a point which is also the True Point of Beginning.

Said Tract or Parcel of land contains 19,385.34 SF (0.45 Acres) as shown on that certain ALTA/ACSM Land Title Survey prepared by Keck & Wood, Inc., bearing the seal of Russell S. Shadrix, GRLS No. 2874, dated April 21, 2010 and last revised on August 3, 2010.

Lessor MN Lossey XV

#### TEMPORARY CONSTRUCTION EASEMENT

Lessor hereby grants to Lessee a temporary non-exclusive easement on, over, across and through the "Construction Easement Area" described below for the purpose of facilitating the construction of the improvements contemplated in this Ground Lease. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. This Temporary Construction Easement shall expire on the last day of the Construction Term of this Ground Lease. The Construction Easement Area is described as follows:

All that tract or parcel of land, lying and being in Land Lot 126, 10th District, City of Carrollton, Carroll County, Georgia and being more fully described as follows:

To Find the True Point of Beginning of the Limits of Construction, start at the point where the centerline of University Drive (University Drive having an 80 foot right-of-way) intersects the centerline of West Georgia Drive (West Georgia Drive having an 80' right-of-way) and run N43°56'42"W a distance of 54.46 feet to a point which is the True Point of Beginning of the Limits of Construction.

From said True Point of Beginning of the Limits of Construction follow along the arc of a curve having a 33.50 foot radius (said are being subtended by a chord having a bearing of N09°32'34"E and a distance of 29.49 feet) a distance of 29.49 feet to a point; thence, run the following courses and distances: N09°26'44"W a distance of 40.80 feet to a point, N10°40'32"W a distance of 50.33 feet to point, N11°19'06"W a distance of 14.51 feet to a point, N16°22'43"W a distance of 5.50 feet to a point, S87°15'08"W a distance of 211.92 feet to a point, N00°30'50"E a distance of 36.99 feet to a point, N12°48'15"W a distance of 35.60 feet to a point, \$89°05'11"W a distance of 51.26 feet to a point, \$00°54'49"E a distance of 38.66 feet to a point, S85°49°25"W a distance of 39,43 feet to a point, S85°21'02"W a distance of 20.00 feet to a point. S04°38'16"E a distance of 76.14 feet to a point, N85°21'02"E a distance of 20.00 feet to a point, S14°34'40"W a distance of 50.57 feet to a point, S13°54'51"W a distance of 37.14 feet to a point, S88°40'43"E a distance of 91.83 feet to a point, S89°22'44"E a distance of 33.35 feet to a point, S87°11'58"E a distance of 33.15 feet to a point, S89°18'44"E a distance of 33.56 feet to a point, N89°00'51"E a distance of 32.03 feet to a point, N89°30'18"E a distance of 30.16 feet to a point, S89°14'46"E a distance of 26.24 feet to a point, N01°43'51"E a distance of 9.09 feet to a point and S89°18'09"E a distance of 59.88 feet to a point which is also the True Point of Beginning of the Limits of Construction.

Said Tract or Parcel of land contains 31,627.24 SF (0.73 Acres) as shown on that certain ALTA/ACSM Land Title Survey prepared by Keck & Wood, Inc., bearing the seal of Russell S. Shadrix, GRLS No. 2874, dated April 21, 2010 and last revised on August 3, 2010.

Lessor MN Lessed XV

BK PG BK PG 4813 025 4795 074

#### OTHER EASEMENTS

In addition, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below and provided that Lessee's use of the easements below does not unreasonably interfere with Lessor's use of its property adjacent to the Premises or existing and future walkways and drives, respectively. The easements, rights and privileges granted hereby shall run with the land during the term of this Lease.

### UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Premises (as described in Deed Book 576, page 149, Deed Book 156, page 236. Deed Book 470, page 646, and Deed Book 194, page 394, Carroll County, Georgia Deed Records) to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, electronic and other communication facilities, television, internet, chilled water and other such utility lines and services to those of Lessor or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Lessee pays to Lessor when due all of Lessor's cost for extending any such utility lines to the Premises and Lessor's cost of Lessee's usage of any such utility services. In addition, Lessor grants to Lessoe a non-exclusive easement over Lessor's property adjacent to the Premises to install electronic data and communication lines and transformers in such locations as may be approved by the Lessor, such approval not to be unreasonably withheld. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

[remainder of page left blank]

Lessor MN Lessee XN

BK PG BK PG 4813 026 4795 075

### INGRESS/EGRESS EASEMENTS:

During the term of this Lease, Lessor grants to Lessee a non-exclusive easement over and across all existing and future walkways and drives between West Georgia Drive and the Premises and University Drive and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and West Georgia Drive and the Premises and University Drive for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose, such easements being more particularly described in the Ground Lease.

[remainder of page left blank]

Lessor MN Lessee Sv

BK PG BK PG 4813 027 4795 076

EXHIBIT "B"

Special Stipulations

[None]

#### EXHIBIT "C"

#### GHEFA-71-1001 Bookstore, University of West Georgia Carrollton, Georgia

### Index of Drawings

Sheet No.	Sheet Title	Date	Rev
A001	Cover, Index, Project Directory	4/27/2010	1
A002	Abbreviations, Symbols, Code Data	4/27/2010	1
A003	Code Analysis	4/27/2010	1
A004	Egress Plans	4/27/2010	1
C101	Cover Sheet (Civil)	4/27/2010	1
C201	General Notes	4/27/2010	1
C301	Existing Conditions	4/27/2010	1
C302	Demolition Plan	4/27/2010	1
C401	Site Plan	4/27/2010	1
C501	Paving, Grading, and Drainage Plan	4/27/2010	1
C502	Storm Schedule and Profiles	4/27/2010	1
C503	Truck Well Detail View	4/27/2010	1
C504	Irrigation Vault Details	4/27/2010	1
C601	Overall Utitlity Plan	4/27/2010	1
C602	Site Utility Plan	4/27/2010	1
C701	Initial Erosion, Sedimentation, and Pollution Control Plan	4/27/2010	1
C702	Intermediate Erosion, Sedimentation, and Pollution Control Plan	4/27/2010	1
C703	Final Erosion, Sedimentation, and Pollution Control Plan	4/27/2010	1
C704	Erosion, Sedimentation, and Pollution Control Notes	4/27/2010	1
C705	Erosion, Sedimentation, and Pollution Control Notes	4/27/2010	1
C801	Construction Details	4/27/2010	1.
C802	Construction Details	4/27/2010	1
C803	Construction Details	4/27/2010	1
C804	Construction Details	4/27/2010	1
C805	Construction Details	4/27/2010	1
H-1.0	Hardscape Plan	4/27/2010	1
L-1.0	Landscape Plan	4/27/2010	1
A201	First Floor Plan	4/27/2010	1
A202	Second Floor Plan	4/27/2010	1
A203	Roof Plan	4/27/2010	1
A204	Utility Yard Plan	4/27/2010	1
A251	First Floor Finish Plan	4/27/2010	1
A252	Second Floor Finish Plan	4/27/2010	1
A260	Site and Floor Details	4/27/2010	1

Lessor MN Lessee LW

## BK PG BK PG 4813 029 4795 078

A301 First Floor Reflected Ceiling Plan A302 Second Floor Reflected Ceiling Plan A400 Finish and Material Schedule A420 Door Schedule and Types A421 Interior Signage A422 Exterior Signage A430 Standard Frame Details A431 Frame Elevations A432 Frame Elevations A433 Glass Canopy Details Partition Types	4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1 1 1 1 1 1 1
A400 Finish and Material Schedule  A420 Door Schedule and Types  A421 Interior Signage  A422 Exterior Signage  A430 Standard Frame Details  A431 Frame Elevations  A432 Frame Elevations  A433 Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1 1 1 1 1 1 1
A420 Door Schedule and Types A421 Interior Signage A422 Exterior Signage A430 Standard Frame Details A431 Frame Elevations A432 Frame Elevations A433 Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1 1 1 1 1
A421 Interior Signage  A422 Exterior Signage  A430 Standard Frame Details  A431 Frame Elevations  A432 Frame Elevations  A433 Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1 1 1 1
A422 Exterior Signage  A430 Standard Frame Details  A431 Frame Elevations  A432 Frame Elevations  A433 Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1 1
A430 Standard Frame Details  A431 Frame Elevations  A432 Frame Elevations  Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010 4/27/2010	1 1 1
A431 Frame Elevations A432 Frame Elevations A433 Glass Canopy Details	4/27/2010 4/27/2010 4/27/2010	1
A432 Frame Elevations A433 Glass Canopy Details	4/27/2010 4/27/2010	1
A433 Glass Canopy Details	4/27/2010	1
Man	- 100mm (1997)	
		- 1
	4/27/2010	- 1
AHO	4/27/2010	•
A50 ·	4/27/2010	•
A502	4/27/2010	- 1
A600 NS Building Sections	4/27/2010	
A601 NS Building Sections	4/27/2010	4
A620 NS Wall Sections	4/27/2010	4
A621 NS Wall Sections		- 1
A622 NS Wall Sections	4/27/2010	- 1
A623 NS Wall Sections	4/27/2010	1
A624 NS Wall Sections	4/27/2010	1
A625 NS Wall Sections	4/27/2010	1
A626 NS Wall Sections	4/27/2010	1
A650 EW Building Sections	4/27/2010	3
A661 EW Wall Sections	4/27/2010	1
A662 EW Wall Sections	4/27/2010	1
A663 EW Wall Sections	4/27/2010	1
A664 EW Wall Sections	4/27/2010	1
A681 Details	4/27/2010	1
A682 Details	4/27/2010	1
A683 Details	4/27/2010	1
A684 Details	4/27/2010	1
A685 Details	4/27/2010	1
A686 Details	4/27/2010	1
A687 Details	4/27/2010	1
A688 Details	4/27/2010	1
A689 Details	4/27/2010	1
A690 Details	4/27/2010	1
A701 Stair Plans, Sections and Details	4/27/2010	1
A702 Stair Plans, Sections and Details	4/27/2010	1
A703 Stair Plans, Sections and Details	4/27/2010	1
A801 Enlarged Floor Plans	4/27/2010	1
A802 Enlarged Floor Plans	4/27/2010	1
A803 Enlarged Floor Plans	4/27/2010	1
A804 Plan Details	4/27/2010	1
A805 Plan Details	4/27/2010	1

## BK PG BK PG 4813 030 4795 079

A806	Plan Details	4/27/2010	1
A900	Exterior Perspectives	4/27/2010	1
A901	Interior Elevations	4/27/2010	1
A902	Interior Elevations	4/27/2010	1
A903	Interior Elevations	4/27/2010	1
A904	Interior Elevations	4/27/2010	1
A90-	Interior Elevations	4/27/2010	1
A905	Interior Toilet Elevations	4/27/2010	1
A906	menor rolet Elevations	4/2//2010	57.
F101	First Floor Plan - Furniture and Equipment	4/27/2010	1
F102	Second Floor Plan - Furniture and Equipment	4/27/2010	1
F103	First Level Rush	4/27/2010	1
F104	First Level Non-Rush	4/27/2010	1
F104	First Level Buyback	4/27/2010	1
F105	Second Level	4/27/2010	1
F106	Fixture Page #1	4/27/2010	4
F107	[20] M. H.	4/27/2010	4
F108	Fixture Page #2	4/27/2010	:
F109	Fixture Page #3		
F110	Fixture Page #4	4/27/2010	:
F111	Fixture Page #5	4/27/2010	1
F112	Fixture Page #6	4/27/2010	1
F113	Fixture Page #7	4/27/2010	1
F114	Fixture Page #8	4/27/2010	1
F115	Fixture Page #9	4/27/2010	1
F116	Fixture Page #10	4/27/2010	1
F117	Fixture Page #11	4/27/2010	1
F118	Fixture Page #12	4/27/2010	1
F119	Fixture Page #13	4/27/2010	1
F120	Fixture Page #14	4/27/2010	1
F121	Fixture Page #15	4/27/2010	1
F12.	10 10 10 10 10 10 10 10 10 10 10 10 10 1		
5101	Foundation Plan	4/27/2010	1
S201	Framed Floor Plan	4/27/2010	1
S301	Roof Framing Plan	4/27/2010	1
S401	Typical Details and Sections	4/27/2010	1
5402	Typical Details and Sections	4/27/2010	1
S403	Typical Details and Sections	4/27/2010	1
S501	Typical Details	4/27/2010	1
S502	Typical Details	4/27/2010	1
5503	Typical Details	4/27/2010	1
8500	Typical Delatio		
M101	First Floor Mechanical Plan	4/27/2010	1
M102	Second Floor Mechanical Plan	4/27/2010	1
M103	First Floor Hydronic Plan	4/27/2010	1
M201	Mechanical Details and Schedules	4/27/2010	1
M202	Mechanical Details	4/27/2010	1
MIZOZ			
M201 M202			1

Lessor MV Lessee LW

## BK PG BK PG 4813 031 4795 080

-400	Schedules, Notes and Legend	4/27/2010	1
P100	1st Floor Plumbing Plan - Water	4/27/2010	1
P101	1st Floor Plumbing Plan - Sanitary	4/27/2010	1
P102	1st Floor Plumbing Plan - Risers	4/27/2010	1
P200	Plumbing Details	4/27/2010	1
E100	First Floor Power Plan	4/27/2010	1
E101	Second Floor Power Plan	4/27/2010	1
E200	First Floor Lighting Plan	4/27/2010	1
E201	Second Floor Lighting Plan	4/27/2010	1
E300	First Floor Systems Plan	4/27/2010	1
E301	Second Floor Systems Plan	4/27/2010	1
E400	Electrical Notes, Details, and Schedules	4/27/2010	1
E401	Electrical Riser Diagram and Schedules	4/27/2010	1
E501	First Floor & Second Floor Light Zone Plan	4/27/2010	1
sc101	Legend Sheet	4/27/2010	1
SC201	First Floor Plan - Security & Comm	4/27/2010	1
SC202	Second Floor Plan - Security & Comm	4/27/2010	1
SC301	Details	4/27/2010	1
SC302	Details	4/27/2010	1
SC401	One-Lines	4/27/2010	1
SC501	Large Scale Floor Plans	4/27/2010	1

END OF INDEX OF DRAWINGS

10

GHEFA-71-1001 Bookstore, University of West Georgia Carrollton, Georgia

### Project Manual Table of Contents

DIVISION NO.	TITLE	
DIVISION 00	INTRODUCTORY INFORMATION	
Section 00001	Project Title Page Copyright	04/27/2010 04/27/2010
Section 00005 Section 00011	Table of Contents	04/27/2010
a HOLL OUZO	Instructions to Bidders	04/27/2010
Section 00500	Agreement	04/27/2010
DIVISION 01	GENERAL REQUIREMENTS	
Section 01100	Summary	04/27/2010
	Alternatives	04/27/2010
HAN U 1300	Administrative Requirements	04/27/2010
C MICH CISCI	Responsibility Chart	04/27/2010
	Submittal Cover Sheet	04/27/2010
	Quality Requirements Temporary Facilities and Controls	04/27/2010
	Project Signs	04/27/2010
0 - + 10H U 1000	Product Requirements	04/27/2010
Section 01600 Section 01700	Execution Requirements	04/27/2010
A MAD U 1/06	Waste Management	04/27/2010
Section O1780	Closeout Submittals	04/27/2010
DIVISION 02	SITE CONSTRUCTION	
Section O2000	Site Utilities	04/27/2010
Section 02065	Asphalt Concrete Paving	04/27/2010
Section 02100	Site Clearing	04/27/2010
Section 02231	Tree Protection	04/27/2010
Acation UZ300	Earthwork	04/27/2010
Section 02361	Soil Treatment for Termite Control	04/27/2010
Castion U23/0	Erosion Control	04/27/2010
Section 02510	Water Distribution System	04/27/2010
Section 02530	Sanitary Sewers	04/27/2010
Cartion UZ030	Storm Sewer	04/27/2010
Section 02750	Heavy Duty Concrete Paving	04/27/2010
Section 02751	Concrete Pavement	04/27/2010
0Kon 02/60	Pavement Markings	04/27/2010
assists 02//0	Concrete Curb and Gutter	04/27/2010
Section O2780	Unit Pavers	04/27/2010
Section.		

Lessor MN Lessee LW

## BK PG BK PG 4813 033 4795 082

Section 02870 Section 02930 DIVISION 03		/2010 /2010		
03300	Cast-In-Place Concrete Water-Based Reactive Stained Concrete Floor	04/27/2		
	Curing, Sealing and Hardening Concrete Floors	04/27/2		
	Architectural Precast Concrete	04/27/2	1500000	
Section 03451	Al Child Cural Freedoct Controls	UNLINE	.0.0	
DIVISION 04	MASONRY			
Section 04810	Unit Masonry Assemblies	04/27/2	2010	
DIVISION 05	METALS			
05100	Structural Steel	04/27/2	2010	
	Steel Joist Framing	04/27/2	2010	
	Steel Roof Decking	04/27/2		
	Type 'N' Roof Deck	04/27/2		
	Steel Composite Floor Deck	04/27/2		
	Metal Fabrications	04/27/2		
	Metal Stairs Pipe and Tube Railings	04/27/2	C 100	
Section 05520 Section 05720	Ornamental Handrails and Railings	04/27/2		
DIVISION 06	WOOD, PLASTICS AND COMPOSITES			
- 06100	Rough Carpentry	04/27/2		
Section 06410 Section 06651	Custom Cabinets and Slatwall	04/27/2		
	Solid Surface Fabrications	04/27/2		
Section 06652	Quartz Surfacing Countertops	04/27/2	2010	
DIVISION 07	THERMAL AND MOISTURE PROTECTION			
- Han 07115	Bituminous Dampproofing		04/27/2010	
A - HAD U/ 130	Sheet Waterproofing		04/27/2010	
- Jan U/ 100	Elastomeric Coating		04/27/2010	
- 11-PT U/ 102	Crystalline Waterproofing For Elevator Pit		04/27/2010	
- 1:00	Traffic Membrane		04/27/2010	
- (1-17)	Self-Adhesive Sheet Membrane		04/27/2010	
- 1-P U/212	Board and Batt Insulation		04/27/2010	
	Foamed In Place Insulation		04/27/2010	
	Underslab Vapor Retarders	Part A	04/27/2010	
	Weather Resistant Membranes (aka Air infiltration	n Barrier)	04/27/2010	
	Preformed Metal Roof Panels Metal Composite Material Wall Panels (CMP)		04/27/2010	
	Single Ply Roofing System (TPO)		04/27/2010	
Section 07620	Sheet Metal Flashing and Trim		04/27/2010	
	Manufactured Roof Specialties		04/27/2010	
	Roof Accessories		04/27/2010	
	Sprayed-On Fireproofing		04/27/2010	
Section 07840	Firestopping		04/27/2010	
The state of the s	32		00	1
		Lessor	MN Less	000

10

# BK PG BK PG 4813 034 4795 083

Section 07915	Sealants and Caulking	04/27/2010
DIVISION 08	DOORS AND WINDOWS	
	Steel Doors and Frames	04/27/2010
Section 08110	Flush Wood Doors	04/27/2010
	Access Doors and Panels	04/27/2010
	Overhead Coiling Doors	04/27/2010
	Metal Framed Storefronts	04/27/2010
	Door Hardware	04/27/2010
Section 08710	The second secon	04/27/2010
Section 08801	Glazing	04/2/12010
DIVISION 09	FINISHES	
- O9260	Gypsum Board Assemblies	04/27/2010
	Tile	04/27/2010
	Suspended Acoustical Ceilings	04/27/2010
	Resilient Flooring	04/27/2010
Section 09685	Carpet Tile	04/27/2010
Section 09685	Acoustical Panels	04/27/2010
Section 09850 Section 09910	Painting	04/27/2010
Section 09911	Paint Schedule	04/27/2010
Section Coon	Tant Schools	
DIVISION 10	SPECIALTIES	
Section 10100	Visual Display Boards	04/27/2010
Section 10170	Plastic Tollet Partitions	04/27/2010
Section 10210	Wall Louvers	04/27/2010
Section 10400	Identification Devices	04/27/2010
Section 10400	Lockers	04/27/2010
Section 10500	Fire Extinguishers, Cabinets and Acc	
	Metal Storage Shelving	04/27/2010
	Wire Storage Shelving	04/27/2010
Section 10672 Section 10800	Toilet Accessories	04/27/2010
Section 1000	TOTAL PROGRAMMS	UNIZ/12U/U
DIVISION 11	EQUIPMENT	
	Projection Screens	04/27/2010
Section 11131	Projection Screens Projector Mounts	04/27/2010
Section 11137 Section 11161 Section 11160	Dock Levelers	04/27/2010
Section 11450	Residential Equipment	04/27/2010
Section	Toolage Light on	
DIVISION 12	FURNISHINGS	
	Floor Mats	04/27/2010
Section 12486	Horizontal Louver Blinds	04/27/2010
Section 12494	Roller Shades	04/27/2010
Section 12494 Section 12500	Furniture	04/27/2010
Section	· Ciliar	45.00.00.00.00.00.00
DIVISION 13	SPECIAL CONSTRUCTION	
Divis	33	1

1

Lessor MN Lessee LN

### BK PG BK PG 4813 035 4795 084

### Not Used

DIVISION 14	CONVEYING SYSTEMS	
Section 14210	Electric Traction Elevator 04/	27/2010
DIVISION 15	MECHANICAL	
Section 15010	Mechanical General Requirements 04/	27/2010
Section 15040		27/2010
Section 15040		27/2010
Section 15060		27/2010
Section 15180	1107777777777	27/2010
- 1011 10100		27/2010
COO	The same of the sa	27/2010
- Har 13000		27/2010
Section 15900	Automatic Controls 04/	27/2010
(9)		
DIVISION 16	ELECTRICAL	
Section 16010	Electrical General Requirements 04/	27/2010
Section 16100	Elocation, Contract Lindan Street	27/2010
Section 16220		27/2010
Section 16220	- 10 DT 17 T 17 D 17 D 17 D 17 D 17 D 17 D 1	27/2010
Section 16301		27/2010
Section 16320		27/2010
AHAD 10400		
- 4-1 10400		27/2010
400	-9	27/2010
and IDD/U		27/2010
- 4-17 10/00	The Theorem Services	27/2010
Section 16750	Misc Systems 04/	27/2010
DIVISION 27	COMMUNICATIONS	
Section 271000	Data, Voice & CATV Cabling 04/	27/2010
Section 274116	Classroom Audio Visual Systems 04/	27/2010
DIVISION 28	ELECTRONIC SAFETY AND SECURITY	
Section 281300	Card Access Control Systems 04/	27/2010
Section 282300		27/2010
APPENDICES	31 g	*
Appendix A Appendix B Appendix C	Finish Materials Schedule Loose Equipment Schedule (for non-Retail Sales areas Subsurface Solls Reports	04/27/2010 04/27/2010 04/27/2010

End of Table of Contents

AUG 1 6 2010

RECORDED

SEP 2 1 2010 Lessee

Alan J. Lee, CLERK

Alan J. Lee, CLERK

Space Above This Line For Recorder's Use

AFTER RECORDING RETURN TO:

Fallany O. Stover Stover Legal Group, LLC 1075 Peachtree Street NE Suite 3650 Atlanta, Georgia 30309

#### CROSS REFERENCE:

Deed Book 4813, Pages 001-050 Carroll County, Georgia records

Counterpart No. \_\_\_\_\_ of 2 Original Executed Counterparts Counterpart of \_\_\_\_\_

STATE OF GEORGIA; COUNTY OF CARROLL:

## FIRST AMENDMENT TO GROUND LEASE (UWG Bookstore)

THIS FIRST AMENDMENT TO GROUND LEASE (hereinafter "Amendment"), is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_\_, 2020, by and between the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, for the use of the UNIVERSITY OF WEST GEORGIA, a unit of the University System of Georgia, whose address is 270 Washington Street, Sixth Floor, Atlanta, Georgia 30334, party of the first part, hereinafter called Lessor, and USG REAL ESTATE FOUNDATION III, LLC, a Georgia limited liability company, whose address is 270 Washington Street, S.W., Suite 7002, Atlanta, Georgia 30334, party of the second part, hereinafter called Lessee, and:

#### WITNESSETH:

**WHEREAS**, Lessor and Lessee are parties to that certain Ground Lease dated August 12, 2010 (hereinafter "Ground Lease") whereby Lessor leases to Lessee the Premises (as defined in the Ground Lease) described therein and constituting a bookstore and site amenities located on the campus of the University of West Georgia, Carroll County, Georgia; and

**WHEREAS**, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

- 1. Recitals. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified to change the acreage of the Premises by deleting the figures and characters ".045" and inserting in lieu thereof the figures and characters ".\_\_\_\_."
- 2. <u>Legal Description for Premises–Exhibit "A"</u>. Exhibit "A" to the Ground Lease is hereby deleted in its entirety, and the attached Exhibit "A" is substituted in its place.
- 3. <u>Effect of Amendment</u>. Except as herein modified, all terms, covenants and conditions of the Ground Lease, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Lessor and Lessee, by and through their authorized representatives, have hereunto executed, signed, and delivered this Amendment in duplicate the day, month, and year first above written, each of the said parties keeping one of the copies hereof.

	LESSOR:		
Signed, sealed and delivered as to Lessor, in the presence of:	BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA		
	By: Jim James, Vice Chancellor for Facilities		
Unofficial Witness	Jim James, Vice Chancellor for Facilities		
	Attest:		
Notary Public	Attest: Edward Tate, Secretary to the Board		
(NOTARY SEAL)	(SEAL)		
Signed gooled and delivered as	APPROVED:		
Signed, sealed and delivered as to Governor, in the presence of:	By:		
to Governor, in the presence or.	BRIAN KEMP		
	Governor		
Unofficial Witness			
	Attest:		
Notary Public	BRAD RAFFENSPERGER Secretary of State		
Trotally Fubile	Secretary of State		
(NOTARY SEAL)	(Great Seal of the State of Georgia)		

[UWG Ground Lease Amendment]

	LESSEE:	
Signed, sealed and delivered as	USG REAL ESTATE FOUNDATION III	
to Lessee, in the presence of:	By: USGREF Manager, LLC, its Manager	
Unofficial Witness	By:	L.S.
Chometal Whites	Karen N. McCauley	2.5.
	Vice President	
Notary Public		
(NOTARY SEAL)		

### **EXHIBIT "A"**

### **Legal Description**

# APPENDIX G BOOK-ENTRY ONLY SYSTEM



The Depository Trust Company ("DTC") will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond will be issued for each maturity of the Series 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Prepayment notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2020 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the Issuer nor the Company take any responsibility for the accuracy or completeness thereof.

#### APPENDIX H

FINANCIAL STATEMENTS OF THE UNIVERSITY SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30, 2019







**UNIVERSITY SYSTEM OF GEORGIA** 

# UNIVERSITY SYSTEM OF GEORGIA TABLE OF CONTENTS

### For the Fiscal Year Ended June 30, 2019

Introductory Section	
University System of Georgia Highlights	2
Letter of Transmittal	15
Financial Section	
Independent Auditor's Report	19
Management's Discussion and Analysis	23
Financial Statements (GAAP Basis)	
Statement of Net Position	34
Statement of Revenues, Expenses and Changes in Net Position	37
Statement of Cash Flows	39
Fiduciary Funds	
Statement of Fiduciary Net Position	42
Statement of Changes in Fiduciary Net Position	43
Component Units	
Combining Statement of Net Position	44
Combining Statement of Revenues, Expenses, and Changes in Net Position	54
Notes to the Financial Statements	65
Note 1 - Summary of Significant Accounting Policies	66
Note 2 - Deposits and Investments	73
Note 3 - Accounts Receivable	81
Note 4 - Inventories	81
Note 5 - Notes and Loans Receivable	81
Note 6 - Capital Assets	82
Note 7 - Advances	83
Note 8 - Long-Term Liabilities	83
Note 9 - Deferred Outflows and Inflows of Resources	84
Note 10 - Net Position	87
Note 11 - Endowments	87
Note 12 - Significant Commitments	88
Note 13 - Leases	88
Note 14 - Retirement Plans	90
Note 15 - Risk Management	98
Note 16 - Contingencies	99
Note 17 - Post-Employment Benefits Other Than Pension Benefits	99
Note 18 - Operating Expenses with Functional Classifications	110
Note 19 - Subsequent Event	110
Note 20 - Component Units	111

# UNIVERSITY SYSTEM OF GEORGIA TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2019

Required Supplementary Information	
Benefit Pension Plans	
Schedule of Contributions for Defined Benefit Pension Plan	124
Schedule of Proportionate Share of Net Pension Liability	125
Schedule of Employers' and Nonemployers' Net Pension Liability	126
Schedule of Changes in Net Pension Liability	127
Schedule of Investment Returns	128
Notes to the Required Supplementary Information for Pension Plans	129
Other Postemployment Benefits Plans	
Schedule of Contributions for Other Postemployment Benefits	130
Schedule of Proportionate Share of Net Other Postemployment Benefit Asset	131
Schedule of Changes in Net Other Postemployment Benefit Liability	132
Schedule of Net Other Postemployment Benefit Liability	133
Schedule of Investment Returns for Other Postemployment Benefits	134
Notes to the Required Supplementary Information for Other Postemployment Benefit Plans	135
Supplementary Information	
Financial Statements (GAAP Basis)	
Statement of Net Position by Institution	138
Statement of Revenue, Expenses and Changes in Net Position by Institution	162
Statement of Net Position by Affiliated Organization	178
Statement of Revenue, Expenses and Changes in Net Position by Affiliated Organization	202
Notes to the Statement of Net Position and Statement of Revenues, Expenses and Changes	
in Net Position by Affiliated Organization	214
Statutory Basis Financial Statement (Non-GAAP Basis)	
Balance Sheet (Non-GAAP Basis)	
Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)	216
Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)	222
Acknowledgments	228

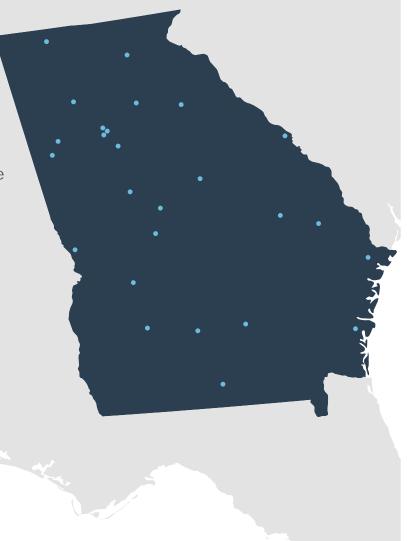


More than 333,000 students enroll in the 26 public higher education institutions of the University System of Georgia (USG), helping contribute to communities across the state.

USG's economic impact is estimated at \$17.7 billion annually, and its institutions have generated more than 168,000 jobs across Georgia, an increase of more than 4,500 jobs over the prior year.

At the same time, our faculty compete nationally for sponsored research dollars that total more than \$1 billion annually.

And the system continues to improve student access and increase students' college attainment, fulfilling its core mission: Knowledge.





## MORE THAN 333,000 STUDENTS

















































west Georgia.



# **\$17.7** BILLION

Estimated USG Annual
Economic Impact

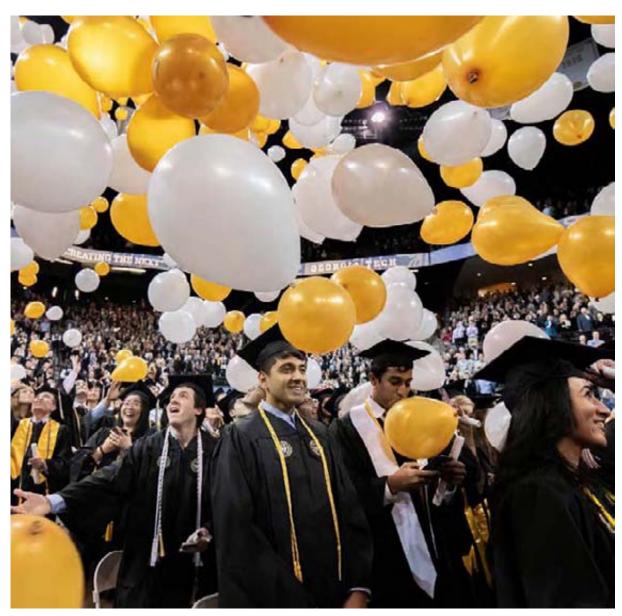
### **168K** JOBS

<u>Generated</u> <u>Across Georgia</u>

### \$1 BILLION

Research Dollars
Competed For

**KNOWLEDGE** 





USG was recognized nationally as the 2019-2020 Exceptional Agency by the State Higher Education Executive Officers Association (SHEEO).

### **College Completion**

The number of USG students annually earning degrees has increased significantly over the past decade, with an increase of almost 24 percent between 2011 and this past fiscal year.

From 54,855 degrees in fiscal year 2011 to more than 67,854 degrees in fiscal year 2019, the numbers have increased for eight consecutive years.

To continue that work, we launched a systemwide, comprehensive effort to increase students' successful degree completion and on-time graduation. This initiative, known as the

Momentum Year, is the first of its kind in the country. As a result, all 26 institutions have placed a data-driven emphasis on first-year students to help them start on the right track toward successful degree completion and reduce their time — and costs — toward graduation.

College students are more likely to graduate when they immediately pursue an area of academic interest, get help to stay on track and follow a clearly sequenced course of study.

For our first-year students, this means passing English and math, taking nine hours in a field of interest and completing 30 course-hours total.

The effort also builds on expanding use of academic programs such as "degree pathways," a 15-to-finish campaign for fuller course loads, early-alert systems and corrective advising for when students need help staying on track.

This year, we are also expanding this initiative to a broader "Momentum Approach" that will encompass parts of a student's remaining years on campus.

Because of such initiatives, USG was recognized nationally as the 2019-2020 Exceptional Agency by the State Higher Education Executive Officers Association (SHEEO).



Over 379,000 students to date have taken advantage of the Affordable Learning Georgia program, saving an estimated \$19 million annually in textbook costs.

### **Affordability**

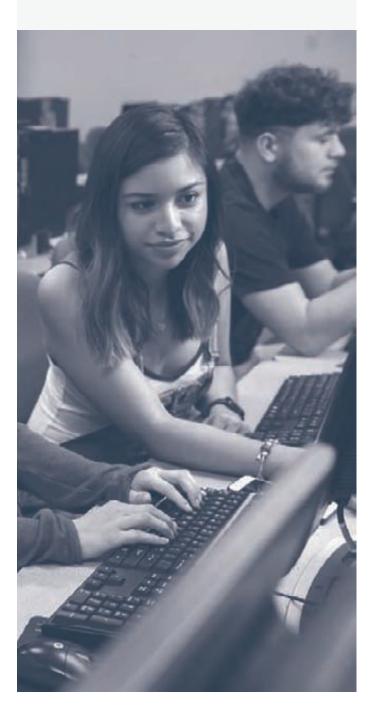
The Board of Regents has continued to keep tuition increases to a minimum and has focused on reducing students' textbook costs systemwide, as affordability remains a paramount goal of the USG.

The Board did not raise tuition in 2016 or 2018 and has held increases to an average of 1.7 percent annually over the last five years, less than the rate of inflation.

According to a state auditor's report, the cost of tuition and fees charged by USG institutions averaged 25 percent less than rates charged by peer institutions in other states. Of the 16 peer states that make up the Southern Regional Education Board, Georgia is the fourth-lowest in tuition and fees for fiscal year 2018. South Carolina, Alabama, Tennessee, Louisiana all cost more for in-state undergraduates.

The system has also maximized the potential of online resources, including the increased use of free, open-sourced electronic textbooks. Over 379,000 students to date have taken advantage of the Affordable Learning Georgia program, saving an estimated \$19 million annually in textbook costs.





### Know More. Borrow Less.

In addition to other affordability measures, USG is implementing a systemwide financial literacy initiative called "Know More. Borrow Less." Designed to reduce student borrowing, the program increases students' understanding of debt and provides them and their families with timely, customized information about their student loans.

This includes streamlining the federal FAFSA student loan application, dramatically reducing time spent by students and schools grappling with red tape.

Additionally, USG has deployed automated, customized and interactive debt notifications to students that more precisely outline the amount a student currently owes, the expected monthly payment and interest cost, projections of future costs should they borrow more or less and the estimated remaining loan eligibility.

We are also developing a standardized, electronic award letter which will clearly articulate the cost of attendance, the financial aid awarded and a recommended loan amount rather than just the maximum offered and next steps.

Finally, USG is continuing to leverage technology as a cost-saving measure, expanding the use of artificial intelligence services such as "chatbots" to quickly, accurately and consistently respond to student and parent questions.



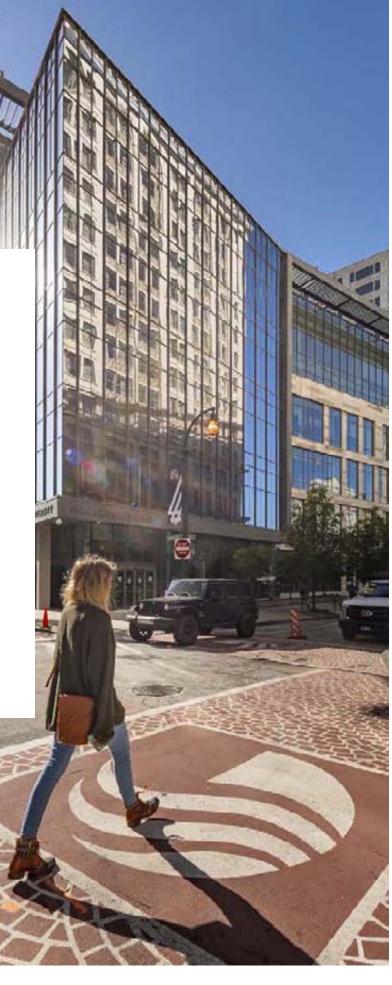
# **Efficiency**

In 2017, USG began a systemwide initiative focused on improving administration through creating efficiencies, streamlining processes and finding ways to be more effective with resources.

Known as the Comprehensive Administrative Review, it has taken an in-depth look at all non-faculty administrative functions across the USG, including the University System Office. To date, the System Office and 19 institutions have identified at least \$51 million in savings, which have been redirected to advancing USG's core priorities of degree attainment, student affordability and efficiency.

The redirected savings have been generated through a variety of efforts including the elimination of over 420 filled and vacant positions.

Completion of these efforts at our remaining 8 institutions are currently pending and are expected to produce further savings to be reinvested in student success efforts such as hiring more advisers and revamping student services across the state.



Nexus Degrees allow students
and even career professionals
seeking to expand their portfolios
to receive a high-level skill-set and
industry experience.

### **Economic Innovation**

With an economic impact of \$17.7 billion annually, one of the top priorities for the USG and its 26 institutions is to strengthen partnerships with Georgia-based businesses and address the critical need for a highly skilled workforce throughout our state.

With that in mind, we have received approval from our accreditors for the new Nexus Degrees, which gives students the option of a shorter-term college credential in high-demand career areas including financial technology (FinTech), blockchain and film production. It allows students and even career professionals seeking to expand their portfolios to receive a high-level skill-set and industry experience to do the jobs that we, as a state, want to attract.

As we continue to introduce Nexus Degrees across the state, USG's top economic development priorities and activities also include:

- Increasing employer and university partnerships to develop professional education, academic curriculum, experiential learning and innovation-driven research opportunities for students and faculty.
- Analyzing high-demand industry sectors to give insight on how USG institutions can create new programs aligned with top markets.
- Mobilizing system-level assets to help all USG institutions address Georgia's high-demand industry needs.





# Georgia FinTech Academy

USG's mission is to create knowledge.

Knowledge drives innovation, which in turn drives the Georgia economy. Last year, the USG launched the Georgia FinTech Academy. The nation's first academy of its kind, it is a statewide initiative to create a talent pipeline for Georgia's fast-growing financial technology business sector.

through our state, there are over 160 employers in this high-demand field currently located in Georgia. The top 50 Georgia-based FinTech companies generate annual revenue of more than \$72 billion.

USG also partnered with the Georgia Chamber of Commerce, the Technical College System of Georgia and others on a new statewide competition for college students that aims to foster innovation, entrepreneurship and start-up creation.

The Georgia InVenture Prize, based on a competition begun at Georgia Tech, will highlight and support Georgia's growing ecosystem of student entrepreneurs and innovators from across the entire state.



The USG mission is to create knowledge.

The new core curriculum will equip students to thrive in the 21st-century work-force and world.

# **Redesigning General Education**

To help USG better prepare students for the world beyond the classroom, Chancellor Steve Wrigley launched the College 2025 Initiative in 2017 to develop a five- to 10-year academic roadmap for the system and USG institutions.

While USG is now implementing those strategies, it has also taken on the task of updating the structure and content of USG's general education curriculum (the first 60 hours of courses shared by all programs of study).

Our general education curriculum lays the foundation of every student's knowledge base. It answers the question of what we think our graduates should know.

The work done on College 2025 shows that we need to be more flexible and responsive to students' academic needs — while also maintaining high standards.

To that end, USG has initiated a review with the input of faculty, academic administrators and industry leaders from all across the state as well as from the public.

The new core curriculum will equip students to thrive in the 21st-century workforce and world, with the expectation it will be launched systemwide by Fall 2020.

Student success, responsible
stewardship, economic
competitiveness and
community impact – these
are the plan's overarching
four goals.

# Strategic Plan 2024

Across the nation and world, there is no other time in history when it has been so essential to acquire knowledge and possess flexible skills to participate successfully in the workforce.

That in itself makes USG's mission critical to our state's economic future. With that in mind, we are launching a new strategic plan that will shape the impact USG has on our state for the next four years and beyond.

The challenges and opportunities we face in the coming years make the plan imperative for deciding how best we can succeed for the benefit and advancement of Georgia.

Student success, responsible stewardship, economic competitiveness and community impact – these are the plan's overarching four goals. They represent not a catalog of everything we do but most directly what we need and have to do to drive Georgia forward.



### MEMBERS OF THE BOARD OF REGENTS IN 2019

Chris Cummiskey
District: At-Large

W. Allen Gudenrath
District: Eighth

**Erin Hames**District: At Large

Bárbara Rivera Holmes
District: Second

Samuel D. Holmes

District: At-Large

C. Thomas Hopkins Jr., M.D.

District: Third

James M. Hull District: At-Large

Laura Marsh
District: Twelfth

Jose R. Perez District: Seventh

**Neil L. Pruitt Jr.** *District: Eleventh* 

Sarah-Elizabeth Reed

District: Fifth

Sachin Shailendra

District: Thirteenth

E. Scott Smith

District: Fourteenth

Kessel D. Stelling Jr.

District: Sixth

Ben J. Tarbutton III
District: Tenth

T. Rogers Wade (Vice Chair) District: At-Large

Don L. Waters (Chair) District: First

Philip A. Wilheit Sr.
District: Ninth

UNIVERSITY SYSTEM
OF GEORGIA

**Dr. Steve Wrigley**Chancellor

Tracey Cook
Treasurer

Edward Tate

Secretary to the Board



# UNIVERSITY SYSTEM OF GEORGIA



# BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

OFFICE OF STRATEGY & FISCAL AFFAIRS 270 WASHINGTON STREET, S.W. ATLANTA, GEORGIA 30334

PHONE (404) FAX (404) 962-3215

December 23, 2019

Chancellor Steve Wrigley Board of Regents University System of Georgia

Dear Chancellor Wrigley:

We are pleased to present to you the Annual Financial Report of the University System of Georgia for the year ended June 30, 2019. The report provides financial information about the University System of Georgia's operations during the year and describes its financial position at the end of the fiscal year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose, the objective of which is to provide reasonable assurance that the financial statements are free of material misstatements. Further, the officers of the various institutions of the University System of Georgia and its affiliated organizations have assured us that every effort has been made to reflect accurately the information considered important to all concerned parties.

State law, Federal guidelines, bond covenants and the by-laws of the Board of Regents require that the accounting and financial records of the University System of Georgia be audited each year. The Georgia Department of Audits and Accounts has performed the audit for fiscal year 2019 and has issued an unmodified opinion, the most favorable outcome of the audit process. The State Auditor's report is located at the beginning of the financial section.

Management's discussion and analysis (MD&A) immediately follows the auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction therewith.

Respectfully submitted,

Tracey Cook

Executive Vice Chancellor for Strategy and Fiscal Affairs/Treasurer

Board of Regents of the University System of Georgia

"Creating A More Educated Georgia" www.usg.edu



# UNIVERSITY SYSTEM OF GEORGIA





# UNIVERSITY SYSTEM OF GEORGIA



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156 Atlanta, Georgia 30334-8400

GREG S. GRIFFIN STATE AUDITOR (404) 656-2174

#### **Independent Auditor's Report**

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Regents of the University System of Georgia
and
Dr. Steve Wrigley, Chancellor
University System of Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University System of Georgia (USG), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University System of Georgia's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Except for the Augusta University Foundation, Inc., Augusta University Research Institute Inc., AU Health Systems, Inc., Georgia State University Research Foundation, Inc., Georgia Tech Research Corporation, the University of Georgia Research Foundation, Inc., and the University System of Georgia Foundation, Inc. & Affiliates, the financial statements of the aggregate discretely presented component units of the USG were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USG's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the USG as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matter**

As discussed in Note 1, the financial statements of the USG are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only those portions of the business-type activities, major fund and aggregate discretely presented component units of the State of Georgia that are attributable to the transactions of the USG. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year the ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As also discussed in Note 1 to the financial statements, in 2019, the USG restated the prior period financial statements for changes in accounting policies and principles and to correct prior period misstatements. Our opinions are not modified with the respect to the matter.

#### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the USG's basic financial statements. The introductory section and accompanying supplementary information listed in the table of contents are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the USG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the USG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the USG's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

Thegra Lings

Greg S. Griffin State Auditor

December 23, 2019



# UNIVERSITY SYSTEM OF GEORGIA

# **UNIVERSITY SYSTEM OF GEORGIA Management's Discussion and Analysis**

#### Introduction

The University System of Georgia (USG)'s priority is to ensure more Georgians enter the workforce with a college credential, while also seeking to make college more affordable and accessible and the USG itself more cost-efficient on behalf of the State's students and communities. USG institutions enrolled more than 330,000 students and awarded 67,854 degrees in fiscal year 2019, a 2.1% increase over the previous year and an almost 24% increase since 2011. USG leaders continue to focus on affordability, efficiency, and investing in academic initiatives to increase attainment. For the academic year 2019-20, all 26 USG institutions continue to build on the "Momentum Year" program designed to help USG students in their crucial first year of college by guiding them on a path to achieve their educational goals, including successful degree completion and on-time graduation. The Board of Regents (Board) has held tuition increases to an average of 1.7% annually over the last five years, which is less than the rate of inflation. According to a state auditor's report, tuition rates charged by USG institutions averaged 25% less than rates charged by peer institutions in other states.

The USG also entered a new phase of the ongoing Comprehensive Administrative Review at all 26 institutions as well as the University System Office (USO). This thorough assessment of how the USG is organized, its processes and its staffing levels has resulted in \$51 million in savings from the USO and 19 institutions, which have been redirected to advancing USG's core priorities of degree attainment, student affordability and efficiency. The redirected savings have been generated through a variety of efforts to include the elimination of over 493 filled and vacant positions. Completion of these efforts at the remaining 7 institutions are currently pending and are expected to produce further savings for the State.

This discussion and analysis provides a summary of the financial position of the USG for the fiscal year ending June 30, 2019. It will provide the user with an overview of how the USG utilized its resources in pursuit of its primary goals of teaching, research and public service. The Board and Chancellor Steve Wrigley are charged with the leadership of the 26 institutions of the USG. The USG continues to prosper, as is demonstrated by the following information:

#### **State Resources**

During the 2019 session, the General Assembly passed HB 30 to amend HB 684 and provide appropriations for the State Fiscal Year beginning July 1, 2018, and ending June 30, 2019. The USG received \$2.43 billion in state general funds and another \$9.99 million in tobacco settlement funds, for a total of \$2.44 billion appropriation for FY2019:

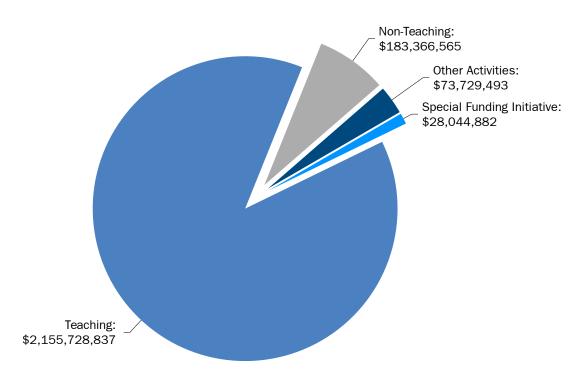
STATE APPROPRIATIONS AVAILABLE - GENERAL APPROPRIATIONS ACT OF 2019					
House Bill 684					
General State Funds	\$	2,428,245,232			
House Bill 30					
General State Funds		2,632,727			
Tobacco Settlement Funds		9,991,818			
Total State Appropriations Per Appropriations Act - University System of Georgia	ı		\$	2,440,869,777	

The following table presents the fiscal year 2019 allocations by the Board of Regents to the USG institutions:

ALLOCATIONS BY THE BOARD OF REGENTS				
Education and General				
Teaching		\$	2,155,728,837	
Non-Teaching			183,366,565	
Other Activities				
University System Office	\$	12,375,327		
Rental Payments - GA Military College		7,079,053		
GA Public Telecommunications Commission		15,197,539		
GA Public Libraries		39,077,574		
Total Other Activities			73,729,493	
Special Initiative Funding			28,044,882	
Net State Appropriations Available to the University System	m of Ge	orgia		\$ 2,440,869,777

The following chart illustrates the Board of Regents allocations to Teaching, Non-Teaching, Other Activities and Special Funding Initiatives:

# **Board of Regents Allocations**



#### Overview of the Financial Statements and Financial Analysis

The USG is proud to present its consolidated financial statements for fiscal year 2019. These statements contain information from the 26 institutions of the USG, and the University System Office. These financial statements include: three consolidated financial statements (1) Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position, and (3) Statement of Cash Flows; Fiduciary Fund statements for the Board of Regents Retiree Health Benefit Fund, the Early Retirement Plan - Augusta University and the USG Deferred Compensation Plan; and combining component unit financial statements for 25 discretely presented component units. These 25 organizations are legally separate tax-exempt component units of the State of Georgia. The emphasis of discussions about these statements will be on current year data of the USG.

The Notes to the Financial Statements follow the combining component unit financial statements, and contain essential information that serves both to support and clarify the information presented in the financial statements preceding

The Required Supplementary Information section contains additional information related to the Board of Regents Retiree Health Benefit Fund, the Early Retirement Plan - Augusta University, retirement plans for which the USG and its institutions participates and other post employment benefits as required by generally accepted accounting principles.

Finally, the Supplementary Information section includes selected information by USG institution, affiliated organizations and USG consolidated financial statements presented on a statutory/budget basis.

This discussion and analysis of the USG's consolidated financial statements provides an overview of its financial activities for the fiscal year. Further information is provided by comparative data for fiscal year 2019 and 2018.

#### Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the USG as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the statement is to present to the reader a fiscal snapshot of the USG. The Statement of Net Position presents data concerning assets (property that we own and what we are owed by others), deferred outflows of resources (consumption of net position by the USG that is applicable to future reporting periods), liabilities (what we owe to others and have collected from others before we have provided the service), deferred inflows of resources (acquisition of net position by the USG that is applicable to future reporting periods), and net position. It is prepared under the accrual basis of accounting, which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue operations of the USG. They are also able to determine how much the USG owes vendors and investors. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one indicator of the USG's financial health when considered in conjunction with other nonfinancial conditions, such as facilities and environment.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the USG's equity in property, plant and equipment owned. The next category is restricted, which is divided into two categories, non-expendable and expendable. Restricted, non-expendable net position consists solely of the USG's permanent endowment funds. *The corpus of non-expendable, restricted resources* is available only for investment purposes. Restricted, expendable resources are available for expenditure, however, expenditure of these resources is limited to time or purpose restrictions placed on the assets by the donor and/or external third parties. The final category is unrestricted resources, which are available to the USG for any lawful purpose.

The USG's financial position at June 30, 2019 is very strong, with total assets of \$13.14 billion, deferred outflows of \$1.24 billion, total liabilities of \$11.07 billion, deferred inflows of \$1.28 billion and net position of \$2.03 billion.

#### **Assets and Deferred Outflows**

Total assets and deferred outflows of the USG in fiscal year 2019 were approximately \$841 million more than those reported for fiscal year 2018. Most asset categories had marginal increases or decreases during the year. Cash and investments increased \$93 million due to strategic budgetary efforts. Accounts receivable increased \$86 million due to the timing of collections related to Federal programs, Georgia Student Finance Commission, and component units. Deferred outflows of resources increased \$369 million primarily due to actuarial determined differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total OPEB liability. Capital assets increased by \$302 million. See Note 6 with in the Notes to the Financial Statements for more information.

#### **Liabilities and Deferred Inflows**

Total liabilities and deferred inflows for fiscal year 2019 were approximately \$414 million more than those reported for fiscal year 2018. The majority of the change is related to an increase in net pension liability of \$24 million, pension deferred inflows of \$58 million, net OPEB liability of \$191 million, and OPEB deferred inflows of \$206 million. Net OPEB liability increased primarily due to OPEB service cost and interest on the total OPEB liability exceeding the USG's contributions into the plan. OPEB deferred inflows of resources increased primarily due to changes in the assumptions used in the measurement of the total OPEB liability.

#### **Net Position**

The combination of the increase in total assets and deferred outflows of \$841 million and the increase in total liabilities and deferred inflows of \$414 million yielded a net increase in total net position of \$428 million or 26.6%. The following table summarizes the USG's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2019 and June 30, 2018.

CONDENSED STATEMENT OF NET POSITION	June 30, 2019	,	June 30, 2018 <sup>(1)</sup>	% Change
ASSETS				
Current Assets	\$ 2,471,187,616	\$	2,292,837,480	7.78 %
Capital Assets, Net	10,180,886,037		9,878,403,906	3.06 %
Other Assets	489,893,475		498,530,235	(1.73)%
TOTAL ASSETS	13,141,967,128		12,669,771,621	3.73 %
DEFERRED OUTFLOWS	1,242,647,053		873,854,980	42.20 %
LIABILITIES				
Current Liabilities	929,281,944		914,781,438	1.59 %
Non-Current Liabilities	10,144,248,555		9,983,382,572	1.61 %
TOTAL LIABILITIES	11,073,530,499		10,898,164,010	1.61 %
DEFERRED INFLOWS	1,277,144,280		1,038,949,132	22.93 %
NET POSITION				
Net Investment in Capital Assets	7,029,370,125		6,666,852,110	5.44 %
Restricted, Non-Expendable	181,015,931		204,781,419	(11.61)%
Restricted, Expendable	265,970,604		218,195,579	21.90 %
Unrestricted (Deficit)	(5,442,417,258)		(5,483,315,649)	0.75 %
TOTAL NET POSITION	\$ 2,033,939,402	\$	1,606,513,459	26.61 %

<sup>(1)</sup> The amounts reported for fiscal year 2018 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

#### Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues received and expenses incurred during the year. Activities are reported as either operating or non-operating. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the USG, both operating and non-operating, and the expenses paid by the USG, operating and non-operating, and any other revenues, expenses, gains or losses received or spent by the USG.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the USG. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the USG. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the legislature to the USG without the legislature directly receiving commensurate goods or services for those revenues. State capital grants and gifts and other capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (loss) before other revenues, expenses, gains or losses".

Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2019	June 30, 2018 <sup>(1)</sup>	% Change
Operating Revenue	\$ 5,532,092,809	\$ 5,210,409,894	6.17 %
Operating Expense	8,623,637,908	8,237,924,034	4.68 %
Operating Income/Loss	(3,091,545,099)	(3,027,514,140)	(2.11)%
Non-Operating Revenue and Expense	3,100,564,463	2,992,032,012	3.63 %
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Special Items	9,019,364	(35,482,128)	125.42 %
Other Revenues, Expenses, Gains, Losses	364,597,880	287,656,654	26.75 %
Special Items	52,770,005	(30,284,826)	274.25 %
Change in Net Position	426,387,249	221,889,700	92.16 %
Net Position at beginning of year, restated	1,607,552,153	1,384,623,759	16.10 %
Net Position at End of Year	\$ 2,033,939,402	\$ 1,606,513,459	26.61 %

<sup>(1)</sup> The amounts reported for fiscal year 2018 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

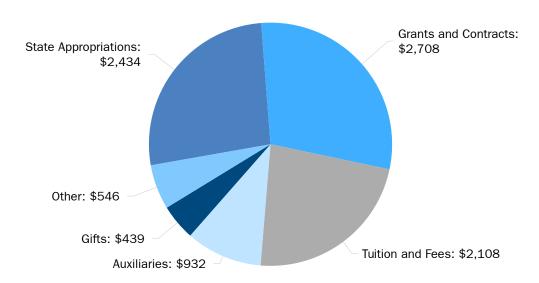
The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year as represented by an increase in Change in Net Position for fiscal year 2019.

#### Revenues

In fiscal year 2019, state appropriations increased \$120 million (5.18%), grants and contracts revenue increased \$188 (7.46%) million in fiscal year 2019, net tuition and fee revenues increased \$18 million (.88%).

Revenue by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts and other sources) is depicted by the following chart:

# Revenue by Source (in millions)



For the years ended June 30, 2019 and June 30, 2018, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2019	June 30, 2018 <sup>(1)</sup>	% Change
Tuition and Fees	\$ 2,108,520,037	\$ 2,090,092,615	0.88 %
Federal Appropriations	21,289,268	20,546,064	3.62 %
Grants and Contracts	1,993,029,057	1,809,183,944	10.16 %
Sales and Services	265,330,239	206,733,164	28.34 %
Auxiliary Enterprises	932,353,737	909,392,256	2.52 %
Other Operating Revenues	211,570,471	174,461,851	21.27 %
Total Operating Revenues	5,532,092,809	5,210,409,894	6.17 %
State Appropriations	2,434,474,803	2,314,491,667	5.18 %
Grants and Contracts	693,921,040	690,539,065	0.49 %
Gifts	75,353,258	85,985,306	(12.36)%
Investment Income	66,677,756	45,118,028	47.79 %
Total Nonoperating Revenues	3,270,426,857	3,136,134,066	4.28 %
State Capital Gifts and Grants	340,768,312	265,811,845	28.20 %
Other Capital Gifts and Grants	22,529,209	21,501,194	4.78 %
Total Capital Gifts and Grants	363,297,521	287,313,039	26.45 %
Additions to Permanent and Term Endowments	1,300,359	343,615	
Other Nonoperating Revenue	_	593,629	
Total Revenues	\$ 9,167,117,546	\$ 8,634,794,243	6.16 %
(1) The amounts reported for fixed year 2019 were not adjusted for the		sition Coo Note 4 in the	Natas to the

<sup>(1)</sup> The amounts reported for fiscal year 2018 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

#### **Expenses**

For the years ended June 30, 2019 and June 30, 2018, expenses by functional classification were as follows:

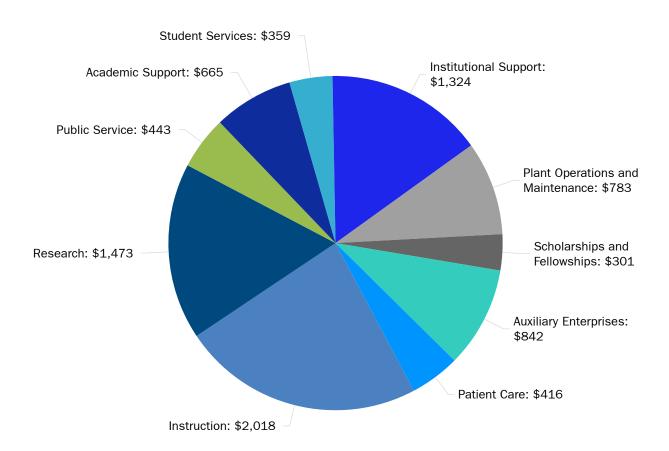
EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2019	June 30, 2018 <sup>(1)</sup>	% Change
Instruction	\$ 2,017,527,382	\$ 2,003,013,098	0.72 %
Research	1,472,916,229	1,399,514,297	5.24 %
Public Service	442,630,398	433,276,260	2.16 %
Academic Support	664,965,638	627,423,736	5.98 %
Student Services	359,077,696	358,362,807	0.20 %
Institutional Support	1,323,922,858	1,232,474,231	7.42 %
Plant Operations and Maintenance	783,172,411	701,503,860	11.64 %
Scholarships and Fellowships	301,388,665	275,405,110	9.43 %
Auxiliary Enterprises	841,835,875	831,510,746	1.24 %
Patient Care	416,200,756	375,439,889	10.86 %
Total Operating Expenses	8,623,637,908	8,237,924,034	4.68 %
Interest Expense	139,195,925	144,695,683	(3.80)%
Other Nonoperating Expense	30,666,469		
Total Expenses	\$ 8,793,500,302	\$ 8,382,619,717	4.90 %

<sup>(1)</sup> The amounts reported for fiscal year 2018 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

Total operating expenses were \$8.6 billion in fiscal year 2019, an increase of \$386 million (4.68%) when compared with fiscal year 2018. The increases in the following functional classifications were primarily attributable to increases in salaries and benefits: Research (\$73 million), Public Service (\$9 million), Academic Support (\$37 million), Plant Operations (\$82 million), Scholarships and Fellowships (\$25 million), and Patient Care (\$41 million). The increases in salaries and benefits are attributable to increases in OPEB expenses, faculty and staff increases and merit increases. The increase in Institutional Support (\$91 million) was primarily attributable to increases in benefit claims expense and an additional transfer to the Board of Regents Retiree Health Benefit Fund.

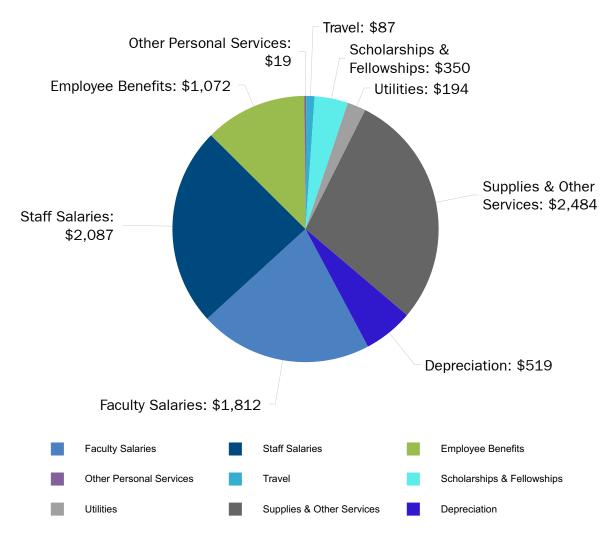
The following chart depicts the fiscal year 2019 operating expenses by functional classification.

# Operating Expenses by Functional Classification (in millions)



The following chart depicts the fiscal year 2019 operating expenses by natural classification.

# Operating Expenses by Natural Classification (in millions)



#### Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the USG during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the USG. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash flows for the years ended June 30, 2019 and 2018, condensed, were as follows:

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2019	June 30, 2018
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (2,503,201,212)	\$ (2,388,454,869)
Non-Capital Financing Activities	3,133,143,121	3,054,817,788
Capital and Related Financing Activities	(612,019,643)	(641,619,722)
Investing Activities	62,849,158	23,480,441
NET CHANGE IN CASH and CASH EQUIVALENTS	\$ 80,771,424	\$ 48,223,638
Cash and Cash Equivalents, beginning of year	1,570,161,439	1,521,937,801
CASH and CASH EQUIVALENTS, end of year	\$ 1,650,932,863	\$ 1,570,161,439

#### Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2019 and June 30, 2018 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2019	June 30, 2018 <sup>(1)</sup>	Increase (Decrease)	% Change
Land	\$ 428,693,618	\$ 409,861,751	\$ 18,831,867	4.59 %
Capitalized Collections	55,188,954	51,924,925	3,264,029	6.29 %
Construction Work-in-Progress	197,273,705	231,606,547	(34,332,842)	(14.82)%
Software Development-in-Progress	5,505,088	12,266,427	(6,761,339)	(55.12)%
Infrastructure	235,135,383	216,612,720	18,522,663	8.55 %
Building and Building Improvements	8,369,075,255	8,094,599,134	274,476,121	3.39 %
Facilities and Other Improvements	157,934,643	160,311,999	(2,377,356)	(1.48)%
Equipment	472,303,642	458,287,532	14,016,110	3.06 %
Library Collections	166,496,000	175,573,379	(9,077,379)	(5.17)%
Capitalized Collections	4,757,089	5,062,603	(305,514)	(6.03)%
Software	88,522,660	62,296,889	26,225,771	42.10 %
Capital Assets, net of accumulated depreciation	\$ 10,180,886,037	\$ 9,878,403,906	\$ 302,482,131	3.06 %

<sup>(1)</sup> The amounts reported for fiscal year 2018 were not adjusted for the restatement of beginning net position. See Note 1 in the Notes to the Financial Statements for more information regarding the restatement.

As shown above, capital assets, net of accumulated depreciation increased \$302 million during fiscal year 2019 when compared with fiscal year 2018.

Major building additions totaled \$561 million. These additions included a Cancer Research Building at Augusta University, an Academic Building at Columbus State University, an Academic Building at Georgia Gwinnett College, a Student Academic Center at Georgia Highlands College, an Academic Building at Georgia Southern University, an Academic Center at Georgia Southern University, Teaching Labs at the University of West Georgia, and a Business Learning Community at the University of Georgia.

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 13 in the Notes to the Financial Statements.

#### **Long-Term Liabilities**

The University System of Georgia had Long-Term Liabilities of \$3.1 billion of which \$274 million was reflected as a current liability at June 30, 2019. Included in Long-Term Liabilities are lease purchase obligations of \$2.9 billion.

The net pension liability and OPEB obligation are actuarially determined estimates of future post-employment costs. See Note 14 in the Notes to Financial Statements for additional information related to net pension liability. See Note 17 in the Notes to Financial Statements for additional information related to the OPEB liability.

In fiscal year 2018, the USG adopted GASB Statement No. 75. The USG reported a net OPEB liability of \$4.2 billion related to the Board of Regents Retiree Health Benefit Plan. The net OPEB liability at June 30, 2019 was \$4.4 billion which included a net increase of \$191 million.

Lease purchase obligations decreased \$58 million during the current fiscal year. Principal and interest payments were \$131.6 million and \$140.7, respectively for the USG.

For additional information concerning Long-Term Liabilities, see Note 8 in the Notes to the Financial Statements.

#### Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, receivables, capital leases, compensated absences, retirement and other post-employment benefits, capital assets and a report of operating expenses by function.

#### **Retiree Health Benefit Fund**

The University System Office is the custodian of the Board of Regents Retiree Health Benefit Fund. This fund was authorized pursuant to the Official Code of Georgia Annotated Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of post-employment health insurance benefits.

For additional information concerning the Retiree Health Benefit Fund, please refer to Note 15 and 17 in the Notes to Financial Statements.

#### Early Retirement Pension Plan Fund - Augusta University

Augusta University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by Bryan, Pendleton, Swats and McAlister. The plan was devised by Augusta University as a means of manpower reduction and was approved by the Board of Regents of the University System of Georgia effective January 1, 2000.

For additional information concerning the Early Retirement Pension Fund, please refer to Note 14 in the Notes to Financial Statements.

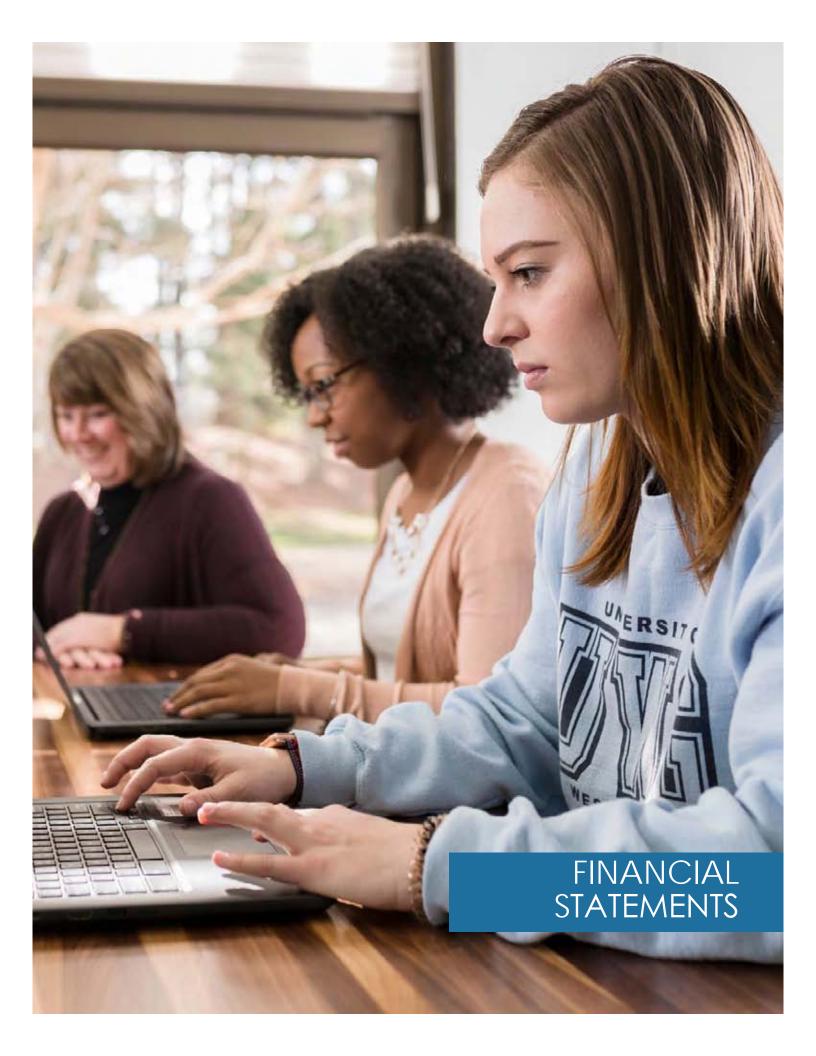
#### **Affiliated Organizations**

System-wide, there were 25 affiliated organizations that met one or more criteria for inclusion as component units of the State of Georgia in compliance with GASB Statement No. 14, as amended. These 25 affiliated organizations are included as component units in the University System of Georgia consolidated annual financial statements as they have been determined essential to the fair presentation to these departmental statements. All system-wide affiliated organizations including the 25 previously mentioned are included in the supplementary information section.

#### **Economic Outlook**

USG's overarching mission is knowledge, to create it through research, transfer it through teaching and apply it through service. Just as knowledge drives innovation, innovation drives the economy. Why does this matter for Georgia? There is a direct relationship between knowledge, education attainment and economic competitiveness. An educated workforce is the No. 1 priority of businesses considering moving to Georgia, and USG plays a key role in working with industry to fulfill the need for talent with high-priority skills. By 2025, over 60% of jobs in Georgia will require some form of postsecondary education. As of 2018 (the most recent year for which data is available), only about 50% of the Georgia workforce met this requirement. At the same time, during the recovery from the Great Recession, research has shown that of the 11.6 million jobs created, 99% of them - or 11.5 million jobs - went to workers with at least some post-secondary education; and about 70% of them went to workers with at least a bachelor's degree. Thus, USG remains a vital link for Georgia's economic success, both now and in the future.

It also continues to see modest enrollment increases. Fall 2019 enrollment at USG's 26 colleges and universities totaled 333,507 students, an increase of 1.5% (or 4,795 more students) over the previous year. This continues a six-year trend of modest increases in student enrollment and also marks the fifth consecutive year that enrollment continued to reach an all-time high in USG's total student enrollment.



# **UNIVERSITY SYSTEM OF GEORGIA** STATEMENT OF NET POSITION **JUNE 30, 2019**

	University System of Georgia	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,385,282,311	\$ 387,225,919
Cash and Cash Equivalents (Externally Restricted)	262,314,825	88,766,891
Short-term Investments	72,567,261	90,582,188
Short-term Investments (Externally Restricted)	519,191	154,442,586
Accounts Receivable, net		
Federal Financial Assistance	83,229,010	4,304,155
Affiliated Organizations	13,390,148	174,013
Component Units	271,862,640	_
Primary Government	_	14,228,427
Pledges and Contributions	_	73,008,955
Other	289,879,395	411,811,830
Notes Receivable, net	_	716,632
Due From Other Funds	_	249,362
Investment in Capital Leases - Primary Government	_	92,116,435
Investment in Capital Leases - Other	_	372,456
Inventories	22,140,409	20,646,799
Prepaid Items	64,764,430	39,539,728
Other Assets	5,237,996	30,445,162
Total Current Assets	2,471,187,616	1,408,631,538
Non-Current Assets		
Accounts Receivable, net		
Affiliated Organizations	1,655,106	_
Component Units	3,630,038	_
Pledges and Contributions	_	149,160,756
Other	_	34,336,434
Investments	197,694,631	751,586,834
Notes Receivable, net	33,602,430	_
Investment in Capital Leases - Primary Government	_	2,273,011,955
Investment in Capital Leases - Other	_	19,144,911
Other Assets	_	44,126,969
Non-current Cash (Externally Restricted)	3,335,727	263,607,135
Short-term Investments (Externally Restricted)	34,175	3,543,390
Investments (Externally Restricted)	249,941,368	3,105,393,202
Capital Assets, net	10,180,886,037	1,238,477,771
Total Non-Current Assets	10,670,779,512	7,882,389,357
TOTAL ASSETS	13,141,967,128	9,291,020,895
DEFERRED OUTFLOWS OF RESOURCES	\$ 1,242,647,053	\$ 50,520,218

# **UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF NET POSITION JUNE 30, 2019**

	University System of Georgia			Component Units		
LIABILITIES						
Current Liabilities						
Accounts Payable	\$	206,826,787	\$	91,378,486		
Salaries Payable		29,919,849		15,136,689		
Benefits Payable		45,014,583		8,080		
Contracts Payable		20,287,350		451,448		
Retainage Payable		9,084,566		5,005,761		
Interest Payable		2,332,424		37,671,848		
Due to Affiliated Organizations		3,153,269		9,722		
Due to Component Units		14,228,427		_		
Due to Primary Government		_		271,862,640		
Due to Other Funds		_		248,609		
Advances (Including Tuition and Fees)		219,528,317		128,511,065		
Deposits		14,060,518		40,386,356		
Deposits Held for Other Organizations		87,524,687		43,337,828		
Other Liabilities		3,672,550		10,887,992		
Notes and Loans Payable		1,141,335		96,692,251		
Lease Purchase Obligations - External		20,252,520		8,983,816		
Lease Purchase Obligations - Component Units		92,116,435		_		
Revenue Bonds and Notes Payable		_		130,329,368		
Liabilities Under Split Interest Agreements		_		2,396,557		
Pollution Remediation		1,146,441		_		
Claims and Judgments		2,378,631		1,000,000		
Compensated Absences		156,613,255		21,341,066		
Total Current Liabilities		929,281,944		905,639,582		
Non-Current Liabilities						
Due to Affiliated Organizations		_		290,674		
Due to Primary Government		_		3,630,038		
Due to Other Funds		_		1,672,052		
Advances (Including Tuition and Fees)		11,465,159		15,141,815		
Other Liabilities		_		32,116,715		
Notes and Loans Payable		11,619,602		178,374,242		
Lease Purchase Obligations - External		469,990,448		74,566,074		
Lease Purchase Obligations - Component Units		2,273,011,955		_		
Revenue Bonds and Notes Payable		_		3,164,340,614		
Liabilities Under Split Interest Agreements		_		26,523,480		
Interest Rate Swap		_		37,493,371		
Claims and Judgments		3,485,065		580,624		
Compensated Absences		74,790,244		_		
Net Other Post Employment Benefits Liability		4,410,751,099		6,758,623		
Net Pension Liability		2,889,134,983		<u> </u>		
Total Non-Current Liabilities		10,144,248,555		3,541,488,322		
TOTAL LIABILITIES		11,073,530,499		4,447,127,904		
DEFERRED INFLOWS OF RESOURCES	\$	1,277,144,280	\$	16,363,042		

# **UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF NET POSITION JUNE 30, 2019**

	University System of Georgia			Component Units		
NET POSITION						
Net Investment in Capital Assets	\$	7,029,370,125	\$	310,914,736		
Restricted for:						
Nonexpendable		181,015,931		2,445,728,311		
Expendable		265,970,604		1,147,673,833		
Unrestricted (Deficit)		(5,442,417,258)		973,733,287		
TOTAL NET POSITION	\$	2,033,939,402	\$	4,878,050,167		

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR FISCAL YEAR ENDED JUNE 30, 2019

	University System of Georgia		Component Units		
OPERATING REVENUES					
Student Tuition and Fees	\$	2,765,126,048	\$	_	
Scholarship Allowance		(656,606,011)		_	
Federal Appropriations		21,289,268		_	
Grants and Contracts					
Federal		978,970,104		972,960,891	
State		353,332,338		20,369,537	
Other		660,726,615		176,386,374	
Sales and Services		265,330,239		309,987,031	
Patient Services				804,178,864	
Rents and Royalties		8,505,013		242,240,082	
Auxiliary Enterprises					
Residence Halls		346,838,155		_	
Bookstore		54,052,693		_	
Food Services		198,711,543		_	
Parking/Transportation		92,292,166		_	
Health Services		61,783,709		_	
Intercollegiate Athletics		136,359,517		_	
Other Organizations		42,315,954		_	
Gifts and Contributions		_		182,545,467	
Endowment Income		_		108,401,882	
Other Operating Revenues		203,065,458		10,745,153	
Total Operating Revenues		5,532,092,809		2,827,815,281	
OPERATING EXPENSES					
Faculty Salaries		1,811,926,203		2,803,199	
Staff Salaries		2,086,891,651		332,118,058	
Employee Benefits		1,071,698,413		81,184,565	
Other Personal Services		18,618,701		158,328,709	
Travel		86,981,155		23,724,451	
Scholarships and Fellowships		350,423,920		38,343,585	
Utilities		194,040,545		10,022,140	
Supplies and Other Services		2,483,891,050		1,997,857,804	
Depreciation		519,166,270		70,097,382	
Total Operating Expenses		8,623,637,908		2,714,479,893	
Operating Income (Loss)	\$	(3,091,545,099)	\$	113,335,388	

## **UNIVERSITY SYSTEM OF GEORGIA** STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR FISCAL YEAR ENDED JUNE 30, 2019

	University System of Georgia			Component Units	
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	\$	2,434,474,803	\$	31,992,211	
Grants and Contracts					
Federal		593,607,966		2,955,709	
State		11,558,842		3,430,939	
Other		88,754,232		_	
Gifts		75,353,258		17,668,469	
Investment Income		66,677,756		95,363,430	
Interest Expense		(139,195,925)		(133,159,776)	
Other Nonoperating Revenues (Expenses)		(30,666,469)		13,105,536	
Net Nonoperating Revenues		3,100,564,463		31,356,518	
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		9,019,364		144,691,906	
Capital Grants and Gifts					
Federal		2,132,462		_	
State		340,768,312		_	
Other		20,396,747		18,466,737	
Additions to Permanent and Term Endowments		1,300,359		80,954,405	
Special Items		52,770,005			
Total Other Revenues, Expenses, Gains or Losses		417,367,885		99,421,142	
Change in Net Position		426,387,249		244,113,048	
Net Position, Beginning of Year, As Originally Reported		1,606,513,459		4,637,744,258	
Prior Year Adjustments		1,038,694		(3,807,139)	
Net Position, Beginning of Year, Restated		1,607,552,153		4,633,937,119	
Net Position, End of Year	\$	2,033,939,402	\$	4,878,050,167	

# **UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF CASH FLOWS** FOR FISCAL YEAR ENDED JUNE 30, 2019

	University System of Georgia
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 3,439,477,954
Federal Appropriations	21,289,268
Grants and Contracts (Exchange)	1,977,645,629
Payments to Suppliers	(3,642,168,531)
Payments to Employees	(3,954,710,525)
Payments for Scholarships and Fellowships	(350,423,921)
Loans Issued to Students	(7,318,517)
Collection of Loans from Students	11,663,615
Other Receipts	1,366,223
Other Payments	(22,407)
Net Cash Used by Operating Activities	(2,503,201,212)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	2,434,474,803
Agency Funds Transactions - Receipts	6,258,203,803
Agency Funds Transactions - Disbursements	(6,297,015,672)
Gifts and Grants Received for Other Than Capital Purposes	746,736,554
Transfer of Endowments to Affiliated Organization	(43,009)
Other Noncapital Financing Receipts	11,735,189
Other Noncapital Financing Payments	(20,948,547)
Net Cash Flows Provided by Non-capital Financing Activities	3,133,143,121
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	67,069,239
Proceeds from Sale of Capital Assets	18,529,619
Purchases of Capital Assets	(423,170,566)
Additional Payments Necessary to Pay-Off of Capital Debt and Leases Early	(942,687)
Principal Paid on Capital Debt and Leases	(132,737,059)
Interest Paid on Capital Debt and Leases	(140,768,189)
Net Cash Used by Capital and Related Financing Activities	(612,019,643)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,320,873,520
Investment Income	64,384,743
Purchase of Investments	(1,322,409,105)
Net Cash Provided by Investing Activities	62,849,158
Net Increase in Cash and Cash Equivalents	80,771,424
Cash and Cash Equivalents - Beginning of Year	1,570,161,439
Cash and Cash Equivalents - End of Year	\$ 1,650,932,863

# **UNIVERSITY SYSTEM OF GEORGIA** STATEMENT OF CASH FLOWS FOR FISCAL YEAR ENDED JUNE 30, 2019

	University System of Georgia
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (3,091,545,099)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	519,166,270
Operating Expenses Related to Noncash Gifts	6,279,601
Change in Assets and Liabilities:	
Receivables, net	(86,141,778)
Inventories	850,696
Prepaid Items	2,063,257
Other Assets	11,421
Notes Receivable, Net	4,405,867
Accounts Payable	36,292,980
Salaries Payable	(4,380,492)
Benefits Payable	8,988,519
Contracts Payable	(1,756,762)
Retainage Payable	515,883
Deposits	(430,704)
Advances (Including Tuition and Fees)	(17,737,171)
Other Liabilities	(5,595,780)
Funds Held for Others	80,144
Compensated Absences	2,383,034
Due to Affiliated Organizations	5,959,511
Pollution Remediation	60,601
Claims and Judgments	4,057,784
Net Pension Liability	23,701,257
Other Post-Employment Benefit Liability	191,025,227
Change in Deferred Outflows and Inflows of Resources:	
Deferred Outflows of Resources	(384,706,276)
Deferred Inflows of Resources	283,250,798
Net Cash Used by Operating Activities	\$ (2,503,201,212)

# **UNIVERSITY SYSTEM OF GEORGIA** STATEMENT OF CASH FLOWS FOR FISCAL YEAR ENDED JUNE 30, 2019

	University System of Georgia		
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND			
RELATED FINANCING TRANSACTIONS			
Noncapital Financing Activities Noncash Items:			
Noncapital Gifts	\$	15,123,802	
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts. Non-operating Non-capital Grants and Gifts Receivables decreased \$8,163,909 during the fiscal year.	\$	18,428,781	
Amortization of Non-capital Financing Activities Advances and Deferred Inflows. Non-capital Financing Activities Advances and Deferred Inflows decreased \$16,960,455 during the fiscal year.	\$	18,621,966	
New Non-Capital Financing Debt	\$	6,448,462	
Capital Financing Activities Noncash Items:			
Current Year Accruals Related to Capital Financing Activities. Capital Grants and Gifts Receivables increased \$650,574 during the fiscal year.	\$	9,483,284	
Gift of Capital Assets, which includes Capital Grants of \$286,719,549 and Special Items of \$97,644,818.	\$	384,364,367	
Gain (Loss) on Disposal of Capital Assets, which includes a Special Item Transfer of \$44,966,516 and disposal of Construction Work-in-Progress of \$1,039,872.	\$	(70,553,221)	
Accrual of Capital Asset Related Payables. Capital Asset related Payables decreased \$5,208,442 during the fiscal year.	\$	27,936,428	
Capital Assets Acquired Through Prepaid Capital. Prepaid Capital Assets decreased \$9,050,947 during the fiscal year.	\$	13,498,653	
Capital Assets Acquired by Incurring Capital Lease Obligations	\$	76,468,790	
Deferred Gain (Loss) due to Debt Refundings	\$	8,430,904	
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	\$	2,047,603	
Increase in Capital Debt due to Capitalized Interest	\$	625,083	
Early Extinguishment of Capital Debt	\$	1,031,792	
Amortization of Capital Financing Activities Advances and Deferred Inflows	\$	8,858,157	
Accrual of Capital Financing Interest Payable. Capital Financing Interest Payable decreased \$211,513 during the fiscal year.	\$	2,332,424	
Other Capital Financing Activities Noncash Items	\$	(2,952,417)	
Investing Activities Noncash Items:	=		
Unrealized Gain (Loss) on Investments	\$	2,293,013	

# **UNIVERSITY SYSTEM OF GEORGIA** STATEMENT OF FIDUCIARY NET POSITION **JUNE 30, 2019**

	Early Retirement			Deferred				
	Plan - Augusta		Compensation		Retiree Health			
	University		Fund		Benefit Fund		Total	
ASSETS								
Cash and Cash Equivalents	\$	3,475,805	\$	338,473	\$	21,428,956	\$	25,243,234
Investments								
Mutual Bond Funds		19,801,055		716,599		_		20,517,654
Equity Mutual Funds - Domestic		47,890,518		1,095,009		_		48,985,527
Equity Mutual Funds - International		_		21,550		_		21,550
Equity Securities - Domestic		34,208,489		_		_		34,208,489
Guaranteed Investment Contracts		_		1,384,386		_		1,384,386
Pooled Investment		_		_		129,446,175		129,446,175
Other Investments				882,083				882,083
Total Assets		105,375,867		4,438,100		150,875,131		260,689,098
LIABILITIES								
Benefits Payable						6,420,703		6,420,703
NET POSITION								
Held in Trust for:								
Other Employment Benefits		_		4,438,100		_		4,438,100
Pension Benefits		105,375,867		_		_		105,375,867
Other Postemployment Benefits						144,454,428		144,454,428
Total Net Position	\$	105,375,867	\$	4,438,100	\$	144,454,428	\$	254,268,395

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR FISCAL YEAR ENDED JUNE 30, 2019

	Early Retirement Plan - Augusta University	Deferred Compensation Fund	Retiree Health Benefit Fund	Total
ADDITIONS				
Contributions				
Employer	\$ 13,084,672	\$ 501,733	\$ 160,383,000	\$ 173,969,405
Investment Income				
Dividends and Interest	2,215,229	133,081	3,844,456	6,192,766
Net Appreciation in Investments				
Reported at Fair Value	5,317,848	73,425	3,405,507	8,796,780
Less: Investment Expense	(164,247)	(13,301)	(123,943)	(301,491)
Total Additions	20,453,502	694,938	167,509,020	188,657,460
DEDUCTIONS				
Benefits	14,099,754	_	94,056,257	108,156,011
Premium Expense	_	_	4,506,889	4,506,889
Withdrawal	_	5,752,860	_	5,752,860
Administrative expense			536,437	536,437
Total Deductions	14,099,754	5,752,860	99,099,583	118,952,197
Change in Net Position Held in Trust for				
Pension and Other Employee Benefits	6,353,748	(5,057,922)	68,409,437	69,705,263
Net Position, Beginning of Year	99,022,119	9,496,022	76,044,991	184,563,132
Net Position, End of Year	\$ 105,375,867	\$ 4,438,100	\$ 144,454,428	\$ 254,268,395

	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health Systems, Inc.	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 4,315,878	\$ 5,443,768	\$ 82,451,606	\$ 20,779,697	\$ 2,758,460	\$ 1,904,325
Cash and Cash Equivalents (Externally Restricted)	3,489,218	_	1,121,058	325,688	_	_
Short-term Investments	1,525,924	_	42,765,506	_	_	_
Short-term Investments (Externally Restricted)	_	_	15,172,846	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	4,304,155	_	_	_	_
Affiliated Organizations	_	_	_	_	_	_
Component Units	_	_	_	_	_	_
Primary Government (Institution)	_	_	5,706,173	44,868	_	_
Pledges and Contributions	155,965	_	_	125,514	527,299	18,570
Other	58,655	_	159,350,401	51,591	2,197	7,755
Notes Receivable, net	_	_	_	16,471	_	_
Due From Other Funds	_	_	124,496	_	_	_
Investment in Capital Leases - Primary Government	2,075,695	_	1,226,662	1,339,267	814,219	12,179,953
Investment in Capital Leases - Other	_	_	_	_	_	_
Inventories	_	_	20,646,799	_	_	_
Prepaid Items	1,767	_	19,556,715	26,974	8,833	_
Other Assets	_	_	_	615,250	_	_
Total Current Assets	11,623,102	9,747,923	348,122,262	23,325,320	4,111,008	14,110,603
Non-Current Assets						
Accounts Receivable, net						
Component Units	_	_	_	_	_	_
Pledges and Contributions	96,513	_	_	574,921	634,924	11,200
Other	_	_	20,212,846	_	_	_
Investments	1,086,453	4,474,350	112,917,934	15,000	11,087,289	6,236,701
Investment in Capital Leases - Primary Government	29,510,311	_	21,292,862	63,256,401	81,516,434	149,185,856
Investment in Capital Leases - Other	_	_	_	15,675,000	_	_
Other Assets	194,775	_	5,416,198	522,376	1,173,124	10,400
Non-current Cash (Externally Restricted)	_	69,973	_	4,725,816	_	12,063,554
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	28,842,938	_	3,895,086	_	42,138,780	_
Capital Assets, net	_	_	251,547,353	84,282,460	1,210,801	8,262,388
Total Non-Current Assets	59,730,990	4,544,323	415,282,279	169,051,974	137,761,352	175,770,099
TOTAL ASSETS	71,354,092	14,292,246	763,404,541	192,377,294	141,872,360	189,880,702
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	<u> </u>	<u> </u>	<u> </u>	\$	<u> </u>

	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health Systems, Inc.	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 433,805	\$ 155,642	\$ 75,690,993	\$ 441,095	\$ 1,005,327	\$ 3,332,196
Salaries Payable	_	_	9,325,924	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Interest Payable	_	_	_	_	_	_
Due to Affiliated Organizations	_	_	_	_	_	_
Due to Component Units	_	_	_	961,108	_	_
Due to Primary Government	303,793	4,249,535	66,784,070	3,986,288	896,193	123,919
Due to Other Funds	_	_	124,866	_	_	_
Advances (Including Tuition and Fees)	950,497	_		1,645,136	_	22,689
Deposits	_	_	_	184,298	_	,
Deposits Held for Other Organizations	_	_	_	_	3,483,719	_
Other Liabilities	_	18,979	9,528,152	295,671	_	_
Notes and Loans Payable	_	_		249,285	_	124,035
Lease Purchase Obligations - External	_	_	6,327,586	1,901,011	_	_
Revenue Bond/Mortgage Payable	1,025,000	_	5,165,000	1,085,000	2,975,000	3,995,000
Liabilities Under Split Interest Agreements		_	_			_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	20,521,811	_	_	_
Total Current Liabilities	2,713,095	4,424,156	193,468,402	10.748.892	8,360,239	7,597,839
Non-Current Liabilities						
Due to Affiliated Organizations	_	_	_	_	_	_
Due to Component Units	_	_	_	_	_	_
Due to Primary Government	_	_	_	_	1,638,638	_
Due to Other Funds	_	_	_	_	_	_
Advances (Including Tuition and Fees)	6,727,384	_	_	4,849,822	_	_
Other Liabilities	_	_	17,505,364	522,376	_	_
Notes and Loans Payable	_	_	_	6,322,077	_	2,033,444
Lease Purchase Obligations - External	_	_	19,372,866	50,903,907	_	_
Revenue Bonds/Mortgage Payable	22,023,567	_	208,119,966	60,439,482	89,329,464	163,070,449
Liabilities Under Split Interest Agreements	_	_	_	_	771,766	_
Interest Rate Swap	_	_	20,085,401	_	6,489,668	_
Claims and Judgments	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	6,758,623	_	_	_
Total Non-Current Liabilities	28,750,951		271,842,220	123,037,664	98,229,536	165,103,893
TOTAL LIABILITIES	31,464,046	4,424,156	465,310,622	133,786,556	106,589,775	172,701,732
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	_	_	53,293,543	22,871,446	1,210,801	8,262,388
Restricted for:						
Nonexpendable	19,652,615	_	_	_	21,089,242	3,323,020
Expendable	16,754,168	69,973	20,072,515	7,128,464	9,103,132	_
Unrestricted (Deficit)	3,483,263	9,798,117	224,727,861	28,590,828	3,879,410	5,593,562
TOTAL NET POSITION	\$ 39,890,046	\$ 9,868,090	\$ 298,093,919	\$ 58,590,738	\$ 35,282,585	\$ 17,178,970

	Georgia Health Sciences Foundation, Inc.	Georgia Southern University Housing Foundation, Inc.	Georgia State University Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc.	Georgia Tech Athletic Association
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 169,538	\$ 2,244,047	\$ 3,865,917	\$ 7,176,214	\$ 7,123,926	\$ 3,278,866
Cash and Cash Equivalents (Externally Restricted)	_	_	_	8,439,967	5,372,585	_
Short-term Investments	2,520,418	6,327,002	_	_		_
Short-term Investments (Externally Restricted)	9,925,571	_	_	_		_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
Affiliated Organizations	_	_	_	_	_	_
Component Units	_	_		_	_	_
Primary Government (Institution)	892	_	1,149,746	_	2,854,710	_
Pledges and Contributions	1,972,673	_	8,878,856	4,726,801	_	5,742,113
Other	_	44,738	256,686	798,212	17,402,546	2,720,108
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	124,866	_	_	_	_	_
Investment in Capital Leases - Primary Government	_	9,322,364	_	3,588,630	2,437,273	_
Investment in Capital Leases - Other	_	_	_	_	_	_
Inventories	_	_	_	_	_	_
Prepaid Items	138,673	14,555	276,446	_	16,385,919	1,092,373
Other Assets	_	_	_	_	_	_
Total Current Assets	14,852,631	17,952,706	14,427,651	24,729,824	51,576,959	12,833,460
Non-Current Assets						
Accounts Receivable, net						
Component Units	_	_	_	_	_	_
Pledges and Contributions	138,873	_	_	6,823,492	_	14,053,703
Other	_	_	_	_	_	_
Investments	_	_	_	27,811,871	10,312,421	_
Investment in Capital Leases - Primary Government	_	203,795,245	_	114,101,675	67,595,383	_
Investment in Capital Leases - Other	_	_	_	_	_	_
Other Assets	_	_	_	4,904,918	_	728,445
Non-current Cash (Externally Restricted)	_	33,037,849	_	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	5,177,714	_	_	218,633,824	_	108,299,697
Capital Assets, net	2,295,000	1,620,000	593,509	15,271,982	7,880,627	170,382,079
Total Non-Current Assets	7,611,587	238,453,094	593,509	387,547,762	85,788,431	293,463,924
TOTAL ASSETS	22,464,218	256,405,800	15,021,160	412,277,586	137,365,390	306,297,384
DEFERRED OUTFLOWS OF RESOURCES	\$	<u> </u>	<u> </u>	\$ <u> </u>	\$ 7,937,156	\$ 15,109,831

Current Labilities		Georgia Health Sciences Foundation, Inc.	Georgia Southern University Housing Foundation, Inc.	Georgia State University Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc.	Georgia Tech Athletic Association
Accounts Pegable   \$ 49.253   \$ 3.808.222   \$ 4.308.02   \$ 4.208.947   \$ 1.769.519   \$ 3.303.02.720   \$ 2.508.55   \$ 2.5	LIABILITIES						
Salarian Psystole							
Salaries Psyable		\$ 49.253	\$ 3.809.222	\$ 430.932	\$ 4.206.947	\$ 1.769.519	\$ 3.939.769
Bennifis Payable	·	_				_	_
Contracts Payable		_	_	•	_	_	_
Interest Psystèle	•	_	_		_	_	_
Interest Payable		_	_	_	_	_	_
Due to Affiliated Organizations	* ·	_	_	_	_	_	_
Due to Component Units		_	_	_	_	_	_
Due to Primary Government         29,448         418,164         554,826         —         18,201,530         2,086,132           Due to Other Funds         133,743         —         —         —         55,66           Advances (Including Tuition and Fees)         190,700         —         1,270,632         12,70,67         —         55,66           Deposits Interest Coher Organizations         —         —         —         2,244,706         —         —         11,804,705           Deposits Interest Coher Organizations         —         —         —         1,024,196         —         —         948,461           Lease Purchasco Oligations - External         —         —         —         —         348,661           Lease Purchasco Oligations - External         —         6,375,000         —         4,110,000         2,310,000         31,900,00           Liabilities Under Spit Interest Agreements         9,485         — <td></td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td>		_	_	_	_	_	_
Due to Other Funds	•	29 448	418 164	554 826	_	18 201 530	2 086 132
Advances (including Tuttion and Fees)		-,		-	_		
Deposits			_	1.270.632	1.270.067	_	556.166
Deposits Held for Other Organizations	· -	_	_			_	
Other Liabilities         —         —         —         1,024,196         —         948,461           Lease PurAsso Obligations - External         —         —         —         18,838         —         —         948,461           Lease PurAsso Obligations - External         —         8,375,000         —         4,110,000         23,10,000         31,190,000           Liabilities Under Split Interest Agreements         90,465         —	•	_	_	_	2.344.706	_	
Notes and Loans Payable         —         —         —         —         948,461           Lease Purchase Obligations - External         —         8,375,000         —         4,110,000         2,310,000         31,990,000           Liabilities Under Split Interest Agreements         90,485         — <t< td=""><td></td><td>_</td><td>_</td><td>_</td><td></td><td>_</td><td>_</td></t<>		_	_	_		_	_
Lease Purchase Obligations - External		_	_	_	.,52.,.55	_	948 461
Revenue Bond/Mortgage Payable         —         8,375,000         —         4,110,000         2,310,000         31,190,000           Llabilities Under Spilt Interest Agreements         90,465         —         —         —         —         —         1,000,000           Compensated Absences         —         —         375,255         —         —         —           Total Current Liabilities         483,719         12,602,386         2,885,408         12,955,916         22,281,049         51,855,836           Non-Current Liabilities           Due to Affiliated Organizations         — </td <td></td> <td>_</td> <td>_</td> <td>18 838</td> <td>_</td> <td>_</td> <td></td>		_	_	18 838	_	_	
Claims and Judgments   Graph		_	8 375 000		4 110 000	2 310 000	
Claims and Judgments         —		90 485	0,070,000	_	4,110,000	2,010,000	- 01,100,000
Compensated Absences         —         —         375,255         —         —         —           Total Current Liabilities         483,719         12,602,386         2,685,408         12,955,916         22,281,049         51,655,385           Non-Current Liabilities           Due to Affiliated Organizations         — <t< td=""><td></td><td>-</td><td>_</td><td>_</td><td>_</td><td>_</td><td>1 000 000</td></t<>		-	_	_	_	_	1 000 000
Non-Current Liabilities				375 255			1,000,000
Non-current Liabilities         Use to Affiliated Organizations         —	•	183 710	12 602 386		12 955 916	22 281 0/0	51 655 836
Due to Component Units         —	Non-Current Liabilities						
Due to Component Units         —	Due to Affiliated Organizations	_	_	_	_	_	_
Due to Primary Government         1,991,400         —         —         —         —           Due to Other Funds         —         69,005         —         —         —         —           Advances (Including Tuition and Fees)         —         69,005         —         —         —         —           Other Liabilities         —         10,558         —         4,410,299         —         —           Notes and Loans Payable         —         —         —         —         —         13,188,112           Lease Purchase Obligations - External         —         —         —         —         —         —         836,364           Revenue Bonds/Mortgage Payable         —         208,900,686         —         125,267,927         78,352,524         183,068,586           Liabilities Under Split Interest Agreements         159,921         —		_	_	_	_	_	_
Due to Other Funds         —		_	1.991.400	_	_	_	_
Advances (Including Tuition and Fees)         —         69,005         —	<u>-</u>	_		_	_	_	_
Other Liabilities         —         10,558         —         4,410,299         —         —           Notes and Loans Payable         —         —         —         —         —         —         —         —         13,188,112           Lease Purchase Obligations - External         —         —         —         16,345         —         —         836,364           Revenue Bonds/Mortgage Payable         —         208,900,686         —         125,267,927         78,352,524         183,068,586           Liabilities Under Split Interest Agreements         159,921         —         —         —         —         —         —           Interest Rate Swap         —         <		_	69.005	_	_	_	_
Notes and Loans Payable         —         —         —         —         —         13,188,112           Lease Purchase Obligations - External         —         —         16,345         —         —         836,364           Revenue Bonds/Mortgage Payable         —         208,900,686         —         125,267,927         78,352,524         183,068,586           Liabilities Under Split Interest Agreements         159,921         —         —         —         —         —           Interest Rate Swap         —		_		_	4.410.299	_	_
Lease Purchase Obligations - External         —         —         16,345         —         —         836,364           Revenue Bonds/Mortgage Payable         —         208,900,686         —         125,267,927         78,352,524         183,068,586           Liabilities Under Split Interest Agreements         159,921         —         —         1,239,720         —         —           Interest Rate Swap         —         —         —         —         —         —         —           Claims and Judgments         —         —         —         —         —         —         —         580,624           Net Other Post Employment Benefits Liability         —		_	_	_		_	13 188 112
Revenue Bonds/Mortgage Payable         208,900,686         —         125,267,927         78,352,524         183,068,586           Liabilities Under Split Interest Agreements         159,921         —         —         1,239,720         —         —           Interest Rate Swap         —         —         —         —         —         —         —           Claims and Judgments         —         —         —         —         —         —         580,624           Net Other Post Employment Benefits Liability         —         —         —         —         —         —         —         —           Total Non-Current Liabilities         159,921         210,971,649         16,345         130,917,946         78,352,524         197,673,686           TOTAL LIABILITIES         643,640         223,574,035         2,701,753         143,873,862         100,633,573         249,329,522           NET POSITION         Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,882         7,880,627         (44,070,216)           Restricted for:         —         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,84		_	_	16 345	_	_	
Liabilities Under Split Interest Agreements         159,921         —         —         1,239,720         —         —           Interest Rate Swap         —         —         —         —         —         —         —           Claims and Judgments         —         —         —         —         —         —         580,624           Net Other Post Employment Benefits Liability         —         —         —         —         —         —         —           Total Non-Current Liabilities         159,921         210,971,649         16,345         130,917,946         78,352,524         197,673,686           TOTAL LIABILITIES         643,640         223,574,035         2,701,753         143,873,862         100,633,573         249,329,522           NET POSITION         Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:         —         —         —         —         140,353,645         1,550,000         45,427,130           Expendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849 <td></td> <td>_</td> <td></td> <td>-</td> <td>125 267 927</td> <td></td> <td></td>		_		-	125 267 927		
Interest Rate Swap		159 921		_		. 0,002,02	
Claims and Judgments         —         —         —         —         —         580,624           Net Other Post Employment Benefits Liability         — <t< td=""><td>·</td><td>-</td><td>_</td><td>_</td><td>- 1,200,720</td><td>_</td><td>_</td></t<>	·	-	_	_	- 1,200,720	_	_
Net Other Post Employment Benefits Liabilities         159,921         210,971,649         16,345         130,917,946         78,352,524         197,673,686           TOTAL LIABILITIES         643,640         223,574,035         2,701,753         143,873,862         100,633,573         249,329,522           DEFERRED INFLOWS OF RESOURCES         —         —         —         —         —         —         16,363,042         —           NET POSITION           Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:         Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)	•	_	_	_	_	_	580 624
Total Non-Current Liabilities         159,921         210,971,649         16,345         130,917,946         78,352,524         197,673,686           TOTAL LIABILITIES         643,640         223,574,035         2,701,753         143,873,862         100,633,573         249,329,522           DEFERRED INFLOWS OF RESOURCES         — <td></td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td>		_	_	_	_	_	_
TOTAL LIABILITIES         643,640         223,574,035         2,701,753         143,873,862         100,633,573         249,329,522           DEFERRED INFLOWS OF RESOURCES         —         —         —         —         —         —         16,363,042         —           NET POSITION         Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:         Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)		159 921	210 971 649	16.345	130 917 946	78 352 524	197 673 686
DEFERRED INFLOWS OF RESOURCES         —							
NET POSITION           Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:           Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)				2,701,700			
Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:           Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)	DEFERRED INFLOWS OF RESOURCES					16,363,042	
Net Investment in Capital Assets         2,295,000         1,620,000         558,326         15,271,982         7,880,627         (44,070,216)           Restricted for:           Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)	NET POSITION						
Restricted for:         Volume (Control of Control of Co		2,295,000	1,620,000	558,326	15,271,982	7,880,627	(44,070,216)
Nonexpendable         2,751,102         —         —         140,353,645         1,550,000         45,427,130           Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)	•	, ,	,,	, . = -	., ,.==	,	, ,, ,, ,,
Expendable         13,964,220         33,037,849         3,011,977         91,393,983         7,315,223         77,320,731           Unrestricted (Deficit)         2,810,256         (1,826,084)         8,749,104         21,384,114         11,560,081         (6,599,952)		2.751.102	_	_	140.353.645	1.550.000	45.427.130
Unrestricted (Deficit) 2,810,256 (1,826,084) 8,749,104 21,384,114 11,560,081 (6,599,952)	•		33.037.849	3.011.977			
	·						
	TOTAL NET POSITION						

	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corporation	Kennesaw State University Foundation, Inc.	Medical College of Georgia Foundation	Middle Georgia State University Real Estate Foundation, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 8,923,721	\$ 6,894,000	\$ 111,814,086	\$ 20,976,524	\$ 1,071,411	\$ 1,259,396
Cash and Cash Equivalents (Externally Restricted)	15,358,356	14,343,000	_	_	89,941	_
Short-term Investments	_	_	_	11,808,911	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
Affiliated Organizations	174,013	_	_	_	_	_
Component Units	3,400,290	373,244	_	_	_	_
Primary Government (Institution)	82,356	3,286,171	_	136,670	57,711	_
Pledges and Contributions	_	24,234,000	_	3,795,285	517,721	_
Other	_	12,646,243	156,789,431	672,505	_	119,743
Notes Receivable, net	_	700,161	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases - Primary Government	9,784,695	9,809,177	_	8,443,863	_	787,064
Investment in Capital Leases - Other	_	_	372,456	_	_	_
Inventories	_	_	_	_	_	_
Prepaid Items	258,447	_	128,542	71,873	_	7,275
Other Assets	_	1,504,237	_	_	_	_
Total Current Assets	37,981,878	73,790,233	269,104,515	45,905,631	1,736,784	2,173,478
Non-Current Assets						
Accounts Receivable, net						
Component Units	5,415,000	_	_	_	_	_
Pledges and Contributions	_	69,989,000	_	6,532,146	1,027,500	_
Other	_	14,107,000	_	_	16,588	_
Investments	_	401,494,000	63	16,552,416	35,619,861	_
Investment in Capital Leases - Primary Government	202,569,553	116,872,823	_	211,334,317	_	31,675,308
Investment in Capital Leases - Other	_	_	3,469,912	_	_	_
Other Assets	3,293,750	23,518,944	_	_	240,966	_
Non-current Cash (Externally Restricted)	117,341,744	_	_	52,811,934	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	3,543,390
Investments (Externally Restricted)	_	1,470,060,000	_	37,975,707	221,076,112	_
Capital Assets, net	59,323,472	147,397,000	807,914	82,805,582	14,719,740	1,014,811
Total Non-Current Assets	387,943,519	2,243,438,767	4,277,889	408,012,102	272,700,767	36,233,509
TOTAL ASSETS	425,925,397	2,317,229,000	273,382,404	453,917,733	274,437,551	38,406,987
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corporation	Kennesaw State University Foundation, Inc.	Medical College of Georgia Foundation	Middle Georgia State University Real Estate Foundation, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 7,816,725	\$ 5,328,962	\$	\$ 8,239,582	\$ 35,246	\$ 723,082
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	5,005,761	_	_	_	_	_
Interest Payable	_	_	_	_	_	_
Due to Affiliated Organizations	_	(28)	_	_	_	_
Due to Component Units	_	626,028	_	_	_	_
Due to Primary Government	15,771	9,376,038	93,378,155	1,324,742	80,312	26,082
Due to Other Funds	_	_	_	_	_	_
Advances (Including Tuition and Fees)	1,200,050	18,164,000	62,236,768	779,628	_	_
Deposits	_	242,000	_	29,678	_	_
Deposits Held for Other Organizations	_	_	40,893,012	80,051	_	_
Other Liabilities	_	_	_	_	20,994	_
Notes and Loans Payable	_	55,613,000	_	_	_	_
Lease Purchase Obligations - External	_	_	405,778	_	_	_
Revenue Bond/Mortgage Payable	11,818,000	12,065,000	_	12,575,000	_	800,000
Liabilities Under Split Interest Agreements	_	1,504,237	_	550	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	444,000	_	_	_	_
Total Current Liabilities	25,856,307	103,363,237	196,913,713	23,029,231	136,552	1,549,164
Non-Current Liabilities						
Due to Affiliated Organizations	_	290,674	_	_	_	_
Due to Component Units	_	113,714,697	_	_	_	_
Due to Primary Government	_	_	_	_	_	_
Due to Other Funds	_	5,629	_	_	_	_
Advances (Including Tuition and Fees)	8,398,867	_	_	_	_	_
Other Liabilities	_	9,363,000	_	_	_	_
Notes and Loans Payable	_	70,347,000	_	_	9,472,672	_
Lease Purchase Obligations - External	_	_	3,436,592	_	_	_
Revenue Bonds/Mortgage Payable	351,286,357	222,659,000	_	347,349,955	_	31,165,435
Liabilities Under Split Interest Agreements	_	15,522,763	_	2,265	818,690	_
Interest Rate Swap	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Net Other Post Employment Benefits Liability						
Total Non-Current Liabilities	359,685,224	431,902,763	3,436,592	347,352,220	10,291,362	31,165,435
TOTAL LIABILITIES	385,541,531	535,266,000	200,350,305	370,381,451	10,427,914	32,714,599
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	19,076,356	(12,793,068)	807,914	(34,864,945)	5,247,068	1,014,811
Restricted for:						
Nonexpendable	_	1,396,470,000	_	37,981,174	132,872,471	_
Expendable	9,692,846	192,397,000	_	29,381,899	90,841,621	_
Unrestricted (Deficit)	11,614,664	205,889,068	72,224,185	51,038,154	35,048,477	4,677,577
TOTAL NET POSITION	\$ 40,383,866	\$ 1,781,963,000	\$ 73,032,099	\$ 83,536,282	\$ 264,009,637	\$ 5,692,388

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	UWG Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 57,831,568	\$ 2,602,149	\$ 28,640,409	\$ 1,509,047	\$ 1,116,937	\$ 468,042
Cash and Cash Equivalents (Externally Restricted)	_	13,512,095	_	4,658,278	5,139,624	16,917,081
Short-term Investments	_	24,908,997	_	_	725,430	_
Short-term Investments (Externally Restricted)	_	129,344,169	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
Affiliated Organizations	_	_	_	_	_	_
Component Units	1,375,675	2,555	_	_	_	_
Primary Government (Institution)	_	152,891	756,238	_	_	_
Pledges and Contributions	_	31,069,338	_	_	_	123,676
Other	2,101,222	2,903,823	55,728,822	391	_	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases - Primary Government	_	_	8,533,296	4,160,305	2,887,974	12,796,529
Investment in Capital Leases - Other	_	_	_	_	_	_
Inventories	_	_	_	_	_	_
Prepaid Items	872,644	288,790	230,885	142,017	_	22,120
Other Assets	_	_	28,325,675	_	_	_
Total Current Assets	62,181,109	204,784,807	122,215,325	10,470,038	9,869,965	30,327,448
Non-Current Assets						
Accounts Receivable, net						
Component Units	_	_	_	_	_	_
Pledges and Contributions	_	48,261,818	_	_	_	1,016,666
Other	_	_	_	_	_	_
Investments	51,808,178	187,306,840	55,015,982	_	214,820	5,461,737
Investment in Capital Leases - Primary Government	_	_	223,082,949	123,550,026	111,292,376	382,752,777
Investment in Capital Leases - Other	_	_	_	_	_	_
Other Assets	305,118	2,680,881	962,074	175,000	_	_
Non-current Cash (Externally Restricted)	_	_	2,821,316	5,912,403	3,594,696	31,227,850
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	952,031,687	5,765,025	_	_	_
Capital Assets, net	323,545,121	35,913,480	20,046,315	5,047,332	_	2,097,069
Total Non-Current Assets	375,658,417	1,226,194,706	307,693,661	134,684,761	115,101,892	422,556,099
TOTAL ASSETS	437,839,526	1,430,979,513	429,908,986	145,154,799	124,971,857	452,883,547
DEFERRED OUTFLOWS OF RESOURCES	\$ 13,316,338	<u> </u>	\$ 14,156,893	<u> </u>	<u> </u>	<u> </u>

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	UWG Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 328,078	\$ 383,591	\$ 2,013,499	\$ 2,559,333	\$ 1,043,795	\$ 2,892,161
Salaries Payable	5,783,920	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	451,448
Retainage Payable	_	_	_	_	_	_
Interest Payable	_	_	_	_	_	_
Due to Affiliated Organizations	_	_	9,750	_	_	_
Due to Component Units	2,555	1,375,675	_	_	_	_
Due to Primary Government	5,995,374	5,852,558	58,179,707	_	_	_
Due to Other Funds	_	_	_	_	_	_
Advances (Including Tuition and Fees)	37,373,561	1,242,449	2,084,538	407,215	_	_
Deposits	_	_	28,325,675	_	_	_
Deposits Held for Other Organizations	_	64,065,725	_	_	_	_
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	_	514,880	_	2,001,000	_	37,241,590
Lease Purchase Obligations - External	_	_	_	_	_	_
Revenue Bond/Mortgage Payable	2,885,000	_	9,485,000	3,091,368	3,225,000	9,950,000
Liabilities Under Split Interest Agreements	_	801,285	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Total Current Liabilities	52,368,488	74,236,163	100,098,169	8,058,916	4,268,795	50,535,199
Non-Current Liabilities						
Due to Affiliated Organizations	_	_	_	_	_	_
Due to Component Units	_	_	_	_	_	_
Due to Primary Government	_	_	_	_	_	_
Due to Other Funds	_	1,666,423	_	_	_	_
Advances (Including Tuition and Fees)	_	_	1,824,121	_	_	_
Other Liabilities	305,118	_	_	_	_	_
Notes and Loans Payable	15,836,592	14,496,642	8,516,222	810,000	_	37,351,481
Lease Purchase Obligations - External	_	_	_	_	_	_
Revenue Bonds/Mortgage Payable	88,876,151	_	234,430,567	126,029,323	114,947,700	350,691,146
Liabilities Under Split Interest Agreements	_	8,008,355	_	_	_	_
Interest Rate Swap	3,737,734	2,325,789	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Net Other Post Employment Benefits Liability						
Total Non-Current Liabilities	108,755,595	26,497,209	244,770,910	126,839,323	114,947,700	388,042,627
TOTAL LIABILITIES	161,124,083	100,733,372	344,869,079	134,898,239	119,216,495	438,577,826
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	225,525,982	20,901,958	11,530,093	5,047,332	_	_
Restricted for:		-,,	,,.	-,- ,		
Nonexpendable	_	643,785,937	_	_	_	471,975
Expendable	_	542,264,019	2,821,234	_	_	1,352,979
Unrestricted (Deficit)	64,505,799	123,294,227	84,845,473	5,209,228	5,755,362	12,480,767
TOTAL NET POSITION	\$ 290,031,781	\$ 1,330,246,141	\$ 99,196,800	\$ 10,256,560	\$ 5,755,362	\$ 14,305,721
	,,.					

	VSU Auxiliary Services Real Estate Foundation, Inc.			Elimination/ Consolidation Entries		Total	
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$	2,606,387	\$	_	\$	387,225,919	
Cash and Cash Equivalents (Externally Restricted)		_		_		88,766,891	
Short-term Investments		_		_		90,582,188	
Short-term Investments (Externally Restricted)		_		_		154,442,586	
Accounts Receivable, net							
Federal Financial Assistance		_		_		4,304,155	
Affiliated Organizations		_		_		174,013	
Component Units		_		(5,151,764)		_	
Primary Government (Institution)		_		1		14,228,427	
Pledges and Contributions		_		(8,878,856)		73,008,955	
Other		156,762		(1)		411,811,830	
Notes Receivable, net		_		_		716,632	
Due From Other Funds		_		_		249,362	
Investment in Capital Leases - Primary Government		5,248,287		(3,318,818)		92,116,435	
Investment in Capital Leases - Other		_		_		372,456	
Inventories		_		_		20,646,799	
Prepaid Items		14,880		_		39,539,728	
Other Assets		_		_		30,445,162	
Total Current Assets		8,026,316	_	(17,349,438)		1,408,631,538	
Non-Current Assets							
Accounts Receivable, net							
Component Units		_		(5,415,000)		_	
Pledges and Contributions		_		_		149,160,756	
Other		_		_		34,336,434	
Investments		_		(175,829,082)		751,586,834	
Investment in Capital Leases - Primary Government		160,371,065		(20,743,406)		2,273,011,955	
Investment in Capital Leases - Other		_		(1)		19,144,911	
Other Assets		_		_		44,126,969	
Non-current Cash (Externally Restricted)		_		_		263,607,135	
Short-term Investments (Externally Restricted)		_		_		3,543,390	
Investments (Externally Restricted)		11,496,632		_		3,105,393,202	
Capital Assets, net		227,338		2,186,398		1,238,477,771	
Total Non-Current Assets		172,095,035		(199,801,091)		7,882,389,357	
TOTAL ASSETS		180,121,351		(217,150,529)	_	9,291,020,895	
DEFERRED OUTFLOWS OF RESOURCES	\$		\$		\$	50,520,218	

Comment   Description   Comment   Comment		VSU Auxiliary Services Real Estate Foundation	Elimination/ Consolidation Entries	Total
Assaints Payable         \$ 2,421,588         \$ (37,87),600         \$ (37,87),600           Bonefats Payable         \$ 6,000	LIABILITIES			
Bannelian Psysible         15,136,889           Bennelian Psysible         0         45,148           Relatinaça Psysible         0         50,676           Internelia Psysible         0         500,761           Internelia Psysible         0         37,871,86         377,818           Die to Component Units         0         6,952,80         7.72           Due to Component Units         0         3,972         20,00           Due to Demony Covernment         0         3,377,882,80         37,878,80           Due to Demony Covernment         0         6,863,121         128,510,80           Advances (including Tullion and Fees)         0         6,863,121         128,510,80           Deposits Field for Other Organizations         0         6,853,37,80         43,337,80           Other Liabilities         0         6,852,31         10,887,902           Notes and Learne Psysible         4,200,00         10,859,802         10,887,902           Lasse Purchase Obligations – Estermal         4,200,00         10,859,818           Revenue Bondhoftgape Psysible         4,200,00         10,859,818           Lasse purchase Obligations – Estermal         6         6,825,818           Revenue Bondhoftgape Psysible         1,851,816<	Current Liabilities			
Bennetis Payable         — 6,000         61146         61,400         61146         61,400         61146         61,400         61146         61,400         61,400         61,400         61,400         61,400         61,600	Accounts Payable	\$ 2,421,583	\$ (37,671,851)	\$ 91,378,486
Contracts Psysble         —         45,14,48           Retainage Psysble         —         37,671,81         500,871           Due to Affiliede Organizations         —         9,72         21,822           Due to Component Units         —         0,265,366         —           Due to Demony Quorument         —         0         3,271,862,660           Due to Dem Frinary Quorument         —         —         48,500           Advances (Including Tuition and Fees)         —         —         48,500           Advances (Including Tuition and Fees)         —         —         40,388,388           Deposits Hed for Other Organizations         —         —         —         10,887,982           Deposits Hed for Other Organizations         —         —         —         10,887,982           Notes and Loans Psysble         —         —         —         10,887,982           Revenue Bond Mortgage Psysble         4,205,000         —         —         10,887,982           Liassip Purchase Olligations - Esternal         —         —         —         10,900,983,882           Revenue Bond Mortgage Psysble         —         —         —         —         10,900,983,882           Liassip Liassip Liassip Liassip Liassip Liassip Lias	Salaries Payable	_	_	15,136,689
Relatings Physible         —         5,000,761         Internat Physible         37,671,848         32,628,628         32,628,628         32,628,628         32,628,638         32,628,637         32,628,638         32,628,637         32,628,638         32	Benefits Payable	_	_	8,080
Desire   Popular	Contracts Payable	_	_	451,448
Due to Affisited Organizations         —         9.72           Due to Component Units         —         0.82           Due to Drimer Querement         —         3         271,862,468           Due to Other Funds         —         48,803         42,808           Advances (Including Tultion and Fees)         —         (883,121)         128,811,068           Deposits         —         (67,928)         433,78,28           Ober Deposits         —         (67,928)         433,78,28           Objects         —         —         40,88,38,88           Objects         —         —         —         0,08,89,38           Revenue BondMortgage Payable         —         —         3,893,816           Revenue BondMortgage Payable         —         —         2,893,816           Claims and Judgments         —         —         1,300,29,86           Claims and Judgments         —         —         1,200,20           Dev Lo Affished Organizations         —         —         2,205,57           Claims and Judgments         —         —         2,207,41           Due to Definition         —         —         2,207,41           Due to Definition         —         —	Retainage Payable	_	_	5,005,761
Due to Component Units         C, 2,965,386           C           Due to Primary Government         —         248,600           Due to Other Funds         —         (83,121)         128,11,065           Deposits Fled for Other Organizations         —         (67,529,308)         43,337,828           Other Labilities         —         —         10,807,902           Other Labilities         —         —         66,522,308           Notes and Loans Payable         —         —         66,902,208           Revenue BondMortgage Payable         —         —         130,328,388           Revenue BondMortgage Payable         —         —         —         130,328,388           Clains and Judgments         —         —         —         1,286,557           Clains and Judgments         —         —         —         1,234,106           Total Current Liabilities         —         —         —         1,214,106           Due to Drimary Government         —         —         1,214,106           Due to Other Funds         —         —         1,214,106           Advances Challed Grapharizations         —         —         1,214,106           Due to Other Funds         —         — <t< td=""><td>Interest Payable</td><td>_</td><td>37,671,848</td><td>37,671,848</td></t<>	Interest Payable	_	37,671,848	37,671,848
Due to Primary Government         — 3 27,882,840           Due to Other Funds         — 68,812,11         248,609           Advances (Including Tution and Fees)         — 68,812,11         128,11,665           Deposits         — 67,529,385         43,338,288           Deposits Held for Other Organizations         — 67,529,385         43,338,288           Other Liabilities         — 6,668,287         10,887,992           Notes and Loans Payable         — 6,668,287         6,668,287           Lease Purchasto Obligations - External         — 6,000,000         — 6,888,287           Revenue Bond/Mortgage Payable         4205,000         — 7,000,000           Compensated Absences         — 7,000,000         — 7,000,000           Compensated Absences         — 6,668,633         (7,377,872)         905,638,281           Liabilities Under Spit Interest Agreements         — 6,668,633         (7,377,872)         905,638,282           Compensated Absences         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000         — 7,000,000	Due to Affiliated Organizations	_	_	9,722
Due to Other Funds         —         —         248,009           Advances (Including Tution and Fees)         —         (683,121)         128,511 (68)           Deposits         —         (67,529,385)         43,337,828           Deposits Held for Other Organizations         —         (67,529,385)         433,378,828           Other Liabilities         —         —         66,529,385         43,337,828           Notes and Loans Payable         —         —         10,808,836         68,828,836	Due to Component Units	_	(2,965,366)	_
Advances (including Tuition and Fees)         (883,12)         128,511,085           Deposits         —         (67,523,386)         43,337,828           Deposits Held for Other Organizations         —         (67,523,386)         43,337,828           Other Liabilities         —         —         66,529,388         10,887,922           Notes and Loans Payabile         —         —         96,682,251           Lease Purchase Obligations - External         —         —         130,329,388           Revenue Bond/Mortgage Payabile         4,205,000         —         130,329,388           Liabilities Under Spit Interest Agreements         —         —         —         2,906,577           Colains and Judgments         —         —         —         10,000,000         —         130,329,388           Total Current Liabilities         —         —         —         12,141,060         —         —         12,141,060         —         —         —         10,658,393         —         —         12,141,060         —         —         —         12,141,060         —         —         —         12,141,060         —         —         12,141,060         —         —         12,141,060         —         —         —         12,14	Due to Primary Government	_	3	271,862,640
Deposits         ————————————————————————————————————	Due to Other Funds	_	_	248,609
Deposits Held for Other Organizations         (67,529,385)         43,337,828           Other Labilities         —         —         10,887,982           Notes and Loans Payable         —         —         8,683,816           Revenue BondMortgage Payable         4,205,000         —         130,228,388           Labilities Under Split Interest Agreements         —         —         20,965,57           Claims and Judgments         —         —         —         22,965,57           Claims and Judgments         —         —         —         21,41066           Total Current Labilities         —         —         —         90,635,836           Non-Current Labilities         —         —         —         90,653,836           Due to Affiliated Organizations         —         —         1,100,000         90,653,836           Due to Organizations         —         —         2,90,674         90,653,836         90,674         90,653,836         90,674         90,653,836         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674         90,674	Advances (Including Tuition and Fees)	_	(883,121)	128,511,065
Other Liabilities         —         —         10.887.992           Noise and Loans Payable         —         —         96.892.251           Lease Purchase Obligations - External         —         —         9.893.816           Revenue Bond/Mortgage Payable         4.205.000         —         130.329.886           Liabilities Under Split Interest Agreements         —         —         —         2.986.577           Claims and Judgments         —         —         —         1.000.000           Compensated Absences         —         —         —         2.1341.066           Total Current Liabilities         —         —         —         2.906.789           Due to Chapter Split Interest Agreements         —         —         —         2.906.789           Due to Chapter Funds         —         —         —         —         2.906.799           Due to Drier Funds         —         —         —         —         1.907         —           Due to Drier Funds         —         —         —         —         —         —         1.908         —         —         —         —         —         —         —         —         —         —         —         —         —	Deposits	_	_	40,386,356
Notes and Loans Payable         —         —         96,892,251           Lease Purchase Obligations - External         —         9,893,816         Revenue BondMortgage Payable         4,205,000         —         19,032,93,856           Liabilities Under Spilt Interest Agreements         —         —         —         2,396,557           Claims and Judgments         —         —         —         12,134,106,00           Compensated Absences         —         —         —         12,134,106,00           Compensated Absences         —         —         —         12,134,106,00           Total Current Liabilities         —         —         —         21,314,106,00           Due to Affiliated Organizations         —         —         —         290,674           Due to Component Units         —         —         —         1,820,003           Due to Other Funds         —         —         —         1,820,003           Due to Other Funds         —         —         —         1,820,003           Obter Liabilities         —         —         —         1,820,002           Other Liabilities         —         —         —         3,161,716           Notes and Loans Payable         — <t< td=""><td>Deposits Held for Other Organizations</td><td>_</td><td>(67,529,385)</td><td>43,337,828</td></t<>	Deposits Held for Other Organizations	_	(67,529,385)	43,337,828
Lease Purchase Obligations - External         4,205,000         3,03,208           Revenue Bondh/drogage Payable         4,205,000         1,30,208,208           Liabilities Under Split Interest Agreements         —         1,000,000           Claims and Judgments         —         2,134,106           Total Current Liabilities         —         7,137,872         90,563,502           Non-Current Liabilities           Due to Affiliated Organizations         —         1         2,000,003           Due to Primary Government         —         1,672,003         1,672,003           Due to Other Funds         —         (6,727,384)         15,141,815           Other Liabilities         —         (6,727,384)         15,141,815           Lease Purchase Obligations - External         —         (6,727,384)         15,141,815           Lease Purchase Obligations - External         —         4,564,773         —         74,566,74           Revenue Bonds/Mortgage Payable         —         —         5,805,84	Other Liabilities	_	_	10,887,992
Revenue BondMortgage Payable         4,205,000         —         13,329,388           Llabilities Under Spitt Interest Agreements         —         —         2,396,576           Claims and Judgments         —         —         1,000,000           Compensated Absences         —         —         21,341,068           Total Current Liabilities         —         6,626,583         7(1,377,872)         905,639,582           Non-Current Liabilities           Due to Affiliated Organizations         —         —         290,674           Due to Component Units         —         —         3,800,302           Due to Drimary Government         —         —         1,672,582           Due to Other Funds         —         —         1,672,582           Advances (Including Tuition and Fees)         —         —         1,672,582           Other Liabilities         —         —         1,672,582           Notes and Loans Payable         —         —         1,672,482           Lease Purchase Obligations - External         —         —         7,4566,74           Revenue Bonds Mortgage Payable         —         —         2,652,480           Liabilities Under Spit Interest Agreements         —         —         2	Notes and Loans Payable	_	_	96,692,251
Liabilities Under Spilt Interest Agreements         —         —         2,396,575           Claims and Judgments         —         —         1,000,000           Compensated Absences         —         —         2,134,100           Total Current Liabilities         —         6,625,83         (71,377,872)         905,639,680           Non-Current Liabilities           Due to Affiliated Organizations         —         —         290,674           Due to Component Units         —         —         1,672,736         —           Due to Primary Government         —         —         1,672,736         —         1,672,736         —         —         1,672,736<	Lease Purchase Obligations - External	_	_	8,983,816
Liabilities Under Spilt Interest Agreements         —         —         2,396,575           Claims and Judgments         —         —         1,000,000           Compensated Absences         —         —         2,134,100           Total Current Liabilities         —         6,625,83         (71,377,872)         905,639,680           Non-Current Liabilities           Due to Affiliated Organizations         —         —         290,674           Due to Component Units         —         —         1,672,736         —           Due to Primary Government         —         —         1,672,736         —         1,672,736         —         —         1,672,736<	Revenue Bond/Mortgage Payable	4,205,000	_	130,329,368
Claims and Judgments         —         —         —         1,000,000           Compensated Absences         —         21,341,066           Total Current Liabilities         6626,583         (71,377.872)         905,639,582           Non-Current Liabilities           Due to Affiliated Organizations         —         —         2,907,74           Due to Offinated Organizations         —         —         2,907,74           Due to Orgoneent Units         —         —         —         3,630,038           Due to Orgoneent Units         —         —         —         9,672,032           Due to Orgoneent Units         —         —         —         9,672,032           Due to Orgoneent Units         —         —         —         9,672,003           Due to Orgoneent Units         —         —         —         9,672,003           Advances (Including Tution and Fees)         —         —         —         1,672,052           Other Liabilities         —         —         —         1,672,052           Advances (Including Tution and Fees)         —         —         —         1,672,052           Reserve Bonds/Morgange Payable         —         —         —         1,683,042		_	_	2,396,557
Compensated Absences         —         21,341,068           Total Current Liabilities         6,626,583         (71,377,82)         305,639,582           Non-Current Liabilities           Due to Affiliated Organizations         —         290,674           Due to Component Units         —         (113,714,697)         —           Due to Primary Government         —         (113,714,697)         —           Obus to Primary Government         —         (6,727,384)         15,141,815           Obe to Other Funds         —         (6,727,384)         15,141,815           Obe to Differ Judition and Fees)         —         (6,727,384)         15,141,815           Obtain Sea and Loans Payable         —         —         (6,727,384)         15,141,815           Lease Purchase Obligations - External         —         —         74,560,704           Revenue Bonds/Mortgage Payable         158,332,329         —         3,164,340,614           Liabilities Under Spitt Interest Agreements         158,332,329         —         3,749,371           Olains and Judgments         —         —         6,758,623           Total Non-Current Liabilities         —         —         6,758,623           Total Liabilities         —         1,447,		_	_	1,000,000
Non-Current Liabilities         6,626,583         (71,377,872)         905,639,582           Non-Current Liabilities         Secondary of Management of Man		_	_	
Non-Current Liabilities         Component Units         Co		6.626.583	(71,377,872)	
Due to Affiliated Organizations         —         —         299,674           Due to Component Units         —         (113,714,697)         —           Due to Primary Government         —         —         3,630,038           Due to Other Funds         —         —         16,72,528           Advances (Including Tuition and Fees)         —         (6,727,384)         15,141,815           Other Liabilities         —         —         32,116,715           Notes and Loans Payable         —         —         74,566,715           Lease Purchase Obligations - External         —         —         74,566,716           Revenue Bonds/Mortgage Payable         158,332,329         —         3164,340,814           Liabilities Under Split Interest Agreements         —         —         37,493,371           Claims and Judgments         —         —         —         37,493,371           Claims and Judgments         —         —         —         36,623,480           Net Other Post Employment Benefits Liability         —         —         —         6,758,823           Total University         —         —         —         —         6,758,823           Total Liabilities         —         —         —				
Due to Component Unitis         — (113,714,687)         — —           Due to Primary Government         — 3,630,038         — 3,630,038           Due to Other Funds         — 6,727,384         15,141,815           Advances (Including Tuition and Fees)         — 6,6727,384         15,141,815           Other Liabilities         — 6         — 6         23,2116,715           Notes and Loans Payable         — 7         74,566,074           Lease Purchase Obligations - External         — 6         — 7         3,164,340,614           Revenue Bonds/Mortgage Payable         158,332,329         — 7         3,745,660,74           Revenue Bonds/Mortgage Payable         158,332,329         — 7         3,749,30,71           Liabilities Under Spilt Interest Agreements         — 7         26,523,480           Interest Rate Swap         4,851,779         — 7         580,624           Net Other Post Employment Benefits Liability         — 7         6,758,623           Total Non-Current Liabilities         163,187,108         (120,42,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,63)         4,447,127,904           NET POSITION           Net Investment in Capital Assets         227,38         — 310,914,763,813	Non-Current Liabilities			
Due to Primary Government         ————————————————————————————————————	Due to Affiliated Organizations	_	_	290,674
Due to Other Funds         ————————————————————————————————————	Due to Component Units	_	(113,714,697)	_
Advances (Including Tuition and Fees)         — (6,727,384)         15,141,815           Other Liabilities         — 32,116,715           Notes and Loans Payable         — — 74,566,074           Lease Purchase Obligations - External         — — 74,566,074           Revenue Bonds/Mortgage Payable         158,332,329         — — 3,164,340,614           Liabilities Under Split Interest Agreements         — — — 26,523,480           Interest Rate Swap         — 4,854,779         — — 26,523,480           Net Other Post Employment Benefits Liability         — — — 6,756,623           Net Other Post Employment Benefits Liability         — — — 6,756,623           Total Non-Current Liabilities         — — — 16,363,042           TOTAL LIABILITIES         — — — — 16,363,042           NET POSITION         — — — — — — — 16,363,042           Net Investment in Capital Assets         — — — — — 310,914,736           Restricted for:         — — — — — — — — — — — — — — — — — — —	Due to Primary Government	_	_	3,630,038
Other Liabilities         —         —         32,116,715           Notes and Loans Payable         —         178,374,242           Lease Purchase Obligations - External         —         74,566,074           Revenue Bonds/Mortgage Payable         158,332,329         —         3,164,340,618           Liabilities Under Spilt Interest Agreements         —         —         26,523,480           Interest Rate Swap         4,854,779         —         580,624           Net Other Post Employment Benefits Liability         —         6,758,623           Total Non-Current Liabilities         —         —         6,758,623           Total LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES         —         16,363,042           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Nonexpendable         —         —         2,445,728,311           Expendable         —         —         2,445,728,313           Unrestricted (Deficit)         10,080,322         (250,000)         1,147,673,833	Due to Other Funds	_	_	1,672,052
Notes and Loans Payable         —         —         —         178,374,242           Lease Purchase Obligations - External         —         —         74,566,074           Revenue Bonds/Mortgage Payable         158,332,329         —         3,164,340,614           Liabilities Under Split Interest Agreements         —         —         26,523,480           Interest Rate Swap         4,854,779         —         37,493,371           Claims and Judgments         —         —         6,758,623           Net Other Post Employment Benefits Liability         —         6,758,623           Total Non-Current Liabilities         —         —         6,758,623           TOTAL LIABILITIES         —         169,813,691         (191,819,953)         4,447,127,904           NET POSITION         —         —         —         16,363,042           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         —         2,445,728,311           Expendable         —         —         2,2445,728,311           Expendable         —         —         973,733,287	Advances (Including Tuition and Fees)	_	(6,727,384)	15,141,815
Lease Purchase Obligations - External         —         74,566,074           Revenue Bonds/Mortgage Payable         158,332,329         —         3,164,340,614           Liabilities Under Split Interest Agreements         —         —         26,523,480           Interest Rate Swap         4,854,779         —         37,493,371           Claims and Judgments         —         —         6,758,623           Net Other Post Employment Benefits Liability         —         —         6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES         —         —         16,363,042           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Expendable         —         —         2,445,728,311           Expendable         —         —         973,733,287           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	Other Liabilities	_	_	32,116,715
Revenue Bonds/Mortgage Payable         158,332,329         — 3,164,340,614           Liabilities Under Split Interest Agreements         — 4,854,779         — 37,493,371           Interest Rate Swap         4,854,779         — 580,624           Net Other Post Employment Benefits Liability         — — 6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           NET POSITION         — — 16,363,042           Net Investment in Capital Assets         227,338         — 310,914,736           Restricted for:         — — 2,445,728,311           Nonexpendable         — — (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	Notes and Loans Payable	_	_	178,374,242
Revenue Bonds/Mortgage Payable         158,332,329         — 3,164,340,614           Liabilities Under Split Interest Agreements         — 4,854,779         — 37,493,71           Interest Rate Swap         4,854,779         — 580,624           Claims and Judgments         — — 6,758,623           Net Other Post Employment Benefits Liability         — — 6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           NET POSITION         — — 16,363,042         — — 310,914,736           Restricted for:         — — 227,338         — — 310,914,736           Restricted for:         — — 2445,728,311         — — 2445,728,311           Expendable         — — (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	Lease Purchase Obligations - External	_	_	74,566,074
Liabilities Under Split Interest Agreements         —         26,523,480           Interest Rate Swap         4,854,779         —         37,493,371           Claims and Judgments         —         —         580,624           Net Other Post Employment Benefits Liability         —         —         6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           NET POSITION         —         —         —         310,914,736           Restricted for:         —         —         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311         —         2,445,728,311           Expendable         —         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		158,332,329	_	3,164,340,614
Interest Rate Swap         4,854,779         —         37,493,371           Claims and Judgments         —         —         580,624           Net Other Post Employment Benefits Liability         —         —         6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           NET POSITION           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		_	_	26,523,480
Claims and Judgments         —         —         580,624           Net Other Post Employment Benefits Liability         —         —         6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES         —         —         —         16,363,042           NET POSITION           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		4,854,779	_	
Net Other Post Employment Benefits Liability         —         6,758,623           Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES           Net POSITION         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	·	_	_	
Total Non-Current Liabilities         163,187,108         (120,442,081)         3,541,488,322           TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES         —         —         —         16,363,042           NET POSITION         Sestricted for:         —         —         310,914,736           Restricted for:         —         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		_	_	
TOTAL LIABILITIES         169,813,691         (191,819,953)         4,447,127,904           DEFERRED INFLOWS OF RESOURCES         —         —         —         16,363,042           NET POSITION         Sestricted for:         —         —         310,914,736           Restricted for:         —         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		163.187.108	(120.442.081)	
DEFERRED INFLOWS OF RESOURCES         —         —         —         16,363,042           NET POSITION         Set Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287				
NET POSITION           Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287		,,		
Net Investment in Capital Assets         227,338         —         310,914,736           Restricted for:         —         —         2,445,728,311           Nonexpendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	DEFERRED INFLOWS OF RESOURCES			16,363,042
Restricted for:         4         4         2,445,728,311           Nonexpendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	NET POSITION			
Nonexpendable         —         —         2,445,728,311           Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	Net Investment in Capital Assets	227,338	_	310,914,736
Expendable         —         (250,000)         1,147,673,833           Unrestricted (Deficit)         10,080,322         (25,080,576)         973,733,287	Restricted for:			
Unrestricted (Deficit) 10,080,322 (25,080,576) 973,733,287	Nonexpendable	_	_	2,445,728,311
Unrestricted (Deficit) 10,080,322 (25,080,576) 973,733,287	Expendable	_	(250,000)	1,147,673,833
	Unrestricted (Deficit)	10,080,322	(25,080,576)	
	TOTAL NET POSITION	\$ 10,307,660	\$ (25,330,576)	\$ 4,878,050,167

	Augusta University Foundation, Inc.	Augusta University Research Foundation, Inc.	AU Health Systems, Inc.	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	s —	\$ 49,041,572	\$ 667,250	\$ —	\$ —	\$ —
State	_	_	_	_	_	_
Other	26,536	11,293,495	_	27,576	_	_
Sales and Services	685,198	_	60,763,027	245,288	_	40,893
Patient Services			804,178,864			
Rents and Royalties	172,516	904,575	1,003,935	13,200,977	4,793,939	8,641,953
Gifts and Contributions	2,463,215	_	_	232,200	2,030,399	585,392
Endowment Income	1,748,811	_	_	_	892,193	_
Other Operating Revenues				810,140	370,921	
Total Operating Revenues	5,096,276	61,239,642	866,613,076	14,516,181	8,087,452	9,268,238
OPERATING EXPENSES						
Faculty Salaries	184,583	_	_	_	_	_
Staff Salaries	986,491	_	291,359,223	384,665	498,183	_
Employee Benefits	329,444	_	76,950,571	_	_	_
Other Personal Services	129,890	_	156,834,367	_	_	17,683
Travel	183,877	_	1,341,565	_	101,644	142,367
Scholarships and Fellowships	582,643	_	1,096,824	_	827,873	264,900
Utilities	_	_	4,389,973	37,418	_	_
Supplies and Other Services	1,236,657	60,204,418	356,966,988	6,650,904	2,748,323	1,518,061
Depreciation			37,115,718	2,618,182	1,074	457
Total Operating Expenses	3,633,585	60,204,418	926,055,229	9,691,169	4,177,097	1,943,468
Counting Income (I con)	f 4 400 004	f 4.005.004	f (50 440 450)	f 4.005.040	£ 2.040.055	Ф 7.004.770
Operating Income (Loss)	\$ 1,462,691	\$ 1,035,224	\$ (59,442,153)	\$ 4,825,012	\$ 3,910,355	\$ 7,324,770

	Augusta University Foundation, Inc.	Augusta University Research Foundation, Inc.	AU Health Systems, Inc.	Georgia Advanced Technology Ventures, Inc.	Advanced Georgia College Technology & State University	
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	<b>\$</b> —	\$ —	\$ 31,992,211	\$ —	\$ —	\$ —
Grants and Contracts						
Federal	_	_	2,955,709	_	_	_
State	_	_	3,430,939	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	1,078,760	308,973	3,077,450	260,379	(500,333)	470,687
Interest Expense	(853,007)	_	(9,556,881)	(3,197,663)	(3,967,057)	(5,903,990)
Other Nonoperating Revenues (Expenses)	_	(2,028)	(9,673,002)	27,455,348	(4,200)	_
Net Nonoperating Revenues	225,753	306,945	22,226,426	24,518,064	(4,471,590)	(5,433,303)
leases (Leas) Refere Other Reviews Frances						
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	1,688,444	1,342,169	(37,215,727)	29,343,076	(561,235)	1,891,467
Capital Grants and Gifts						
Other	_	_	998,143	_	_	_
Additions to Permanent and Term Endowments	293,262	_	_	_	1,516,507	1,412,040
Total Other Revenues, Expenses, Gains or Losses	293,262	_	998,143	_	1,516,507	1,412,040
Change in Net Position	1,981,706	1,342,169	(36,217,584)	29,343,076	955,272	3,303,507
Net Position, Beginning of Year, Restated	37,908,340	8,525,921	334,311,503	29,247,662	34,327,313	13,875,463
3 ·, ·						
Not Desition End of Year	¢ 20,900,040	¢ 0.969.000	¢ 209.002.040	¢ 59 500 700	¢ 25 202 505	¢ 47.479.070
Net Position, End of Year	\$ 39,890,046	\$ 9,868,090	\$ 298,093,919	\$ 58,590,738	\$ 35,282,585	\$ 17,178,970

	Georgia Health Sciences Foundation, Inc.	Georgia Southern University Housing Foundation, Inc.	Georgia State University Athletic Association, Inc.	sity Athletic University Research		Georgia Tech Athletic Association
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$	\$	\$	\$ 72,228,675	\$
State	_	_	_	_	1,451,137	_
Other	573,543	_	_	_	18,144,652	_
Sales and Services	403,278	_	24,607,707	_	_	56,398,194
Patient Services						
Rents and Royalties	12,300	10,907,866	974,893	18,001,804	3,134,301	9,280,181
Gifts and Contributions	9,085,214	_	6,713,238	20,275,927	_	3,528,289
Endowment Income	145,955	_	_	6,380,200	_	_
Other Operating Revenues		1,726,951	3,260,408	3,103,029		
Total Operating Revenues	10,220,290	12,634,817	35,556,246	47,760,960	94,958,765	69,206,664
OPERATING EXPENSES						
Faculty Salaries	_	_	_	_	_	_
Staff Salaries	_	_	8,928,818	2,436,678	_	_
Employee Benefits	_	_	2,608,630	_	_	_
Other Personal Services	875,551	323,230	_	_	_	_
Travel	162,825	_	2,549,098	1,413,133	74,130	6,541,114
Scholarships and Fellowships	1,025,198	_	7,923,239	7,994,573	_	12,213,964
Utilities	_	_	1,783,820	_	6,651	_
Supplies and Other Services	7,941,531	2,309,799	14,521,134	40,503,112	91,833,484	58,043,026
Depreciation			91,622	647,101	707,419	7,709,956
Total Operating Expenses	10,005,105	2,633,029	38,406,361	52,994,597	92,621,684	84,508,060
Operating Income (Loss)	\$ 215,185	\$ 10,001,788	\$ (2,850,115)	\$ (5,233,637)	\$ 2,337,081	\$ (15,301,396)

	Georgia Health Sciences Foundation, Inc.	Georgia Southern University Housing Foundation, Inc.	University Georgia State Georgia State University Housing University Athletic University Research		University Georgia State Housing University Athletic		University Athletic University		University Research	
NONOPERATING REVENUES (EXPENSES)										
State Appropriations	\$ —	\$ —	\$ —	\$ —	\$ —	<b>\$</b>				
Grants and Contracts										
Federal	_	_	_	_	_	_				
State	_	_	_	_	_	_				
Gifts	_	_	_	_	750,000	907,869				
Investment Income	395,465	618,419	41,682	6,948,382	748,849	7,264,560				
Interest Expense	_	(8,398,868)	_	(3,770,674)	(2,687,677)	(12,735,466)				
Other Nonoperating Revenues (Expenses)					732,244					
Net Nonoperating Revenues	395,465	(7,780,449)	41,682	3,177,708	(456,584)	(4,563,037)				
•					· · · · · · · ·					
Income (Loss) Before Other Revenues, Expenses,										
Gains, or Losses	610,650	2,221,339	(2,808,433)	(2,055,929)	1,880,497	(19,864,433)				
Capital Grants and Gifts										
Other	_	_	_	_	_	17,468,594				
Additions to Permanent and Term Endowments	167,785	_	_	_	_	2,335,080				
Total Other Revenues, Expenses, Gains or Losses	167,785	_	_	_	_	19,803,674				
Change in Net Position	778,435	2,221,339	(2,808,433)	(2,055,929)	1,880,497	(60,759)				
Net Position, Beginning of Year, Restated	21,042,143	30,610,426	15,127,840	270,459,653	26,425,434	72,138,452				
, , , , , , , , , , , , , , , , , , , ,						,				
Net Position, End of Year	\$ 21,820,578	\$ 32,831,765	\$ 12,319,407	\$ 268,403,724	\$ 28,305,931	\$ 72,077,693				
NET FOSITION, END OF TEST	Ψ ∠1,0∠0,578	φ 3∠,031,705 ————————————————————————————————————	φ 12,319,407	φ 200,403,724	Ψ 20,303,931	Ψ 12,011,093				

	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corporation	Kennesaw State University Foundation, Inc.	University of Georgia	
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$ —	\$ 726,175,147	\$ —	\$ —	\$ —
State	_	_	12,748,514	_	_	_
Other	571,661	_	93,274,355	_	_	_
Sales and Services	594,896	60,000	_	350,540	_	_
Patient Services						
Rents and Royalties	14,030,980	30,360,000	14,003,106	40,762,497	18,591	1,778,078
Gifts and Contributions	_	56,873,000	_	5,620,442	1,034,455	_
Endowment Income	_	58,329,751	_	1,179,819	6,261,026	_
Other Operating Revenues					442,972	
Total Operating Revenues	15,197,537	145,622,751	846,201,122	47,913,298	7,757,044	1,778,078
OPERATING EXPENSES						
Faculty Salaries	_	_	_	_	2,618,616	_
Staff Salaries	_	2,449,000	_	3,068,011	1,071,574	_
Employee Benefits	_	706,000	_	_	94,304	_
Other Personal Services	_	101,000	_	46,988	_	_
Travel	_	79,000	112,207	3,061	183,585	_
Scholarships and Fellowships	_	_	_	2,622,282	2,200,954	_
Utilities	193,750	944,000	_	2,616,619	49,909	_
Supplies and Other Services	2,755,877	102,127,000	837,655,776	16,098,001	3,727,680	1,703,366
Depreciation		3,091,000	232,952	5,037,407	55,202	
Total Operating Expenses	2,949,627	109,497,000	838,000,935	29,492,369	10,001,824	1,703,366
Operating Income (Loss)	\$ 12,247,910	\$ 36,125,751	\$ 8,200,187	\$ 18,420,929	\$ (2,244,780)	\$ 74,712

	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corporation	Kennesaw State University Foundation, Inc.	University of Georgia	
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	\$ —	s —	\$ —	\$ —	\$ —	\$ —
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	600,851	41,738,249	552,444	2,928,319	5,718,559	55,150
Interest Expense	(11,832,439)	(13,089,000)	_	(12,889,878)	_	(1,132,057)
Other Nonoperating Revenues (Expenses)	(18,211)			(1,031,791)		
Net Nonoperating Revenues	(11,249,799)	28,649,249	552,444	(10,993,350)	5,718,559	(1,076,907)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	998,111	64,775,000	8,752,631	7,427,579	3,473,779	(1,002,195)
Consider Consider and Ciffe						
Capital Grants and Gifts Other						
Additions to Permanent and Term Endowments	_	23,754,000	_	2,199,101	2,882,525	_
Additions to Permanent and Term Endowments		23,734,000		2,199,101	2,002,323	
Total Other Revenues, Expenses, Gains or Losses	_	23,754,000	_	2,199,101	2,882,525	_
Change in Net Position	998,111	88,529,000	8,752,631	9,626,680	6,356,304	(1,002,195)
Net Position, Beginning of Year, Restated	39,385,755	1,693,434,000	64,279,468	73,909,602	257,653,333	6,694,583
Net Position, End of Year	\$ 40,383,866	\$ 1,781,963,000	\$ 73,032,099	\$ 83,536,282	\$ 264,009,637	\$ 5,692,388

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	lorth Geórgia Real Estate UWG Real Estate	
OPERATING REVENUES						
Grants and Contracts						
Federal	\$ —	\$ —	\$ 124,848,247	\$ —	\$ —	\$ —
State	_	_	6,169,886	_	_	_
Other	_	_	52,399,556	_	_	75,000
Sales and Services	154,272,670	11,018,437	_	_	_	546,903
Patient Services						
Rents and Royalties	_	1,117,504	27,785,611	6,553,011	6,194,639	19,652,389
Gifts and Contributions	_	72,700,642	_	115,275	_	2,204,808
Endowment Income	_	33,155,856	_	_	_	308,271
Other Operating Revenues	_	_	_	_	_	_
Total Operating Revenues	154,272,670	117,992,439	211,203,300	6,668,286	6,194,639	22,787,371
OPERATING EXPENSES						
Faculty Salaries	_	_	_	_	_	_
Staff Salaries	16,408,414	4,024,499	_	112,148	_	390,354
Employee Benefits	495,616	_	_	_	_	_
Other Personal Services	_	_	_	_	_	_
Travel	10,524,203	281,104	_	_	_	31,538
Scholarships and Fellowships	_	77,000	_	_	_	1,514,135
Utilities	_	_	_	_	_	_
Supplies and Other Services	110,784,142	82,321,284	197,860,655	723,517	436,209	1,117,347
Depreciation	11,294,829	1,234,672	114,324	145,467		
Total Operating Expenses	149,507,204	87,938,559	197,974,979	981,132	436,209	3,053,374
Operating Income (Loss)	\$ 4,765,466	\$ 30,053,880	\$ 13,228,321	\$ 5,687,154	\$ 5,758,430	\$ 19,733,997

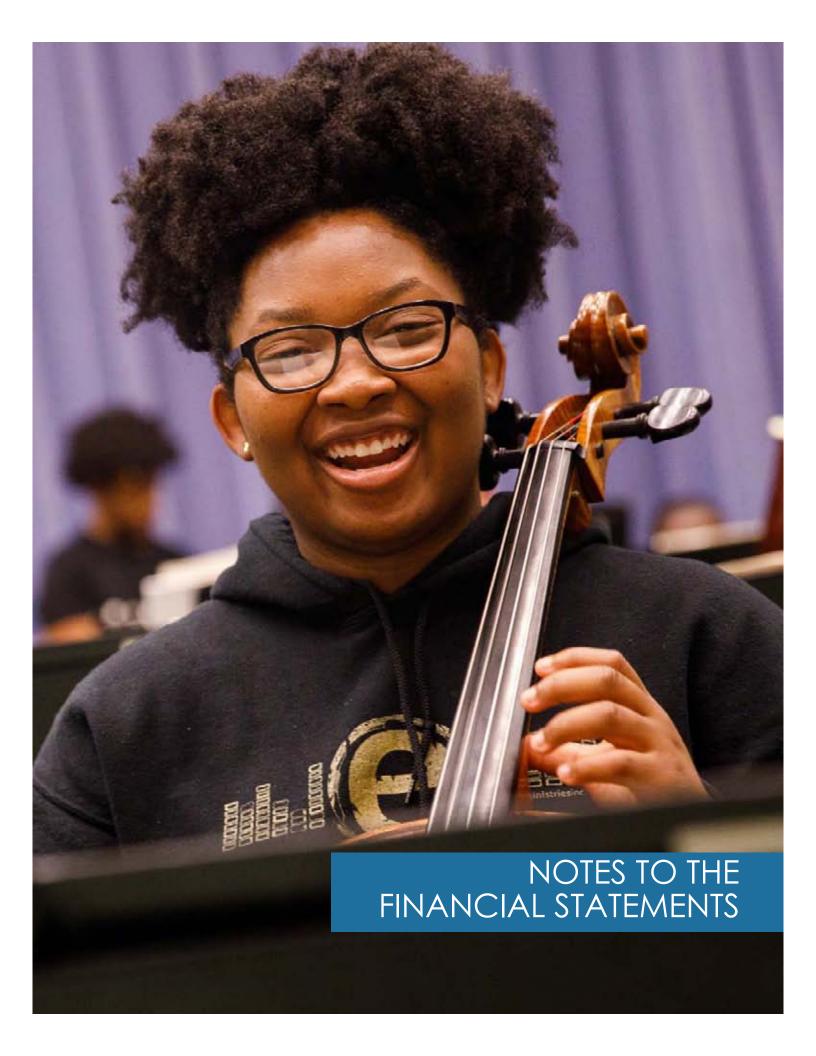
	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	North Georgia Real Estate UWG Real Estate	
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	\$	\$	\$	\$ —	\$ —	<b>\$</b>
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Gifts	16,010,600	_	_	_	_	_
Investment Income	1,437,603	18,230,068	2,874,824	19,300	210,178	198,717
Interest Expense	(3,379,796)	(1,055,888)	(9,901,906)	(3,506,754)	(4,958,664)	(14,691,346)
Other Nonoperating Revenues (Expenses)	1,109,233	733,491	(18,190)			(6,177,358)
Net Nonoperating Revenues	15,177,640	17,907,671	(7,045,272)	(3,487,454)	(4,748,486)	(20,669,987)
		-				
Income (Loss) Before Other Revenues, Expenses,	19,943,106	47,961,551	6,183,049	2,199,700	1,009,944	(025,000)
Gains, or Losses	19,943,106	47,961,551	6,183,049	2,199,700	1,009,944	(935,990)
Capital Grants and Gifts						
Other	_	_	_	_		_
Additions to Permanent and Term Endowments		46,346,128				47,977
						42.022
Total Other Revenues, Expenses, Gains or Losses		46,346,128				47,977
Change in Net Position	19,943,106	94,307,679	6,183,049	2,199,700	1,009,944	(888,013)
Net Position, Beginning of Year, Restated	270,088,675	1,235,938,462	93,013,751	8,056,860	4,745,418	15,193,734
Net Position, End of Year	\$ 290,031,781	\$ 1,330,246,141	\$ 99,196,800	\$ 10,256,560	\$ 5,755,362	\$ 14,305,721

	Sen	J Auxiliary vices Real Foundation	Conso	nation/ lidation tries	Total	
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	_	\$	_	\$	972,960,891
State		_		_		20,369,537
Other		_		_		176,386,374
Sales and Services		_		_		309,987,031
Patient Services				_		804,178,864
Rents and Royalties		6,393,317		2,561,119		242,240,082
Gifts and Contributions		95,811	(	1,012,840)		182,545,467
Endowment Income		_		_		108,401,882
Other Operating Revenues		1,030,732				10,745,153
Total Operating Revenues		7,519,860		1,548,279		2,827,815,281
OPERATING EXPENSES						
Faculty Salaries		_		_		2,803,199
Staff Salaries		_		_		332,118,058
Employee Benefits		_		_		81,184,565
Other Personal Services		_		_		158,328,709
Travel		_		_		23,724,451
Scholarships and Fellowships		_		_		38,343,585
Utilities		_		_		10,022,140
Supplies and Other Services		1,125,238	(	5,055,725)		1,997,857,804
Depreciation					_	70,097,382
Total Operating Expenses		1,125,238		5,055,725)	_	2,714,479,893
Operating Income (Loss)	\$	6,394,622	\$	6,604,004	\$	113,335,388

	VSU Auxiliary Services Real Estate Foundation	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	\$	\$ —	\$ 31,992,211
Grants and Contracts			
Federal	_	_	2,955,709
State	_	_	3,430,939
Gifts	_	_	17,668,469
Investment Income	85,895	_	95,363,430
Interest Expense	(5,650,765)	_	(133,159,776)
Other Nonoperating Revenues (Expenses)			13,105,536
Net Nonoperating Revenues	(5,564,870)	_	31,356,518
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	829,752	6,604,004	144,691,906
Capital Grants and Gifts			
Other	_	_	18,466,737
Additions to Permanent and Term Endowments	_	_	80,954,405
Total Other Revenues, Expenses, Gains or Losses			99,421,142
Change in Net Position	829,752	6,604,004	244,113,048
Net Position, Beginning of Year, Restated	9,477,908	(31,934,580)	4,633,937,119
Net Position, End of Year	\$ 10,307,660	\$ (25,330,576)	\$ 4,878,050,167



# UNIVERSITY SYSTEM OF GEORGIA



# UNIVERSITY SYSTEM OF GEORGIA NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019

# Note 1 Summary of Significant Accounting Policies

## **Nature of Operations**

The University System of Georgia (USG) serves Georgia and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

## Reporting Entity

The USG, an organizational unit of the State of Georgia (primary government) (State), is comprised of twenty-six (26) State-supported member institutions of higher education in Georgia, the University System Office (USO), the Georgia Archives and the Georgia Public Library System. The USO is the custodian of the Board of Regents Retiree Health Benefit Fiduciary Fund and the Deferred Compensation Plan Fiduciary Fund. Augusta University, an organizational unit of the USG, is the custodian of the Early Retirement Plan Fiduciary Fund.

The Board of Regents of the University System of Georgia (Board) has constitutional authority to govern, control and manage the USG. The Board was created in 1931 as a part of a reorganization of Georgia's state government. With this act, public higher education in Georgia was unified for the first time under a single governing and management authority. The governor appoints members to the Board, who each serve seven years; regents may be reappointed to subsequent terms by a sitting governor. Regents donate their time and expertise to serve the State through their governance of the USG - the positions are voluntary ones without financial remuneration. Today, the Board is composed of 19 members, five of whom are appointed from the state-at-large, and one from each of the 14 congressional districts. The Board elects a chancellor who serves as its chief executive officer and the chief administrative officer of the USG.

The USG does not have the right to sue/be sued without recourse to the State. The USG's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. The USG is not legally separate from the State. Accordingly, the USG is included within the State's basic financial statements as part of the primary government as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the USG. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2019, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

## Discretely Presented Component Units

The below organizations are legally separate, tax-exempt component units of the State. Although the State (primary government) is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between the primary government and the below organizations is such that exclusion from these departmental financial statements would render them misleading. The below organizations met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. Each of the below organization's fiscal year ends on June 30 each year, except for VSU Auxiliary Services Real Estate Foundation, Inc. VSU Auxiliary Services Real Estate Foundation, Inc.'s fiscal year ends December 31 each year. Separately issued financial statements are available from the following addresses.

- Augusta University Foundation, Inc. and Subsidiaries, 1120 15th Street, FI-1049, Augusta, GA, 30912
- Augusta University Research Institute, Inc., 1120 15th Street, AA 311, Richmond, Augusta, GA, 30912-4810
- AU Health Systems, Inc. d/b/a AU Health System, 1120 15th Street. FY139, Augusta, GA 30912
- Georgia Advanced Technology Ventures, Inc. and Subsidiaries, 221 Uncle Heinie Way, Lyman Hall Building, Suite 305, Atlanta, GA, 30332-0257 or found at gatv.gatech.edu/financial-statements
- Georgia College & State University Foundation, Inc. and Subsidiaries, 231 W Hancock St., CBX 96, Milledgeville, GA, 30161
- Georgia Gwinnett College Foundation, Inc., 1000 University Center Lane, Lawrenceville, GA, 30043
- Georgia Health Sciences Foundation, Inc., 1120 15<sup>th</sup> Street, FI-1000, Augusta, GA 30912
- Georgia Southern University Housing Foundation, Inc. and Subsidiaries, P.O. Box 8020, Statesboro, GA 30460
- Georgia State University Athletic Association, Inc., 125 Decatur Street SE, Atlanta, Georgia, 30303
- Georgia State University Foundation, Inc., Attn: Dale Palmer, GSU Foundation, One Park Place South, Suite 533, Atlanta, GA 30303
- Georgia State University Research Foundation, Inc., 100 Auburn Avenue, Suite 315, Fulton, Atlanta, GA, 30303
- Georgia Tech Athletic Association, 150 Bobby Dodd Way, NW, Atlanta, GA 30332-0455 or found at finservices.gatech.edu/affiliated-organization-financial-statements
- Georgia Tech Facilities, Inc., 221 Uncle Heinie Way, NW, Lyman Hall Building, Suite 325, Atlanta GA30332-0257 or found at <a href="https://doi.org/10.1007/jtmancial-statements">https://doi.org/10.1007/jtmancial-statements</a>
- Georgia Tech Foundation, Inc., 760 Spring Street, NW, Suite 400, Atlanta, GA 30308 or found at <a href="mailto:gtf.gatech.edu/financial-statements">gtf.gatech.edu/financial-statements</a>
- Georgia Tech Research Corporation, 926 Dalney Street, NW, GA 30332-0415 or found at <a href="mailto:gtrc/documents/financial-information">gtrc/documents/financial-information</a>
- Kennesaw State University Foundation, Inc., 3391 Town Point Drive, Suite 4530/Mail drop 9101, Kennesaw, GA 30144
- Medical College of Georgia Foundation, Inc., 720 St. Sebastian Way, Augusta, GA 30901
- Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries, 100 University Pkwy, Macon, GA 31206
- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Room 225, Athens, GA 30602
- The University of Georgia Foundation, 394 S. Milledge Ave, Suite 100, Athens, GA 30602
- University of Georgia Research Foundation, Inc. and Subsidiaries, 456 E. Broad Street, Athens, GA 30602-1536
- University of North Georgia Real Estate Foundation, Inc. and Subsidiaries, 110 South Chestatee Street, Suite 320, Dahlonega, GA 30597
- University System of Georgia Foundation, Inc. and Affiliates, 270 Washington Street, SW Suite 7007, Atlanta, Ga 30334
- UWG Real Estate Foundation, Inc., 1601 Maple St, Carrollton, GA 30118
- VSU Auxiliary Services Real Estate Foundation, Inc., 1500 N. Patterson St, Valdosta, GA 31698

See Component Unit Note for additional information related to discretely presented component units.

## **Basis of Accounting and Financial Statement Presentation**

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the USG's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

The USG's business-type activities and fiduciary fund financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

The USG reports the following fiduciary fund:

Pension and Other Post Employment Benefit Trust Funds - Accounts for the activities of the Early Retirement Plan, the Board of Regents Retiree Health Benefit Fund and the Deferred Compensation Fund.

## **New Accounting Pronouncements**

For fiscal year 2019, the USG adopted GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2019, the USG adopted GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The adoption of this Statement does not have a significant impact on the USG's financial statements.

## **Cash and Cash Equivalents**

Cash and cash equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to purpose or use by a third party are reported as externally restricted.

#### **Short-Term Investments**

Short-Term Investments consist of investments of 90 days - 13 months. These include certificates of deposits or other time-restricted investments with original maturities of three months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal. Short-term investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Short-term investments restricted as to purpose or use by a third party are reported as externally restricted.

#### Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The USG accounts for its investments at fair value. Changes in the fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Board of Regents Diversified Fund for Foundations are included as investments. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Investments restricted as to purpose or use by a third party are reported as externally restricted.

## **Accounts Receivable**

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of whom reside in the State of Georgia. Accounts receivable also includes amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the USG's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

#### Inventories

Consumable supplies are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis. Resale inventories are valued at cost using the average-cost basis.

#### **Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

# **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the USG's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To fully understand plant additions for the USG, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the USG. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For projects managed by GSFIC, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the USG when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

## **Capital Liability Reserve Fund**

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as USG institutions have rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each participating institution. See Note 10 for additional information.

# **Deferred Outflows of Resources**

Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period.

## **Deposits**

Deposits represent good faith deposits from students to reserve housing assignments, meal plans or other auxiliary services.

#### **Advances**

Advances include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Advances also include amounts received from grant and contract sponsors that have not yet been earned.

# **Deposits Held for Other Organizations**

Deposits held for other organizations result primarily from the USG acting as an agent or fiduciary for another entity. Deposits held for others include scholarships, fellowships, and other funds held for various governments, companies, clubs or individuals.

## **Claims and Judgments**

An estimated loss from claims and judgments is recognized when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

## **Pollution Remediation Obligations**

Pollution remediation obligations are recorded when the USG knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the "expected cash flows" measurement technique.

## **Compensated Absences**

Employee vacation pay is accrued at the end of the fiscal year for financial statement purposes. The liability and expense incurred are recorded at the end of the fiscal year as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Position.

#### **Non-current Liabilities**

Non-current liabilities include: (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

#### **Deferred Inflows of Resources**

Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period.

## Other Post-Employment Benefit (OPEB)

The net OPEB liability represents the USG's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Board of Regents Retiree Health Benefit Plan and the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Pensions and Net Pension Liability**

The net pension liability represents the USG's proportionate share of the difference between the total pension liability as a result of the exchange for employee services for compensation and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, additions to/ deductions from the plans fiduciary net position have been determined on the same basis as they are reported by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, and Augusta University Early Retirement Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Service Concession Arrangements**

Service concession agreements are arrangements between a government (transferor, one of our institutions) and a third party (operator) in which all of the following criteria are met:

- a) The institution conveys to the operator the right and obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration. Significant consideration could be in the form of up-front payments, installment payments, a new facility or improvements to existing facility.
- b) The operator collects and is compensated by fees from third parties.
- c) The institution has the ability to modify or approve what services the operator is required to provide, to whom services are provided, and prices or rates that can be charged for those services.
- d) The institution is entitled to significant residual interest in the service utility of the asset at the end of the arrangement.

#### **Net Position**

The USG's net position is classified as follows:

Net investment in capital assets represents the USG's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

Restricted - nonexpendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted - expendable accounts for expenditure as specified by the purpose of the endowment. Each institution maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

Restricted - expendable net position includes resources in which the USG is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the USG, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unobligated state appropriations (surplus). Unobligated state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the USG's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

#### **Income Taxes**

As a political subdivision of the State of Georgia which has been delegated the right to exercise part of the sovereign power of the State, the USG is not subject to federal income tax.

# Classification of Revenues and Expenses

The Statement of Revenues, Expenses and Changes in Net Position classifies fiscal year activity as operating and nonoperating according to the following criteria:

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.
- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as
  gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB
  Statements No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental
  Entities That Use Proprietary Fund Accounting, and No. 34, Basic Financial Statements—and Management's
  Discussion and Analysis—for State and Local Governments, such as state appropriations and investment
  income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

## **Scholarship Allowances**

Scholarship allowances are the difference between the stated charge for goods and services provided by the USG, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the USG's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the USG has recorded contra revenue for scholarship allowances.

## **Restatement of Prior Year Net Position**

The USG made the following restatements:

	Business-type Activities	cretely Presented omponent Units
Net position, beginning of year, as originally reported	\$ 1,606,513,459	\$ 4,637,744,258
Changes in accounting policies and principles		
Revenue recognition under ASU 2014-09	_	(3,235,992)
Bond issuance cost accounting policy	_	(2,105,269)
Investment in sales-type lease policy	_	(519,768)
Correction of prior year errors		
Capital assets	2,718,945	_
Accounts receivable	299,164	2,053,890
Lease purchase obligations	(1,157,922)	_
Deferred outflows of resources	 (821,493)	 
Net position, beginning of year, restated	\$ 1,607,552,153	\$ 4,633,937,119

#### Special Items

Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence are considered special items. Special Items for the year ended June 30, 2019 were as follows:

	Capital Asset Transfers	Gain/ Extir	(Loss) on Early nguishment of Debt	Total
Abraham Baldwin Agricultural College	\$ (44,966,516)	\$	(942,687)	\$ (45,909,203)
Augusta University	97,644,818		_	97,644,818
Kennesaw State University	_		1,034,390	1,034,390
University of North Georgia	 			 
Totals	\$ 52,678,302	\$	91,703	\$ 52,770,005

## Abraham Baldwin Agricultural College (ABAC)

In July 2018, GSFIC funded \$18,730,728 to ABAC to be use to pay-off the remaining lease purchase obligation principle due for the Bainbridge Student Wellness Center. These GSFIC funds along with additional institutional funds of \$942,687 were sent to the University System of Georgia Foundation, Inc. relieving ABAC of any future obligations related to this debt. The \$942,687 loss on early extinguishment of debt is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

In August 2018, ABAC transferred land, building, improvements, and equipment located at 2500 East Shotwell Street, Bainbridge, Georgia with a gross book value of \$63,017,803 and accumulated depreciation of \$18,051,287 for a net book value of \$44,966,516 to Southern Regional Technical College, an organizational unit of the Technical College System of Georgia. This transfer is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

## Augusta University

In March 2019, Georgia Technology Authority transferred property of approximately 16.47 acres of land located at 1 Eleventh Street, Augusta, Richmond County, Georgia and the two buildings known as the Georgia Cyber Center (Hull McKnight Building and Schaffer MacCartney Building) which were erected on the site as well as equipment in those buildings to Augusta University. The land, buildings, and equipment had a reported gross book value of \$98,428,910 and accumulated depreciation of \$784,092 for a net book value of \$97,644,818. The net effect of the transfer of assets of \$97,644,817 is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

# Kennesaw State University

During fiscal year 2019, a capital lease agreement for a multi-purpose building between Kennesaw State University and Kennesaw State University Foundation, Inc. was amended resulting in the extinguishment of \$1,034,390 of lease purchase obligation debt. This gain on early extinguishment of debt is reported as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

## University of North Georgia

During fiscal year 2019, the University of North Georgia received equipment with gross book value of \$175,800 and accumulated depreciation of \$175,800 for a net book value of \$0 from affiliate organizations outside the reporting entity.

# Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying Statement of Net Position and Statement of Fiduciary Net Position as follows:

#### Statement of Net Position

1,385,282,311
262,314,825
72,567,261
519,191
197,694,631
3,335,727
34,175
249,941,368
25,243,234
235,445,864
2,432,378,587

Cash on hand, deposits and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$ 1,117,622
Deposits with Financial Institutions	717,920,381
Investments	1,842,229,668
Pooled Assets Held on Behalf of Component Units	 (128,889,084)
	\$ 2,432,378,587

## A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the USG's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the USG) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

- Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State
  of Georgia.
- 2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
- 6. Letters of credit issued by a Federal Home Loan Bank.
- 7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The USG participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2019, the bank balances of the USG's deposits totaled \$749,159,268. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, \$10,894,016 were exposed to custodial credit risk as follows:

Uninsured and uncollaterized	\$	230,483
Uninsured and collateralized with securities held by the pledging financial institution		_
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the		
Institution's name		10,663,533
	•	40.004.040
Total deposits exposed to custodial credit risk	\$	10,894,016

## Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The USG has a formal policy for managing exposure to foreign currency credit risk by requiring a maximum balance in a single foreign account of \$100,000 U.S. currency. The USG's exposure to foreign currency risk derives from deposits in foreign banks for operations of studies abroad programs. The deposits are uninsured and uncollateralized in the amount of \$119.087 as follows:

Program	Institution	Currency	U.S. Va	alue
UGA - Oxford Program	Barclay's	British Pound	\$	51,972
UGA Cortona Art Program	Banca CR Firenze	European Euro		67,115
			\$	119,087

#### **B.** Investments

The USG maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility it has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy and applicable Federal and State laws.

GASB Statement No. 72, Fair Value Measurements and Application, which requires fair value measurement be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments.

The following table summarizes the valuation of the USG's investments measured at fair value on a recurring basis as of June 30, 2019.

	Fair Value Hierarchy			,
	Fair Value	Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 30,453,783	\$ 30,453,78	3 \$ —	\$ —
U.S. Agencies				
Explicitly Guaranteed	218,512,918	-	_ 218,512,918	_
Implicitly Guaranteed	384,767,691	95,634,42	289,133,270	_
Corporate Debt	200,133,960	11,38	200,122,576	_
Guaranteed Investment Contracts	1,384,386	-		1,384,386
Money Market Mutual Funds	8,248,497	8,248,49	7 —	_
Municipal Obligations	986,599	986,59	9 —	_
Mutual Bond Funds	201,342,136	201,342,13	- G	_
Other Investments				
Equity Mutual Funds - Domestic	197,393,925	197,393,92	25 —	_
Equity Mutual Funds - International	2,671,451	2,671,45	i1 —	_
Equity Securities - Domestic	156,556,930	156,556,92		6
Equity Securities - International	357,260	119,08	36 238,174	_
Real Estate Held for Investment Purposes	6,345,412	-		6,345,412
Real Estate Investment Trusts	1,006,318	1,006,31	8 —	_
Other	1,011,769	1,011,76	9	
	1,411,173,035	\$ 695,436,29	3 \$ 708,006,938	\$ 7,729,804
Investment Pools				
Office of the State Treasurer				
Georgia Fund 1	431,056,633	-		
Total Investments	\$ 1,842,229,668	_		

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate and guaranteed investment contracts. The fair values of real estate investments in this category have been estimated using the net asset value of the USG's ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

The USG holds positions in the Georgia Fund 1 investment pool managed by the Georgia Office of the State Treasurer. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The USG does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

## Board of Regents Pooled Investment Program

The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. The investment pool is not registered with the SEC as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each pooled investment fund balance at fair value along with a pro rata share of the pooled fund's investment returns.

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified participants. These policies are intended to foster the sound and prudent responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and State laws. Units of the University System of Georgia and their affiliated organizations may participate in the pooled investment fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most an average degree of investment risk.

The Board of Regents' pooled investment fund options are described below.

## 1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of  $\frac{3}{4}$  - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Short-Term Fund at June 30, 2019 was \$608,840,985.

#### 2. Legal Fund

The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between three and five years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Legal Fund at June 30, 2019 was \$11,770,102.

#### 3. Balanced Income Fund

The Balanced Income Fund is available to both University System of Georgia institutions and their affiliated organizations. The fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Balanced Income Fund at June 30, 2019 was \$152,273,561.

# 4. Total Return Fund

The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 60% and 80%, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Total Return Fund at June 30, 2019 was \$14,659,511.

#### 5. Diversified Fund

The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income.

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Diversified Fund at June 30, 2019 was \$208,669,549.

#### 6. Diversified Fund for Foundations

The Diversified Fund for Foundations is available only to University System of Georgia affiliated organizations. Like the Diversified Fund, the fund is designed to provide improved return characteristics with reduced volatility through greater diversification and is appropriate for investing longer term funds such as endowments. Investments in the fund may include domestic, international and emerging market equities, domestic and global investment grade and non-investment grade fixed income and liquid alternative investments.

The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40% of the portfolio, with a target of 20% of the total portfolio. The alternatives portion of the portfolio shall range between 0% and 30% of the portfolio, with a target of 15% of the total portfolio. Cash reserves and invested income are invested at all times in the highest quality par stable (A1, P1) institutional money market funds, or other high quality short term instruments. The market value of the Diversified Fund for Foundations at June 30, 2019 was \$68,018,464.

Condensed financial information for the Board of Regents Pooled Investment Program is as follows:

#### Statement of Net Position - June 30, 2019

Assets	
Pooled Investments*	\$ 1,062,363,703
Receivables	1,868,469
	\$ 1,064,232,172
Distribution of Net Position	
USG Account Balance	\$ 873,929,313
Component Units and Affiliated Organizations	 190,302,859
	\$ 1,064,232,172

<sup>\*</sup> Pooled investments in the short-term fund are reported as cash and cash equivalents on the Statements of Net Position and Statement of Fiduciary Net Position, except for \$13,971,913 and \$3,219,951 for discretely presented component units reported as short-term investments and investments, respectively.

## Statement of Changes in Net Position - June 30, 2019

Market Value Plus Accrued Income on July 1, 2018	\$ 926,779,905
Receipts	205,419,558
Disbursements	
Administrative Expenses	(979,009)
Distributions	(106,798,457)
Investment Results	
Income Collected and Accrued	24,485,699
Realized Gain/Loss on Assets Sold	31,740,872
Change in Unrealized Gain/Loss	(15,914,400)
Amortization (Short-Term Fund)	 (501,996)
Market Value Plus Accrued Income on June 30, 2019	\$ 1,064,232,172

#### Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 39 days.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The USG's policy for managing interest rate risk attempts to match investments with expected cash requirements. The following table presents the interest rate risk for the USG's debt investment at June 30,2019, utilizing effective duration distribution methods:

	Fair Value		Less Than 3 Months	 1-12 Months	1-5 Years		6-10 Years		1-5 Years 6-10 Years		 More Than 10 Years
Investment type:											
Debt Securities											
U.S. Treasuries	\$ 30,453,783	\$	15,133,575	\$ 7,579,167	\$	4,832,897	\$	2,908,144	\$ _		
U.S. Agencies											
Explicitly Guaranteed	218,512,918		173,900,052	7,623,855		6,144,644		_	30,844,367		
Implicitly Guaranteed	384,767,691		209,549,433	26,208,975		102,341,572		16,533,261	30,134,450		
Corporate Debt	200,133,960		9,282,920	59,500,002		131,180,524		170,514	_		
Guaranteed Investment Contracts	1,384,386		_	_		_		_	1,384,386		
Money Market Mutual Funds	8,248,497		8,248,497	_		_		_	_		
Municipal Obligations	986,599		5,000	101,440		332,407		337,908	209,844		
Mutual Bond Funds	201,342,136		128,604	 		35,314,316		66,387,383	99,511,833		
	1,045,829,970	\$	416,248,081	\$ 101,013,439	\$	280,146,360	\$	86,337,210	\$ 162,084,880		
Other Investments											
Equity Mutual Funds - Domestic	197,393,925										
Equity Mutual Funds - International	2,671,451										
Equity Securities - Domestic	156,556,930										
Equity Securities - International	357,260										
Real Estate Held for Investment Purposes	6,345,412										
Real Estate Investment Trusts	1,006,318										
Other	1,011,769										
Investment Pools											
Office of the State Treasurer											
Georgia Fund 1	431,056,633										
Total Investments	\$1,842,229,668	•									

## Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the USG will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The USG's policy for managing custodial credit risk is:

- The USG has appointed a federally regulated banking institution as custodian. The custodian performs its
  duties to the standards of professional custodian and is liable to the USG for claims, losses, liabilities and
  expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act
  in accordance with the contract.
- 2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.

3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2019, \$13,936,952 was uninsured and held by the investment's counterparty's trust department or agent, but not in the USG's name. Of this balance, \$1,401,548 is related to the Deferred Compensation Fiduciary Fund.

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The USG's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

- 1. In the Short-Term Fund and Legal Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.
- 2. In the Balanced Income Fund, Total Return Fund, and Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.
- 3. In the Diversified Fund for Foundations, fixed income investments include investment grade and high yield domestic bonds, dollar-and non-dollar denominated global bonds, and emerging market bonds. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA		A		BBB		BBB		BBB		ВВ	_	Unrated
Related Debt Investments															
U. S. Agency Securities	\$ 384,767,691	\$ 383,656,051	\$ 1,111,6	640 \$	-	\$	_	\$	_	\$	_				
Corporate Debt	200,133,960	1,250,090	1,919,	269	196,710,574		242,644		_		11,383				
Guaranteed Investment Contracts	1,384,386	_		_	_		_		_		1,384,386				
Money Market Mutual Fund	8,248,497	6,505,573		_	_		_		_		1,742,924				
Municipal Obligation	986,599	321,562	389,0	26	276,011		_		_		_				
Mutual Bond Fund	201,342,136	380,941	46,0	642	46,237				25,230		200,843,086				
					_										
	\$ 796,863,269	\$ 392,114,217	\$ 3,466,	577 \$	197,032,822	\$	242,644	\$	25,230	\$	203,981,779				

The Early Retirement Plan Fiduciary Fund has \$19,801,055 in mutual bond funds and \$2,667,860 in money market mutual funds (cash and cash equivalents on the statement of fiduciary net position). Mutual bond fund investments are not rated. For money market mutual fund investments, \$987,788 are rated AAA and \$1,680,072 are not rated.

The Deferred Compensation Fiduciary Fund has \$716,599 in mutual bond funds, \$1,384,386 in guaranteed investment contracts, and \$229,739 in money market mutual funds (cash and cash equivalents on the statement of fiduciary net position). Mutual bond fund investments and guaranteed investment contracts are not rated. Money market mutual fund investments are rated AAA.

The Retiree Health Benefit Fiduciary Fund has \$87,046,515 in mutual bond funds and \$1,565,815 in money market mutual funds. These investments are reported as pooled investments on the statement of fiduciary net position. Mutual bond fund investments are not rated. Money market mutual fund investments are rated AAA.

## Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The USG's policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

At June 30, 2019, approximately 11.77%, 10.89%, 5.33%, 5.20% and 5.18% of business-type activity and fiduciary fund investments were investments in Federal National Mortgage Assoc. notes and pools, Government National Mortgage Assn. notes and pools, Vanguard Institutional Index Fund, Federal Home Loan Bank notes and pools, and Western Asset Core Bond Portfolio, respectively.

Specifically for the Deferred Compensation Fiduciary Fund, approximately 31.98%, 20.37%, 16.54%, 8.26%, 7.90%, 5.49% and 5.31% of investments were invested in TIAA traditional annuity, TIAA Real Estate Fund, Fidelity Contrafund Fund, Fidelity Strategic Income Fund, Fidelity U.S. Bond Index Fund, Fidelity Low Priced Stock Fund, and Fidelity Investments Money Market Government Portfolio, respectively.

See Note 14 - Retirement Plans for concentration of credit risk for the Early Retirement Plan. See Note 17 - Post-Employment Benefits Other Than Pension Benefits for concentration of credit risk for the Retiree Health Benefit Fund.

#### Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2019:

	Business Type Activities				
Student Tuition and Fees	\$	71,922,196			
Auxiliary Enterprises and Other Operating Activities		77,874,998			
Federal Financial Assistance		83,229,010			
Georgia Student Finance Commission		25,716,389			
Georgia State Financing and Investment Commission		16,236,837			
Due from Affiliated Organizations		15,045,254			
Due from Component Units		275,492,678			
Other		147,469,212			
		712,986,574			
Less: Allowance for Doubtful Accounts		49,340,237			
Net Accounts Receivable	\$	663,646,337			
Note 4 Inventories					
Inventories consisted of the following at June 30, 2019:					
Consumable Supplies	\$	6,715,802			
Merchandise for Resale		15,424,607			
Total	\$	22,140,409			

# Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2019. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the USG for amounts canceled under these provisions. As the USG determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The USG has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2019, the allowance for uncollectible loans was \$2,246,352.

# Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2019 are shown below:

	(Restated) Balance July 1, 2018	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:					
Land	\$ 417,767,495	\$ 5,080,923	\$ 5,846,419	\$ 1,219	\$ 428,693,618
Capitalized Collections	52,015,213	(71,900)	4,915,641	1,670,000	55,188,954
Construction Work-in-Progress	231,606,547	_	173,365,612	207,698,454	197,273,705
Software Development-in-Progress	12,266,427		5,505,086	12,266,425	5,505,088
Total Capital Assets Not Being Depreciated	713,655,682	5,009,023	189,632,758	221,636,098	686,661,365
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	356,120,581	_	33,384,330	1,104,369	388,400,542
Building and Building Improvements	12,196,444,943	33,372,553	561,898,123	35,370,084	12,756,345,535
Facilities and Other Improvements	289,643,476	(829,499)	10,101,929	603,413	298,312,493
Equipment	1,722,937,018	(1,849,170)	147,504,880	70,893,587	1,797,699,141
Library Collections	935,486,771	_	32,461,860	7,998,383	959,950,248
Capitalized Collections	6,690,731	(116,000)	10,634	_	6,585,365
Software	92,778,419	_	35,768,352	_	128,546,771
Total Capital Assets Being Depreciated/Amortized	15,600,101,939	30,577,884	821,130,108	115,969,836	16,335,840,095
Less: Accumulated Depreciation/Amortization					
Infrastructure	139,507,861	_	14,372,051	614,753	153,265,159
Building and Building Improvements	4,105,886,218	(14,276,310)	320,556,617	24,896,245	4,387,270,280
Facilities and Other Improvements	129,331,479	(620,950)	12,247,511	580,190	140,377,850
Equipment	1,264,649,484	(2,194,135)	121,944,796	59,004,646	1,325,395,499
Library Collections	761,107,952	_	40,344,684	7,998,388	793,454,248
Capitalized Collections	1,670,246	_	158,030	_	1,828,276
Software	30,481,530	_	9,542,581	_	40,024,111
Total Accumulated Depreciation/Amortization	6,432,634,770	(17,091,395)	519,166,270	93,094,222	6,841,615,423
Total Capital Assets, Being Depreciated/Amortized, Net	9,167,467,169	47,669,279	301,963,838	22,875,614	9,494,224,672
Capital Assets, net	\$ 9,881,122,851	\$ 52,678,302	\$ 491,596,596	\$ 244,511,712	\$ 10,180,886,037

The USG has received and transferred capital assets to various other entities within the State's reporting entity. The USG has reported these transactions as special items on the Statement of Revenues, Expenses and Changes in Net Position. See Note 1 - Special Items for additional information related to these transactions.

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the USG when complete. For projects managed by the USG, the USG retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2019, GSFIC transferred completed GSFIC managed capital projects valued at \$291,147,767 to the USG. In addition, at June 30, 2019, GSFIC had construction in progress of approximately \$41,105,648 for incomplete GSFIC managed projects for the USG.

# Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2019:

	Current Liabilities			
Prepaid Tuition and Fees	\$	130,279,000	\$	_
Research		43,724,340		8,171,409
Other - Advances		45,524,977		3,293,750
Totals	\$	219,528,317	\$	11,465,159

# Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2019 was as follows:

	(Restated)						
	Balance				Balance		Current
	July 1, 2018	Addition	s	Reductions	June 30, 2019		Portion
Lease Purchase Obligations	\$ 2,914,788,616	\$ 165,41	1,344 \$	224,828,602	\$ 2,855,371,358	\$	112,368,955
Other Liabilities							
Compensated Absences	229,020,469	174,70	5,110	172,322,080	231,403,499		156,613,255
Notes and Loans Payable	8,095,268	6,448	3,462	1,782,793	12,760,937		1,141,335
Claims and Judgments	1,805,912	5,270	0,030	1,212,246	5,863,696		2,378,631
Pollution Remediation	1,085,840	1,140	5,441	1,085,840	1,146,441		1,146,441
Total	240,007,489	187,570	0,043	176,402,959	251,174,573	_	161,279,662
Total Long-Term Liabilities	\$ 3,154,796,105	\$ 352,98	1,387 _	401,231,561	\$ 3,106,545,931	\$	273,648,617

#### **Notes and Loans Payable**

The USG entered into a notes payable to secure Energy Performance Contracts. The interest rate for these notes vary between 2.00% to 2.64% and matures during fiscal year 2031. Notes and loan principal and interest payments related to capital financing activities for fiscal year 2019 were \$1,099,762 and \$116,237, respectively. Notes and loan principal and interest payments related to non-capital financing activities for fiscal year 2019 were \$683,031 and \$64,332, respectively. Below is the annual debt service related to the outstanding notes payable at June 30, 2019.

	Principal			Interest
Year Ending June 30:				
2020	\$	1,141,335	\$	258,653
2021		2,051,173		260,871
2022		2,096,554		215,490
2023		2,142,954		169,090
2024		1,204,896		123,203
2025 through 2029		3,244,194		344,979
2030 through 2034		879,831		17,464
	\$	12,760,937	\$	1,389,750

# **Pollution Remediation**

Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations.

Savannah State University is responsible for pollution remediation at all institutional sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. USG has recorded a liability related to this pollution remediation in the amount of \$174,500. Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations. There are no expected recoveries that have reduced this liability.

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of \$438,000. The liability was determined using a fiveyear budget estimated provided by Brown and Caldwell. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this liability.

Georgia Institute of Technology is responsible for pollution remediation at all Institute sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations. USG has recorded a liability related to this pollution remediation in the amount of \$533,941. There are no expected recoveries that have reduced this liability.

# Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following:

Deferred	Outflows	of F	Resources
----------	----------	------	-----------

Deferred Loss on Debt Refunding Deferred Loss on Defined Benefit Pension Plans (See Note 14) Deferred Loss on OPEB Plan (See Note 17)	\$ 37,978,129 735,559,108 469,109,816
Total Deferred Outflows of Resources	\$ 1,242,647,053
Deferred Inflows of Resources	
Deferred Gain on Debt Refunding	\$ 67,213,749
Unavailable Revenues	29,118,255
Deferred Service Concession Arrangements	555,391,063
Deferred Gain on Defined Benefit Pension Plans (See Note 14)	129,540,276
Deferred Gain on OPEB Plan (See Note 17)	495,880,937
Total Deferred Inflows of Resources	\$ 1,277,144,280

## **Deferred Loss/Gain on Debt Refunding**

The unamortized deferred gain or loss on debt refunding related to changes in the provisions of various leases that resulted from a refunding by the lessor of tax-exempt debt in which the a portion of the perceived economic advantages of the refunding where passed through to various units of the USG.

#### **Unavailable Revenues**

Resources from certain non-exchange transactions received before time requirements are met, but after all other eligibility requirements have been met, are reported as a deferred inflow of resources.

#### **Service Concessions Arrangements**

Kennesaw State University (KSU)

At June 30, 2018, Kennesaw State University (KSU) was a participant in four Service Concession Arrangements.

In August 2001, KSU entered into an agreement with KSUF whereby Kennesaw State University Foundation, Inc. (KSUF) will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in June, 2031.

In August 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2034.

In August 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2037.

In July 2017, KSU entered in to a lease agreement with a food service provider whereby the vendor will operate a restaurant in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the Institution received no funds upfront, but will take full ownership of the equipment and lease improvements at the end of the operating agreement in June, 2027.

At June 30, 2019, the University reports the three housing residences and one retail space as capital assets with a net carrying value of \$56,970,318. For fiscal year 2019, the University reported a remaining deferred inflows of resources of \$56,970,318 and amortized revenue of \$3,641,327.

## Georgia Gwinnett College (GGC)

On May 13, 2014, GGC entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from service participants. The agreement is renewable for each year for ten years.

Aramark is required to operate the food service facilities in accordance with the contractual agreement. The contract includes a period fixed fee ("Annual Fixed Fee") payable to Aramark in the amount of \$5.3 million per operating year. In the event that the amount paid to or retained by Aramark is less that the Annual Fixed Fee of \$5.3 million, then GGC shall remit the amount equivalent to the difference of the Annual Fixed Fee minus Actual Operating Retainage. In the event that the actual operation year retainage is greater than 199.9% (upper threshold amount) of the Annual Fixed Fee, then Aramark shall remit the difference of the Annual Fixed Fee minus the upper threshold amount to GGC. If the actual operation year retainage is more than the Annual Fixed Fee but less than the 199.9% of the Annual Fixed Fee, then neither party shall owe anything to the other. GGC and Aramark will review the annual Fixed Fee prior to the commencement of each Operating Year and a revised Annual Fixed Fee shall be set forth in a written supplemental contract.

Under the terms of the contract Aramark committed a lump sum upfront payment of \$360,000. The amortized revenue recorded related to the lump sum payment in fiscal year 2019 was \$36,000 and the remaining deferred inflow was \$180,000.

Under terms of the original agreement Aramark also committed \$5,250,000 in dining facility renovations. In fiscal year 2017, the contract amendment called for a return of outstanding unamortized amounts of \$1,615,483 and for a reduction of \$704,805 to deferred inflows for uncollected funds. The amortized revenue recorded in fiscal year 2019 for the remaining construction commitment was \$326,438 leaving deferred inflow balance of \$1,632,191.

For Fiscal Year 2019, GGC reported a total remaining Deferred Inflow of Resources of \$1,812,191 related to the service concession arrangement.

## University System Office (USO)

During fiscal year ended June 30, 2015, the Board of Regents of the University System of Georgia (BOR) entered into a Service Concession Arrangement (SCA) with Corvias Campus Living-USG, LLC, whereby Corvias Campus Living-USG,LLC, manages, maintains and operates certain existing student housing resources on the campuses of nine institutions: Abraham Baldwin Agricultural College; Georgia Southern University (formerly Armstrong State University); Augusta University; College of Coastal Georgia; Columbus State University; Dalton State College; East Georgia State College; Georgia State University; and the University of North Georgia.

Pursuant to the contractual stipulations of this SCA, whereby the BOR and Corvias Campus Living- USG, LLC, are the "parties" participating in this agreement, as of May 14, 2015, the institutions noted above transferred the housing resources covered by this SCA, along with associated capital lease obligations to the University System Office in fiscal year 2015 through Special Item Transfer. In accordance with the SCA, in May 2015, Corvias Campus Living-USG, LLC, provided \$311,561,781 which the BOR used to retire the capital lease obligations transferred to the University System Office.

On February 23, 2018, the SCA contractual agreement with Corvias Campus Living-USG, LLC, was amended. While performance measures and the operating agreement remain intact, the term of the agreement has changed. The SCA, which was originally for 65 years (780 months) to end in June 2080, will now end on June 30, 2055. This contract modification accelerates the amortization of the Deferred Inflows.

For the \$311,561,781 that was originally received from Corvias Campus Living-USG, LLC, in fiscal year 2015, \$7,992,330 was amortized at June 30, 2019, leaving a remaining Deferred Inflow of Resources balance of \$287,723,881 at year end.

In addition to the existing student housing arrangement, Corvias Campus Living-USG, LLC designs and constructs authorized new housing projects that, once constructed, are similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed in fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by \$23,110,655. In fiscal year 2017, five additional housing projects were completed and their fair market values were capitalized increasing Capital Assets by \$154,415,645. A Deferred Inflow of Resources was recorded as the offset to the Capital Asset additions. The Deferred Inflows associated with these projects are being amortized over the remaining life of the SCA in accordance with the term revision noted above. At June 30, 2019, the University System Office amortized \$4,636,064 of Deferred Inflows related to these seven projects, leaving a remaining Deferred Inflow of Resources balance of \$166,898,312 at year end.

Also, as part of this SCA, and beginning in fiscal year 2016, the University System Office receives \$8,000,000 in Ground Rent and \$500,000 in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The University System Office recorded Accounts Receivable and Deferred Inflow of Resources in the amount of \$73,232,489 representing the present value of this revenue stream based on the agreement terms and will amortize the Deferred Inflows over a ten-year period. For the year ended June 30, 2019, the University System Office amortized \$7,554,699 and recognized \$1,733,482 in associated interest income, leaving a Deferred Inflow balance of \$41.986.361 as of June 30, 2019.

The University System Office also receives retained services funds each year as a percentage of gross revenues for that year.

The University System Office has no reportable future obligation for these services.

#### Note 10 Net Position

The breakdown of business type activity net position for the USG fund at June 30, 2019 is as follows:

Net Investment in Capital Assets	\$ 7,029,370,125
Restricted for	
Nonexpendable	
Permanent Endowment	181,015,931
Expendable	
Sponsored and Other Organized Activities	134,273,850
Federal Loans	35,317,695
Institutional Loans	28,379,194
Quasi-Endowments	54,923,458
Capital Projects	13,076,407
Sub-Total	265,970,604
Unrestricted	
Auxiliary Enterprises	197,843,532
Reserve for Encumbrances	485,585,164
Reserve for Inventory	4,197,294
Capital Liability Reserve Fund	19,547,420
Health Insurance Reserve	113,348,915
Other Unrestricted	(6,262,939,583)
Sub-Total	(5,442,417,258)
Total Net Position	\$ 2,033,939,402

Other unrestricted net position is reduced by \$4,437,522,220 related to the recording of net OPEB liability, deferred gain on OPEB plan, and deferred loss on OPEB plan. Other unrestricted net position is also reduced by \$2,283,116,151 related to the recording of net pension liability, deferred gain on defined benefit pension plans, and deferred loss on defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the USG is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

#### Note 11 Endowments

#### **Donor Restricted Endowments**

Investments of the USG's endowment funds are pooled, unless required to be separately invested by the donor. For USG controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was \$9,594,788 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the USG's endowment funds is predicated on the total return concept. Annual payouts from the USG's endowment funds are based on a spending policy which limits spending between 3.0% and 6.0% of endowment principal market value. To the extent

that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the USG uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For endowment funds where the donor has not provided specific instructions and the USG member institution has determined not to utilize the total return concept, investment return of the USG's endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

For the current year, the USG did not incur investment losses that exceeded the related endowment's available accumulated income and net appreciation.

# **Note 12 Significant Commitments**

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2019. In addition to these encumbrances, the USG had other significant unearned outstanding construction or renovation contracts in the amount of \$29.368.387 executed as of June 30, 2019. This amount is not reflected in the accompanying basic financial statements.

# Note 13 Leases

## **Lease Obligations**

The USG is obligated under various capital and operating lease agreements for the acquisition or use of real property and equipment.

## Capital Leases

The USG acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the USG. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The USG's principal and interest payments related to capital leases for fiscal year 2019 were \$131,637,297 and \$140,651,952, respectively. Interest rates range from 0.61% - 23.56%.

The USG has \$2,365,128,390 in outstanding lease obligations due to component units. The USG has \$340,268,148 in outstanding lease obligations due to affiliated organizations and other related party organizations.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2019:

Description	Gross Amount		Less: Accumulated Depreciation		Net, Assets Held Under Capital Lease at June 30, 2019			Outstanding alances per Lease Schedules at June 30, 2019
		(+)		(-)		(=)		
Leased Land and Land Improvements	\$	58,409,705	\$	_	\$	58,409,705	\$	44,858,886
Leased Infrastructure		39,705,000		16,437,870		23,267,130		33,381,073
Leased Equipment		33,116,210		18,784,418		14,331,792		14,921,162
Leased Buildings and Building Improvements		3,407,691,820		1,077,560,584		2,330,131,236		2,757,495,189
Leased Facilities and Other Improvements		6,457,991		3,017,656		3,440,335		4,715,048
Total Assets Held Under Capital Lease	\$	3,545,380,726	\$	1,115,800,528	\$	2,429,580,198	\$	2,855,371,358

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

#### Operating Leases

The USG leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the USG has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The USG's operating lease expense for fiscal year 2019 was \$53,434,221 which includes payments to related parties of \$25,581,692. The USG is obligated to pay these related parties a total of \$33,641,551 in the next fiscal year.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2019, are as follows:

	Real Property and Equipment					
	Capital Leases			erating Leases		
Year Ending June 30:						
2020	\$	264,186,458	\$	54,425,738		
2021		264,224,530		49,898,312		
2022		263,966,752		45,059,011		
2023		261,500,460		43,468,698		
2024		260,613,279		40,291,713		
2025 through 2029		1,301,501,807		138,388,492		
2030 through 2034		1,121,403,037		82,610,556		
2035 through 2039		768,358,340		4,695,963		
2040 through 2044		181,444,995		805,557		
2045 through 2049		27,964,281		663,580		
2050 through 2054		2,321,555		265,432		
Total minimum lease payments		4,717,485,494	\$	460,573,052		
Less: Interest		1,502,191,913				
Less: Executory costs		359,922,223				
Principal Outstanding	\$	2,855,371,358				

## Operating Lease Revenue

The USG leases certain facilities for use by others for terms varying from 1 to 10 years. The leases are accounted for as operating leases; revenue for services provided and for use of facilities are recorded when earned.

Total revenues from rental of facilities were \$599,591 for the fiscal year ended June 30, 2019. Minimum future revenues and rentals to be received under operating leases as of June 30, 2019, are as follows:

	Re	al Property
	Oper	ating Leases
Year Ending June 30:		_
2020	\$	811,055
2021		833,682
2022		852,140
2023		871,284
2024		495,023
2025 through 2029		1,146,664
Total Minimum Lease Revenues	\$	5,009,848

#### Note 14 Retirement Plans

The USG participates in various retirement plans administered by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

The USG also provides two other retirement plans - the Augusta University Early Retirement Pension Plan and the Regents Retirement Plan.

The significant retirement plans that the USG participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

# A. Teachers Retirement System of Georgia and Employees' Retirement System of Georgia

## General Information about the Teachers Retirement System

#### Plan description

All teachers of the USG as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS), TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at trsga.com/ publications.

## Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

#### Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. USG's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual the USG payroll. The USG's contributions to TRS totaled \$391,455,859 for the year ended June 30, 2019.

## General Information about the Employees' Retirement System

# Plan description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at ers.ga.gov/financials.

## Benefits provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

## Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one time benefit adjustment of 3% to retired state employees. USG's contributions to ERS totaled \$3,537,809 for the year ended June 30, 2019. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

# Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the USG reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The USG's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the USG's TRS proportion was 15.231314%, which was an increase of 0.183514% from its proportion measured as of June 30, 2017. At June 30, 2018, the USG's ERS proportion was 0.502234%, which was a increase of 0.036570% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the USG recognized pension expense of \$320,425,986 for TRS and \$3,721,808 for ERS. At June 30, 2019, the USG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS			ERS				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 187,168,477	\$	5,827,041	\$	642,162	\$	_	
Changes of assumptions	42,662,300		_		972,737		_	
Net difference between projected and actual earnings on pension plan investments	_		77,302,724		_		475,807	
Changes in proportion and differences between contributions and proportionate share of contributions	106,719,317		42,174,871		2,400,447		1,260,260	
Contributions subsequent to the measurement date	 391,455,859				3,537,809			
Total	\$ 728,005,953	\$	125,304,636	\$	7,553,155	\$	1,736,067	

The USG's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	 TRS	ERS
2020	\$ 172,483,295	\$ 2,353,231
2021	\$ 91,726,331	\$ 929,593
2022	\$ (62,013,602)	\$ (790,948)
2023	\$ 5,741,493	\$ (212,597)
2024	\$ 3,307,941	\$ _

# **Actuarial assumptions**

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

## Teachers Retirement System

Inflation 2.75%

Salary increases 3.25% - 9.00%, average, including inflation

Investment rate of return 7.50%, net of pension plan investment expense, including inflation

Post–retirement mortality rates were based on the RP–2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP–2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP–2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

# Employees' Retirement System

Inflation 2.75%

Salary increases 3.25 – 7.00%, including inflation

Investment rate of return 7.30%, net of pension plan investment expense, including inflation

Post–retirement mortality rates were based on the RP–2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP–2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9–12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP–2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS target allocation	ERS target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large equities	39.80%	37.20%	9.00 %
Domestic mid equities	3.70%	3.40%	12.00 %
Domestic small equities	1.50%	1.40%	13.50 %
International developed market equities	19.40%	17.80%	8.00 %
International emerging market equities	5.60%	5.20%	12.00 %
Alternatives	—%	5.00%	10.50 %
Total	100.00%	100.00%	

<sup>\*</sup> Rates shown are net of inflation

#### Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50% and 7.30%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Institute's proportionate share of the net pension liability to changes in the discount rate:

The following presents the USG's proportionate share of the net pension liability calculated using the above discount rates, as well as what the USG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

## Teachers Retirement System:

	1%	Current	1%
	Decrease	discount rate	Increase
	6.50%	7.50%	8.50%
Proportionate share of the net pension liability	\$ 4,719,503,371	\$ 2,827,258,134	\$ 1,267,951,755

# Employees' Retirement System:

	1%		Current	1%
	Decrease	d	iscount rate	Increase
	6.30%		7.30%	8.30%
Proportionate share of the net pension liability	\$ 29,367,336	\$	20,647,007	\$ 13,217,060

#### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial reports which are publically available at <a href="mailto:trsga.com/publications">trsga.com/publications</a> and <a href="mailto:trsga.com/pub

## **B. Early Retirement Pension Plan**

## Plan Description

Augusta University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by Findley, Inc., formerly Findley Davies/Bryan, Pendleton, Swats, and McAlister (BPS&M). The plan was derived by Augusta University as a means of workforce reduction and was approved by the Board of Regents of the University System of Georgia (BOR) effective January 1, 2000.

The plan was designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the TRS for early retirement.

The plan would allow for all participants to retire as if they were vested and aged 60 or had attained 30 years of creditable service. Any member who opted into the Optional Retirement Plan aged 55 with 10 years of service by June 30, 2000 was also eligible to participate in the plan.

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2019, plan participants consisted of the following:

## Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	610
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
Total	610

#### Benefits Provided

TRS provides a benefit equal to 2.0% of the participant's average annual compensation during the two consecutive years of creditable service which produce the highest such average, multiplied by the number of years of creditable service, limited to 40 years. If the participant has less than 30 years of creditable service and has not attained age 60 at the time of retirement, the benefit will be reduced by the lesser of 1/12 of 7% for each month that retirement precedes age 60 or 7% for each year or fraction of a year by which the participant has less than 30 years of creditable service at the time of retirement. In addition, a one-time 3% increase is applied to the first \$37,500 of the participant's benefit at retirement.

The ERP provides the additional benefits that would have been payable under TRS based on the following adjustments:

- Age of the participant was increased five years
- · Participant's creditable service was increased five years
- Participant's annual rate of earnings as of August 1, 1999 was projected five years into the future with 3% increases each year

ERP benefits will be increased 3% a year as a cost-of-living adjustment (COLA): 1.5% on each January 1 and July 1. The ERP provided COLA's for both the ERP and TRS benefits until actual eligibility for a COLA through TRS occurred. Since that time, the ERP has provided COLA's only on the portion of the benefit paid by the ERP, and TRS has provided COLA's under the terms of the TRS plan.

The ERP does not issue a standalone report.

#### Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made to the plan based on the actuarial valuation of the plan. Employer contributions to the plan for fiscal year 2019 were \$13,084,672, which includes \$5,886,802 contributed to the plan by affiliated organizations on-behalf of Augusta University.

Since this plan was not pre-funded, Augusta University's approach is to collect and deposit as much into the ERP fund in the earlier years as is possible, thereby, realizing a greater return on investment. Effective January 1, 2016, the period to amortize the unfunded accrued liability was extended 2 years. With this change, the plan should be fully funded by June 30, 2025. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

## Investments

Augusta University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility of the institution to the citizens of Georgia

and which conforms to the USG investment policy. All investments are consistent with USG policy and applicable Federal and state laws.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in Western Asset Core Plus Bond Fund, VanGuard Institutional Index Fund, and Vanguard Total Stock Market Exchange-traded Fund (ETF). These investments are 7.58%, 30.27%, and 19.93% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.53%.

## Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2019 were as follows:

Total pension liability \$ 146,605,709 Plan fiduciary net position (105,375,867)

Net pension liability \$ 41,229,842

Plan Fiduciary Net Position as a percentage of total pension liability is 71.88%.

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2019 with the results rolled forward to the June 30, 2019 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.50% per annum, compounded annually (b) inflation of 3 percent, and (c) cost of living increases of 3 percent per annum.

To better recognize current and future mortality improvements, effective June 30, 2018 mortality rates were based on the RP-2014 White Collar Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2017 rather than the previously used RP-2014 Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2015.

The projection of cash flows used to determine the discount rate of 7.5% per annum, compounded annually assumes that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Domestic equity	77.91%	6.50%
International equity	—%	7.25%
Fixed income	18.79%	1.25%
Real estate	—%	5.75%
Cash	3.30%	0.50%

## Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentagepoint higher than the current rate:

	1%		Current	1%
	Decrease	C	liscount rate	Increase
	6.50%		7.50%	8.50%
Net pension liability	\$ 52,750,293	\$	41,229,842	\$ 31,136,244

## Schedule of Changes in Net Pension Liability

For the year ended June 30, 2019, Augusta University recognized net pension liability of \$41,229,842 calculated as follows:

 Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)
\$ 148,863,688	\$	99,022,119	\$	49,841,569
10,636,036		_		10,636,036
1,581,985		_		1,581,985
(376,246)		_		(376,246)
_		13,084,672		(13,084,672)
_		7,368,830		(7,368,830)
(14,099,754)		(14,099,754)		
(2,257,979)		6,353,748		(8,611,727)
\$ 146,605,709	\$	105,375,867	\$	41,229,842
	(a) \$ 148,863,688  10,636,036 1,581,985 (376,246) — (14,099,754) (2,257,979)	Liability (a)  \$ 148,863,688 \$  10,636,036 1,581,985 (376,246) — — — — — — — — — — — — — — — — — — —	Net Position	Net Position

AU Health Systems, Inc. and Augusta University Research Institute, Inc. contributed \$5,886,802 to the plan on behalf of Augusta University.

## Schedule of Changes in Pension Expense

For the year ended June 30, 2019, Augusta University recognized pension expense of \$4,405,138 from the following sources:

	Pension
	 Expense
Interest	\$ 10,636,036
Projected investment income	(7,388,593)
Recognition of experience (gain)/loss	1,581,985
Recognition of changes in assumptions	(376,246)
Investment losses (gains)	(48,044)
Pension expense June 30, 2018	\$ 4,405,138

#### Deferred Outflows/Inflows of Resources

At June 30, 2019, Augusta University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflo	Deferred Outflows of Resources		Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	_	\$	2,499,573

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## Year Ending June 30:

2020	\$ (564,651)
2021	\$ (1,430,853)
2022	\$ (508,020)
2023	\$ 3,951

## C. Defined Contribution Plan

## **Regents Retirement Plan**

# Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. § 47-21-1 et.seq. and administered by the Board of Regents of the University System of Georgia (Board). O.C.G.A. § 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or all exempt full and partial benefit eligible employees, as designated by the regulations of the Board. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

#### **Funding Policy**

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2019, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The USG and the covered employees made the required contributions of \$131,889,821 (9.24%) and \$85,647,934 (6.00%), respectively.

VALIC, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

# Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The USG's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare-related expenses.

A reconciliation of total estimated claims liabilities for employees and retirees for the fiscal years ended June 30, 2019, and June 30, 2018 is shown below:

	June 30, 2019			June 30, 2018	
Active Employees:					
Unpaid Claims and Claim Adjustments	\$	33,467,179		\$	51,688,179
Incurred Claims and Claim Adjustments Expenses -					
Provisions for Insured Events of the Current Year *		434,268,398			383,855,818
Payments - Claims and Claim Adjustments Attributable					
To Insured Events of the Current Year and Prior Years *		422,720,994			402,076,818
Unpaid Claims and Claim Adjustments	\$	45,014,583	=	\$	33,467,179
Retirees:					
Unpaid Claims and Claim Adjustments	\$	4,631,431		\$	7,497,596
Incurred Claims and Claim Adjustments Expenses -					
Provisions for Insured Events of the Current Year		94,056,257			86,808,731
Payments - Claims and Claim Adjustments Attributable					
To Insured Events of the Current Year and Prior Years		92,266,985	-		89,674,896
Unpaid Claims and Claim Adjustments	\$	6,420,703	:	\$	4,631,431

<sup>\*</sup> During fiscal year 2019, the USG began excluding administrative expense directly related to the payment of active employee medical claims from claims expense in an effort to be consistent with how the State of Georgia reports direct claims administrative expense related to active employees. The effect of this change on fiscal year 2019 and 2018 activity is a reduction of active employee claims expense of \$21,599,686 and\$22,459,548, respectively.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The USG is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

# Note 16 Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institution expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the USG, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

# Note 17 Post-Employment Benefits Other Than Pension Benefits

The USG provides two other post-employment benefit plans - the Board of Regents Retiree Health Benefit Plan and the State Employees' Assurance Department Retired and Vested Inactive Members Plan.

## **Board of Regents Retiree Health Benefit Plan**

#### A. Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, healthcare plan administered by the University System Office, an organizational unit of the USG. The Plan's board is the Board of Regents of the University System of Georgia (Board) that is comprised of nineteen members, all appointed by the Governor (five from state-at-large and one from each of the state's fourteen congressional districts). The Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to the retirees' health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses.

Membership of the Plan consisted of the following:

	June 30, 2019	June 30, 2018
Active Employees	48,661	48,244
Retirees or Beneficiaries Receiving Benefits	19,826	19,161
Retirees or Beneficiaries Eligible But Not Receiving Benefits		
Total	68,487	67,405

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

Organizational units of the University System of Georgia pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2019 plan year, the employer rate was approximately 90% of the total contributions available to cover health insurance cost for eligible retirees and the retiree rate was approximately 10%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2019, the University System of Georgia contributed \$160,383,000 to the plan for current premiums or claims.

#### **B. Plan Investments**

The Plan's investments are segregated for OPEB in the Board of Regents' Balanced Income pooled investment fund.

The Balanced Income Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Plan's net asset value in the Balanced Income Fund at June 30, 2019 was \$129,446,175. This balance is reported as pooled investments on the Statement of Fiduciary Net Position.

The following table summarizes the adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
Fixed Income	70%
Equity Allocation	30%

At June 30, 2019, approximately 33.08%, 24.59%, 10.19%, 9.71%, 9.58%, and 5.07% of the Plan's investments were investments in Western Asset Core Bond Portfolio, iShares Core Total U.S. Aggregate Bond ETF, iShares Russell 3000 ETF, Vanguard Institutional Index Fund, Doubleline Total Return Bond Fund, and Eaton Vance Atlanta Capital SMID-Cap Fund, respectively. These investments represents 29.64%, 22.03%, 9.14%, 8.70%, 8.58%, and 4.54%, respectively, of the Plan's fiduciary net position.

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## C. Plan Net OPEB Liability under GASB 74

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress with multi-year trend information is presented as required supplementary information following the notes to the financial statements.

The multi-year trend schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The components of the net OPEB liability at June 30, 2019, were as follows:

	2019
Total OPEB Liability	\$ 4,616,022,423
Plan Fiduciary Net Position	(144,454,428)
Net OPEB Liability	\$ 4,471,567,995

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability

3.13%

## Discount Rate

The last year in which projected benefit payments are due from the Plan is 2118.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Expected Long-term Nominal Rate of Expected Real Return Rate of Return
Fixed Income	3.61% 1.09%
Equity Allocation	7.07% 4.46%

<sup>\*</sup> Rates shown are net of the 2.50% assumed rate inflation.

The Plan's projected fiduciary net position at the end of 2023 is \$0, based on the valuation completed for the fiscal year ending June 30, 2019. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019, pursuant to paragraph 48 of GASB Statement No. 74. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.50% from the Bond Buyers GO 20-Bond Municipal Bond Index.

In projecting the Plan's fiduciary net position, the following assumptions were made:

- 1. Projected total contributions are simply the pay as you go costs of the plan. Because the current contribution policy is not designed to pre-fund the plan, the unfunded liability is not expected to be paid off at any point in the future.
- 2. Assumed contributions are based on the contribution policy.
- 3. Projected benefit payments have been determined in accordance with Paragraphs 30-35 of GASB Statement No. 74, and are based on the closed group of active, retired members and beneficiaries as of June 30, 2019. Benefit payments are assumed to be paid mid-year.
- 4. Administrative expenses are \$0.5 million for 2020 and are assumed to increase annually with inflation. Expenses are assumed to be paid mid-year.
- 5. Projected investment earnings are based on the assumed investment rate of return of 4.50% per annum.

# Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate (3.50%):

	1% Decrease	Current Rate	1% Increase
	2.50%	3.50%	4.50%
Net OPEB Liability	\$ 5,293,080,202	\$ 4,471,567,995	\$ 3,786,696,694

# Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

		1% Decrease	Current Rate		1% Increase	
Net OPEB Liability	\$	3,749,646,451	\$	4,471,567,995	\$	5,376,308,315
Pre-Medicare Eligible	5.9% (	decreasing to 3.5%	6.9%	decreasing to 4.5%	7.9%	decreasing to 5.5%
Medicare Eligible		3.5%		4.5%		5.5%

## Actuarial Methods and Assumptions

The impact of the Affordable Care Act (ACA) was addressed in the valuations for the Regents Plan. While the impact of certain provisions [such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate] should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

Projections of benefits for financial reporting purposes are based on the substantive plan (plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation is as follows:

Valuation Date May 1, 2019. Update procedures were used to roll forward the total OPEB

liability to June 30, 2019.

Cost Method Entry Age Normal

Amortization Method Closed amortization period for initial unfunded and subsequent actuarial gains/

losses.

Asset Method Fair Value

Interest Discounting and Salary Growth Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal

Bond Index

Interest Rate as of 6/30/2018 3.87% from Bond Buyers GO 20-Bond Municipal

Bond Index

Long-term Rate of Return 4.50% General Inflation 2.50% Salary Increase 4.00%

Mortality Rates Healthy: Pub-2010 for Teachers (as appropriate) headcount weighted projected

with scale MP-2018

Disabled: Pub-2010 Disabled Mortality for Teachers (as appropriate) headcount

weighted projected with scale MP-2018

Healthcare Cost Trend

Pre-Medicare Eligible 6.9% Medicare Eligible 4.5%

Ultimate Trend Rate

Pre-Medicare Eligible 4.5% Medicare Eligible 4.5%

Year Ultimate Trend is Reached Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020 for Medicare

Eligible

Experience Study Economic and demographic assumptions are based on the results of the most

recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System

of Georgia, which covered the five year period ending June 30, 2014.

## Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

Expected claims costs were updated to reflect actual claims experience.

 Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption.

 Mortality rates were changed from RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for Teachers (as appropriate) headcount weighted projected with scale MP-2018.

Retirement rates were updated from rates developed for the Teacher's Retirement System to rates based on actual experience.

The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

# D. USG's Net OBEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB under GASB 75

The USG's net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2018 with roll-forward procedures performed to update the total liability to June 30, 2018. The USG's net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the USG's net OPEB liability related to the Plan was \$4,410,751,099, which was an increase of \$191,025,227 from the liability measured as of June 30, 2017.

For the year ended June 30, 2019, the USG recognized OPEB expense of \$349,663,636. At June 30, 2019, the USG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 307,571,116	\$ —
Changes of assumptions	_	495,150,856
Net difference between projected and actual earnings on OPEB plan investments	941,132	_
Contributions subsequent to the measurement date	160,383,000	
Total	\$ 468,895,248	\$495,150,856

The USG's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

V- -- F--- I... - 20.

Year Ending June 30:	
2020	\$ (44,107,264)
2021	\$ (44,107,264)
2022	\$ (44,107,264)
2023	\$ (42,256,125)
2024	\$ (6,663,363)
Thereafter	\$ (5,397,328)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress with multi-year trend information is presented as required supplementary information following the notes to the financial statements.

The multi-year trend schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB Liability	\$ 4,486,796,090
Plan Fiduciary Net Position	(76,044,991)
Net OPEB Liability	\$ 4,410,751,099

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability

1.69%

The changes in net OPEB liability at June 30, 2018, were as follows:

Service Cost	\$ 236,916,639
Interest	158,222,522
Differences Between Expected and Actual Experience	264,729,331
Changes of Assumptions	(310,106,837)
Benefit Payments/Refunds	 (90,548,660)
Net Change in Total OPEB Liability	259,212,995
Total OPEB Liability - Beginning	4,227,583,095
Total of LB Elability Bogillining	 4,227,000,000
Total OPEB Liability - Ending (a)	\$ 4,486,796,090
Plan Fiduciary Net Position	
Contributions - Employer	\$ 158,419,937
Net Investment Income	801,316
Administrative Expense	(484,825)
Benefit Payments/Refunds	(90,548,660)

#### Discount Rate

Net Change in Plan Fiduciary Net Position

Plan Fiduciary Net Position - Beginning

Plan Fiduciary Net Position - Ending (b)

Net OPEB Liability Ending (a - b)

Total OPEB Liability

The last year in which projected benefit payments are due from the Plan is 2117.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	70%	1.1%
Equity Allocation	30%	3.98%

Rates shown are net of the 2.50% assumed rate inflation.

The Plan's projected fiduciary net position at the end of 2022 is \$0, based on the valuation completed for the fiscal year ending June 30, 2018. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2022. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018, pursuant to paragraph 48 of GASB Statement No. 74. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.87% from the Bond Buyers Index.

68,187,768

7,857,223

4.410.751.099

In projecting the Plan's fiduciary net position, the following assumptions were made:

- 1. Projected total contributions are simply the pay as you go costs of the plan. Because the current contribution policy is not designed to pre-fund the plan, the unfunded liability is not expected to be paid off at any point in the future.
- 2. Assumed contributions are based on the contribution policy.
- 3. Projected benefit payments have been determined in accordance with Paragraphs 30-35 of GASB Statement No. 75, and are based on the closed group of active, retired members and beneficiaries as of June 30, 2017. benefit payments are assumed to be paid mid-year.
- 4. Administrative expenses are \$0.5 million for 2019. Expenses are assumed to be paid mid-year.
- 5. Projected investment earnings are based on the assumed investment rate of return of 4.50% per annum.

#### Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate (3.87%):

	1% Decrease 2.87%			Current Rate	1% Increase				
				3.87%	4.87%				
Net OPEB Liability	\$	5,262,300,218	\$	4,410,751,099	\$	3,744,760,263			

## Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

1% Decrease				Current Rate	1% Increase		
Net OPEB Liability	\$	3,719,384,943	\$	4,410,751,099	\$	5,320,398,518	
Pre-Medicare Eligible	6.1% c	decreasing to 3.5%	7.1%	decreasing to 4.5%	8.1%	decreasing to 5.5%	
Medicare Eligible		3.5%		4.5%		5.5%	

## Actuarial Methods and Assumptions

The impact of the Affordable Care Act (ACA) was addressed in the valuations for the Regents Plan. While the impact of certain provisions [such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate] should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

Projections of benefits for financial reporting purposes are based on the substantive plan (plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation is as follows:

Valuation Date May 1, 2018. Update procedures were used to roll forward the total OPEB

liability to June 30, 2018.

Cost Method Entry Age Normal

Amortization Method Closed amortization period for initial unfunded and subsequent actuarial gains/

losses.

Asset Method Fair Value

Interest Discounting and Salary Growth Interest Rate as of 6/30/2018 3.87% from Bond Buyers Index

Interest Rate as of 6/30/2017 3.58% from Bond Buyers Index

Long-term Rate of Return 4.50%

General Inflation 2.50% Salary Increase 4.00%

Mortality Rates Healthy: RP-2014 White Collar Mortality Table with Generational Improvements

by Scale MP-2014

Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale

BB (set forward two years for males and four years for females)

Initial Healthcare Cost Trend

Pre-Medicare Eligible 7.1% Medicare Eligible 4.5%

**Ultimate Trend Rate** 

Pre-Medicare Eligible 4.5% Medicare Eligible 4.5%

Year Ultimate Trend is Reached 2030 for Pre-Medicare Eligible, 2019 for Medicare Eligible

Experience Study

The actuarial assumptions used in the valuation are based on the results of the

most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent

plan experience done concurrently with the June 30, 2016 valuation.

## Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

# State Employees' Assurance Department Retired and Vested Inactive Members Plan

## A. Plan Description and Funding Policy

State Employees' Assurance Department Retired and Vested Inactive Members Plan (SEAD-OPEB) was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

# Benefits provided:

The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

#### Contributions:

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2019.

## B. OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of **Resources Related to OPEB under GASB 75**

At June 30, 2019, the USG reported an asset of \$2,501,455 for its proportionate share of the net OPEB asset, which is reported as other assets on the Statement of Net Position. The net OPEB asset was measured as of June 30, 2018. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2017. An expected total OPEB asset as of June 30, 2018 was determined using standard roll-forward techniques. The USG's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2018, At June 30 2018, the USG's proportion was .924253%, which was an increase of .137683% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the USG recognized OPEB expense of (\$387,863). At June 30, 2019, the USG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Οι	eferred utflows of esources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	27,331	\$ _
Changes of assumptions		128,517	_
Net difference between projected and actual earnings on OPEB plan investments		_	413,537
Changes in proportion and differences between contributions and proportionate share of contributions		58,720	316,544
Total	\$	214,568	\$ 730,081

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (213,867)
2021	\$ (140,764)
2022	\$ (126,336)
2023	\$ (34,546)

#### Actuarial assumptions:

The total OPEB asset as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%

3.25 - 7.00%, including inflation Salary increases

Investment rate of return 7.30%, net of OPEB plan investment expense, including inflation

Healthcare cost trend rate N/A Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, with the exception of investment rate of return. Subsequent to the June 30, 2017 measurement date, the SEAD Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the SEAD Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	37.20%	9.00 %
Domestic mid equities	3.40%	12.00 %
Domestic small equities	1.40%	13.50 %
International developed market equities	17.80%	8.00 %
International emerging market equities	5.20%	12.00 %
Alternatives	5.00%	10.50 %
Total	100.00%	

<sup>\*</sup> Rates shown are net of the 2.75% assumed rate of inflation

## Discount rate:

The discount rate used to measure the total OPEB asset was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

## Sensitivity of the Employer's proportionate share of the net OPEB asset to changes in the discount rate:

The following presents the USG's proportionate share of the net OPEB asset calculated using the discount rate of 7.30%, as well as what the USG's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1	% Decrease	1% Increase				
		6.3%	7.3%	8.3%			
Net OPEB Asset	OPEB Asset \$ 1.		\$ 2,501,455	\$	3,447,085		

## OPEB plan fiduciary net position:

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publically available at ers.ga.gov/financials.

# Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal year 2019 are shown below:

	Natural Classification										
Functional Classification	Faculty Salaries	Staff Salaries	Employee Benefits	Other Personal Services	Travel						
Instruction	\$ 1,043,345,008	\$ 308,673,642	\$ 366,714,126	\$ 3,114,740	\$ 21,946,633						
Research	509,246,891	304,321,595	167,592,703	625,273	34,511,801						
Public Service	51,229,884	143,664,956	53,725,252	1,071,017	7,657,198						
Academic Support	78,286,462	268,408,090	94,011,560	725,494	6,948,507						
Student Services	5,781,257	182,657,587	49,528,426	365,301	4,661,205						
Institutional Support	21,932,424	334,858,722	171,515,539	8,855,436	6,512,294						
Plant Operations and Maintenance	643,273	198,669,768	65,656,629	66,094	847,182						
Scholarships and Fellowships	7,087	140,969	193,815	757,285	51						
Auxiliary Enterprises	2,009,107	224,156,630	58,667,325	3,029,580	3,417,815						
Patient Care	99,444,810	121,339,692	44,093,038	8,481	478,469						
Total Operating Expenses	\$ 1,811,926,203	\$ 2,086,891,651	\$ 1,071,698,413	\$ 18,618,701	\$ 86,981,155						
			Natural Classification	2							

	Natural Classification													
Functional Classification		Scholarships and Fellowships		Utilities		Supplies and Other Services	Depreciation/ Amortization			Total Operating Expenses				
Instruction	\$	9,741,000	\$	\$ 5,178,867		\$ 5,178,867		5,178,867		185,260,589	\$ 73,552,777		\$	2,017,527,382
Research		2,275,284		5,062,607		354,735,653		94,544,422		1,472,916,229				
Public Service		585,670		3,280,614		172,706,649		8,709,158		442,630,398				
Academic Support		916,223		4,558,491		155,378,633		55,732,178		664,965,638				
Student Services		4,290,225		3,219,754		73,067,139		35,506,802		359,077,696				
Institutional Support		2,930,813		9,844,175		729,401,478		38,071,977		1,323,922,858				
Plant Operations and Maintenance		3,321		118,957,339		307,367,482		90,961,323		783,172,411				
Scholarships and Fellowships		300,077,877		_		211,364		217		301,388,665				
Auxiliary Enterprises		29,603,507		43,799,463		355,069,246		122,083,202		841,835,875				
Patient Care				139,235		150,692,817		4,214	_	416,200,756				
Total Operating Expenses	\$	350,423,920	\$	194,040,545	\$	2,483,891,050	\$	519,166,270	\$	8,623,637,908				

## Note 19 Subsequent Event

In March 2018, the Board of Regents of the University System of Georgia (BOR), by and on behalf of the Georgia Institute of Technology, entered into a lease agreement with Georgia Tech Facilities, Inc., a component unit, for the Dalney Building. This facility will be used by the Institute for office space and for parking via the attached parking structure. The lease term is for thirty-one years and five months. Pre-payments for rent during the construction period began March 2018, however, rental payments for the lease period will not begin until September 1, 2019. Total estimated rental payments will be \$71,064,952 over the lease period. Monthly rental payments will include base rent and a repair and replacement contribution. Total rental payments for fiscal year 2020 are expected to equal \$1,887,179. The capital lease liability and capital asset will be recorded on the Institute's books in fiscal year 2020 once construction is complete and the certificate of occupancy is issued.

In April 2019, the Board of Regents of the University System of Georgia (BOR) entered into a rental agreement with Georgia Tech Facilities, Inc., a component unit, for the Campus Center. The Campus Center is a student center complex comprised of a student center, pavilion, exhibition hall, and café. The existing Fred B. Wenn Student Center will undergo related improvements as part of the Campus Center project. This collection of buildings will be a central

point of resources, gathering, entertainment and restoration for the Georgia Tech Community. The lease term is for thirty-one years. Total estimated rental payments will be \$203,997,229 over the lease period. Semi-annual rental payments will include base rent and a repair and replacement contribution. Rental payments will begin fiscal year 2021 with total rental payments expected to equal \$1,613,472 in that year. The capital lease liability and capital asset will be recorded on the Institute's books in fiscal year 2021 once construction is complete and the certificate of occupancy is issued.

In fiscal year 2020, Kennesaw State University Foundation, Inc. transferred title of a multi-purpose building and surrounding land to the University. The property was previously the subject of a capital lease that expired on June 30, 2019.

During a Board of Regents meeting on August 8, 2019 the Board approved transferring approximately 54.6 acres of real property located at 659 Mount Pleasant Road, Rydal to Bartow County. The County and The Etowah Valley Historical Society will assume responsibility for preservation and operation of the Property. KSU would realize a one-time savings of approximately \$339,000 related to deferred maintenance and repair it would no longer need to perform. In addition, KSU estimates approximately \$58,000 in annual savings associated with routine maintenance, utilities, and staffing requirements that would be eliminated by the transfer.

In fiscal year 2020, the Technical College System of Georgia transferred property consisting of the former Oakwood Campus of Lanier Technical College to the University of North Georgia. The Georgia State Financing and Investment Commission (GSFIC) has also approved renovations to this property in the amount of \$13.6 million, which will be included in the gift.

On May 15, 2018, the Board of Regents of the University System of Georgia (BOR) authorized the Eco-Commons Glade (the "Glade") project. The Glade is an eight-acre portion of the Eco-Commons, which encompasses approximately eighty acres of space on campus, and includes a performance landscape and passive greenspace, which will become the centerpiece for non-structured activities enhancing campus life. Consistent with GIT's philosophy of using its campus as a Living Learning Laboratory, the Glade project will include the creation of a stream channel used to educate students about historic water flow and storm water capture for reuse and infiltration. This stream channel moves Georgia Tech's closer to its goal of reducing storm water runoff by fifty percent. A regional cistern will supply water for irrigation, reducing the demand for potable water by at least six million gallons annually. Other targeted ecological performance outcomes of the Glade include a 20% increase in the campus tree canopy, a 26% increase in woodland areas, and a 92% reduction in impervious surfaces. The Glade has a total project budget of \$15 million, including \$2.5 million of expected donor funds. Construction for this project began in September 2019 and with an expected completion by July 2020.

## Note 20 Component Units

Related organizations promote, support, and assist the USG in its role in accordance with stated system needs and goals. Together, they add significantly to the USG assets and revenues for programs and services, and ultimately enhance the USG's performance of its mission.

The USG has twenty-five related organizations that are considered component units of the State of Georgia and, thus, are required to be reported in the USG's financial statements. Although the USG is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between the USG and these organizations is such that exclusion from the USG's financial statements would render them misleading. An annual audit of each component unit's financial statements is conducted by independent accounting firms. The twenty-five organizations included in this presentation are described below:

# AU Health Systems, Inc.

AU Health System, Inc. (AUHS) located in Augusta, Georgia, is a legally separate, tax-exempt organization was incorporated under the laws of the State of Georgia as a non-profit corporation on June 1, 2010. The AUHS was established to promote the health sciences education missions and other tax-exempt functions and purposes of Augusta University (AU), AU Medical Associates, Inc. (AUMA), AU Medical Center, Inc. (AUMC), Roosevelt Warm Springs Rehabilitation & Specialty Hospitals, Inc. (RWSH), and other cooperating organizations and entities with AU.

AU Health System, Inc. was organized to achieve joint coordination and strategic planning among Augusta University (AU), AU Medical Center, Inc. (AUMC), AU Medical Associates, Inc. (AUMA), and other affiliated entities, including the

educational activities of Augusta University and the Medical College of Georgia (MCG), one of nine colleges within Augusta University. On the main campus in Augusta, Georgia, the Augusta University Health Sciences Campus, AUHS manages AUMC's 478-licensed bed tertiary and quaternary academic medical center, the 154-licensed bed Children's Hospital of Georgia, the clinical arm of the Georgia Cancer Center, and certain outpatient sites (collectively, the Medical Center). The Medical Center serves as the academic teaching and research center for MCG and other Augusta University health professional schools, notably the School of Nursing and the School of Allied Health Professionals.

#### Augusta University Foundation, Inc.

Augusta University Foundation, Inc. (AUF) is a private nonprofit corporation organized for the purpose of establishing and administering an endowment fund for the benefit of Augusta University (the "University"), a unit of the University System of Georgia, and to the University's students, faculty, and staff. Substantially all donations are received from alumni and contributors in the Augusta, Georgia area. The AUF acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. During the year ended June 30, 2019, the AUF distributed approximately \$919,165 to the University in support of capital outlay projects, scholarships, and other supporting activities.

The consolidated financial statements of AUF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation is the single member of the following three limited liability companies: 1) ASU Jaguar Student Housing I, LLC, which is a limited liability company organized for the purpose of constructing and holding an apartment complex for the benefit of students attending Augusta University; 2) ASU Jaguar Student Center, LLC, which is a limited liability company organized for the purpose of constructing and holding the student center property located on the campus of the University for the benefit of its students; 3) ASU Student Life, LLC, which is a limited liability company organized for the purpose of constructing a student life center. ASU Student Life, LLC was dissolved during the year ended June 30, 2019.

AUF reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. For external financial reporting purposes in these financial statements, the FASB reports were reclassified to the GASB presentation.

## Augusta University Research Institute, Inc.

Augusta University Research Institute (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity. AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2019, AURI distributed approximately \$59,743,984 to Augusta University for research contracts.

## Georgia Advanced Technology Ventures, Inc.

Georgia Advanced Technology Ventures (GATV) is a legally separate, not-for-profit corporation under the laws of the state of Georgia and a supporting organization of the Georgia Institute of Technology (the Institute) focused on technology, commercialization, economic development and relevant real estate development. GATV provides support for technology transfer and economic development activities, including the Institute's Advanced Technology Development Center (ATDC) incubator facilities and services to ATDC-affiliated companies.

For the year ended June 30, 2019, GATV distributed \$538,284 to the Institute for supporting activities. Georgia Tech is obligated under various operating lease agreements with GATV, a related party, in the amount of \$64,595,668.

GATV reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

## Georgia College & State University Foundation, Inc.

The Georgia College & State University Foundation (GC&SUF) is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The GC&SUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia College & State University in support of its programs. During the year ended June 30, 2019, the GC&SUF distributed approximately \$1,128,909 to Georgia College & State University in support of capital outlay projects, scholarships and other supporting activities.

## Georgia Gwinnett College Foundation, Inc.

Georgia Gwinnett College Foundation, Inc. (GGCF) was established on May 8, 2006 to serve as an advocate for Georgia Gwinnett College, a unit of the USG. GGCF's primary objective is to receive, invest, account for, and allocate private gifts and contributions in support of the Georgia Gwinnett College. Support and revenue is generated primarily through individual and corporate pledge and contributions.

GGCF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

## Georgia Health Sciences Foundation, Inc.

Georgia Health Sciences Foundation, Inc. (GHSF) was established to contribute to the long-term enhancement of Augusta University ("AU") and to provide assistance to AU and Augusta University Medical Center, Inc. ("AUMC") in their development and fundraising activities. The Foundation is supported primarily through contributions from individuals, corporations, and other nonprofit foundations. The primary purpose of the fundraising efforts of the Foundation are to support scholarships at AU, and capital projects and other non-recurring projects at AU and AUMC. The Foundation also receives and manages an endowment for the benefit of AU and AUMC. During the year ended June 30, 2019, the GHSF distributed approximately \$3,506,734 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Georgia Health Sciences Foundation, Inc. is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### Georgia Southern University Housing Foundation, Inc.

The Georgia Southern University Housing Foundation, Inc. and Subsidiaries (GSUHF) is a legally separate, tax-exempt affiliated organization which supports Georgia Southern University (GS). GSUHF acts primarily as an organization whose purpose is to acquire, construct or improve student housing and other student facilities that are available to GS in support of its programs.

The GSUHF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

## Georgia State University Athletic Association, Inc.

The Georgia State University Athletic Association, Inc. (GSUAA) administers Georgia State University's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2019, the GSUAA distributed approximately \$26,182,099 to Georgia State University for athletic scholarship support and other payments that were either expense reimbursements or support for Georgia State University's intercollegiate athletics program.

The GSUAA reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### Georgia State University Foundation, Inc.

Georgia State University Foundation, Inc. and Subsidiaries (GSUF) acts primarily as a fund-raising organization to supplement the resources that are available to Georgia State University in support of its programs. During the year ended June 30, 2019, GSUF distributed approximately \$33,523,393 to Georgia State University in support of capital outlay projects, scholarships and other supporting activities.

GSUF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### Georgia State University Research Foundation Inc.

Georgia State University Research Foundation (GSURF) is a legally separate, tax-exempt component unit of Georgia State University (GSU) and was established to contribute to the scientific, literary, educational, and charitable functions of GSU in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of GSU.

Most of the research grants awarded to GSURF are subcontracted to GSU, which is responsible for the fiscal administration of the grants. During the year ended June 30, 2019, GSURF distributed approximately \$87,797,178 to GSU for research contracts.

## **Georgia Tech Athletic Association**

The Georgia Tech Athletic Association (GTAA) is a legally separate not-for-profit corporation under the laws of the state of Georgia. The primary purpose of the GTAA is to promote the educational programs of the Georgia Institute of Technology through student body participation in healthful exercises, recreations, athletic games and contests, as well as fundraising to support scholarships. The GTAA's mission is to inspire and empower student-athletes to be champions of academics, competition and life while emphasizing the four core values of excellence, innovation, teamwork and character. The GTAA reports under GASB standards.

For the year ended June 30, 2019, the GTAA distributed \$48 million to the Georgia Institute of Technology for athletic scholarships and other supporting activities.

## Georgia Tech Facilities, Inc.

The Georgia Tech Facilities, Inc. (GTFI) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The purpose of GTFI is to construct buildings and other facilities as may be appropriate to meet the needs and goals of the Georgia Institute of Technology. Funding for construction is obtained from contributions or financing with debt service funded by support from various sources. During the year ended June 30, 2019, GTFI distributed approximately \$1.4 million to the Georgia Institute of Technology for supporting activities. The Georgia Institute of Technology is obligated under various capital lease agreements with the GTFI, a related party, in the amount of \$212,354,248.

GTFI reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

#### Georgia Tech Foundation, Inc.

The Georgia Tech Foundation (GTF) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The purposes of the Foundation are to promote higher education in the state of Georgia, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology (GT), and to aid GT in its development as a leading educational institution. For the year ended June 30, 2019, the GTF distributed \$87.7 million to GT in support of capital outlay projects, scholarships and other supporting activities. The GT is obligated under various capital lease agreements with the GTF, a related party, in the amount of \$110,230,280.

The Foundation reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB audited financial statements were reclassified to the GASB presentation for these financial statements.

## **Georgia Tech Research Corporation**

The Georgia Tech Research Corporation (GTRC) is a legally separate, not-for-profit corporation under the laws of the state of Georgia. The GTRC is organized and operated primarily for the purpose of soliciting grants and contracts for research or services to be performed by or in conjunction with the Georgia Institute of Technology (GT). During the year ended June 30, 2019, the GTRC distributed \$832.2 million to GT for research contracts. The GTRC reports under GASB standards.

#### Kennesaw State University Foundation, Inc.

The Kennesaw State University Foundation (KSUF) is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

KSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Kennesaw State University (KSU) in support of its programs. During the year ended June 30, 2019, KSUF distributed approximately \$7,571,934 to KSU in support of capital outlay projects, scholarships and other supporting activities.

#### **Medical College of Georgia Foundation**

Medical College of Georgia Foundation, Inc. (MCGF) receives and administers funds for the support of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System, and manages investments and distributed funds in accordance with donor instructions and board of director's intentions for gifts. MCGF provides support for faculty chairs, research, scholarships, and other institutional programs. During the year ended June 30, 2019, MCGF paid approximately \$5,467,534 to Augusta University and its affiliates in support of students and university programs. MCGF paid approximately \$306,445 to non-affiliated organizations on behalf of Augusta University.

MCGF is a nonprofit corporation incorporated under the laws of the State of Georgia in 1954. MCGF presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### Middle Georgia State University Real Estate Foundation, Inc.

The Middle Georgia State University Real Estate Foundation (MGAREF) is a nonprofit corporation originally incorporated on August 31, 1973 for the purpose of promoting, in various ways, the cause for higher education, expanding educational opportunities, supporting athletic programs, and acquiring and administering funds to be used to award scholarships and create endowments for the benefit of students and faculty of Middle Georgia State University (MGA). MGAREF was restructured on February 25, 2013 to acquire, construct, supervise, administer and manage assets and properties, real and personal that are held and used exclusively for the benefit of MGA.

MGAREF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### University of Georgia Athletic Association, Inc.

The University of Georgia Athletic Association, Inc. (UGAAA) is a legally separate, tax-exempt component unit of the State of Georgia. The UGAAA was organized in 1928 as a not-for-profit corporation to promote intercollegiate athletic sports representing the University of Georgia (UGA). Although UGA is not fiscally accountable for the UGAAA, the nature and significance of the relationship between UGA and the UGAAA is such that exclusion from these financial statements would render them misleading.

During the year ended June 30, 2019, the UGAAA made payments to UGA for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$54.7 million

#### **University of Georgia Foundation**

The University of Georgia Foundation (UGAF) is a not for profit foundation that was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (UGA). During the year ended June 30, 2019, UGAF distributed \$53.8 million to UGA for both restricted and unrestricted purposes.

UGAF reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### University of Georgia Research Foundation, Inc.

The University of Georgia Research Foundation (UGARF) is a legally separate, tax-exempt affiliated organization of the University of Georgia (UGA). The UGARF serves to enhance the research mission of UGA by securing sponsored research funding and by providing funding of special research initiatives. All UGA intellectual property developed through these research programs is managed by the UGARF. The seventeen-member board of the UGARF consists of designated UGA personnel, appointees of several UGA constituent groups, and individuals selected by the UGARF. All sponsored research awards are subcontracted to UGA, and other resources and related income are used to benefit the teaching, research, and outreach missions of UGA. During the year ended June 30, 2019, the UGARF distributed \$178.2 million to UGA for research contracts, \$3.3 million to UGA for restricted license and royalties, and \$5.9 million to UGA for both restricted and unrestricted support.

The UGARF includes one component unit, the UGA Real Estate Foundation, Inc. (UGAREF). The UGARF is the sole corporate member of the UGAREF, and its activities are included in the financial statements using a blended presentation. The UGAREF manages and improves various real estate assets for the benefit of UGA. The UGAREF may also provide support to the Board of Regents of the University System of Georgia and its affiliated institutions.

## University of North Georgia Real Estate Foundation, Inc.

The University of North Georgia Real Estate Foundation, Inc. and Subsidiaries (UNGREF), is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The purpose of the UNGREF is to serve the needs and interest of the University of North Georgia (UNG) and to benefit and promote the well-being of its administration, faculty, staff, student body, and the people and communities served by UNG; and to acquire, lease, receive, accept, develop, manage, encumber, assign, sell, transfer and convey real property to be administered exclusively for charitable purposes for the benefit of UNG.

UNGREF reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### **UWG Real Estate Foundation, Inc.**

UWG Real Estate Foundation, Inc. (UWGREF) is a legally separate, tax-exempt component unit of the University of West Georgia (UWG). The UWGREF constructs research and auxiliary buildings and facilities for use by UWG, and then leases the completed buildings to UWG. The nine-member board of the UWGREF is self-perpetuating and consists of graduates and friends of UWG. Although UWG does not control the timing or amount of receipts from the UWGREF, the majority of resources or income thereon that the UWGREF holds and invests is restricted to real estate activities of UWG. During the year ended June 30, 2019, the UWGREF distributed approximately \$338,284 to UWG in support of capital outlay projects, scholarships and other supporting activities.

UWGREF reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### University System of Georgia Foundation, Inc.

The University System of Georgia Foundation, Inc. (USGF) is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and was formed on August 10, 1995. The USGF was organized and operates under the laws of the State of Georgia to serve the needs and interests of the University System of Georgia (USG).

The USGF is a cooperative organization of the USG. Its mission is to advance the USG, as a whole, consistent with the priorities determined by the USGF Board of Trustees. The USGF's support comes primarily from contributions and grants from individuals and corporations and leasing activities within the USG. The USGF has four primary goals, which are: to cultivate private support for scholarships for students to attend USG institutions, to serve as the administrative center for private grants awarded to USG office staff in "Research and Development (R&D) Centers" that feature the strategic priorities of the Board of Regents and that involve multiple USG institutions, to provide support to the Office of the Chancellor of the USG, and to facilitate financing of capital improvement projects at USG institutions.

USGF reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

#### VSU Auxiliary Services Real Estate Foundation, Inc.

The VSU Auxiliary Services Real Estate Foundation, Inc. (VSUREF) was organized to support Valdosta State University (VSU) in its mission to provide excellent higher education to its constituencies, and to provide broad advice, consultation and support to the President of VSU. The VSUREF's primary efforts are directed toward developing VSU's facilities and infrastructure as identified in the strategic planning process and the master plan of VSU. In addition, the VSUREF may provide such services as administration of assets, advice, consultation and support to the Board of Regents and the colleges and universities of the University System of Georgia and their affiliated support organizations. The VSUREF's primary source of revenue are lease payments, and repairs and maintenance and other fees received from the Board of Regents.

The VSUREF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The VSUREF's fiscal year is January 1 through December 31.

#### **Elimination and Consolidation Entries**

As part of the consolidation process, the USG makes certain adjustments to component unit balances to present the information in a comparable and consistent manner, eliminate duplicated transactions, eliminate intra-component unit assets and liabilities, and correct departures from GAAP. These adjustments are summarized below:

- GTF uses different capital lease implicit interest rates than GT. An adjustment was made to report these leases consistently between component units and the USG. This adjustment deceased investments in capital leases (\$16.4 million), decreased beginning net position (\$19.0 million), and increased revenues (\$2.6 million).
- AUF grosses up investments in capital leases for interest to be received in future periods. All other component
  units report investments in capital leases net of interest to be received in future periods. An adjustment was
  made to net AUF's interest to be received in future periods with investments in capital leases. This adjustment
  deceased investments in capital leases (\$7.6 million) and advances (\$7.6 million).
- GSUAA reports pledge receivables that are also reported by GSUF. An adjustment was made to eliminate these duplicative transactions. This adjustment deceased pledges receivable (\$8.8 million), beginning net position (\$12.9 million), revenues (\$1.0 million), and expenses (\$5.1 million).
- Some component units hold investments on behalf of other component units. An adjustment was made to eliminate duplicative investment balances. This adjustment deceased assets (\$175.8 million) and liabilities (\$175.8 million).
- An adjustment was made to eliminate intra-component units receivables and payables in the amount of \$8.4 million.
- Other reclassifications were made to move \$2.2 million from due from component units to capital assets to
  account for construction work-in progress related to GT's Cobb Research Campus and to move \$37.7 million
  from accounts payable to interest payable for consistent reporting with the State's CAFR.

## **Selected Financial Disclosures**

Combined component unit's endowments are comprised of the following amounts at June 30, 2019:

	V	Vithout Donor Restriction	With Donor Restriction	Total
Beginning Balance Originally Reported	\$	423,907,607	\$ 2,663,266,368	\$ 3,087,173,975
Adjustment to Beginning Balance due to new FASB reporting		(153,601,583)	31,943,569	(121,658,014)
Beginning Balance, Restated		270,306,024	2,695,209,937	2,965,515,961
Contributions		9,986,538	111,840,029	121,826,567
Net realized and unrealized gains		11,864,107	144,053,517	155,917,624
Appropriation of endowment assets for expenditure		(7,740,726)	(103,710,361)	(111,451,087)
Transfers to comply with donor intent		(800,000)	(243,552)	(1,043,552)
Other		4,953,578	1,296,460	6,250,038
Ending	\$	288,569,521	\$ 2,848,446,030	\$ 3,137,015,551
The ending balance is reported on the Statement of Net Position as follows:				
Net Position				
Restricted for:				
Nonexpendable	\$	_	\$ 2,341,143,849	\$ 2,341,143,849
Expendable		_	507,302,181	507,302,181
Unrestricted		288,569,521	_	288,569,521
Total Net Position	\$	288,569,521	\$ 2,848,446,030	\$ 3,137,015,551
	_			

## Combined component unit's investments are comprised of the following amounts at June 30, 2019:

			Fair Value			
	 Fair Value	Level 1	Level 2	Level 3	NAV	
Investment type						
Debt Securities						
U.S. Treasuries	\$ 191,526,505	\$ 162,590,692	\$ 28,935,813	\$ _	\$ _	
U.S. Agencies						
Explicitly Guaranteed	668,124	_	668,124	_	_	
Implicitly Guaranteed	14,226,788	4,224,368	10,002,420	_	_	
Bond Securities	192,424,280	141,100,603	21,998,677	_	29,325,000	
Corporate Debt	118,602,169	13,663,815	104,938,354	_	_	
Money Market Mutual Funds	161,584,047	159,958,499	1,625,548	_	_	
Municipal Obligations	2,905,599	_	2,905,599	_	_	
Mutual Bond Funds	81,013,139	34,807,450	46,205,689	_	_	
Certificates of Deposits	1,000,000	1,000,000	_	_	_	
Repurchase Agreements	59,031,061	3,005,781	56,025,280	_	_	
Other Investments						
Equity Mutual Funds - Domestic	112,777,718	112,062,619	715,099	_	_	
Equity Mutual Funds - International	328,236,668	288,542,780	7,336,568	_	32,357,320	
Equity Securities - Domestic	783,823,848	610,000,074	_	173,455,774	368,000	
Equity Securities - International	412,517,241	364,198,241	_	_	48,319,000	
Hedge Fund Limited Partnerships	714,831,562	_	_	_	714,831,562	
Natural Resources, including Timber/Oil/Gas	133,973,752			15,467,070	118,506,682	
Private Equity Limited Partnerships	442,320,165	_	_	145,905	442,174,260	
Real Estate Held for Investment Purposes	81,370,931	_	_	81,370,931	_	
Real Estate Investment Trusts	79,696,541	44,424,707	_	_	35,271,834	
Other	 192,711,541	 90,582,639	 8,244,713	 3,961,932	 89,922,257	
	4,105,241,679	\$ 2,030,162,268	\$ 289,601,884	\$ 274,401,612	\$ 1,511,075,915	
Investment Pools						
Board of Regents (Held by USG)						
Short-Term Fund	93,162,391					
Legal Fund	582,875					
Balanced Income Fund	11,543,393					
Total Return Fund	409,381					
Diversified Fund	1,495,968					
Diversified Fund for Foundations	21,695,076					
Office of the State Treasurer						
Georgia Fund 1	 279,252					
Total Investments	\$ 4,234,410,015					

Component unit investments of \$128,861,815 are reported as cash and cash equivalents on the Statement of Net Position.

## Combined component unit's capital assets are comprised of the following amounts at June 30, 2019:

	Total
Capital Assets, Not Being Depreciated:	
Land	\$ 201,584,128
Capitalized Collections	3,117,193
Construction Work-in-Progress	90,292,922
Software Development-in-Progress	5,788,163
Total Capital Assets Not Being Depreciated	300,782,406
Capital Assets, Being Depreciated/Amortized:	
Infrastructure	4,224,899
Building and Building Improvements	968,305,128
Facilities and Other Improvements	246,303,221
Equipment	332,185,843
Capital Leases	66,936,210
Software	 32,017,995
Total Capital Assets being Depreciated/Amortized	1,649,973,296
Less Total Accumulated Depreciation/Amortization	 712,277,931
Total Capital Assets being Depreciated/Amortized, Net	 937,695,365
Capital Assets, Net	\$ 1,238,477,771

## Combined amounts due to component units related to direct financing lease activity as of June 30, 2019 is as follows:

	Total	Due from USG Institutions			Due from Other Parties
Year Ending June 30:					
2020	\$ 202,638,621	\$	200,808,177	\$	1,830,444
2021	204,348,851		202,873,238		1,475,613
2022	205,525,873		203,404,649		2,121,224
2023	204,279,731		202,162,557		2,117,174
2024	203,879,659		201,766,922		2,112,737
Thereafter	2,901,984,521		2,638,171,444		263,813,077
Total minimum lease payments to be received	3,922,657,256		3,649,186,987		273,470,269
Unearned Income	(1,538,011,499)		(1,284,058,597)		(253,952,902)
Net Investment in Direct Financing Lease	\$ 2,384,645,757	\$	2,365,128,390	\$	19,517,367

## Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2019:

	Beginning Balance		Additions		Reductions		Ending Balance		Amounts due thin One Year
Claims and Judgments	\$	2,045,616	\$ _	\$	464,992	\$	1,580,624	\$	1,000,000
Compensated Absences	1	9,801,373	6,793,255		5,253,562		21,341,066		21,341,066
Lease Purchase Obligation (Capital Lease)	8	2,926,743	13,086,951		12,463,804		83,549,890		8,983,816
Liabilities under Split Interest Agreement	2	8,055,115	2,091,033		1,226,111		28,920,037		2,396,557
Notes and Loans Payable	26	8,553,869	134,757,234		126,306,820		277,004,283		96,692,251
Note (Discount)/Cost of Issuance	(	1,693,974)	_		243,816		(1,937,790)		_
Interest Rate Swap	3	0,176,076	8,285,702		968,407		37,493,371		_
Net Other Post Employment Benefits Liability		6,165,679	1,450,057		857,113		6,758,623		_
Pollution Remediation		561,929	_		561,929		_		_
Revenue/Mortgage Bonds Payable	3,11	8,652,529	270,150,000		236,786,135		3,152,016,394		130,329,368
Bond - Premium	18	1,439,519	33,591,388		21,714,300		193,316,607		_
Bond - (Discount)/Cost of Issuance	(5	8,439,776)	 (1,475,078)		(9,251,835)		(50,663,019)		
Total Long Term Liabilities	\$ 3,67	8,244,698	\$ 468,730,542	\$	397,595,154	\$	3,749,380,086	\$	260,743,058

## Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2019:

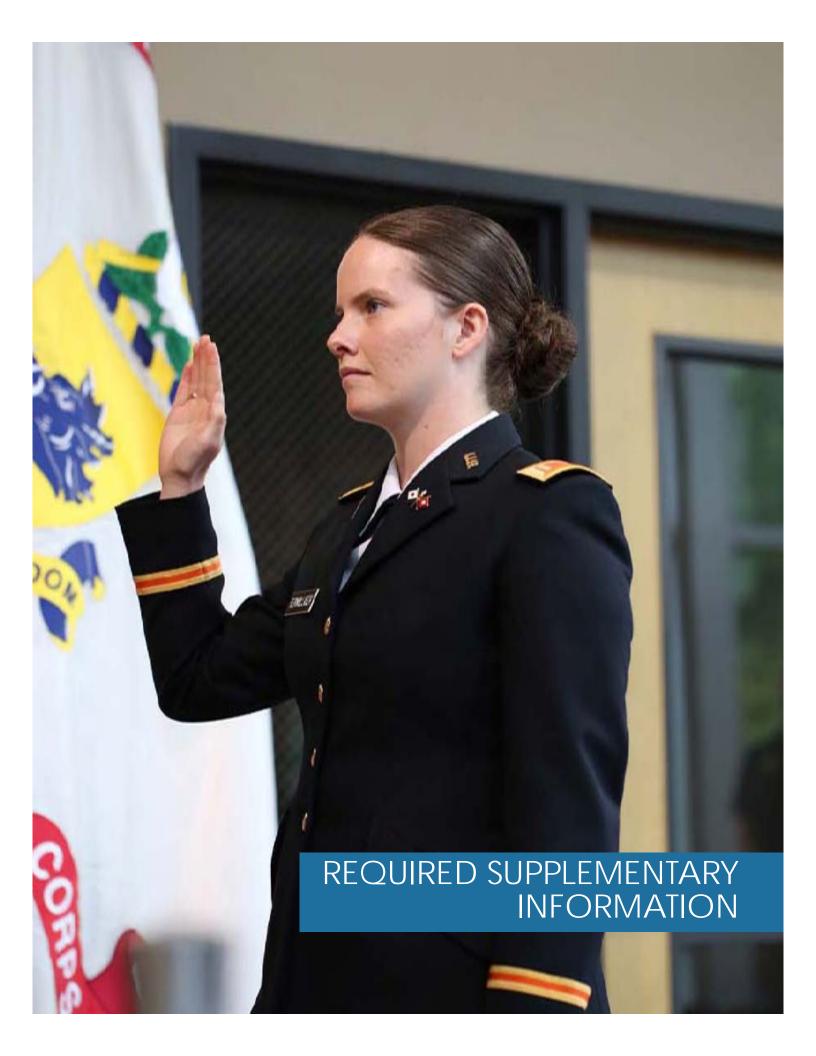
2021     11,986       2022     11,227       2023     10,034       2024     8,468       2025 through 2029     30,055       2030 through 2034     25,455       2035 through 2039     2,068       Total minimum lease payments     112,623       Less: Interest     29,074	Year ending June 30:	
2022     11,227       2023     10,034       2024     8,469       2025 through 2029     30,055       2030 through 2034     25,455       2035 through 2039     2,068       Total minimum lease payments     112,623       Less: Interest     29,074	2020	\$ 13,326,269
2023       10,034         2024       8,469         2025 through 2029       30,055         2030 through 2034       25,455         2035 through 2039       2,068         Total minimum lease payments       112,623         Less: Interest       29,074	2021	11,986,587
2024       8,469         2025 through 2029       30,055         2030 through 2034       25,455         2035 through 2039       2,068         Total minimum lease payments       112,623         Less: Interest       29,074	2022	11,227,337
2025 through 2029       30,055         2030 through 2034       25,455         2035 through 2039       2,068         Total minimum lease payments       112,623         Less: Interest       29,074	2023	10,034,268
2030 through 2034       25,455         2035 through 2039       2,068         Total minimum lease payments       112,623         Less: Interest       29,074	2024	8,469,139
2035 through 2039       2,068         Total minimum lease payments       112,623         Less: Interest       29,074	2025 through 2029	30,055,997
Total minimum lease payments  Less: Interest  29,074	2030 through 2034	25,455,346
Less: Interest 29,074	2035 through 2039	 2,068,954
	Total minimum lease payments	112,623,897
Principal Outstanding \$ 83,549	Less: Interest	 29,074,007
	Principal Outstanding	\$ 83,549,890

## Combined component unit's notes and loans are comprised of the following amounts at June 30, 2019:

	Principal	Interest	Total
Year ending June 30:			
2020	\$ 96,692,251	\$ 6,514,761	\$ 103,207,012
2021	5,975,104	6,161,651	12,136,755
2022	31,447,780	5,489,886	36,937,666
2023	6,300,633	5,101,191	11,401,824
2024	55,753,508	4,093,230	59,846,738
2025 through 2029	46,148,117	10,660,134	56,808,251
2030 through 2034	19,749,178	2,590,821	22,339,999
2035 through 2039	14,892,712	1,332,187	16,224,899
2040 through 2044	45,000	518	45,518
	 277,004,283	41,944,379	318,948,662
Note Discount/Cost of Issuance	(1,937,790)	_	(1,937,790)
Total	\$ 275,066,493	\$ 41,944,379	\$ 317,010,872

# Combined component unit's bonds payable are comprised of the following amounts at June 30, 2019:

	Principal			Interest	 Total
Year ending June 30:					
2020	\$	130,329,368	\$	140,765,414	\$ 271,094,782
2021		109,783,299		135,722,247	245,505,546
2022		117,008,558		130,707,921	247,716,479
2023		149,466,152		124,541,343	274,007,495
2024		127,524,017		118,042,802	245,566,819
2025 through 2029		740,475,000		493,457,518	1,233,932,518
2030 through 2034		783,020,000		315,487,647	1,098,507,647
2035 through 2039		658,965,000		155,096,052	814,061,052
2040 through 2044		248,210,000		41,721,433	289,931,433
2045 through 2049		70,740,000		12,750,701	83,490,701
2050 through 2054		16,495,000		1,409,850	17,904,850
		3,152,016,394		1,669,702,928	4,821,719,322
Bond Premium		193,316,607		_	193,316,607
Bond Discount/Cost of Issuance		(50,663,019)		_	(50,663,019)
Total	\$	3,294,669,982	\$	1,669,702,928	\$ 4,964,372,910



## **UNIVERSITY SYSTEM OF GEORGIA REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS DEFINED BENEFIT PENSION PLANS** FOR THE LAST TEN YEARS

	Year Ended		Actuarially Determined Contribution (a)	R	ontributions in Relation to the Actuarially Determined Contribution (b)	(	Contribution Deficiency (Excess) (a-b)		Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Early Retirement Plan	6/30/2019	\$	11,521,141	\$	13,084,672	\$	(1,563,531)		N/A	N/A
	6/30/2018	\$	11,767,714	\$	13,084,672	\$	(1,316,958)		N/A	N/A
	6/30/2017	\$	12,107,903	\$	13,084,672	\$	(976,769)		N/A	N/A
	6/30/2016	\$	12,760,669	\$	13,084,672	\$	(324,003)		N/A	N/A
	6/30/2015	\$	12,996,582	\$	13,084,672	\$	(88,090)		N/A	N/A
	6/30/2014	\$	13,045,051	\$	13,084,672	\$	(39,621)		N/A	N/A
	6/30/2013	\$	13,055,907	\$	13,225,850	\$	(169,943)		N/A	N/A
	6/30/2012	\$	12,861,601	\$	13,225,850	\$	(364,249)		N/A	N/A
	6/30/2011	\$	12,973,559	\$	13,225,850	\$	(252,291)		N/A	N/A
	6/30/2010	\$	13,050,409	\$	13,225,850	\$	(175,441)		N/A	N/A
Employees' Retirement	0/00/00/0	•		•	0.505.000	•		•	40.004.000	07.000/
System	6/30/2019	\$	3,537,809	\$	3,537,809	\$	_	\$	13,094,926	27.02%
	6/30/2018	\$	3,201,803	\$	3,201,803	\$	_	\$	12,768,728	25.08%
	6/30/2017	\$	2,963,115	\$	2,963,115	\$	_	\$	11,464,596	25.85%
	6/30/2016	\$	2,674,110	\$	2,674,110	\$	_	\$	10,285,916	26.00%
	6/30/2015	\$	2,094,605	\$	2,094,605	\$	_	\$	9,219,622	22.72%
	6/30/2014	\$	1,631,633	\$	1,631,633	\$	_	\$	8,690,850	18.77%
	6/30/2013	\$	1,238,577	\$	1,238,577	\$	_	\$	8,312,597	14.90%
	6/30/2012	\$	896,604	\$	896,604	\$	_	\$	7,701,668	11.64%
	6/30/2011	\$	709,947	\$	709,947	\$	_	\$	6,819,856	10.41%
	6/30/2010	\$	665,448	\$	665,448	\$	_	\$	6,392,392	10.41%
Teachers Retirement System	6/30/2019	\$	391,455,859	\$	391,455,859	\$		\$	1,866,677,068	20.97%
System	6/30/2018	\$	303,975,717	\$	303,975,717	\$	_		1,806,029,773	16.83%
	6/30/2017	\$	246,086,468	\$ \$	246,086,468	\$	_		1,724,389,667	14.27%
	6/30/2017	э \$	232,397,988	э \$	232,397,988	э \$	_		1,626,552,148	14.27%
		э \$		э \$		Ф \$	_			
	6/30/2015		203,874,344		203,874,344		_		1,542,770,677	13.21%
	6/30/2014	\$	181,383,954	\$	181,383,954	\$	_		1,477,068,029	12.28%
	6/30/2013	\$	164,293,969	\$	164,293,969	\$	_		1,439,912,086	11.41%
	6/30/2012	\$	148,193,749	\$	148,193,749	\$	_		1,441,573,434	10.28%
	6/30/2011	\$	143,479,549	\$	143,479,549	\$	_		1,395,715,457	10.28%
	6/30/2010	\$	135,361,497	\$	135,361,497	\$	_	ф	1,389,748,429	9.74%

## **UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS FOR THE LAST FIVE FISCAL YEARS\*

	Year Ended	Proportion of the Net Pension Liability	oportionate Share of he Net Pension Liability	Covered Payroll		Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	6/30/2019	0.50%	\$ 20,647,007	\$	12,768,728	161.70%	76.68%
	6/30/2018	0.47%	\$ 18,912,176	\$	11,464,596	164.96%	76.33%
	6/30/2017	0.44%	\$ 20,881,541	\$	10,285,916	203.01%	72.34%
	6/30/2016	0.40%	\$ 16,237,112	\$	9,219,622	176.11%	76.20%
	6/30/2015	0.39%	\$ 14,722,566	\$	8,690,850	169.40%	77.99%
Teachers Retirement System	6/30/2019	15.23%	\$ 2,827,258,134	\$	1,806,029,773	156.55%	80.27%
	6/30/2018	15.05%	\$ 2,796,679,979	\$	1,724,389,667	162.18%	79.33%
	6/30/2017	14.87%	\$ 3,067,576,327	\$	1,626,552,148	188.59%	76.06%
	6/30/2016	14.74%	\$ 2,243,998,382	\$	1,542,770,677	145.45%	81.44%
	6/30/2015	14.52%	\$ 1,835,025,616	\$	1,477,068,029	124.23%	84.03%

<sup>\*</sup>This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## **UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYERS' AND NONEMPLOYERS' NET PENSION LIABILITY **EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY** SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN FOR THE LAST SIX FISCAL YEARS\*

	2019 2018		2017	2016	2015	2014	
Total Pension Liability	\$ 146,605,709	\$ 148,863,688	\$ 149,152,995	\$ 151,817,059	\$ 143,780,226	\$ 145,384,819	
Plan Fiduciary Net Position	(105,375,867)	(99,022,119)	(90,408,065)	(80,322,348)	(79,125,737)	(76,193,610)	
Net Pension Liability	\$ 41,229,842	\$ 49,841,569	\$ 58,744,930	\$ 71,494,711	\$ 64,654,489	\$ 69,191,209	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.88%	66.52%	60.61%	52.91%	55.03%	52.41%	
Covered Payroll	-%	-%	—%	—%	-%	-%	
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## **UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY **EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY** SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN FOR THE LAST SIX FISCAL YEARS\*

		2019		2018	2017		2016	2015		2014
Total Pension Liability										
Interest	\$	10,636,036	\$ 10	0,669,543	\$ 10,875,63	30	\$ 10,278,138	\$ 10,405,981	\$	10,607,438
Differences Between Expected and Actual Experience		1,581,985		664,493	77,61	19	1,349,554	1,266,248		(127,876)
Changes of Assumptions		(376,246)	2	2,161,493	-	_	9,885,919	_		_
Benefit Payments/Refunds		(14,099,754)	(13	3,784,836)	(13,617,31	13)	(13,476,778)	(13,276,822)		(13,054,512)
Net Change in Total Pension Liability		(2,257,979)		(289,307)	(2,664,06	64)	8,036,833	(1,604,593)		(2,574,950)
Total Pension Liability - Beginning		148,863,688	149	9,152,995	151,817,05	59	143,780,226	145,384,819		147,959,769
Total Pension Liability - Ending (a)	\$	146,605,709	\$148	3,863,688	\$149,152,99	95	\$151,817,059	\$143,780,226	\$	145,384,819
Plan Fiduciary Net Position										
Contributions - Employer	\$	13,084,672	\$ 13	3,084,672	\$ 13,084,67	72	\$ 13,084,672	\$ 13,084,672	\$	13,084,672
Net Investment Income		7,368,830	Ş	9,314,218	10,618,35	58	1,588,717	3,124,277		11,727,751
Benefit Payments/Refunds		(14,099,754)	(13	3,784,836)	(13,617,31	13)	(13,476,778)	(13,276,822)		(13,054,512)
Net Change in Plan Fiduciary Net Position		6,353,748		3,614,054	10,085,71	17	1,196,611	2,932,127		11,757,911
Plan Fiduciary Net Position - Beginning	_	99,022,119	90	0,408,065	80,322,34	18	79,125,737	76,193,610	_	64,435,699
Plan Fiduciary Net Position - Ending (b)	\$	105,375,867	\$ 99	9,022,119	\$ 90,408,06	<u> </u>	\$ 80,322,348	\$ 79,125,737	\$	76,193,610
Net Pension Liability Ending (a - b)	\$	41,229,842	\$ 49	9,841,569	\$ 58,744,93	30	\$ 71,494,711	\$ 64,654,489	\$	69,191,209

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION **SCHEDULE OF INVESTMENT RETURNS EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY** SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN FOR THE LAST SIX FISCAL YEARS\*

	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.53%	10.42%	13.39%	2.02%	4.13%	18.35%

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION **DEFINED BENEFIT PENSION PLANS METHODS AND ASSUMPTIONS** FOR FISCAL YEAR ENDED JUNE 30, 2019

#### Changes of assumptions

#### Early Retirement Plan:

The expectation of retired life mortality was changed effective June 30, 2019 to the MP-2018 Mortality Improvement Scale rather than the MP-2017 to better recognize current and future mortality improvements.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date.

Teachers Retirement System:
Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

#### Changes of benefit terms

Employees' Retirement System: A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

**UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION **SCHEDULE OF CONTRIBUTIONS DEFINED BENEFIT OPEB PLANS** FOR THE LAST TEN YEARS\* (Dollars in thousands)

#### **Board of Regents Retiree Health Benefit Plan**

Year Ended	De	ctuarially etermined entribution (a)	Re	ntributions in elation to the Actuarially Determined Contribution (b)		Contribution Deficiency (Excess) (a-b)	Cov	ered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2019	\$	484,599	\$	160,383	\$	324,216	\$	3,375,246	4.75%
6/30/2018	\$	467,338	\$	158,420	\$	308,918	\$	3,218,771	4.92%
6/30/2017	\$	349,859	\$	99,584	\$	250,275	\$	3,122,694	3.19%
6/30/2016	\$	295,192	\$	111,814	\$	183,378	\$	3,087,013	3.62%
6/30/2015	\$	442,359	\$	129,823	\$	312,536	\$	2,608,757	4.98%
6/30/2014	\$	403,314	\$	120,926	\$	282,388	\$	2,594,800	4.66%
6/30/2013	\$	362,426	\$	83,414	\$	279,012	\$	2,466,314	3.38%
6/30/2012	\$	345,298	\$	88,836	\$	256,462	\$	2,526,212	3.52%
6/30/2011	\$	411,516	\$	80,262	\$	331,254	\$	2,432,367	3.30%
6/30/2010	\$	381,700	\$	69,900	\$	311,800	\$	2,399,532	2.91%
Notes to Schedule									
Valuation Date	May 1	, 2019. Update	proce	dures were use	d to r	oll forward the tota	al OPI	EB liability to Jun	e 30, 2019.
Cost Method	Entry	Age Normal							
Amortization Method	Close	d amortization i	eriod	for initial unfund	led a	nd subsequent ac	tuaria	l gains/losses.	
Asset Method	Fair Va	alue				·		_	
Investment Rate of Return	4.5%,	net of OPEB pl	an inv	estment expens	e, ind	luding inflation of	2.5%		
Salary Increases	4.0%	·		·		· ·			
Mortality Rates	Health	ny: Pub-2010 fo	r Teac	hers (as approp	riate)	headcount weigh	ted p	rojected with scal	e MP-2018
	Disabl MP-20		Disabl	ed Mortality for T	Teach	ers (as appropria	e) he	adcount weighted	d projected with scale
Healthcare Cost Trend	Pre-M	edicare Eligible	: 6.9%	to 4.5% reache	ed 20	31; Medicare Elig	ble: 4	.5% reached 202	20
Experience Study	study on the	over the Plan, in results of the r	vhich nost r	covered a three-	year xperi	period ending Jur ence study of the	ne 30,	2019. All other a	tuarial experience ssumptions are based System of Georgia,

Changes in Assumptions Since Prior Valuation:

Expected claims costs were updated to reflect actual claims experience.
Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption.
Mortality rates were changed from RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for Teachers (as appropriate) headcount weighted projected with scale MP-2018.
Retirement rates were updated from rates developed for the Teacher's Retirement System to rates based on actual experience.
The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

## State Employees' Assurance Department Retired and Vested Inactive Members Plan

	Year Ended	F	ntractually Required ontribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Co	overed Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
-	6/30/2019	\$		\$ _	\$ _	\$	13,095	-%	-
	6/30/2018	\$	_	\$ _	\$ _	\$	12 769	-%	

Actuarial Cost Method: Entry Age; Amortization Method: Projected Unit Credit; Remaining Amortization Period: Dollar Infinite; Asset Valuation Method: Market Value of Assets; Inflation: 2.75%; Salary Increases: 3.25%-7.00% ERS, 4.50% GJRS; Investment Rate of Return: 7.50%, Including Inflation; Cost of Living Adjustment: N/A.

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## **UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB ASSET COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT OPEN PLAN FOR THE LAST TWO FISCAL YEARS\*

	Year Ended	Proportion of the Net OPEB Asset	Proportionate Share of the Net OPEB Asset			Covered Payroll	Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset
State Employees' Assurance	6/30/2019	0.924253%	\$	2,501,455	\$	12,768,728	19.59%	129.46%
Department Retired and Vested Inactive Members Plan	6/30/2018	0.786570%	\$	2,044,332	\$	11,454,514	17.85%	130.17%

<sup>\*</sup>This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
SINGLE EMPLOYER DEFINED BENEFIT OPEB PLAN
FOR THE LAST THREE FISCAL YEARS\*

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 217,647,848	\$ 236,916,639	\$ 211,512,614
Interest	180,172,887	158,222,522	124,612,066
Changes in Benefit Terms	(11,210,551)		
Differences Between Expected and Actual Experience	(29,667,255)	264,729,331	123,090,290
Changes of Assumptions	(129,153,450)	(310,106,837)	(347,330,873)
Benefit Payments/Refunds	 (98,563,146)	(90,548,660)	(89,653,306)
Net Change in Total OPEB Liability	129,226,333	259,212,995	22,230,791
Total OPEB Liability - Beginning	 4,486,796,090	4,227,583,095	4,205,352,304
Total OPEB Liability - Ending (a)	\$ 4,616,022,423	\$ 4,486,796,090	\$ 4,227,583,095
Plan Fiduciary Net Position			
Contributions - Employer	\$ 160,383,000	\$ 158,419,937	\$ 99,583,903
Net Investment Income	7,126,020	801,316	72,961
Administrative Expense	(536,437)	(484,825)	(5,044,837)
Benefit Payments/Refunds	 (98,563,146)	(90,548,660)	 (89,653,306)
Net Change in Plan Fiduciary Net Position	68,409,437	68,187,768	4,958,721
Plan Fiduciary Net Position - Beginning	 76,044,991	 7,857,223	 2,898,502
Plan Fiduciary Net Position - Ending (b)	\$ 144,454,428	\$ 76,044,991	\$ 7,857,223
Net OPEB Liability Ending (a - b)	\$ 4,471,567,995	\$ 4,410,751,099	\$ 4,219,725,872

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY **BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN** SINGLE EMPLOYER DEFINED BENEFIT OPEB PLAN FOR THE LAST THREE FISCAL YEARS\*

	2019	2018	2017
Total OBEB Liability	\$ 4,616,022,423	\$ 4,486,796,090	\$ 4,227,583,095
Plan Fiduciary Net Position	144,454,428	76,044,991	7,857,223
Net OPEB Liability	\$ 4,471,567,995	\$ 4,410,751,099	\$ 4,219,725,872
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.13%	1.69%	0.19%
Covered Employee Payroll	\$ 3,375,246,297	\$ 3,218,771,744	\$ 3,122,694,102
Net OPEB Liability as a Percentage of Covered Employee Payroll	132.48%	137.03%	135.13%

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**UNIVERSITY SYSTEM OF GEORGIA** REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS **BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN** SINGLE EMPLOYER DEFINED BENEFIT OPEB PLAN FOR THE LAST THREE FISCAL YEARS\*

	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.99%	2.85%	0.99%

<sup>\*</sup> This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2019

## **Board of Regents Retiree Health Benefit Plan**

## Changes in Assumptions Since Prior Valuation

- Expected claims costs were updated to reflect actual claims experience.
- Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption.
- Mortality rates were changed from RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for Teachers (as appropriate) headcount weighted projected with scale MP-2018.
- Retirement rates were updated from rates developed for the Teacher's Retirement System to rates based on actual
  experience.
- The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

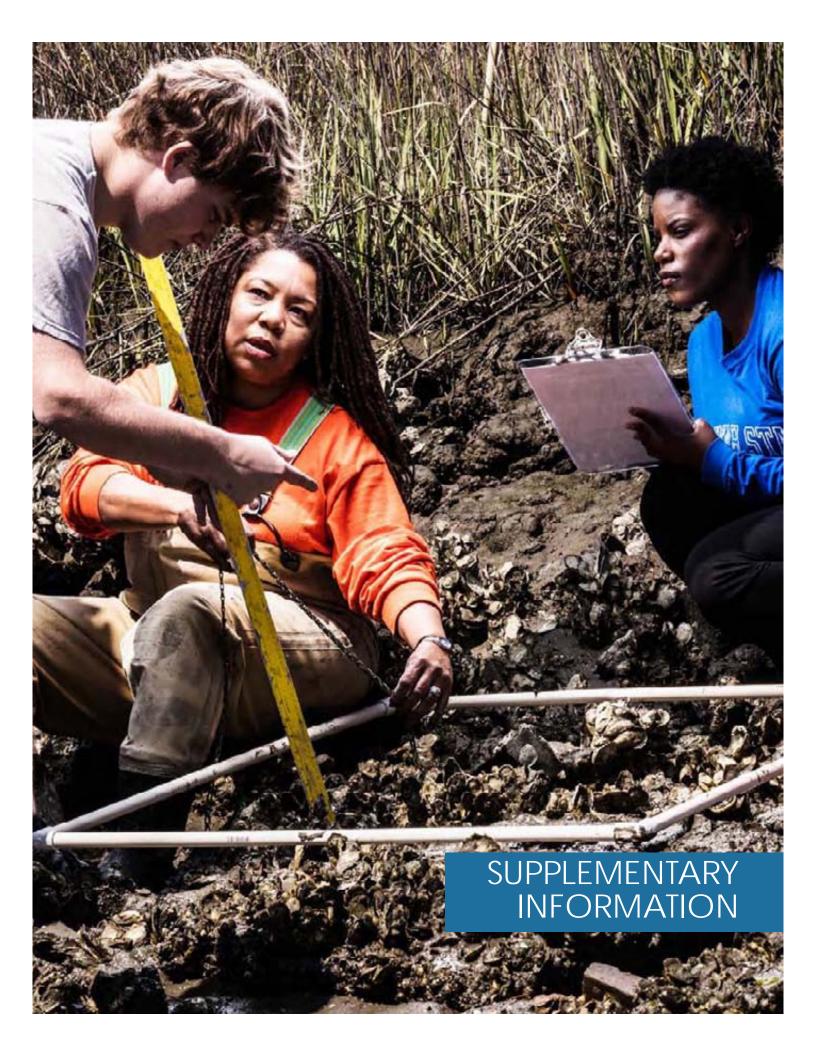
### State Employees' Assurance Department Retired and Vested Inactive Members Plan

#### Changes in Assumptions Since Prior Valuation

Subsequent to the June 30, 2017 measurement date, the SEAD Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the SEAD Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. Therefore, an assumption change from 7.5% to 7.3% is reflected in the calculation of the total pension asset.



# UNIVERSITY SYSTEM OF GEORGIA



	Abraham Baldwin Agricultural College		Albany	Albany State University		ta Metropolitan tate College	Aug	gusta University
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$	12,974,752	\$	7,494,244	\$	829,509	\$	10,283,065
Cash and Cash Equivalents (Externally Restricted)		391,881		3,634,256		228,776		18,013,897
Short-term Investments		1,119,066		_		_		_
Short-term Investments (Externally Restricted)		_		_		_		_
Accounts Receivable, net		_						
Federal Financial Assistance		267,117		1,807,822		2,132,404		8,618,200
Affiliated Organizations		33,470		_		_		555,024
Component Units		_		_		_		71,447,158
Other		1,921,722		2,642,145		540,896		20,593,566
Notes Receivable, net		_		_		_		_
Inventories		344,015		_		_		775,475
Prepaid Items		13,166		169,390		154,634		6,256,256
Other Assets		_		_		_		_
Total Current Assets		17,065,189		15,747,857		3,886,219		136,542,641
Non-Current Assets								
Accounts Receivable, net								
Affiliated Organizations		_		_		_		_
Component Units		_		_		_		_
Due From USO - Capital Liability Reserve Fund		_		801,382		69,628		197,730
Investments		_		_		_		71,902,696
Notes Receivable, net		111,327		58,514		_		2,042,024
Non-current Cash (Externally Restricted)		1,588		_		_		_
Short-term Investments (Externally Restricted)		_		_		_		_
Investments (Externally Restricted)		2,003,994		_		_		13,304,230
Capital Assets, net		59,164,422		210,482,749		42,084,624		682,949,901
Total Non-Current Assets		61,281,331		211,342,645		42,154,252		770,396,581
TOTAL ASSETS		78,346,520		227,090,502		46,040,471		906,939,222
DEFERRED OUTFLOWS OF RESOURCES	\$	9,701,586	\$	15,628,572	\$	5,049,617	\$	135,543,575

	Abraham Baldwin Agricultural College		Alba	ny State University	nta Metropolitan State College	Α	ugusta University
LIABILITIES				_	_		
Current Liabilities							
Accounts Payable	\$	1,010,990	\$	1,308,683	\$ 1,042,612	\$	26,019,078
Salaries Payable		216,230		338,226	103,849		3,046,835
Benefits Payable		91,116		127,348	22,418		3,546,003
Contracts Payable		_		83,608	137,582		1,083,921
Retainage Payable		_		56,294	_		370,668
Interest Payable (Added for SAO)		_		_	_		_
Due to Affiliated Organizations		_		_	_		724,721
Due to Component Units		_		_	_		5,764,776
Due to USO - Capital Liability Reserve Fund		_		_	_		_
Advances (Including Tuition and Fees)		845,864		5,231,015	752,430		30,469,087
Deposits		145,950		307,519	4,937		_
Deposits Held for Other Organizations		655,648		1,460,127	420,842		1,448,306
Other Liabilities		_		_	_		_
Notes and Loans Payable		_		_	_		_
Lease Purchase Obligations - External		19,513		3,094,538	210,509		2,831,321
Lease Purchase Obligations - Component Units		_		_	_		2,419,236
Pollution Remediation		_		_	_		_
Claims and Judgments		_		2,016,276	362,355		_
Compensated Absences		772,649		1,572,646	494,802		22,675,055
Total Current Liabilities		3,757,960		15,596,280	3,552,336		100,399,007
Non-Current Liabilities							
Advances (Including Tuition and Fees)		_		_	_		_
Notes and Loans Payable		_		_	_		_
Lease Purchase Obligations - External		5,987		96,556,173	9,265,733		1,773,196
Lease Purchase Obligations - Component Units		_		_	_		44,075,789
Claims and Judgments		_		2,842,170	642,895		_
Compensated Absences		576,104		854,483	225,752		17,128,587
Net Other Post Employment Benefits Liability		43,650,380		64,604,668	17,588,752		520,940,139
Net Pension Liability		24,358,126		41,783,205	13,598,625		364,346,083
Total Non-Current Liabilities		68,590,597		206,640,699	41,321,757		948,263,794
TOTAL LIABILITIES		72,348,557		222,236,979	44,874,093		1,048,662,801
DEFERRED INFLOWS OF RESOURCES	\$	9,384,959	\$	28,734,401	\$ 4,600,974	\$	80,632,368

Abraham Baldwin Agricultural College		Albany State University		Atlanta Metropolitan State College	Augusta University		
\$ 59,138,922	\$	107,978,535	\$	32,470,800	\$	632,135,277	
1,926,766		_		_		2,630,187	
829,263		125,143		62,528		28,467,274	
_		_		_		_	
_		_		_		_	
_		_		_		_	
 (55,580,361)		(116,355,984)		(30,918,307)		(750,045,110)	
\$ 6.314.590	\$	(8.252.306)	\$	1.615.021	\$	(86,812,372)	
Agric	Agricultural College \$ 59,138,922  1,926,766 829,263 — — — — — — — — — — — — — — — — — — —	Agricultural College Alban \$ 59,138,922 \$  1,926,766 829,263 (55,580,361)	Agricultural College Albany State University  \$ 59,138,922 \$ 107,978,535  1,926,766	Agricultural College Albany State University  \$ 59,138,922 \$ 107,978,535 \$  1,926,766	Agricultural College         Albany State University         State College           \$ 59,138,922         \$ 107,978,535         \$ 32,470,800           1,926,766         —         —           829,263         125,143         62,528           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           (55,580,361)         (116,355,984)         (30,918,307)	Agricultural College         Albany State University         State College           \$ 59,138,922         \$ 107,978,535         \$ 32,470,800           1,926,766         —         —           829,263         125,143         62,528           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           —         —         —           (55,580,361)         (116,355,984)         (30,918,307)	

	Clayton State University	of Coastal orgia	 Columbus State University	Dalton State College		
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 9,434,485	\$ 4,864,489	\$ 21,585,644	\$	9,371,823	
Cash and Cash Equivalents (Externally Restricted)	296,632	7,822	620,167		113,464	
Short-term Investments	_	_	_		_	
Short-term Investments (Externally Restricted)	_	_	_		_	
Accounts Receivable, net						
Federal Financial Assistance	2,093,841	582,736	694,018		1,592,834	
Affiliated Organizations	282,072	253,021	532,922		75,028	
Component Units	_	_	_		_	
Other	3,851,816	1,600,278	6,486,236		1,099,740	
Notes Receivable, net	_	_	_		_	
Inventories	966	28,743	_		12,471	
Prepaid Items	54,872	119,231	406,212		108,169	
Other Assets	_	_	_		_	
Total Current Assets	16,014,684	7,456,320	30,325,199		12,373,529	
Non-Current Assets						
Accounts Receivable, net						
Affiliated Organizations	1,655,106	_	_		_	
Component Units	_	_	_		_	
Due From USO - Capital Liability Reserve Fund	578,205	77,550	259,144		46,314	
Investments	_	_	2,225,004		_	
Notes Receivable, net	6,188	_	685,214		_	
Non-current Cash (Externally Restricted)	_	_	_		_	
Short-term Investments (Externally Restricted)	_	_	_		_	
Investments (Externally Restricted)	_	158,096	3,277,155		_	
Capital Assets, net	122,599,649	65,205,415	117,129,381		55,169,914	
Total Non-Current Assets	124,839,148	65,441,061	123,575,898		55,216,228	
TOTAL ASSETS	140,853,832	72,897,381	153,901,097		67,589,757	
DEFERRED OUTFLOWS OF RESOURCES	\$ 13,051,338	\$ 6,219,752	\$ 19,248,386	\$	7,365,775	

	Clayton State University		College of Coastal Georgia	Columbus State University			Dalton State College	
LIABILITIES								
Current Liabilities								
Accounts Payable	\$	1,947,994	\$ 867,587	\$	3,059,261	\$	1,470,823	
Salaries Payable		275,808	190,008		410,375		141,281	
Benefits Payable		141,557	61,246		197,031		152,273	
Contracts Payable		89,300	_		358,406		_	
Retainage Payable		_	155,332		51,008		21,179	
Interest Payable (Added for SAO)		_	_		_		_	
Due to Affiliated Organizations		_	49		_		_	
Due to Component Units		_	_		_		_	
Due to USO - Capital Liability Reserve Fund		_	_		_		_	
Advances (Including Tuition and Fees)		2,147,688	860,314		5,072,366		650,387	
Deposits		110,565	14,782		150		27,647	
Deposits Held for Other Organizations		173,430	308,524		2,746,722		184,435	
Other Liabilities		10,392	_		14,370		_	
Notes and Loans Payable		_	_		_		_	
Lease Purchase Obligations - External		_	286,046		198,316		_	
Lease Purchase Obligations - Component Units		2,155,409	_		1,549,962		141,919	
Pollution Remediation		_	_		_		_	
Claims and Judgments		_	_		_		_	
Compensated Absences		1,610,801	484,775		1,850,950		588,195	
Total Current Liabilities		8,662,944	3,228,663		15,508,917		3,378,139	
Non-Current Liabilities								
Advances (Including Tuition and Fees)		_	_		_		_	
Notes and Loans Payable		_	_		_		_	
Lease Purchase Obligations - External		_	10,742,447		204,517		_	
Lease Purchase Obligations - Component Units		63,621,407	_		36,841,784		5,694,513	
Claims and Judgments		_	_		_		_	
Compensated Absences		533,025	256,455		1,132,962		225,729	
Net Other Post Employment Benefits Liability		54,191,106	22,305,918		73,345,057		33,216,970	
Net Pension Liability		31,178,526	12,031,905		44,870,520		16,804,350	
Total Non-Current Liabilities		149,524,064	45,336,725		156,394,840		55,941,562	
TOTAL LIABILITIES		158,187,008	48,565,388		171,903,757		59,319,701	
DEFERRED INFLOWS OF RESOURCES	\$	18,678,202	\$ 3,046,141	\$	13,629,171	\$	5,988,163	

	Clayton State University		College of Coastal Georgia		Columbus State University		Dalton State College	
NET POSITION								
Net Investment in Capital Assets	\$	47,397,517	\$	54,021,590	\$	75,675,118	\$	48,766,618
Restricted for:								
Nonexpendable		1,650,680		68,879		2,175,517		_
Expendable		8,837		97,039		4,069,428		30,904
Capital Projects		_		_		_		_
Higher Education		_		_		_		_
Endowment		_		_		_		_
Unrestricted (Deficit)		(72,017,074)		(26,681,904)		(94,303,508)		(39,149,854)
TOTAL NET POSITION	\$	(22,960,040)	\$	27,505,604	\$	(12,383,445)	\$	9,647,668

	East Georgia State College		Fort Valley State University		gia College & State University	Georgia Gwinnett College		
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 3,001,207	\$	6,615,869	\$	22,616,765	\$	41,067,807	
Cash and Cash Equivalents (Externally Restricted)	80,009		2,058,646		764,783		558,792	
Short-term Investments	_		_		_		_	
Short-term Investments (Externally Restricted)	_		_		_		_	
Accounts Receivable, net								
Federal Financial Assistance	1,469,930		3,883,520		394,768		131,885	
Affiliated Organizations	8,949		760,860		9,113		_	
Component Units	_		_		896,193		123,920	
Other	1,522,717		2,231,846		4,128,861		671,344	
Notes Receivable, net	_		_		_		_	
Inventories	14,187		_		283,097		_	
Prepaid Items	6,054		153,508		867,733		806,997	
Other Assets	_		_		_		_	
Total Current Assets	6,103,053		15,704,249		29,961,313		43,360,745	
Non-Current Assets								
Accounts Receivable, net								
Affiliated Organizations	_		_		_		_	
Component Units	_		_		1,638,638		_	
Due From USO - Capital Liability Reserve Fund	_		650,273		1,081,968		1,044,941	
Investments	_		76,119		3,361,521		_	
Notes Receivable, net	_		909,981		2,300		_	
Non-current Cash (Externally Restricted)	_		_		129,685		_	
Short-term Investments (Externally Restricted)	_		_		_		_	
Investments (Externally Restricted)	47,750		_		5,059,015		_	
Capital Assets, net	 26,895,718		140,381,059		179,928,578		240,490,300	
Total Non-Current Assets	 26,943,468		142,017,432		191,201,705		241,535,241	
TOTAL ASSETS	33,046,521		157,721,681		221,163,018		284,895,986	
DEFERRED OUTFLOWS OF RESOURCES	\$ 4,982,295	\$	14,458,930	\$	23,834,921	\$	45,638,112	

	Georgia State College	Fort Valley State University		Georgia College & State University		Georgia Gwinnett College	
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 347,501	\$	2,435,084	\$	3,935,469	\$	2,651,634
Salaries Payable	140,449		167,269		415,865		558,359
Benefits Payable	52,741		73,260		217,242		735,969
Contracts Payable	286,048		352,724		1,273,106		80,077
Retainage Payable	126,456		171,114		133,609		67,177
Interest Payable (Added for SAO)	_		_		_		_
Due to Affiliated Organizations	_		_		_		_
Due to Component Units	_		_		_		_
Due to USO - Capital Liability Reserve Fund	_		321,895		_		_
Advances (Including Tuition and Fees)	422,846		1,415,962		2,427,155		2,228,807
Deposits	200		399		325,775		86,456
Deposits Held for Other Organizations	34,082		198,547		576,261		345,265
Other Liabilities	_		299,789		744,442		80,237
Notes and Loans Payable	_		_		_		_
Lease Purchase Obligations - External	1,173		_		826,255		1,209,762
Lease Purchase Obligations - Component Units	_		2,212,175		2,775,116		5,030,738
Pollution Remediation	_		_		_		_
Claims and Judgments	_		_		_		_
Compensated Absences	365,003		1,503,042		2,375,681		1,430,469
Total Current Liabilities	 1,776,499		9,151,260		16,025,976		14,504,950
Non-Current Liabilities							
Advances (Including Tuition and Fees)	_		_		_		_
Notes and Loans Payable	_		_		_		_
Lease Purchase Obligations - External	_		_		32,698,969		3,320,909
Lease Purchase Obligations - Component Units	_		72,582,310		79,555,537		156,335,071
Claims and Judgments	_		_		_		_
Compensated Absences	209,658		755,214		657,703		608,945
Net Other Post Employment Benefits Liability	18,477,430		45,079,332		86,791,055		65,309,815
Net Pension Liability	10,952,592		30,919,888		53,553,707		45,575,123
Total Non-Current Liabilities	29,639,680		149,336,744		253,256,971		271,149,863
TOTAL LIABILITIES	31,416,179		158,488,004		269,282,947		285,654,813
DEFERRED INFLOWS OF RESOURCES	\$ 2,773,399	\$	12,264,060	\$	15,428,962	\$	10,483,433

	East Georgia State College		Fort Valley State University		Georgia College & State University		Georgia Gwinnett College	
NET POSITION								
Net Investment in Capital Assets	\$	26,500,526	\$ 61,976,126	\$	63,902,975	\$	93,540,347	
Restricted for:								
Nonexpendable		37,100	_		4,300,845		_	
Expendable		34,841	2,845,753		1,968,602		558,792	
Capital Projects		_	_		_		_	
Higher Education		_	_		_		_	
Endowment		_	_		_		_	
Unrestricted (Deficit)		(22,733,229)	 (63,393,332)		(109,886,392)		(59,703,287)	
TOTAL NET POSITION	\$	3,839,238	\$ 1,428,547	\$	(39,713,970)	\$	34,395,852	

		Georgia Highlands College		Georgia Institute of Technology		Georgia Southern University		Georgia Southwestern University	
ASSETS									
Current Assets									
Cash and Cash Equivalents	\$	6,420,537	\$	240,546,075	\$	62,624,000	\$	5,456,099	
Cash and Cash Equivalents (Externally Restricted)		_		117,379,237		1,371,816		2,565,961	
Short-term Investments		_		_		_		_	
Short-term Investments (Externally Restricted)		_		_		_		510,849	
Accounts Receivable, net									
Federal Financial Assistance		437,611		9,596,424		12,710,905		56,191	
Affiliated Organizations		_		3,281,152		3,214,628		241,292	
Component Units		_		108,842,386		418,164		_	
Other		980,248		30,372,125		8,181,178		1,580,905	
Notes Receivable, net		_		_		_		_	
Inventories		_		1,628,039		3,555,939		586,750	
Prepaid Items		57,636		31,005,881		1,765,889		273,219	
Other Assets		_		_		_		_	
Total Current Assets		7,896,032		542,651,319		93,842,519		11,271,266	
Non-Current Assets									
Accounts Receivable, net									
Affiliated Organizations		_		_		_		_	
Component Units		_		_		1,991,400		_	
Due From USO - Capital Liability Reserve Fund		115,505		2,275,907		1,970,305		267,598	
Investments		_		_		4,530,717		328,403	
Notes Receivable, net		_		11,531,068		1,479,111		118,999	
Non-current Cash (Externally Restricted)		_		322,981		_		_	
Short-term Investments (Externally Restricted)		_		_		_		_	
Investments (Externally Restricted)		42,039		85,062,189		5,830,035		_	
Capital Assets, net		68,091,406		2,036,562,119		668,499,857		78,612,844	
Total Non-Current Assets	·	68,248,950		2,135,754,264		684,301,425		79,327,844	
TOTAL ASSETS		76,144,982		2,678,405,583		778,143,944		90,599,110	
DEFERRED OUTFLOWS OF RESOURCES	\$	8,308,402	\$	201,927,835	\$	63,529,508	\$	7,785,151	

		Georgia Highlands College		Georgia Institute of Technology		Georgia Southern University		Georgia Southwestern University	
LIABILITIES									
Current Liabilities									
Accounts Payable	\$	661,738	\$	80,217,044	\$	11,796,433	\$	963,333	
Salaries Payable		103,964		3,724,354		2,001,596		347,943	
Benefits Payable		81,837		979,058		785,594		83,575	
Contracts Payable		_		1,912,434		1,081,075		_	
Retainage Payable		_		2,361,674		285,177		52,785	
Interest Payable (Added for SAO)		_		_		_		_	
Due to Affiliated Organizations		_		_		1,774,228		10,223	
Due to Component Units		_		3,413,396		_		_	
Due to USO - Capital Liability Reserve Fund		_		_		_		_	
Advances (Including Tuition and Fees)		1,312,795		24,420,946		9,631,132		3,137,460	
Deposits		_		8,218,586		384,228		19,908	
Deposits Held for Other Organizations		378,870		1,714,128		1,116,225		81,313	
Other Liabilities		61,598		361,123		50,745		_	
Notes and Loans Payable		_		1,141,335		154,441		_	
Lease Purchase Obligations - External		395,812		4,020,924		881,722		1,192,093	
Lease Purchase Obligations - Component Units		_		18,497,442		9,322,364		_	
Pollution Remediation		_		533,941		_		_	
Claims and Judgments		_		_		_		_	
Compensated Absences		681,464		39,994,923		6,521,908		610,467	
Total Current Liabilities		3,678,078		191,511,308		45,786,868		6,499,100	
Non-Current Liabilities									
Advances (Including Tuition and Fees)		_		11,465,159		_		_	
Notes and Loans Payable		_		10,542,401		808,723		_	
Lease Purchase Obligations - External		14,942,048		74,063,527		20,080,970		32,316,619	
Lease Purchase Obligations - Component Units		_		368,682,753		203,795,245		_	
Claims and Judgments		_		_		_		_	
Compensated Absences		497,891		13,839,279		2,578,483		395,923	
Net Other Post Employment Benefits Liability		29,638,836		659,849,732		279,294,803		31,145,813	
Net Pension Liability		19,560,082		450,998,415		143,384,594		13,469,592	
Total Non-Current Liabilities		64,638,857		1,589,441,266		649,942,818		77,327,947	
TOTAL LIABILITIES		68,316,935		1,780,952,574		695,729,686		83,827,047	
DEFERRED INFLOWS OF RESOURCES	\$	5,437,567	\$	87,570,926	\$	52,321,025	\$	6,210,564	

	Geo	Georgia Highlands College		Georgia Institute of Technology		Georgia Southern University		Georgia Southwestern University	
NET POSITION									
Net Investment in Capital Assets	\$	52,753,546	\$	1,551,459,418	\$	425,378,436	\$	44,000,286	
Restricted for:									
Nonexpendable		42,041		70,991,897		6,222,432		510,849	
Expendable		41,776		30,214,850		5,693,258		488,984	
Capital Projects		_		_		_		_	
Higher Education		_		_		_		_	
Endowment		_		_		_		_	
Unrestricted (Deficit)		(42,138,481)		(640,856,247)		(343,671,385)		(36,653,469)	
TOTAL NET POSITION	\$	10,698,882	\$	1,011,809,918	\$	93,622,741	\$	8,346,650	

	Georgia State University	Gordon State College	Kennesaw State University	Middle Georgia State University	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 240,904,237	\$ 9,519,879	\$ 121,665,427	\$ 10,342,397	
Cash and Cash Equivalents (Externally Restricted)	9,606,890	6,359	233,376	_	
Short-term Investments	_	_	_	_	
Short-term Investments (Externally Restricted)	_	_	_	_	
Accounts Receivable, net					
Federal Financial Assistance	3,207,929	582,923	4,444,530	186,352	
Affiliated Organizations	_	25,425	3,118,402	315,361	
Component Units	18,756,356	_	1,324,742	26,082	
Other	38,359,553	1,145,321	12,970,298	2,874,437	
Notes Receivable, net	_	_	_	_	
Inventories	156,926	232,576	3,821,619	818,760	
Prepaid Items	5,916,304	109,688	6,046,813	280,503	
Other Assets	_	_	_	_	
Total Current Assets	316,908,195	11,622,171	153,625,207	14,843,892	
Non-Current Assets					
Accounts Receivable, net					
Affiliated Organizations	_	_	_	_	
Component Units	_	_	_	_	
Due From USO - Capital Liability Reserve Fund	1,414,211	355,150	2,052,325	715,528	
Investments	_	_	238,349	2,021,200	
Notes Receivable, net	3,619,451	_	518,800	_	
Non-current Cash (Externally Restricted)	794,513	_	_	_	
Short-term Investments (Externally Restricted)	_	_	_	_	
Investments (Externally Restricted)	128,548	_	4,909,576	76,566	
Capital Assets, net	977,227,958	80,427,314	631,788,608	209,562,157	
Total Non-Current Assets	983,184,681	80,782,464	639,507,658	212,375,451	
TOTAL ASSETS	1,300,092,876	92,404,635	793,132,865	227,219,343	
DEFERRED OUTFLOWS OF RESOURCES	\$ 120,246,742	\$ 6,158,900	\$ 96,989,218	\$ 15,521,417	

	Georgia	State University	Gordon State College		Kennesaw State University	Mid	dle Georgia State University
LIABILITIES							
Current Liabilities							
Accounts Payable	\$	20,423,087	\$	464,702	\$ 14,184,015	\$	374,900
Salaries Payable		3,415,747		152,923	1,520,429		416,382
Benefits Payable		7,550,718		77,503	709,815		82,227
Contracts Payable		2,806,748		_	952,089		_
Retainage Payable		1,084,775		73,146	650,892		_
Interest Payable (Added for SAO)		_		_	_		_
Due to Affiliated Organizations		515,194		_	128,759		_
Due to Component Units		4,004,456		_	136,670		_
Due to USO - Capital Liability Reserve Fund		_		_	_		_
Advances (Including Tuition and Fees)		30,014,423		409,661	19,250,220		2,175,733
Deposits		183,050		95,486	31,919		1,192,192
Deposits Held for Other Organizations		2,666,153		362,947	237,800		263,834
Other Liabilities		653,329		18,370	306,852		_
Notes and Loans Payable		_		_	_		_
Lease Purchase Obligations - External		2,398,020		_	1,465,556		_
Lease Purchase Obligations - Component Units		6,025,901		1,399,808	8,443,863		2,691,904
Pollution Remediation		_		_	_		_
Claims and Judgments		_		_	_		_
Compensated Absences		13,831,617		582,961	9,022,120		1,534,766
Total Current Liabilities		95,573,218		3,637,507	57,040,999		8,731,938
Non-Current Liabilities							
Advances (Including Tuition and Fees)		_		_	_		_
Notes and Loans Payable		_		_	_		_
Lease Purchase Obligations - External		30,938,539		_	48,709,736		_
Lease Purchase Obligations - Component Units		181,720,775		35,979,606	211,334,301		81,489,542
Claims and Judgments		_		_	_		_
Compensated Absences		7,368,452		227,459	2,741,211		778,950
Net Other Post Employment Benefits Liability		450,999,520		22,558,786	264,487,602		62,460,249
Net Pension Liability		308,168,881		17,019,245	182,256,802		39,410,169
Total Non-Current Liabilities		979,196,167		75,785,096	709,529,652		184,138,910
TOTAL LIABILITIES		1,074,769,385		79,422,603	766,570,651		192,870,848
DEFERRED INFLOWS OF RESOURCES	\$	101,875,539	\$	5,874,548	\$ 94,521,227	\$	15,511,847

	Georgi	Georgia State University Gordon State Colle		on State College	Kennesaw State University		Middle Georgia State University	
NET POSITION	,							
Net Investment in Capital Assets	\$	738,371,635	\$	41,236,501	\$	301,726,082	\$	120,013,969
Restricted for:								
Nonexpendable		115,461		_		4,830,599		31,027
Expendable		25,026,661		52		1,833,328		45,539
Capital Projects		_		_		_		_
Higher Education		_		_		_		_
Endowment		_		_		_		_
Unrestricted (Deficit)		(519,819,063)		(27,970,169)		(279,359,804)		(85,732,470)
TOTAL NET POSITION	\$	243,694,694	\$	13,266,384	\$	29,030,205	\$	34,358,065

	Sa ———	vannah State University	Sou	uth Georgia State College	University of Georgia		Uı	niversity of North Georgia
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$	1,879,067	\$	5,489,160	\$	194,687,412	\$	43,553,121
Cash and Cash Equivalents (Externally Restricted)		1,246,878		76,816		96,117,958		1,054,403
Short-term Investments		_		_		14,208,086		1,971,785
Short-term Investments (Externally Restricted)		_		_		8,342		_
Accounts Receivable, net								
Federal Financial Assistance		2,101,570		39,738		15,622,161		699,314
Affiliated Organizations		_		123,559		_		284,266
Component Units		_		_		70,027,639		_
Other		3,136,826		1,345,972		45,927,898		8,621,362
Notes Receivable, net		_		_		_		_
Inventories		66,876		232,007		5,996,659		2,063,734
Prepaid Items		68,292		380,706		6,524,095		33,678
Other Assets		_		_		_		_
Total Current Assets		8,499,509		7,687,958		449,120,250		58,281,663
Non-Current Assets								
Accounts Receivable, net								
Affiliated Organizations		_		_		_		_
Component Units		_		_		_		_
Due From USO - Capital Liability Reserve Fund		844,039		266,644		1,552,532		823,048
Investments		_		80,776		107,682,951		5,246,895
Notes Receivable, net		694,030		49,273		7,441,891		1,217,323
Non-current Cash (Externally Restricted)		134,495		_		_		1,072,346
Short-term Investments (Externally Restricted)		34,175		_		_		_
Investments (Externally Restricted)		8,885,490		439,260		99,332,730		1,637,479
Capital Assets, net		151,596,748		47,599,381		1,924,322,522		280,363,930
Total Non-Current Assets	·	162,188,977		48,435,334		2,140,332,626		290,361,021
TOTAL ASSETS		170,688,486		56,123,292		2,589,452,876		348,642,684
DEFERRED OUTFLOWS OF RESOURCES	\$	13,481,736	\$	5,477,765	\$	277,119,185	\$	64,212,373

	Savannah State University		South Georgia State College	University of Georgia		University of North Georgia
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 1,892,581	\$	423,320	\$ 29,048,706	\$	2,156,868
Salaries Payable	271,158		119,969	9,585,778		674,176
Benefits Payable	97,648		36,286	2,935,170		451,163
Contracts Payable	_		30,670	7,795,923		_
Retainage Payable	_		67,280	2,906,871		54,170
Interest Payable (Added for SAO)	_		_	_		_
Due to Affiliated Organizations	_		_	_		95
Due to Component Units	_		_	909,129		_
Due to USO - Capital Liability Reserve Fund	_		199,983	_		_
Advances (Including Tuition and Fees)	2,923,630		484,363	53,227,300		8,178,131
Deposits	_		45,944	1,437,683		1,001,208
Deposits Held for Other Organizations	3,594,440		57,575	2,701,589		3,293,557
Other Liabilities	2,287		_	948,883		1,067
Notes and Loans Payable	_		_	_		_
Lease Purchase Obligations - External	2,803,066		_	301,054		_
Lease Purchase Obligations - Component Units	_		1,032,220	8,533,296		4,262,161
Pollution Remediation	174,500		_	438,000		_
Claims and Judgments	_		_	_		_
Compensated Absences	1,172,626		375,683	34,590,510		3,116,845
Total Current Liabilities	12,931,936		2,873,293	155,359,892		23,189,441
Non-Current Liabilities						
Advances (Including Tuition and Fees)	_		_	_		_
Notes and Loans Payable	_		_	1,077,201		_
Lease Purchase Obligations - External	89,759,992		_	36,084		_
Lease Purchase Obligations - Component Units	_		33,246,253	223,082,950		127,831,693
Claims and Judgments	_		_	_		_
Compensated Absences	652,895		184,862	15,429,489		2,202,884
Net Other Post Employment Benefits Liability	49,939,053		18,365,044	1,060,918,096		141,691,189
Net Pension Liability	34,730,881		10,163,362	687,086,041		99,420,366
Total Non-Current Liabilities	175,082,821		61,959,521	1,987,629,861		371,146,132
TOTAL LIABILITIES	188,014,757	_	64,832,814	2,142,989,753		394,335,573
DEFERRED INFLOWS OF RESOURCES	\$ 11,807,030	\$	3,904,193	\$ 151,210,375	\$	20,876,296

	vannah State University	South Georgia State College		Univ	versity of Georgia	University of North Georgia	
NET POSITION	 						
Net Investment in Capital Assets	\$ 55,373,263	\$	14,398,342	\$	1,681,666,344	\$	152,556,827
Restricted for:							
Nonexpendable	9,054,161		311,490		64,898,053		2,907,795
Expendable	879,809		248,458		138,002,868		2,866,561
Capital Projects	_		_		_		_
Higher Education	_		_		_		_
Endowment	_		_		_		_
Unrestricted (Deficit)	 (80,958,798)		(22,094,240)	-	(1,312,195,332)		(160,687,995)
TOTAL NET POSITION	\$ (15,651,565)	\$	(7,135,950)	\$	572,371,933	\$	(2,356,812)

	University of West Georgia			aldosta State University	University System Office		
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$	53,389,532	\$	36,750,796	\$	757,199,040	
Cash and Cash Equivalents (Externally Restricted)		1,451,976		292,090		4,141,940	
Short-term Investments		_		_		315,240,693	
Short-term Investments (Externally Restricted)		_		_		_	
Accounts Receivable, net							
Federal Financial Assistance		981,843		8,535,693		356,751	
Affiliated Organizations		30,685		208,826		36,093	
Component Units		_		_		_	
Other		7,002,050		2,468,553		123,308,404	
Notes Receivable, net		_		_		154,441	
Inventories		1,308,297		28,442		184,831	
Prepaid Items		2,095,865		148,560		941,079	
Other Assets		_		_		2,736,541	
Total Current Assets		66,260,248		48,432,960		1,204,299,813	
Non-Current Assets							
Accounts Receivable, net							
Affiliated Organizations		_		_		_	
Component Units		_		_		_	
Due From USO - Capital Liability Reserve Fund		1,357,248		1,252,123		_	
Investments		_		_		_	
Notes Receivable, net		3,071,346		45,590		808,723	
Non-current Cash (Externally Restricted)		847,665		32,454		_	
Short-term Investments (Externally Restricted)		_		_		_	
Investments (Externally Restricted)		_		9,042,897		10,704,319	
Capital Assets, net		310,309,906		289,974,863		483,464,714	
Total Non-Current Assets	-	315,586,165		300,347,927		494,977,756	
TOTAL ASSETS		381,846,413		348,780,887		1,699,277,569	
DEFERRED OUTFLOWS OF RESOURCES	\$	54,512,886	\$	25,822,287	\$	22,066,049	

	Univ	versity of West Georgia	Va	aldosta State University	University System Office		
LIABILITIES							
Current Liabilities							
Accounts Payable	\$	6,266,918	\$	3,281,241	\$	14,467,937	
Salaries Payable		729,393		618,642		232,841	
Benefits Payable		1,180,025		888,638		45,261,821	
Contracts Payable		1,963,639		_		_	
Retainage Payable		206,377		83,581		105,001	
Interest Payable (Added for SAO)		_		_		_	
Due to Affiliated Organizations		_		_		_	
Due to Component Units		_		_		_	
Due to USO - Capital Liability Reserve Fund		_		_		_	
Advances (Including Tuition and Fees)		4,802,392		5,739,674		1,296,536	
Deposits		_		425,934		_	
Deposits Held for Other Organizations		158,674		126,699		897,544,485	
Other Liabilities		63,459		4,809		50,802	
Notes and Loans Payable		_		_		_	
Lease Purchase Obligations - External		2,202,549		616,437		2,570,226	
Lease Purchase Obligations - Component Units		2,887,973		5,462,576		_	
Pollution Remediation		_		_		_	
Claims and Judgments		_		_		_	
Compensated Absences		3,259,517		2,503,832		3,089,948	
Total Current Liabilities		23,720,916		19,752,063		964,619,597	
Non-Current Liabilities							
Advances (Including Tuition and Fees)		_		_		_	
Notes and Loans Payable		_		_		_	
Lease Purchase Obligations - External		44,564,356		3,867,477		34,379,152	
Lease Purchase Obligations - Component Units		111,292,377		157,614,066		_	
Claims and Judgments		_		_		_	
Compensated Absences		1,555,843		1,440,222		1,731,784	
Net Other Post Employment Benefits Liability		137,060,871		109,680,913		47,159,971	
Net Pension Liability		84,206,672		55,999,195		53,288,034	
Total Non-Current Liabilities		378,680,119		328,601,873		136,558,941	
TOTAL LIABILITIES		402,401,035		348,353,936		1,101,178,538	
DEFERRED INFLOWS OF RESOURCES	\$	21,364,743	\$	27,285,640	\$	506,448,271	

	University of West Georgia			Valdosta State University	University System Office	
NET POSITION						
Net Investment in Capital Assets	\$	147,037,820	\$	120,578,820	\$	279,314,485
Restricted for:						
Nonexpendable		_		4,698,109		3,612,043
Expendable		4,761,152		4,391,706		12,377,198
Capital Projects		_		_		_
Higher Education		_		_		_
Endowment		_		_		_
Unrestricted (Deficit)		(139,205,451)		(130,705,037)		(181,586,917)
TOTAL NET POSITION	\$	12,593,521	\$	(1,036,402)	\$	113,716,809

	Preliminary To		Cons	Elimination/ solidation Entries	C	onsolidated Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$	1,940,566,438	\$	(555,284,127)	\$	1,385,282,311
Cash and Cash Equivalents (Externally Restricted)		262,314,825		_		262,314,825
Short-term Investments		332,539,630		(259,972,369)		72,567,261
Short-term Investments (Externally Restricted)		519,191		_		519,191
Accounts Receivable, net						
Federal Financial Assistance		83,229,010		_		83,229,010
Affiliated Organizations		13,390,148		_		13,390,148
Component Units		271,862,640		_		271,862,640
Other		335,566,297		(45,686,902)		289,879,395
Notes Receivable, net		154,441		(154,441)		_
Inventories		22,140,409		_		22,140,409
Prepaid Items		64,764,430		_		64,764,430
Other Assets		2,736,541		2,501,455		5,237,996
Total Current Assets		3,329,784,000		(858,596,384)		2,471,187,616
Non-Current Assets						
Accounts Receivable, net						
Affiliated Organizations		1,655,106		_		1,655,106
Component Units		3,630,038		_		3,630,038
Due From USO - Capital Liability Reserve Fund		20,069,298		(20,069,298)		_
Investments		197,694,631		_		197,694,631
Notes Receivable, net		34,411,153		(808,723)		33,602,430
Non-current Cash (Externally Restricted)		3,335,727		_		3,335,727
Short-term Investments (Externally Restricted)		34,175		_		34,175
Investments (Externally Restricted)		249,941,368		_		249,941,368
Capital Assets, net		10,180,886,037		_		10,180,886,037
Total Non-Current Assets		10,691,657,533	-	(20,878,021)		10,670,779,512
TOTAL ASSETS		14,021,441,533		(879,474,405)		13,141,967,128
DEFERRED OUTFLOWS OF RESOURCES	\$	1,283,882,313	\$	(41,235,260)	\$	1,242,647,053

	Preliminary Total		Elimination/ Consolidation Entries		Consolidated Total	
LIABILITIES						
Current Liabilities						
Accounts Payable	\$	232,719,539	\$	(25,892,752)	\$	206,826,787
Salaries Payable		29,919,849		_		29,919,849
Benefits Payable		66,619,282		(21,604,699)		45,014,583
Contracts Payable		20,287,350		_		20,287,350
Retainage Payable		9,084,566		_		9,084,566
Interest Payable (Added for SAO)		_		2,332,424		2,332,424
Due to Affiliated Organizations		3,153,269		_		3,153,269
Due to Component Units		14,228,427		_		14,228,427
Due to USO - Capital Liability Reserve Fund		521,878		(521,878)		_
Advances (Including Tuition and Fees)		219,528,317		_		219,528,317
Deposits		14,060,518		_		14,060,518
Deposits Held for Other Organizations		922,850,478		(835,325,791)		87,524,687
Other Liabilities		3,672,554		(4)		3,672,550
Notes and Loans Payable		1,295,776		(154,441)		1,141,335
Lease Purchase Obligations - External		27,524,892		(7,272,372)		20,252,520
Lease Purchase Obligations - Component Units		84,844,063		7,272,372		92,116,435
Pollution Remediation		1,146,441		_		1,146,441
Claims and Judgments		2,378,631		_		2,378,631
Compensated Absences		156,613,255		_		156,613,255
Total Current Liabilities		1,810,449,085		(881,167,141)		929,281,944
Non-Current Liabilities						
Advances (Including Tuition and Fees)		11,465,159		_		11,465,159
Notes and Loans Payable		12,428,325		(808,723)		11,619,602
Lease Purchase Obligations - External		548,226,431		(78,235,983)		469,990,448
Lease Purchase Obligations - Component Units		2,194,775,972		78,235,983		2,273,011,955
Claims and Judgments		3,485,065		_		3,485,065
Compensated Absences		74,790,244		_		74,790,244
Net Other Post Employment Benefits Liability		4,410,751,100		(1)		4,410,751,099
Net Pension Liability		2,889,134,981		2		2,889,134,983
Total Non-Current Liabilities		10,145,057,277		(808,722)		10,144,248,555
TOTAL LIABILITIES		11,955,506,362		(881,975,863)		11,073,530,499
DEFERRED INFLOWS OF RESOURCES	\$	1,317,864,024	\$	(40,719,744)	\$	1,277,144,280

	Preliminary Total		Elimination/ Consolidation Entries		Consolidated Total	
NET POSITION						
Net Investment in Capital Assets	\$	7,029,370,125	\$	_	\$	7,029,370,125
Restricted for:						
Nonexpendable		181,015,931		_		181,015,931
Expendable		265,970,604		(265,970,604)		_
Capital Projects		_		13,076,407		13,076,407
Higher Education		_		197,970,739		197,970,739
Endowment		_		54,923,458		54,923,458
Unrestricted (Deficit)		(5,444,403,200)		1,985,942		(5,442,417,258)
TOTAL NET POSITION	\$	2,031,953,460	\$	1,985,942	\$	2,033,939,402

	Abraham Baldwin Agricultural College Albany State University		nta Metropolitan tate College	Αι	igusta University	
OPERATING REVENUES						
Student Tuition and Fees (net)	\$ 11,937,	157	\$ 17,293,430	\$ 3,517,585	\$	95,205,676
Scholarship Allowance		_	_	_		_
Federal Appropriations		_	_	_		_
Grants and Contracts						
Federal	193,	801	9,152,152	1,945,014		60,338,262
State		_	663,656	15,334		274,480,464
Other		_	845,637	87,990		219,384,167
Sales and Services	374,	510	723,599	20,317		10,001,244
Rents and Royalties	128,	430	_	165,660		680,793
Auxiliary Enterprises						
Residence Halls	2,344,	042	12,312,076	_		3,917,708
Bookstore	2,560,	676	268,111	129,242		1,587,382
Food Services	3,149,	080	6,892,862	31,173		1,641,240
Parking/Transportation	267,	661	331,991	_		4,989,041
Health Services	460,	191	357,264	_		2,895,387
Intercollegiate Athletics	603,	106	1,755,052	252,629		3,222,086
Other Organizations	533,	149	496,780	5,575		4,159,617
Other Operating Revenues	502,	660	 1,869,703	 310,657	-	228,585
Total Operating Revenues	23,054,	463	 52,962,313	 6,481,176		682,731,652
OPERATING EXPENSES						
Faculty Salaries	9,942,	735	16,997,755	3,732,034		220,307,975
Staff Salaries	12,967,	273	23,659,494	7,308,196		240,076,828
Employee Benefits	9,774,	990	14,138,210	4,514,693		168,969,651
Other Personal Services	301,	772	545,059	97,949		584,001
Travel	485,	364	634,478	99,778		4,469,868
Scholarships and Fellowships	6,748,	691	8,641,935	3,454,740		9,279,106
Utilities	1,336,	821	4,273,705	797,970		12,057,972
Supplies and Other Services	14,767,	739	25,867,633	3,575,842		256,365,202
Depreciation	3,213,	794	 9,743,555	 1,293,094	-	31,300,256
Total Operating Expenses	59,539,	179	 104,501,824	 24,874,296		943,410,859
Operating Income (Loss)	\$ (36,484,	716)	\$ (51,539,511)	\$ (18,393,120)	\$	(260,679,207)

	am Baldwin Itural College			Atlanta Metropolitan State College		Αι	gusta University
NONOPERATING REVENUES (EXPENSES)							
State Appropriations	\$ 26,007,553	\$	30,220,359	\$	11,316,347	\$	223,576,912
Grants and Contracts							
Federal	10,370,915		19,784,569		6,774,736		11,922,299
State	276,973		_		_		_
Other	806,192		_		_		4,233,894
Gifts	1,145,124		764,802		744,500		11,736,828
Investment Income	134,768		31,635		_		3,574,502
Interest Expense	(4,960)		(5,834,394)		(561,072)		(1,919,686)
Other Nonoperating Revenues (Expenses)	 (149,629)		(5,446,557)				173,401
Net Nonoperating Revenues	 38,586,936		39,520,414		18,274,511		253,298,150
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	 2,102,220		(12,019,097)		(118,609)		(7,381,057)
Capital Grants and Gifts							
Federal	_		_		_		_
State	18,988,306		404,919		510,096		55,990,158
Other	_		_		_		_
Additions to Permanent and Term Endowments	_		_		_		_
Special Item	 (45,909,203)						97,644,818
Total Other Revenues, Expenses, Gains or Losses	 (26,920,897)		404,919		510,096		153,634,976
Change in Net Position	(24,818,677)		(11,614,178)		391,487		146,253,919
Net Position, Beginning of Year, Restated	 31,133,267		3,361,872		1,223,534		(233,066,291)
Net Position, End of Year	\$ 6,314,590	\$	(8,252,306)	\$	1,615,021	\$	(86,812,372)

	Claytor	Clayton State University		College of Coastal Georgia	Columbus State University	Dalton State College		
OPERATING REVENUES								
Student Tuition and Fees (net)	\$	25,867,204	\$	7,134,088	\$ 42,891,412	\$	9,582,447	
Scholarship Allowance		_		_	_		_	
Federal Appropriations		_		_	_		_	
Grants and Contracts								
Federal		1,943,166		18,810	1,492,146		5,548	
State		8,664		_	122,025		74,490	
Other		307,538		_	124,221		1,360,025	
Sales and Services		2,112,047		22,385	3,965,705		43,666	
Rents and Royalties		12,461		1,750	43,924		_	
Auxiliary Enterprises								
Residence Halls		7,259,242		998,781	4,392,609		362,348	
Bookstore		2,915,131		308,575	365,015		268,611	
Food Services		352,356		2,025,172	550,208		915,869	
Parking/Transportation		528,790		_	1,537,026		609,051	
Health Services		662,227		_	686,956		281,980	
Intercollegiate Athletics		2,281,791		1,156,253	2,532,111		1,138,691	
Other Organizations		339,384		1,010,163	333,997		444,706	
Other Operating Revenues		978,340		139,530	 1,003,140		579,673	
Total Operating Revenues		45,568,341		12,815,507	 60,040,495		15,667,105	
OPERATING EXPENSES								
Faculty Salaries		20,778,462		8,761,267	26,344,707		11,382,787	
Staff Salaries		21,816,143		9,242,430	30,986,652		9,046,758	
Employee Benefits		15,590,679		6,747,286	22,468,002		8,762,648	
Other Personal Services		441,747		159,603	305,824		239,273	
Travel		449,666		259,568	977,236		288,323	
Scholarships and Fellowships		9,365,280		3,051,573	10,278,372		5,598,693	
Utilities		2,445,630		991,573	4,387,988		873,883	
Supplies and Other Services		15,886,412		7,583,999	24,312,671		8,997,926	
Depreciation		5,800,505		3,016,214	 5,166,921		2,027,469	
Total Operating Expenses		92,574,524		39,813,513	 125,228,373		47,217,760	
Operating Income (Loss)	\$	(47,006,183)	\$	(26,998,006)	\$ (65,187,878)	\$	(31,550,655)	

	Clayton State University			College of Coastal Georgia	Columbus State University			Dalton State College	
NONOPERATING REVENUES (EXPENSES)									
State Appropriations	\$	27,238,052	\$	16,868,047	\$	43,068,260	\$	17,996,904	
Grants and Contracts									
Federal		18,359,464		7,061,285		15,613,232		11,723,533	
State		(1,804)		34,957		_		_	
Other		819,888		1,050,716		4,477,646		_	
Gifts		624,645		498,903		1,331,702		976,787	
Investment Income		(87,056)		19,871		230,284		11,757	
Interest Expense		(2,876,670)		(587,545)		(1,985,528)		(338,998)	
Other Nonoperating Revenues (Expenses)		(123,167)	_	(751)	_	(5,116)		(5,195)	
Net Nonoperating Revenues		43,953,352	_	24,945,483		62,730,480		30,364,788	
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(3,052,831)	_	(2,052,523)	_	(2,457,398)		(1,185,867)	
Capital Grants and Gifts									
Federal		_		_		_		_	
State		1,036,309		1,835,189		13,664,602		8,552,884	
Other		_		_		_		5,800	
Additions to Permanent and Term Endowments		_		_		_		_	
Special Item			_						
Total Other Revenues, Expenses, Gains or Losses		1,036,309		1,835,189		13,664,602		8,558,684	
Change in Net Position		(2,016,522)		(217,334)		11,207,204		7,372,817	
Net Position, Beginning of Year, Restated		(20,943,518)		27,722,938		(23,590,649)		2,274,851	
Net Position, End of Year	\$	(22,960,040)	\$	27,505,604	\$	(12,383,445)	\$	9,647,668	

	East Georgia State College		/alley State	Georgia College & State University	Georgia Gwinnett College	
OPERATING REVENUES						
Student Tuition and Fees (net)	\$ 3,981,928	\$	8,847,578	\$ 58,707,884	\$ 36,976,439	
Scholarship Allowance	_		_	_	_	
Federal Appropriations	_		6,990,623	_	_	
Grants and Contracts						
Federal	56,238		510,450	320,564	390,260	
State	199,676		67,292	770,408	232,966	
Other	19,337		30,541	112,754	456,152	
Sales and Services	11,799		439,541	2,815,248	288,580	
Rents and Royalties	3,331		168,406	79,800	74,995	
Auxiliary Enterprises						
Residence Halls	681,548		7,548,099	16,084,341	7,825,298	
Bookstore	74,891		30,747	1,311,493	813,215	
Food Services	1,201,341		4,863,917	7,840,409	479,298	
Parking/Transportation	217,528		183,256	1,604,216	2,751,876	
Health Services	62,268		373,181	_	666,840	
Intercollegiate Athletics	565,547		1,438,544	2,384,731	4,053,778	
Other Organizations	4,287		1,101,357	328,133	214,834	
Other Operating Revenues	187,988	· <del></del>	1,353,823	742,414	548,096	
Total Operating Revenues	7,267,707		33,947,355	93,102,395	55,772,627	
OPERATING EXPENSES						
Faculty Salaries	5,225,317		9,818,395	29,453,624	39,890,120	
Staff Salaries	5,675,381		20,257,111	34,492,552	25,626,864	
Employee Benefits	5,105,021		12,394,917	26,638,726	24,957,347	
Other Personal Services	80,904		539,152	291,950	447,516	
Travel	135,027		1,157,989	1,423,735	854,110	
Scholarships and Fellowships	4,640,667		5,387,793	3,152,348	13,357,720	
Utilities	607,264		4,329,763	3,481,512	2,543,481	
Supplies and Other Services	4,331,424		22,694,196	31,737,312	23,897,212	
Depreciation	885,333		6,724,537	9,937,270	8,708,899	
Total Operating Expenses	26,686,338		83,303,853	140,609,029	140,283,269	
Operating Income (Loss)	\$ (19,418,631)	\$	(49,356,498)	\$ (47,506,634)	\$ (84,510,642)	

	East Georgia State College			Fort Valley State University	Georgia College & State University			Georgia Gwinnett College	
NONOPERATING REVENUES (EXPENSES)									
State Appropriations	\$	9,984,666	\$	23,253,144	\$	41,176,883	\$	57,990,145	
Grants and Contracts									
Federal		8,515,520		26,303,749		7,784,861		32,133,914	
State		76,518		3,755		207,075		_	
Other		334,442		1,512,401		1,735,074		116,473	
Gifts		455,861		358,765		1,488,744		867,406	
Investment Income		31,014		4,189		248,257		326,164	
Interest Expense		(152)		(3,227,808)		(5,964,001)		(8,758,476)	
Other Nonoperating Revenues (Expenses)		(48,982)	_	(561,835)		(47,525)	_	(779)	
Net Nonoperating Revenues		19,348,887		47,646,360		46,629,368	_	82,674,847	
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(69,744)		(1,710,138)		(877,266)	_	(1,835,795)	
Capital Grants and Gifts									
Federal		_		2,132,462		_		_	
State		1,115,265		803,409		1,400		13,198,518	
Other		_		_		292,234		314,254	
Additions to Permanent and Term Endowments		_		_		27,054		_	
Special Item									
Total Other Revenues, Expenses, Gains or Losses		1,115,265		2,935,871		320,688		13,512,772	
Change in Net Position		1,045,521		1,225,733		(556,578)		11,676,977	
Net Position, Beginning of Year, Restated		2,793,717		202,814		(39,157,392)	_	22,718,875	
Net Position, End of Year	\$	3,839,238	\$	1,428,547	\$	(39,713,970)	\$	34,395,852	

	Georgia Highlands College	Georgia Institute of Technology	Georgia Southern University	Georgia Southwestern University		
OPERATING REVENUES						
Student Tuition and Fees (net)	\$ 13,728,603	\$ 382,718,891	\$ 137,269,034	\$ 11,932,605		
Scholarship Allowance	_	_	_	_		
Federal Appropriations	_	_	_	_		
Grants and Contracts						
Federal	366,364	662,701,509	5,095,553	497,843		
State	237,334	14,385,091	497,397	225,443		
Other	236,906	254,562,555	9,391,214	2,672,315		
Sales and Services	350,776	69,950,445	4,483,681	176,524		
Rents and Royalties	156,165	2,223,111	501,021	27,250		
Auxiliary Enterprises						
Residence Halls	_	83,339,069	34,357,094	4,196,573		
Bookstore	313,856	2,062,143	9,156,078	923,909		
Food Services	_	3,931,174	24,576,443	2,570,922		
Parking/Transportation	115,889	19,378,089	4,515,236	68,108		
Health Services	_	12,097,914	4,317,893	359,335		
Intercollegiate Athletics	1,199,050	_	18,498,322	1,063,627		
Other Organizations	237,124	998,172	424,964	377,258		
Other Operating Revenues	489,281	19,393,032	4,768,811	362,950		
Total Operating Revenues	17,431,348	1,527,741,195	257,852,741	25,454,662		
OPERATING EXPENSES						
Faculty Salaries	10,329,005	461,723,786	90,690,585	10,097,525		
Staff Salaries	10,586,089	389,693,228	114,214,816	9,772,704		
Employee Benefits	7,741,223	252,140,269	80,755,990	8,593,843		
Other Personal Services	814	1,156,868	1,083,408	195,403		
Travel	289,544	30,045,679	3,850,034	318,145		
Scholarships and Fellowships	7,085,668	19,032,957	24,538,138	2,611,234		
Utilities	1,552,442	28,867,138	14,928,026	1,949,321		
Supplies and Other Services	11,393,844	482,033,106	102,444,999	11,134,258		
Depreciation	1,987,460	109,097,163	36,579,928	3,435,311		
Total Operating Expenses	50,966,089	1,773,790,194	469,085,924	48,107,744		
Operating Income (Loss)	\$ (33,534,741)	\$ (246,048,999)	\$ (211,233,183)	\$ (22,653,082)		

	Geo	gia Highlands College	Georgia Institute of Technology		Georgia Southern University		Georgia Southwestern University	
NONOPERATING REVENUES (EXPENSES)								
State Appropriations	\$	19,873,431	\$	318,443,910	\$	139,749,943	\$	15,415,263
Grants and Contracts								
Federal		11,141,164		12,624,220		44,049,762		5,190,852
State		_		(3,549)		_		_
Other		_		_		_		_
Gifts		1,497,953		2,561,674		9,613,153		798,883
Investment Income		3,209		29,256,800		952,056		153,503
Interest Expense		(885,505)		(23,406,264)		(10,605,820)		(1,289,743)
Other Nonoperating Revenues (Expenses)		(20,372)	_	(4,265,146)	_	(1,017,505)	_	
Net Nonoperating Revenues		31,609,880	_	335,211,645		182,741,589		20,268,758
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(1,924,861)		89,162,646		(28,491,594)		(2,384,324)
Capital Grants and Gifts								
Federal		_		_		_		_
State		20,849,418		54,775,501		58,748,887		_
Other		_		1,686,177		498,003		130,000
Additions to Permanent and Term Endowments		_		410,400		_		_
Special Item			_			(2,958,080)		
Total Other Revenues, Expenses, Gains or Losses		20,849,418	_	56,872,078		56,288,810		130,000
Change in Net Position		18,924,557		146,034,724		27,797,216		(2,254,324)
Net Position, Beginning of Year, Restated		(8,225,675)		865,775,194		65,825,525		10,600,974
Net Position, End of Year	\$	10,698,882	\$	1,011,809,918	\$	93,622,741	\$	8,346,650

	Georgia State University	Gordon State College	Kennesaw State University	Middle Georgia State University
OPERATING REVENUES				
Student Tuition and Fees (net)	\$ 316,096,804	\$ 5,368,417	\$ 199,255,851	\$ 24,376,268
Scholarship Allowance	_	_	_	_
Federal Appropriations	_	_	_	_
Grants and Contracts				
Federal	78,643,652	28,121	1,636,115	184,383
State	12,466,902	101,938	277,574	13,480
Other	68,310,727	25,334	11,425,110	2,500
Sales and Services	25,884,828	122,183	16,440,469	1,081,890
Rents and Royalties	245,199	67,450	1,013,430	379,481
Auxiliary Enterprises				
Residence Halls	17,902,126	4,865,057	17,390,212	9,162,022
Bookstore	1,563,174	1,656,690	10,785,306	2,599,579
Food Services	18,195,536	2,386,770	23,102,329	4,012,073
Parking/Transportation	9,693,191	66,729	10,635,925	445,272
Health Services	3,604,493	102,681	3,420,555	250,420
Intercollegiate Athletics	20,132,569	468,746	15,436,965	1,603,439
Other Organizations	6,963,458	68,063	8,625,320	711,703
Other Operating Revenues	1,297,311	127,093	1,591,174	1,088,270
Total Operating Revenues	580,999,970	15,455,272	321,036,335	45,910,780
OPERATING EXPENSES				
Faculty Salaries	205,842,439	8,901,928	122,585,671	22,965,521
Staff Salaries	251,425,994	7,047,063	118,714,416	20,015,325
Employee Benefits	147,891,489	6,391,812	93,368,772	16,712,631
Other Personal Services	3,136,530	135,857	1,797,877	186,946
Travel	7,218,208	163,044	3,583,924	591,439
Scholarships and Fellowships	72,786,300	2,855,170	32,766,885	8,798,959
Utilities	20,723,946	1,783,508	12,703,464	3,273,202
Supplies and Other Services	176,637,049	8,899,990	117,580,819	20,662,920
Depreciation	57,427,954	2,742,977	32,299,173	7,435,228
Total Operating Expenses	943,089,909	38,921,349	535,401,001	100,642,171
Operating Income (Loss)	\$ (362,089,939)	\$ (23,466,077)	\$ (214,364,666)	\$ (54,731,391)

	Georgia	a State University	Gordon State College			Kennesaw State University	Mic	Middle Georgia State University	
NONOPERATING REVENUES (EXPENSES)									
State Appropriations	\$	277,537,291	\$	13,016,042	\$	149,071,503	\$	35,187,661	
Grants and Contracts									
Federal		111,991,591		8,706,154		61,797,126		17,452,480	
State		_		_		97,779		940,900	
Other		4,843,853		_		3,964,796		760,532	
Gifts		11,409,950		365,052		5,268,745		2,008,707	
Investment Income		6,073,995		192,131		1,923,691		291,498	
Interest Expense		(12,427,572)		(1,420,001)		(13,920,960)		(3,441,055)	
Other Nonoperating Revenues (Expenses)		(4,136,258)		(11,467)		(190,082)		195,485	
Net Nonoperating Revenues		395,292,850		20,847,911		208,012,598		53,396,208	
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		33,202,911		(2,618,166)		(6,352,068)		(1,335,183)	
Capital Grants and Gifts									
Federal		_		_		_		_	
State		9,420,498		2,640,733		3,914,093		391,860	
Other		3,949,012		150,000		4,076,614		_	
Additions to Permanent and Term Endowments		_		_		_		_	
Special Item					_	1,034,390			
Total Other Revenues, Expenses, Gains or Losses		13,369,510		2,790,733		9,025,097		391,860	
Change in Net Position		46,572,421		172,567		2,673,029		(943,323)	
Net Position, Beginning of Year, Restated		197,122,273		13,093,817		26,357,176		35,301,388	
Net Position, End of Year	\$	243,694,694	\$	13,266,384	\$	29,030,205	\$	34,358,065	

	Savannah State University	South Georgia State College	University of Georgia	University of North Georgia		
OPERATING REVENUES						
Student Tuition and Fees (net)	\$ 11,863,094	\$ 3,577,687	\$ 463,556,210	\$ 78,851,780		
Scholarship Allowance	_	_	_	_		
Federal Appropriations	_	_	14,298,645	_		
Grants and Contracts						
Federal	9,942,082	25,075	147,116,848	_		
State	17,740	33,565	49,680,647	_		
Other	451,212	_	88,282,374	_		
Sales and Services	1,462,019	14,103	106,682,801	4,476,444		
Rents and Royalties	45,765	9,860	1,205,715	223,652		
Auxiliary Enterprises						
Residence Halls	12,475,059	1,955,784	57,951,336	11,287,413		
Bookstore	180,964	786,081	4,577,553	5,396,357		
Food Services	7,414,404	909,451	49,898,682	9,924,331		
Parking/Transportation	780,433	4,706	22,167,432	5,642,312		
Health Services	483,649	_	24,538,684	1,015,561		
Intercollegiate Athletics	3,756,312	450,518	38,768,609	3,433,070		
Other Organizations	79,322	81,189	13,444,998	130,560		
Other Operating Revenues	480,445	300,952	11,926,229	3,264,356		
Total Operating Revenues	49,432,500	8,148,971	1,094,096,763	123,645,836		
OPERATING EXPENSES						
Faculty Salaries	14,803,445	4,930,095	318,363,494	55,356,568		
Staff Salaries	19,210,396	5,300,273	508,200,251	54,169,750		
Employee Benefits	14,531,339	4,058,804	315,074,666	49,715,612		
Other Personal Services	352,398	244,564	2,126,329	619,018		
Travel	579,148	268,414	22,267,521	2,039,002		
Scholarships and Fellowships	6,266,745	3,333,825	44,951,050	15,601,841		
Utilities	4,124,461	1,314,502	42,213,543	5,138,961		
Supplies and Other Services	25,047,667	5,296,146	315,795,228	42,237,834		
Depreciation	7,239,353	2,494,388	98,212,547	17,492,791		
Total Operating Expenses	92,154,952	27,241,011	1,667,204,629	242,371,377		
Operating Income (Loss)	\$ (42,722,452)	\$ (19,092,040	) \$ (573,107,866)	\$ (118,725,541)		

		Savannah State University	South Georgia State College		University of Georgia		University of North Georgia	
NONOPERATING REVENUES (EXPENSES)								
State Appropriations	\$	25,664,982	\$	11,507,803	\$	504,630,780	\$	79,676,660
Grants and Contracts								
Federal		14,937,902		7,238,612		33,158,283		31,485,429
State		_		_		8,990,264		218,808
Other		_		40,474		40,578,367		3,888,445
Gifts		1,605,632		410,554		14,880,323		1,049,806
Investment Income		1,017,038		19,701		14,241,746		721,589
Interest Expense		(4,426,183)		(1,212,804)		(12,619,711)		(5,519,785)
Other Nonoperating Revenues (Expenses)	_		_		_	690,331	_	(51,181)
Net Nonoperating Revenues	_	38,799,371	_	18,004,340	_	604,550,383	_	111,469,771
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(3,923,081)	_	(1,087,700)	_	31,442,517	_	(7,255,770)
Capital Grants and Gifts								
Federal		_		_		_		_
State		_		409,718		36,755,274		6,580,670
Other		_		_		3,876,193		229,167
Additions to Permanent and Term Endowments		_		_		853,758		_
Special Item		2,958,080	_		_			
Total Other Revenues, Expenses, Gains or Losses		2,958,080		409,718	_	41,485,225	_	6,809,837
Change in Net Position		(965,001)		(677,982)		72,927,742		(445,933)
Net Position, Beginning of Year, Restated		(14,686,564)	_	(6,457,968)	_	499,444,191	_	(1,910,879)
Net Position, End of Year	\$	(15,651,565)	\$	(7,135,950)	\$	572,371,933	\$	(2,356,812)

	Univ	ersity of West Georgia	,	/aldosta State University	University System Office		
OPERATING REVENUES							
Student Tuition and Fees (net)	\$	79,574,987	\$	58,091,162	\$	315,816	
Scholarship Allowance		_		_		_	
Federal Appropriations		_		_		_	
Grants and Contracts							
Federal		1,461,406		1,463,134		180,500	
State		447,901		66,008		48,698	
Other		1,727,666		1,812,296		230,212	
Sales and Services		685,321		1,095,966		56,890,055	
Rents and Royalties		98,449		938,395		10,520	
Auxiliary Enterprises							
Residence Halls		20,030,968		13,976,886		10,038,162	
Bookstore		2,345,738		1,072,176		_	
Food Services		11,970,011		9,876,492		_	
Parking/Transportation		1,723,707		4,034,701		_	
Health Services		2,261,263		2,884,967		_	
Intercollegiate Athletics		6,945,404		3,218,567		_	
Other Organizations		671,053		530,788		_	
Other Operating Revenues		2,399,250		776,256		490,365,078	
Total Operating Revenues		132,343,124		99,837,794		558,079,041	
OPERATING EXPENSES							
Faculty Salaries		45,459,500		37,133,391		108,072	
Staff Salaries		58,007,039		35,392,981		43,985,644	
Employee Benefits		47,292,265		27,766,334		18,519,022	
Other Personal Services		565,459		2,008,226		974,254	
Travel		1,772,840		1,386,219		1,372,852	
Scholarships and Fellowships		10,739,374		15,768,491		330,365	
Utilities		4,347,813		5,383,928		7,608,728	
Supplies and Other Services		45,978,879		32,090,658		722,894,779	
Depreciation		14,986,683		16,837,155		23,080,312	
Total Operating Expenses		229,149,852		173,767,383		818,874,028	
Operating Income (Loss)	\$	(96,806,728)	\$	(73,929,589)	\$	(260,794,987)	

		versity of West Georgia	Valdosta State University		University System Office	
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	\$	64,411,102	\$	51,327,479	\$	200,265,231
Grants and Contracts						
Federal		25,799,970		23,929,975		7,756,369
State		_		33,026		684,140
Other		_		149,557		19,441,482
Gifts		1,125,377		1,055,240		708,142
Investment Income		1,442,271		833,788		5,088,391
Interest Expense		(8,213,500)		(6,257,638)		(1,549,130)
Other Nonoperating Revenues (Expenses)		(329,956)		(37,737)	_	(15,277,997)
Net Nonoperating Revenues		84,235,264		71,033,690		217,116,628
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		(12,571,464)		(2,895,899)		(43,678,359)
Capital Grants and Gifts						
Federal		_		_		_
State		26,947,505		2,583,648		649,452
Other		428,451		124,778		4,636,064
Additions to Permanent and Term Endowments		_		9,147		_
Special Item						
Total Other Revenues, Expenses, Gains or Losses		27,375,956		2,717,573		5,285,516
Change in Net Position		14,804,492		(178,326)		(38,392,843)
Net Position, Beginning of Year, Restated		(2,210,971)	-	(858,076)		152,109,652
Net Position, End of Year	\$	12,593,521	\$	(1,036,402)	\$	113,716,809

	Pr	eliminary Total	Elimination/ olidation Entries	Consolidated Total	
OPERATING REVENUES					
Student Tuition and Fees (net)	\$	2,108,520,037	\$ 656,606,011	\$ 2,765,126,048	
Scholarship Allowance		_	(656,606,011)	(656,606,011)	
Federal Appropriations		21,289,268	_	21,289,268	
Grants and Contracts					
Federal		985,708,996	(6,738,892)	978,970,104	
State		355,134,693	(1,802,355)	353,332,338	
Other		661,858,783	(1,132,168)	660,726,615	
Sales and Services		310,616,146	(45,285,907)	265,330,239	
Rents and Royalties		8,505,013	_	8,505,013	
Auxiliary Enterprises					
Residence Halls		362,653,853	(15,815,698)	346,838,155	
Bookstore		54,052,693	_	54,052,693	
Food Services		198,711,543	_	198,711,543	
Parking/Transportation		92,292,166	_	92,292,166	
Health Services		61,783,709	_	61,783,709	
Intercollegiate Athletics		136,359,517	_	136,359,517	
Other Organizations		42,315,954	_	42,315,954	
Other Operating Revenues		547,075,097	 (344,009,639)	 203,065,458	
Total Operating Revenues		5,946,877,468	 (414,784,659)	 5,532,092,809	
OPERATING EXPENSES					
Faculty Salaries		1,811,926,203	_	1,811,926,203	
Staff Salaries		2,086,891,651	_	2,086,891,651	
Employee Benefits		1,410,616,241	(338,917,828)	1,071,698,413	
Other Personal Services		18,618,701	_	18,618,701	
Travel		86,981,155	_	86,981,155	
Scholarships and Fellowships		350,423,920	_	350,423,920	
Utilities		194,040,545	_	194,040,545	
Supplies and Other Services		2,560,145,744	(76,254,694)	2,483,891,050	
Depreciation		519,166,270	 	 519,166,270	
Total Operating Expenses		9,038,810,430	 (415,172,522)	8,623,637,908	
Operating Income (Loss)	\$	(3,091,932,962)	\$ 387,863	\$ (3,091,545,099)	

	Preliminary Total		Elimination/ Consolidation Entries		Consolidated Total
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	\$	2,434,476,353	\$ (1,550)	\$	2,434,474,803
Grants and Contracts					
Federal		593,607,966	_		593,607,966
State		11,558,842	_		11,558,842
Other		88,754,232	_		88,754,232
Gifts		75,353,258	_		75,353,258
Investment Income		66,736,792	(59,036)		66,677,756
Interest Expense		(139,254,961)	59,036		(139,195,925)
Other Nonoperating Revenues (Expenses)		(30,668,020)	1,551		(30,666,469)
Net Nonoperating Revenues		3,100,564,462	1	_	3,100,564,463
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		8,631,500	387,864		9,019,364
Capital Grants and Gifts					
Federal		2,132,462	_		2,132,462
State		340,768,312	_		340,768,312
Other		20,396,747	_		20,396,747
Additions to Permanent and Term Endowments		1,300,359	_		1,300,359
Special Item		52,770,005			52,770,005
Total Other Revenues, Expenses, Gains or Losses		417,367,885			417,367,885
Change in Net Position		425,999,385	387,864		426,387,249
Net Position, Beginning of Year, Restated		1,605,954,075	1,598,078		1,607,552,153
Net Position, End of Year	\$	2,031,953,460	\$ 1,985,942	\$	2,033,939,402

	Abraham Baldwin Agricultural College Foundation, Inc. & Subsidiaries	Albany State University Foundation, Inc.	Armstrong State University Foundation, Inc.	Atlanta Metropolitan State College Projects Foundation, Inc.	Atlanta Metropolitan State College Foundation, Inc.
ASSETS	-				
Current Assets					
Cash and Cash Equivalents	\$ 3,335,998	\$ 2,377,214	\$ 469,047	\$ 277,687	\$ 278,509
Cash and Cash Equivalents (Externally Restricted)	_	2,084,764	_	364,263	_
Short-term Investments	_	_	_	_	467,110
Short-term Investments (Externally Restricted)	_	_	_	_	_
Accounts Receivable, net					
Federal Financial Assistance	_	_	_	_	_
State General Appropriations	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_
Related Parties	_	_	_	_	_
Pledges and Contributions	202,300	141,084	274,425	_	_
Other	_	7,500	_	_	_
Notes Receivable, net	_	_	_	_	_
Due From Other Funds	_	_	_	_	_
Investment in Capital Leases	_	897,471	_	_	_
Inventories	_	_	_	_	_
Prepaid Items	_	_	_	_	_
Other Assets	_	_	_	_	_
Total Current Assets	3,538,298	5,508,033	743,472	641,950	745,619
Non-Current Assets					
Accounts Receivable, net					
Related Parties	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_
Pledges and Contributions	580,193	50,000	522,034	_	_
Other	_	_	_	_	_
Investments	22,731,618	3,022,453	15,137,961	_	_
Notes Receivable, net	_	_	_	_	_
Due From Other Funds	_	_	_	_	_
Investment in Capital Leases	_	33,783,629	_	_	_
Other Assets	245,242	_	_	_	_
Non-current Cash (Externally Restricted)	_	4,918,540	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_
Investments (Externally Restricted)	_	_	_	_	_
Capital Assets, net	7,739,494			8,745,684	
Total Non-Current Assets	31,296,547	41,774,622	15,659,995	8,745,684	
TOTAL ASSETS	34,834,845	47,282,655	16,403,467	9,387,634	745,619
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Abraham Baldwin Agricultural College Foundation, Inc. & Subsidiaries	Albany State University Foundation, Inc.	Armstrong State University Foundation, Inc.	Atlanta Metropolitan State College Projects Foundation, Inc.	Atlanta Metropolitan State College Foundation, Inc.
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 45,842	\$ 984,116	\$ 52,430	s –	\$ _
Salaries Payable	_	_	_	_	_
Benefits Payable	_	_	_	_	_
Contracts Payable	_	_	_	_	_
Retainage Payable	_	_	_	_	_
Due to Related Parties	_	21,830	2,460	_	_
Due to Other Funds	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_
Deposits	_	_	_	_	_
Deposits Held for Other Organizations	_	_	_	_	_
Other Liabilities	_	_	_	_	_
Notes and Loans Payable	2,560,000	_	_	285,000	_
Lease Purchase Obligations		_	_		_
Revenue Bonds and Notes Payable	_	1,050,000	_	_	_
Liabilities Under Split Interest Agreements	_	-,,,,,,,,	_	_	_
Interest Rate Swap					
Pollution Remediation	_	_	_	_	_
Claims and Judgments	_	_	_	_	_
Compensated Absences	_	_	_	_	_
Total Current Liabilities	2,605,842	2,055,946	54,890	285,000	
Iotal Current Liabilities	2,005,842	2,055,946	54,890	285,000	
Non-Current Liabilities					
Due to Related Parties	_	_	_	_	_
Due to Other Funds	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	6,727,384	_
Other Liabilities	_	_	_	_	17,505,364
Notes and Loans Payable	_	_	9,910,160	_	_
Lease Purchase Obligations	_	_		_	_
Revenue Bonds and Notes Payable	_	36,984,862	_	_	_
Liabilities Under Split Interest Agreements	_		_	_	_
Interest Rate Swap	_				
Pollution Remediation					
Claims and Judgments	_	_	_	_	_
Compensated Absences	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_
Net Pension Liability	_	_	_	_	_
Total Non-Current Liabilities		36,984,862		9,910,160	
TOTAL LIABILITIES	2,605,842	39,040,808	54,890	10,195,160	
TOTAL LIABILITIES	2,003,042	39,040,000	54,090	10,195,100	
DEFERRED INFLOWS OF RESOURCES	_	_	_	_	_
NET POSITION					
Net Investment in Capital Assets	5,279,494	_	_	_	_
Restricted for:					
Nonexpendable	10,021,971	2,038,731	7,958,971	_	_
Expendable	7,329,030	1,200,482	7,648,888	_	369,312
Unrestricted	9,598,508	5,002,634	740,718	(807,526)	376,307
TOTAL NET POSITION	\$ 32,229,003	\$ 8,241,847	\$ 16,348,577	\$ (807,526)	\$ 745,619

See Notes to Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position by Affiliated Organization.

	AU Health System Inc	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Augusta University College of Dental Medicine Faculty Practice Group d/b/a AU Dental Faculty Practice Group	Bainbridge State College Foundation	Clayton State University Foundation, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 82,451,606	\$ 4,315,878	\$ 5,443,768	\$ 1,218,677	\$ 21,522	\$ 2,700,729
Cash and Cash Equivalents (Externally Restricted)	1,121,058	3,489,218	_	_	_	5,660,505
Short-term Investments	42,765,506	1,525,924	_	_	_	_
Short-term Investments (Externally Restricted)	15,172,846	_	_	_	_	415,564
Accounts Receivable, net						
Federal Financial Assistance	_	_	4,304,155	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	5,706,173	_	_	724,721	_	_
Pledges and Contributions	_	155,965	_	_	_	317,068
Other	159,350,401	58,655	_	31,294	_	58,277
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	124,496	_	_	_	_	_
Investment in Capital Leases	1,226,662	2,075,695	_	_	_	_
Inventories	20,646,799	_	_	_	_	_
Prepaid Items	19,556,715	1,767	_	_	_	9,843
Other Assets						
Total Current Assets	348,122,262	11,623,102	9,747,923	1,974,692	21,522	9,161,986
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	_	96,513	_	_	_	141,847
Other	20,212,846	_	_	_	_	_
Investments	112,917,934	1,086,453	4,474,350	16,582,962	2,369,878	8,991,525
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	21,292,862	29,510,311	_	_	_	54,654,110
Other Assets	5,416,198	194,775	_	_	_	_
Non-current Cash (Externally Restricted)	_	_	69,973	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	3,895,086	28,842,938	_	_	_	1,672,669
Capital Assets, net	251,547,353					7,308,736
Total Non-Current Assets	415,282,279	59,730,990	4,544,323	16,582,962	2,369,878	72,768,887
TOTAL ASSETS	763,404,541	71,354,092	14,292,246	18,557,654	2,391,400	81,930,873
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	<u> </u>	<u> </u>	\$	\$	<u> </u>

	AU Health System Inc	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Augusta University College of Dental Medicine Faculty Practice Group d/b/a AU Dental Faculty Practice Group	Bainbridge State College Foundation	Clayton State University Foundation, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 75,690,993	\$ 433,805	\$ 155,642	\$ 15,097,138	\$ —	\$ 1,567,871
Salaries Payable	9,325,924		- 100,012	- 10,007,100	_	- 1,007,077
Benefits Payable	3,525,524					
Contracts Payable						
Retainage Payable						
Due to Related Parties	66,784,070	303,793	4,249,535	555,024		
Due to Other Funds	124,866	303,793	4,243,333	333,024	_	_
Due to USO - Capital Liability Reserve Fund	124,000					
Advances (Including Tuition and Fees)		950,497				
Deposits	_	930,491	_	_	_	_
	_	_	_	_	_	_
Deposits Held for Other Organizations Other Liabilities	0.539.153	_	18,979	_	_	_
	9,528,152	_	18,979	_	_	
Notes and Loans Payable		_	_	_	_	246,621
Lease Purchase Obligations	6,327,586		_	_	_	
Revenue Bonds and Notes Payable	5,165,000	1,025,000	_	_	_	1,625,000
Liabilities Under Split Interest Agreements	_	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	20,521,811					
Total Current Liabilities	193,468,402	2,713,095	4,424,156	15,652,162		3,439,492
Non-Current Liabilities						
Due to Related Parties	_	_	_	1,672,669	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_	_
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	_	_	_	3,671,398	_	_
Lease Purchase Obligations	19,372,866	_	_	_	_	_
Revenue Bonds and Notes Payable	208,119,966	22,023,567	_	_	_	62,159,921
Liabilities Under Split Interest Agreements	_	_	_	_	_	_
Interest Rate Swap	20,085,401	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	6,758,623	_	_	_	_	_
Net Pension Liability	_	_	_	_	_	_
Total Non-Current Liabilities	271,842,220	28,750,951				67,503,988
TOTAL LIABILITIES	465,310,622	31,464,046	4,424,156	15,652,162		70,943,480
DEFERRED INFLOWS OF RESOURCES	_	_	_	_	_	_
NET POSITION						
Net Investment in Capital Assets	53,293,543	_	_	_	_	7,308,736
Restricted for:	,,					,,
Nonexpendable	_	19,652,615	_	_	_	3,885,112
Expendable	20,072,515	16,754,168	69,973	_	2,391,400	6,069,434
Unrestricted	224,727,861	3,483,263	9,798,117	2,905,492	2,031,400	(6,275,889)
TOTAL NET POSITION	\$ 298,093,919	\$ 39,890,046	\$ 9,868,090	\$ 2,905,492	\$ 2,391,400	\$ 10,987,393
	200,000,010	- 55,056,040	- 0,000,090	2,000,492	2,031,400	10,001,000

See Notes to Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position by Affiliated Organization.

	College of Coastal Georgia Foundation, Inc.	Columbus State University Alumni Association, Inc.	Columbus State University Athletic Fund, Inc.	Columbus State University Foundation, Inc.	Columbus State University Research & Service Foundation	Dalton State College Athletic Club
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 755,733	\$ 88,310	\$ 154,337	\$ 2,329,248	26,167	\$ 2,109
Cash and Cash Equivalents (Externally Restricted)	_	6,914	_	9,868,014		_
Short-term Investments	_	50,352	_	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	_	_	13,830	_	_	_
Pledges and Contributions	112,812	_	5,054	6,598,492	_	_
Other	_	12	_	6,500	_	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	_	_	_	_	_
Inventories	_	7,064	_	_	_	_
Prepaid Items	676	1,000	4,613	125,957	_	_
Other Assets	_	_	_	73,776	_	_
Total Current Assets	869,221	153,652	177,834	19,001,987	26,167	2,109
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	251,007	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	72,686	_	5,500	16,007,844	_	_
Other	_	_	_	_	_	_
Investments	13,908,970	_	2,662,161	68,509,420	_	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	_	_	_	_	_
Other Assets	255,085	_	_	_	_	_
Non-current Cash (Externally Restricted)	_	_	_	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	_	_	_	_	_
Capital Assets, net	1,441,513	_	_	22,949,163	_	1,144,027
Total Non-Current Assets	15,678,254	251,007	2,667,661	107,466,427	_	1,144,027
TOTAL ASSETS	16,547,475	404,659	2,845,495	126,468,414	26,167	1,146,136
DEFERRED OUTFLOWS OF RESOURCES				<u> </u>	<u> </u>	

	College of Coastal Georgia Foundation, Inc.	Columbus State University Alumni Association, Inc.	Columbus State University Athletic Fund, Inc.	Columbus State University Foundation, Inc.	Columbus State University Research & Service Foundation	Dalton State College Athletic Club
LIABILITIES						
Current Liabilities						
Accounts Payable	\$	\$ 9,007	\$ 6,000	\$ 340,662	\$ -	\$
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	163,355	13	_	9,092,873	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	75	3,650	_	_
Deposits	_	_	_	_	_	_
Deposits Held for Other Organizations	_	_	_	_	23,663	_
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	_	_	_	_	_	_
Lease Purchase Obligations	_	_	_	_	_	_
Revenue Bonds and Notes Payable	_	_	_	_	_	_
Liabilities Under Split Interest Agreements	2,564	_	_	104,707	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Total Current Liabilities	165,919	9,020	6,075	9,541,892	23,663	
iotal out of Elabilities	100,010					
Non-Current Liabilities						
Due to Related Parties	_	10,637,609	_	_	_	_
Due to Other Funds		10,007,000				
Due to USO - Capital Liability Reserve Fund						
Advances (Including Tuition and Fees)						
Other Liabilities						
Notes and Loans Payable						
Lease Purchase Obligations						
Revenue Bonds and Notes Payable						
Liabilities Under Split Interest Agreements	11,382			965,209		
	11,302	_	_	905,209	_	_
Interest Rate Swap Pollution Remediation	_	_	_	_	_	_
	_	_	_	_	_	_
Claims and Judgments  Compensated Absences	_	_	_	_	_	_
	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability  Total Non-Current Liabilities	11,382			11,602,818		
TOTAL LIABILITIES	177,301	9,020	6,075	21,144,710	23,663	
DEFERRED INFLOWS OF RESOURCES						
NET DOOLTON						
NET POSITION	= - =			00.040.455		
Net Investment in Capital Assets	1,441,513	_	_	22,949,163	_	1,144,027
Restricted for:						
Nonexpendable	7,247,674	115,133	1,364,633	26,529,730	_	_
Expendable	5,645,807	_	1,504,635	54,176,047	_	_
Unrestricted	2,035,180	280,506	(29,848)	1,668,764	2,504	2,109
TOTAL NET POSITION	\$ 16,370,174	\$ 395,639	\$ 2,839,420	\$ 105,323,704	\$ 2,504	\$ 1,146,136

See Notes to Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position by Affiliated Organization.

	Dalton State College Foundation, Inc.	Darton Boosters, Inc.	Darton State College Foundation, Inc.	East Georgia State College Foundation, Inc.	Fort Valley State University Foundation, Inc.	Foundation Properties, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 414,301	\$ 15,224	\$ 578,864	\$ 87,785	\$ 4,748,681	\$ 7,569,051
Cash and Cash Equivalents (Externally Restricted)	_	_	_	_	_	_
Short-term Investments	24,674,441	_	_	_	925,513	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	_	_	_	_	_	2,530,186
Pledges and Contributions	2,560,526	_	_	207,415	_	_
Other	_	_	2,000	_	1,141,550	108,879
Notes Receivable, net	_	_	_	_	10,000	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	479,197	_	_	_	_
Inventories	_	_	_	_	_	_
Prepaid Items	25,529	_	_	_	_	16,247
Other Assets	_	_	_	_	_	2,119
Total Current Assets	27,674,797	494,421	580,864	295,200	6,825,744	10,226,482
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	1,261,288
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	3,143,238	_	24,659	571,882	_	_
Other	_	_	_	_	17,534,021	_
Investments	_	_	4,231,467	861,199	7,306,090	3,278,624
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	20,826,043	_	_	_	_
Other Assets	_	333,928	_	_	41,987	_
Non-current Cash (Externally Restricted)	_	1,816,598	_	_	_	794,017
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	_	_	237,120	1,321,944	_
Capital Assets, net	2,962,112		407,295	697,370	1,378,583	98,760,933
Total Non-Current Assets	6,105,350	22,976,569	4,663,421	2,367,571	27,582,625	104,094,862
TOTAL ASSETS	33,780,147	23,470,990	5,244,285	2,662,771	34,408,369	114,321,344
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Dalton State College Foundation, Inc.	Darton Boosters, Inc.	Darton State College Foundation, Inc.	East Georgia State College Foundation, Inc.	Fort Valley State University Foundation, Inc.	Foundation Properties, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 161,242	s –	s –	\$ 743	\$ 178,278	\$ 495,048
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	_	_	_	8,949	_	33,167,381
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	10,022	_	_	_	24,278
Deposits	_	_	_	_	_	_
Deposits Held for Other Organizations	_	_	_	_	_	_
Other Liabilities	_	_	_	_	_	193,141
Notes and Loans Payable	1,500,000	_	_	_	17,065	1,000,000
Lease Purchase Obligations	_	_	_	_	_	_
Revenue Bonds and Notes Payable	_	530,000	_	_	430,000	2,017,709
Liabilities Under Split Interest Agreements	_	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Total Current Liabilities	1,661,242	540,022		9,692	625,343	36,897,557
Non-Current Liabilities						
Due to Related Parties	_	_	760,860	_	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	4,849,822	_
Other Liabilities	_	_	_	_	522,376	_
Notes and Loans Payable	_	_	217,784	12,860,075	6,322,077	_
Lease Purchase Obligations	_	_	_	_	_	_
Revenue Bonds and Notes Payable	_	19,885,518	_	_	18,245,571	40,124,027
Liabilities Under Split Interest Agreements	_	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability	_	_	_	_	_	_
Total Non-Current Liabilities		19,885,518			19,224,215	52,984,102
TOTAL LIABILITIES	1,661,242	20,425,540		9,692	19,849,558	89,881,659
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	2,962,112	_	407,295	_	2,391,669	_
Restricted for:						
Nonexpendable	13,746,245	_	1,377,826	237,120	4,737,867	1,456,366
Expendable	4,765,818	_	608,932	1,719,700	5,984,249	_
Unrestricted	10,644,730	3,045,450	2,850,232	696,259	1,445,026	22,983,319
TOTAL NET POSITION	\$ 32,118,905	\$ 3,045,450	\$ 5,244,285	\$ 2,653,079	\$ 14,558,811	\$ 24,439,685

See Notes to Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position by Affiliated Organization.

	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Alumni Association, Inc.	Georgia College & State University Foundation	Georgia Gwinnett College Foundation, Inc.	Georgia Health Sciences Foundation, Inc.	Georgia Highlands College Foundation, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 20,779,697	\$ 331,854	\$ 2,758,460	\$ 1,904,325	\$ 169,538	\$ 761,789
Cash and Cash Equivalents (Externally Restricted)	325,688	_	_	_	_	978,777
Short-term Investments	_	_	_	_	2,520,418	_
Short-term Investments (Externally Restricted)	_	_	_	_	9,925,571	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	44,868	_	_	_	892	_
Pledges and Contributions	125,514	3,500	527,299	18,570	1,972,673	_
Other	51,591	_	2,197	7,755	_	_
Notes Receivable, net	16,471	_	_	_	_	_
Due From Other Funds	_	_	_	_	124,866	_
Investment in Capital Leases	1,339,267	_	814,219	12,179,953	_	1,284,210
Inventories	_	8,111	_	_	_	_
Prepaid Items	26,974	185	8,833	_	138,673	_
Other Assets	615,250	_	_	_	_	_
Total Current Assets	23,325,320	343,650	4,111,008	14,110,603	14,852,631	3,024,776
Non-Current Assets						
Accounts Receivable, net						
Related Parties						
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	574.921	5.500	634.924		400.070	_
Pledges and Contributions	574,921	5,500	634,924	11,200	138,873	_
Other	45.000	0.740.000	44.007.000	- 0000 704	_	- 0.040.470
Investments	15,000	8,748,086	11,087,289	6,236,701	_	2,249,470
Notes Receivable, net  Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	78,931,401	_	81,516,434	149,185,856	_	14.411.924
Other Assets	76,931,401	4,500	1,173,124	10,400	_	14,411,924
		4,500	1,173,124		_	-
Non-current Cash (Externally Restricted)	4,725,816	_	_	12,063,554	_	616,944
Short-term Investments (Externally Restricted)	_	_	- 40,400,700	_	-	_
Investments (Externally Restricted)	04 000 400	_	42,138,780		5,177,714	705
Capital Assets, net	84,282,460	0.750.000	1,210,801	8,262,388	2,295,000	735
Total Non-Current Assets	169,051,974	8,758,086	137,761,352	175,770,099	7,611,587	17,279,073
TOTAL ASSETS	192,377,294	9,101,736	141,872,360	189,880,702	22,464,218	20,303,849
DEFERRED OUTFLOWS OF RESOURCES		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Alumni Association, Inc.	Georgia College & State University Foundation	Georgia Gwinnett College Foundation, Inc.	Georgia Health Sciences Foundation, Inc.	Georgia Highlands College Foundation, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 441,095	\$ 4,516	\$ 1,005,327	\$ 3,332,196	\$ 49,253	\$ 29,995
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	4,947,396	9,113	896,193	123,919	29,448	_
Due to Other Funds	_	_	_	_	123,743	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	1,645,136	_	_	22,689	190,790	_
Deposits	184,298	_	_	_	_	_
Deposits Held for Other Organizations	_	_	3,483,719	_	_	_
Other Liabilities	295,671	_		_	_	_
Notes and Loans Payable	249,285	_	_	124.035	_	_
Lease Purchase Obligations	1,901,011	_	_		_	_
Revenue Bonds and Notes Payable	1,085,000	_	2,975,000	3,995,000	_	460.000
Liabilities Under Split Interest Agreements	- 1,000,000	_		-	90,485	-
Interest Rate Swap					55,155	
Pollution Remediation						
Claims and Judgments						
Compensated Absences	_	_	_	_	_	_
Total Current Liabilities	10,748,892	13,629	8,360,239	7,597,839	483,719	489,995
Iotal Current Liabilities	10,748,892	13,629	8,360,239	7,597,839	483,719	489,995
Non Current Lightlities						
Non-Current Liabilities  Due to Related Parties	1,638,638					
	1,038,038	_	_	_	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_	_
Other Liabilities	_	_	_	_		_
Notes and Loans Payable		2,033,444	_	_	37,675	_
Lease Purchase Obligations	50,903,907	_			_	_
Revenue Bonds and Notes Payable	60,439,482	_	89,329,464	163,070,449	_	15,359,396
Liabilities Under Split Interest Agreements	_	_	771,766	_	159,921	_
Interest Rate Swap	_	_	6,489,668	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability						
Total Non-Current Liabilities	123,037,664		98,229,536	165,103,893	159,921	15,359,396
TOTAL LIABILITIES	133,786,556	13,629	106,589,775	172,701,732	643,640	15,849,391
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	22,871,446	_	1,210,801	8,262,388	2,295,000	735
Restricted for:						
Nonexpendable	_	5,705,065	21,089,242	3,323,020	2,751,102	943,396
Expendable	7,128,464	2,697,455	9,103,132	_	13,964,220	1,832,613
Unrestricted	28,590,828	685,587	3,879,410	5,593,562	2,810,256	1,677,714
TOTAL NET POSITION	\$ 58,590,738	\$ 9,088,107	\$ 35,282,585	\$ 17,178,970	\$ 21,820,578	\$ 4,454,458

	Georgia Southern University Athletic Foundation, Inc.	Georgia Southern University Foundation, Inc.	Georgia Southern Housing Foundation, Inc.	Georgia Southern University Research & Service Foundation, Inc.	Georgia Southwestern State University Foundation, Inc.	Georgia State University Alumni Association, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 4,375,665	\$ 99,859	\$ 2,244,047	\$ 5,226,741	\$ 63,627	\$ 253,843
Cash and Cash Equivalents (Externally Restricted)	1,802,687	_	_	_	4,251,089	_
Short-term Investments	_	_	6,327,002	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	1,162,725	_	_
State General Appropriations	_	_	_	190,191	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	1,774,228	_	_	_	10,223	_
Pledges and Contributions	2,780,903	803,243	_	_	2,095,063	_
Other	150,186	36,314	44,738	1,258,704	_	99,522
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	426,534	_	9,322,364	_	_	_
Inventories	_	_	_	3,757	_	_
Prepaid Items	3,916	_	14,555	42,975	13,802	36,150
Other Assets	_	_	_	_	_	_
Total Current Assets	11,314,119	939,416	17,952,706	7,885,093	6,433,804	389,515
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	898,734	2,428,772	_	_	_	_
Other	_	_	_	_	_	_
Investments	1,891,223	68,122,876	_	_	31,981,176	1,637,040
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	19,478,186	_	203,795,245	_	_	_
Other Assets	11,154	2,262,833	_	_	14,317	24,952
Non-current Cash (Externally Restricted)	_	_	33,037,849	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	_	_	_	_	_
Capital Assets, net	2,502,903	1,616,968	1,620,000		160,677	6,490
Total Non-Current Assets	24,782,200	74,431,449	238,453,094	_	32,156,170	1,668,482
TOTAL ASSETS	36,096,319	75,370,865	256,405,800	7,885,093	38,589,974	2,057,997
DEFERRED OUTFLOWS OF RESOURCES	s –	s –	s –	s –	s –	s –
	·	·	·	·	·	·

	Georgia Southern University Athletic Foundation, Inc.	Georgia Southern University Foundation, Inc.	Georgia Southern Housing Foundation, Inc.	Georgia Southern University Research & Service Foundation, Inc.	Georgia Southwestern State University Foundation, Inc.	Georgia State University Alumni Association, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 431,169	\$ 60,082	\$ 3,809,222	\$ 23,472	\$ 16,751	\$ 27,052
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	8,750	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	242,202	91,924	418,164	2,878,042	6,250	17,007
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	1,174,787	_	_	919,633	_	18,791
Deposits	_	_	_	_	_	_
Deposits Held for Other Organizations	_	_	_	831,398	_	_
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	32,620	_	_	_	_	_
Lease Purchase Obligations	_	_	_	_	_	_
Revenue Bonds and Notes Payable	550,000	_	8,375,000	_	_	_
Liabilities Under Split Interest Agreements	_	9,150		_	_	_
Interest Rate Swap	_		_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments						
Compensated Absences						
Total Current Liabilities	2,430,778	161,156	12,602,386	4,652,545	31,751	62,850
Total Guiterit Liabilities	2,430,770	101,130	12,002,000	4,032,343	31,731	02,030
Non-Current Liabilities						
Due to Related Parties	1,991,400					
Due to Other Funds	1,991,400	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	69.005	_	_	_	_	_
Other Liabilities	10,558	_	_	_	_	4,410,299
Notes and Loans Payable	10,556	_	_	_	_	4,410,299
· ·	_	_	_	_	_	_
Lease Purchase Obligations  Revenue Bonds and Notes Payable	20,123,404	_	208,900,686	_	_	_
·	20,123,404	-	208,900,686	_	_	_
Liabilities Under Split Interest Agreements	_	68,912	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability						
Total Non-Current Liabilities	20,161,079	68,912	210,971,649			
TOTAL LIABILITIES	22,591,857	230,068	223,574,035	4,652,545	31,751	62,850
DEFERRED INFLOWS OF RESOURCES						
NET POSITION  Net Investment in Capital Assets	2,432,608	1,616,968	1,620,000	_	160,677	6,490
Restricted for:	2,402,000	1,010,300	1,020,000		100,011	5,430
Nonexpendable	1,426,448	43,231,501	_	_	13,178,286	_
Expendable	6,618,576	26,184,816	33,037,849	_	15,377,674	47,229
Unrestricted	3,026,830	4,107,512	(1,826,084)	3,232,548	9,841,586	1,941,428
TOTAL NET POSITION	\$ 13,504,462	\$ 75,140,797	\$ 32,831,765	\$ 3,232,548	\$ 38,558,223	\$ 1,995,147
TO THE TOURING	φ 13,304,462	y /3,140,/9/	y 32,031,765	Ψ 3,232,548	ψ 30,000,223	1,990,147

	Georgia State University Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation Inc. and Affiliates	Georgia Tech Alumni Association	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 3,865,917	\$ 7,176,214	\$ 7,123,926	\$ 583,334	\$ 3,278,866	\$ 8,923,721
Cash and Cash Equivalents (Externally Restricted)	_	8,439,967	5,372,585	_	_	15,358,356
Short-term Investments	_	_	_	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	1,149,746	_	2,854,710	_	_	3,656,659
Pledges and Contributions	8,878,856	4,726,801	_	_	5,742,113	_
Other	256,686	798,212	17,402,546	86,079	2,720,108	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	3,588,630	2,437,273	_	_	9,784,695
Inventories	_	_	_	6,836	_	_
Prepaid Items	276,446	_	16,385,919	29,408	1,092,373	258,447
Other Assets	_	_	_	_	_	_
Total Current Assets	14,427,651	24,729,824	51,576,959	705,657	12,833,460	37,981,878
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	5,415,000
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	_	6,823,492	_	_	14,053,703	_
Other	_	_	_	_	_	_
Investments	_	27,811,871	10,312,421	290,674	_	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	114,101,675	67,595,383	_	_	202,569,553
Other Assets	_	4,904,918	_	_	728,445	3,293,750
Non-current Cash (Externally Restricted)	_	_	_	_	_	117,341,744
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	218,633,824	_	_	108,299,697	_
Capital Assets, net	593,509	15,271,982	7,880,627	309,230	170,382,079	59,323,472
Total Non-Current Assets	593,509	387,547,762	85,788,431	599,904	293,463,924	387,943,519
TOTAL ASSETS	15,021,160	412,277,586	137,365,390	1,305,561	306,297,384	425,925,397
DEFERRED OUTFLOWS OF RESOURCES		<u> </u>	\$ 7,937,156	<u> </u>	\$ 15,109,831	<u> </u>

	Georgia State University Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation Inc. and Affiliates	Georgia Tech Alumni Association	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 430,932	\$ 4,206,947	\$ 1,769,519	\$ 235,667	\$ 3,939,769	\$ 7,816,725
Salaries Payable	26,845	_	_	_	_	_
Benefits Payable	8,080	_	_	85,044	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	5,005,761
Due to Related Parties	554,826	_	18,201,530	38,474	2,086,132	15,771
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	1,270,632	1,270,067	_	235,785	556,166	1,200,050
Deposits	_	_	_	_	11,604,705	_
Deposits Held for Other Organizations	_	2,344,706	_	_	_	_
Other Liabilities	_	1,024,196	_	_	_	_
Notes and Loans Payable	_	_	_	_	948,461	_
Lease Purchase Obligations	18,838	_	_	_	330,603	_
Revenue Bonds and Notes Payable	_	4,110,000	2,310,000	_	31,190,000	11,818,000
Liabilities Under Split Interest Agreements	_	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	1,000,000	_
Compensated Absences	375,255	_	_	189.309	_	_
Total Current Liabilities	2,685,408	12,955,916	22,281,049	784,279	51,655,836	25,856,307
Non-Current Liabilities						
Due to Related Parties	_	_	_	_	114,005,371	_
Due to Other Funds	_	_	_	_	5,629	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	8,398,867	_	_
Other Liabilities	_	_	_	_	9,363,000	_
Notes and Loans Payable	_	_	13,188,112	_	70,347,000	_
Lease Purchase Obligations	16,345	_	_	_	836,364	_
Revenue Bonds and Notes Payable	_	125,267,927	78,352,524	_	183,068,586	351,286,357
Liabilities Under Split Interest Agreements	_	1,239,720	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	580,624	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability	_	_	_	_	_	_
Total Non-Current Liabilities	16,345	130,917,946	78,352,524		197,673,686	359,685,224
TOTAL LIABILITIES	2,701,753	143,873,862	100,633,573	784,279	249,329,522	385,541,531
DEFERRED INFLOWS OF RESOURCES			16,363,042			
NET POSITION						
Net Investment in Capital Assets	558,326	15,271,982	7,880,627	309,230	(44,070,216)	19,076,356
Restricted for:						
Nonexpendable	_	140,353,645	1,550,000	_	45,427,130	_
Expendable	3,011,977	91,393,983	7,315,223	_	77,320,731	9,692,846
Unrestricted	8,749,104	21,384,114	11,560,081	212,052	(6,599,952)	11,614,664
TOTAL NET POSITION	\$ 12,319,407	\$ 268,403,724	\$ 28,305,931	\$ 521,282	\$ 72,077,693	\$ 40,383,866

	Georgia Tech Foundation, Inc.	Georgia Tech Global, Inc.	Georgia Tech Research Corporation	Global Center for Medical Innovation, Inc.	Gordon State College Foundation, Inc. & Subsidiaries	IgniteHQ
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 6,894,000	\$ 2,407,076	\$ 111,814,086	\$ 634,806	\$ 148,404	\$ 369,437
Cash and Cash Equivalents (Externally Restricted)	14,343,000	_	_	_	114,157	_
Short-term Investments	_	_	_	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	50,965	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	3,659,415	_	_	3,313	_	_
Pledges and Contributions	24,234,000	10,000	_	_	_	_
Other	12,646,243	_	156,789,431	1,176,707	_	_
Notes Receivable, net	700,161	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	9,809,177	_	372,456	_	295,649	_
Inventories	_	_	_	_	_	_
Prepaid Items	_	6,645	128,542	28,237	_	_
Other Assets	1,504,237	_	_	_	_	_
Total Current Assets	73,790,233	2,423,721	269,104,515	1,894,028	558,210	369,437
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	69,989,000	_	_	_	_	_
Other	14,107,000	31,367	_	_	_	_
Investments	401,494,000	_	63	_	10,955,752	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	116,872,823	_	3,469,912	_	12,366,289	_
Other Assets	23,518,944	_	_	37,161	_	_
Non-current Cash (Externally Restricted)	_	_	_	_	1,147,225	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	1,470,060,000	_	_	_	_	_
Capital Assets, net	147,397,000	149,625	807,914	9,267,479	_	256,694
Total Non-Current Assets	2,243,438,767	180,992	4,277,889	9,304,640	24,469,266	256,694
TOTAL ASSETS	2,317,229,000	2,604,713	273,382,404	11,198,668	25,027,476	626,131
DEFERRED OUTFLOWS OF RESOURCES		<u> </u>		<u> </u>	<u> </u>	<u> </u>

	Georgia Tech Foundation, Inc.	Georgia Tech Global, Inc.	Georgia Tech Research Corporation	Global Center for Medical Innovation	Gordon State College Foundation, Inc. & Subsidiaries	IgniteHQ
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 5,328,962	\$ 292,043	\$ _	\$ 107,388	\$ 327,944	\$ 2,250
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	10,002,038	_	93,378,155	2.405.353	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	18,164,000	2,004,450	62,236,768	552,961	_	_
Deposits	242,000			_	_	_
Deposits Held for Other Organizations		_	40,893,012	_	_	_
Other Liabilities	_	_	10,000,012	_	_	139.348
Notes and Loans Payable	55,613,000					100,040
Lease Purchase Obligations	55,615,666		405,778			
Revenue Bonds and Notes Payable	12,065,000		403,776		275,000	
•		_	_	_	275,000	_
Liabilities Under Split Interest Agreements	1,504,237	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments		_	_	_	_	_
Compensated Absences	444,000					
Total Current Liabilities	103,363,237	2,296,493	196,913,713	3,065,702	602,944	141,598
Non-Current Liabilities						
Due to Related Parties	_	265,000	_	_	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_	_
Other Liabilities	_	273,082	_	_	_	_
Notes and Loans Payable	_	_	_	_	_	_
Lease Purchase Obligations	_	_	3,436,592	_	_	_
Revenue Bonds and Notes Payable	222,659,000	_	_	_	11,137,278	_
Liabilities Under Split Interest Agreements	15,522,763	_	_	_	_	_
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	38,754	_	_	_	_
Net Pension Liability	_	_	_	_	_	_
Total Non-Current Liabilities	431,902,763	38,754	3,436,592	538,082	11,137,278	
TOTAL LIABILITIES	535,266,000	2,335,247	200,350,305	3,603,784	11,740,222	141,598
DEFERRED INFLOWS OF RESOURCES	_	_	_	_	_	_
NET POSITION						
Net Investment in Capital Assets	(12,793,068)	149,625	807,914	9,267,479	_	256,694
Restricted for:						
Nonexpendable	1,396,470,000	_	_	_	3,321,291	_
Expendable	192,397,000	14,131	_	_	722,268	_
Unrestricted	205,889,068	105,710	72,224,185	(1,672,595)	9,243,695	227,839
TOTAL NET POSITION	\$ 1,781,963,000	\$ 269,466	\$ 73,032,099	\$ 7,594,884	\$ 13,287,254	\$ 484,533
	, , , , , , , , , , , , , , , , , , , ,					- ,

	James M. Dye Foundation, Inc.	Kennesaw State University Alumni Association, Inc.	Kennesaw State University Athletic Association, Inc.	Kennesaw State University Foundation, Inc.	Kennesaw State University Research & Service Foundation, Inc.	Medical College of Georgia Foundation
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 132,903	\$ 324,788	\$ 4,673,874	\$ 20,976,524	\$ 3,390,057	\$ 1,071,411
Cash and Cash Equivalents (Externally Restricted)	_	_	_	_	_	89,941
Short-term Investments	_	_	_	11,808,911	1,757,435	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	1,429,412	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	_	_	18,096	136,670	128,759	57,711
Pledges and Contributions	_	_	1,000,000	3,795,285	_	517,721
Other	_	_	222,332	672,505	_	_
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	_	_	8,443,863	_	_
Inventories	_	_	190,833	_	_	_
Prepaid Items	608	_	24,395	71,873	2,423	_
Other Assets			1,980			
Total Current Assets	133,511	324,788	6,131,510	45,905,631	6,708,086	1,736,784
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	_	_	_	6,532,146	_	1,027,500
Other	_	_	_	_	_	16,588
Investments	2,484,132	23,847	_	16,552,416	_	35,619,861
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	_	_	211,334,317	_	_
Other Assets	_	_	_	_	_	240,966
Non-current Cash (Externally Restricted)	_	_	_	52,811,934	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	_	56,206	_	37,975,707	_	221,076,112
Capital Assets, net			1,728,704	82,805,582		14,719,740
Total Non-Current Assets	2,484,132	80,053	1,728,704	408,012,102		272,700,767
TOTAL ASSETS	2,617,643	404,841	7,860,214	453,917,733	6,708,086	274,437,551
DEFERRED OUTFLOWS OF RESOURCES	s <u> </u>	\$ <u> </u>	<u> </u>	\$ _	\$ <u> </u>	\$

	James M. Dye Foundation, Inc.	Kennesaw State University Alumni Association, Inc.	Kennesaw State University Athletic Association, Inc.	Kennesaw State University Foundation, Inc.	Kennesaw State University Research & Service Foundation, Inc.	Medical College of Georgia Foundation
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 4,062	\$ 769	\$ 211,059	\$ 8,239,582	\$	\$ 35,246
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	_	_	99,604	1,324,742	3,018,798	80,312
Due to Other Funds	_	_	_		_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	602,656	779,628	1,211,498	_
Deposits	_	_	_	29,678	_	_
Deposits Held for Other Organizations	_	_	_	80,051	_	_
Other Liabilities	_	_	_	_	_	20,994
Notes and Loans Payable	_	_	429.608	_	_	
Lease Purchase Obligations	_	_		_	_	_
Revenue Bonds and Notes Payable	_	_	_	12,575,000	_	_
Liabilities Under Split Interest Agreements	_	_	_	550	_	_
Interest Rate Swap				555		
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
	_	_	_	_	_	_
Compensated Absences  Total Current Liabilities	4,062	769	1,342,927	23,029,231	4,230,296	136,552
Iotal Current Liabilities	4,062	769	1,342,927	23,029,231	4,230,296	130,552
Non Current Lightlities						
Non-Current Liabilities						
Due to Related Parties	_	_	_	_	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_	_
Other Liabilities	_	10,000	_	_	_	_
Notes and Loans Payable	_	_	_	_	9,472,672	_
Lease Purchase Obligations	_	_	_	_	_	_
Revenue Bonds and Notes Payable	_	_	_	347,349,955	_	_
Liabilities Under Split Interest Agreements	_	_	_	2,265	_	818,690
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability						
Total Non-Current Liabilities			491,668	347,352,220		10,291,362
TOTAL LIABILITIES	4,062	769	1,834,595	370,381,451	4,230,296	10,427,914
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	_	_	1,299,096	(34,864,945)	_	5,247,068
Restricted for:						
Nonexpendable	2,480,797	56,206	_	37,981,174	_	132,872,471
Expendable	_	_	3,035,858	29,381,899	509,591	90,841,621
Unrestricted	132,784	347,866	1,690,665	51,038,154	1,968,199	35,048,477
TOTAL NET POSITION	\$ 2,613,581	\$ 404,072	\$ 6,025,619	\$ 83,536,282	\$ 2,477,790	\$ 264,009,637

	Middle Georgia State University Foundation, Inc. & Subsidiaries	Middle Georgia State University Real Estate Foundation, Inc.	Savannah State University Foundation, Inc. & Subsidiaries	South Georgia State College Foundation, Inc. & Subsidiaries	Southern Polytechnic Applied Research Corporation	University of Georgia Athletic Association, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 577,527	\$ 1,259,396	\$ 830,201	\$ 524,501	\$ 717,119	\$ 57,831,568
Cash and Cash Equivalents (Externally Restricted)	1,117,560	_	_	_	_	_
Short-term Investments	_	_	223,244	_	_	_
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	_	_	_	_	_	1,375,675
Pledges and Contributions	1,111,236	_	_	_	_	_
Other	_	119,743	235,779	14,920	_	2,101,222
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	787,064	2,393,908	_	_	_
Inventories	_	_	_	_	_	_
Prepaid Items	40,370	7,275	2,746	_	500	872,644
Other Assets	_	_	_	_	_	_
Total Current Assets	2,846,693	2,173,478	3,685,878	539,421	717,619	62,181,109
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	150,781	_	_	_	_	_
Other	_	_	_	_	_	_
Investments	11,474,967	_	_	4,598,750	_	51,808,178
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	31,675,308	75,002,304	_	_	_
Other Assets	75,288	_	_	_	_	305,118
Non-current Cash (Externally Restricted)	_	_	5,602,474	_	_	_
Short-term Investments (Externally Restricted)	_	3,543,390	_	_	_	_
Investments (Externally Restricted)	_	_	_	_	_	_
Capital Assets, net	205,300	1,014,811	150,000	330,395	_	323,545,121
Total Non-Current Assets	11,906,336	36,233,509	80,754,778	4,929,145		375,658,417
TOTAL ASSETS	14,753,029	38,406,987	84,440,656	5,468,566	717,619	437,839,526
DEFERRED OUTFLOWS OF RESOURCES		<u> </u>	<u> </u>		<u> </u>	\$ 13,316,338

LIABILITIES           Current Liabilities           Accounts Payable         \$ 493,635         \$ 723,082         \$ 258,700         \$ 122,280         \$ 312,578         \$ 328,076           Salaries Payable         —         —         —         —         —         —         5,783,920           Benefits Payable         —		Middle Georgia State University Foundation, Inc. & Subsidiaries	Middle Georgia State University Real Estate Foundation, Inc.	Savannah State University Foundation, Inc. & Subsidiaries	South Georgia State College Foundation, Inc. & Subsidiaries	Southern Polytechnic Applied Research Corporation	University of Georgia Athletic Association, Inc.
Accounts Payable         \$ 493,635         \$ 723,082         \$ 258,700         \$ 122,280         \$ 312,578         \$ 328,070           Salaries Payable         —         —         —         —         —         —         5,783,920           Benefits Payable         — </td <td>LIABILITIES</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	LIABILITIES						
Salaries Payable       —       —       5,783,924         Benefits Payable       —       —       —       —       —         Contracts Payable       —<	Current Liabilities						
Benefits Payable         —	Accounts Payable	\$ 493,635	\$ 723,082	\$ 258,700	\$ 122,280	\$ 312,578	\$ 328,078
Contracts Payable         —	Salaries Payable	_	_	_	_	_	5,783,920
Retainage Payable         —	Benefits Payable	_	_	_	_	_	_
Due to Related Parties         —         26,082         —         317,555         5,997,925           Due to Other Funds         —         —         —         —         —         —           Due to USO - Capital Liability Reserve Fund         —         —         —         —         —         —           Advances (Including Tuition and Fees)         —         —         —         —         —         —         —           Deposits         —	Contracts Payable	_	_	_	_	_	_
Due to Other Funds         —	Retainage Payable	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund         —         —         —         —         37,373,56*           Advances (Including Tuition and Fees)         —         —         204,588         —         —         —         37,373,56*           Deposits         —         —         —         —         —         —         —           Deposits Held for Other Organizations         316,306         —	Due to Related Parties	_	26,082	_	_	317,555	5,997,929
Advances (Including Tuitlon and Fees)         —         204,588         —         —         37,373,56*           Deposits         —         —         —         —         —         —           Deposits Held for Other Organizations         316,306         —         —         —         —         —         —           Other Liabilities         —         —         9,088,095         —         1,815         —           Notes and Loans Payable         —         —         —         —         —         —           Lease Purchase Obligations         —         —         —         —         —         —         —           Revenue Bonds and Notes Payable         —         800,000         2,365,000         —         —         2,885,000           Liabilities Under Spilt Interest Agreements         —	Due to Other Funds	_	_	_	_	_	_
Deposits         —<	Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Deposits         —<	Advances (Including Tuition and Fees)	_	_	204,588	_	_	37,373,561
Deposits Held for Other Organizations         316,306         — <td></td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td> <td>_</td>		_	_	_	_	_	_
Other Liabilities         —         9,088,095         —         1,815         —           Notes and Loans Payable         —         —         359,719         —         —         —           Lease Purchase Obligations         —         2,885,000         —         —         —         2,885,000         —         —         —         —         —         —         —         —         —         —         —         —         —         2,885,000         — <td< td=""><td></td><td>316,306</td><td>_</td><td>_</td><td>_</td><td>_</td><td>_</td></td<>		316,306	_	_	_	_	_
Lease Purchase Obligations         —         —         —         —         —         —         2,885,000         —         —         2,885,000         —         —         2,885,000         —         —         2,885,000         —		_	_	9,088,095	_	1,815	_
Lease Purchase Obligations         —         —         —         —         —         —         2,885,000         —         —         2,885,000         —         —         2,885,000         —         —         2,885,000         —	Notes and Loans Payable	_	_	359,719	_	_	_
Revenue Bonds and Notes Payable         —         800,000         2,365,000         —         —         2,885,000           Liabilities Under Split Interest Agreements         —		_	_	_	_	_	_
Liabilities Under Split Interest Agreements         — <td></td> <td>_</td> <td>800,000</td> <td>2,365,000</td> <td>_</td> <td>_</td> <td>2,885,000</td>		_	800,000	2,365,000	_	_	2,885,000
Interest Rate Swap         —		_	_	_	_	_	_
Pollution Remediation — — — — — — — —		_	_	_	_	_	_
		_	_	_	_	_	_
		_	_	_	_	_	_
Compensated Absences — — — — — — — — — — — — — — — — — — —	•	_	_	_	_	_	_
		809 941	1 549 164	12 276 102	122 280	631 948	52,368,488
(indication and a second a second and a second a second and a second a second and a second and a second and a second a second and a sec	Total Gallon Elabinios		1,010,101	12,270,102			
Non-Current Liabilities	Non-Current Liabilities						
Due to Related Parties         —		_	_	_	_	_	_
Due to Other Funds — — — 1,666,423 —						1 666 422	
Due to USO - Capital Liability Reserve Fund — — — — — — — — —		_	_	_	_	1,000,423	_
		_	_	_	_	_	1,824,121
Other Liabilities — — — 305,118 — — — 305,118		_	_	_	205 119	_	1,024,121
		001.006	_	_		14 406 642	8,516,222
Lease Purchase Obligations — — — — — — — — — — — — — — — — — — —		351,300	_	_	13,030,392	14,490,042	0,510,222
·	· ·	_	24 405 425	60 777 170	_	_	99 976 454
Revenue Bonds and Notes Payable         —         31,165,435         68,777,178         —         —         88,876,15°           Liabilities Under Split Interest Agreements         —         —         —         —         —         —		_	31,165,435	68,777,178	_	_	88,876,151
		_	_	_	_	_	2 727 724
3.7°		_	_	_	_	_	3,737,734
Pollution Remediation — — — — — — — —		_	_	_	_	_	_
Claims and Judgments — — — — — — —		_	_	_	_	_	_
Compensated Absences — — — — — — — —		_	_	_	_	_	_
Net Other Post Employment Benefits Liability — — — — — — — —		_	_	_	_	_	_
Net Pension Liability							
							108,755,595
TOTAL LIABILITIES         819,941         32,714,599         82,045,266         122,280         631,948         161,124,085	TOTAL LIABILITIES	819,941	32,714,599	82,045,266	122,280	631,948	161,124,083
DEFERRED INFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES						
NET POSITION							
		205,300	1,014,811	150,000	330,395	_	225,525,982
Restricted for:							
Nonexpendable 9,403,701 — 110,000 4,599,116 — —			_		4,599,116	_	_
Expendable 4,173,063 — 186,610 — — —			_		_	_	_
							64,505,799
TOTAL NET POSITION         \$ 13,933,088         \$ 5,692,388         \$ 2,395,390         \$ 5,346,286         \$ 85,671         \$ 290,031,785	I U IAL NET POSITION	\$ 13,933,088	\$ 5,692,388	\$ 2,395,390	\$ 5,346,286	\$ 85,671	\$ 290,031,781

	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Foundation - Dahlonega, Inc.	University of North Georgia Real Estate Foundation, Inc.	University of West Georgia Athletic Foundation, Inc.	University of West Georgia Foundation, Inc.
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 2,602,149	\$ 28,640,409	\$ 1,680,425	\$ 1,509,047	\$ 193,630	\$ (355,697)
Cash and Cash Equivalents (Externally Restricted)	13,512,095	_	_	4,658,278	270,968	7,000,221
Short-term Investments	24,908,997	_	_	_	_	_
Short-term Investments (Externally Restricted)	129,344,169	_	_	_	_	_
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	_
State General Appropriations	_	_	_	_	_	_
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	155,446	756,238	_	_	_	_
Pledges and Contributions	31,069,338	_	481,015	_	79,476	2,887,400
Other	2,903,823	55,728,822	2,076	391	_	805
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	8,533,296	_	4,160,305	_	1,983,247
Inventories	_	_	_	_	_	_
Prepaid Items	288,790	230,885	_	142,017	_	2,818
Other Assets	_	28,325,675	_	_	_	_
Total Current Assets	204,784,807	122,215,325	2,163,516	10,470,038	544,074	11,518,794
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	_
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	48,261,818	_	260,554	_	79,394	4,406,044
Other	_	_	_	_	_	_
Investments	187,306,840	55,015,982	71,186,509	_	783,883	35,900,543
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	_	223,082,949	_	123,550,026	_	36,796,860
Other Assets	2,680,881	962,074	65,146	175,000	94	936,400
Non-current Cash (Externally Restricted)	_	2,821,316	_	5,912,403	_	3,526,761
Short-term Investments (Externally Restricted)	_	_	_	_	_	_
Investments (Externally Restricted)	952,031,687	5,765,025	_	_	_	_
Capital Assets, net	35,913,480	20,046,315	67,277	5,047,332	_	287,214
Total Non-Current Assets	1,226,194,706	307,693,661	71,579,486	134,684,761	863,371	81,853,822
TOTAL ASSETS	1,430,979,513	429,908,986	73,743,002	145,154,799	1,407,445	93,372,616
DEFERRED OUTFLOWS OF RESOURCES	<u> </u>	\$ 14,156,893	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Foundation - Dahlonega, Inc.	University of North Georgia Real Estate Foundation, Inc.	University of West Georgia Athletic Foundation, Inc.	University of West Georgia Foundation, Inc.
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 383,591	\$ 2,013,499	\$ 14,531	\$ 2,559,333	\$ 4,700	\$ 578,738
Salaries Payable	_	_	_	_	_	_
Benefits Payable	_	_	_	_	_	_
Contracts Payable	_	_	_	_	_	_
Retainage Payable	_	_	_	_	_	_
Due to Related Parties	7,228,233	58,189,457	151,611	_	_	40,595
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	1,242,449	2,084,538	_	407,215	85,492	480
Deposits	_	28,325,675	_	_	_	_
Deposits Held for Other Organizations	64,065,725	_	_	_	_	783,883
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	514,880	_	_	2,001,000	_	_
Lease Purchase Obligations	_	_	_		_	_
Revenue Bonds and Notes Payable	_	9,485,000	_	3,091,368	_	_
Liabilities Under Split Interest Agreements	801,285	-	_		_	_
Interest Rate Swap	- 001,200					
Pollution Remediation						
Claims and Judgments	_	_	_	_	_	_
· ·	_	_	_	_	_	_
Compensated Absences  Total Current Liabilities	74,236,163	100,098,169	166,142	8,058,916	90,192	1,403,696
Iotal Current Liabilities	74,236,163	100,098,169	100,142	8,058,916	90,192	1,403,696
New Comment Link Wilder						
Non-Current Liabilities						
Due to Related Parties	_	_	_	_	_	_
Due to Other Funds	_	_	_	_	_	_
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	_	_	_
Other Liabilities	_	_	_	_	_	_
Notes and Loans Payable	_	810,000	_	_	_	37,351,481
Lease Purchase Obligations	_	_	_	_	_	280,889
Revenue Bonds and Notes Payable	_	234,430,567	_	126,029,323	_	38,879,769
Liabilities Under Split Interest Agreements	8,008,355	_	7,978	_	_	90,441
Interest Rate Swap	2,325,789	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	_
Compensated Absences	_	_	_	_	_	_
Net Other Post Employment Benefits Liability	_	_	_	_	_	_
Net Pension Liability						
Total Non-Current Liabilities	26,497,209	244,770,910	7,978	126,839,323		39,251,099
TOTAL LIABILITIES	100,733,372	344,869,079	174,120	134,898,239	90,192	40,654,795
DEFERRED INFLOWS OF RESOURCES						
NET POSITION						
Net Investment in Capital Assets	20,901,958	11,530,093	67,277	5,047,332	_	287,214
Restricted for:						
Nonexpendable	643,785,937	_	30,473,913	_	_	21,966,723
Expendable	542,264,019	2,821,234	35,722,774	_	1,177,509	21,410,863
Unrestricted	123,294,227	84,845,473	7,304,918	5,209,228	139,744	9,053,021
TOTAL NET POSITION	\$ 1,330,246,141	\$ 99,196,800	\$ 73,568,882	\$ 10,256,560	\$ 1,317,253	\$ 52,717,821

	University of West Georgia Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc. & Affiliates	Valdosta State University Auxiliary Services Real Estate Foundation	Valdosta State University Foundation, Inc.	Walter & Emilie Spivey Foundation	Total All CU's & Affiliated Organizations
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 1,116,937	\$ 468,042	\$ 2,606,387	\$ 3,785,536	\$ 31,744	\$ 446,438,155
Cash and Cash Equivalents (Externally Restricted)	5,139,624	16,917,081	_	_	_	122,286,810
Short-term Investments	725,430	_	_	_	_	118,680,283
Short-term Investments (Externally Restricted)	_	_	_	_	_	154,858,150
Accounts Receivable, net						
Federal Financial Assistance	_	_	_	_	_	6,947,257
State General Appropriations	_	_	_	_	_	190,191
Margin Allocation Funds	_	_	_	_	_	_
Related Parties	_	_	_	_	_	24,757,559
Pledges and Contributions	_	123,676	_	442,659	_	104,001,482
Other	_	_	156,762	_	_	416,451,267
Notes Receivable, net	_	_	_	_	_	726,632
Due From Other Funds	_	_	_	_	_	249,362
Investment in Capital Leases	2,887,974	12,796,529	5,248,287	_	_	103,567,925
Inventories	_	_	_	_	_	20,863,400
Prepaid Items	_	22,120	14,880	17,738	_	39,976,509
Other Assets	_	_	_	_	_	30,523,037
Total Current Assets	9,869,965	30,327,448	8,026,316	4,245,933	31,744	1,590,518,019
Non-Current Assets						
Accounts Receivable, net						
Related Parties	_	_	_	_	_	6,927,295
Due From USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Due From Institution - Capital Liability Reserve Fund	_	_	_	_	_	_
Pledges and Contributions	_	1,016,666	_	421,404	_	178,931,822
Other	_	_	_	_	_	51,901,822
Investments	214,820	5,461,737	_	41,711,728	6,285,257	1,397,336,157
Notes Receivable, net	_	_	_	_	_	_
Due From Other Funds	_	_	_	_	_	_
Investment in Capital Leases	111,292,376	382,752,777	160,371,065	_	_	2,580,219,618
Other Assets	_	_	_	873,767	_	49,308,823
Non-current Cash (Externally Restricted)	3,594,696	31,227,850	_	_	_	282,029,694
Short-term Investments (Externally Restricted)	_	_	_	_	_	3,543,390
Investments (Externally Restricted)	_	_	11,496,632	_	_	3,108,681,141
Capital Assets, net	_	2,097,069	227,338	7,075,887	269,567	1,414,211,428
Total Non-Current Assets	115,101,892	422,556,099	172,095,035	50,082,786	6,554,824	9,073,091,190
TOTAL ASSETS	124,971,857	452,883,547	180,121,351	54,328,719	6,586,568	10,663,609,209
DEFERRED OUTFLOWS OF RESOURCES		<u> </u>	<u> </u>	<u> </u>	<u> </u>	\$ 50,520,218

	University of West Georgia Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc. & Affiliates	Valdosta State University Auxiliary Services Real Estate Foundation	Valdosta State University Foundation, Inc.	Walter & Emilie Spivey Foundation	Total All CU's & Affiliated Organizations
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 1,043,795	\$ 2,892,161	\$ 2,421,583	\$ 97,809	\$ 5,650	\$ 151,651,554
Salaries Payable	_	_	_	_	_	15,136,689
Benefits Payable	_	_	_	_	_	93,124
Contracts Payable	_	451,448	_	_	_	460,198
Retainage Payable	_	_	_	_	_	5,005,761
Due to Related Parties	_	_	_	_	_	327,166,138
Due to Other Funds	_	_	_	_	_	248,609
Due to USO - Capital Liability Reserve Fund	_	_	_	_	_	_
Advances (Including Tuition and Fees)	_	_	_	261,963	_	136,705,295
Deposits	_	_	_	_	_	40,386,356
Deposits Held for Other Organizations	_	_	_	103,454	_	112,925,917
Other Liabilities	_	_	_	300,360	_	20,610,751
Notes and Loans Payable	_	37,241,590	_	_	_	103,122,884
Lease Purchase Obligations	_	_	_	_	_	8,983,816
Revenue Bonds and Notes Payable	3,225,000	9,950,000	4,205,000	375,202	_	140,007,279
Liabilities Under Split Interest Agreements	_	_	_	51,576	_	2,564,554
Interest Rate Swap	_	_	_	_	_	_
Pollution Remediation	_	_	_	_	_	_
Claims and Judgments	_	_	_	_	_	1,000,000
Compensated Absences	_	_	_	_	_	21,530,375
Total Current Liabilities	4,268,795	50,535,199	6,626,583	1,190,364	5,650	1,087,599,300
Non-Current Liabilities						
Due to Related Parties	_	_	_	130,971,547	_	130,971,547
Due to Other Funds	_	_	_	1,672,052	_	1,672,052
Due to USO - Capital Liability Reserve Fund	_	_	_	-,,	_	-
Advances (Including Tuition and Fees)	_	_	_	22,360,867	_	22,360,867
Other Liabilities	_	_	_	32,399,797	_	32,399,797
Notes and Loans Payable	_	1,029,598	_	207,092,918	_	207,092,918
Lease Purchase Obligations	_	-,020,000	_	207,002,010	_	74,846,963
Revenue Bonds and Notes Payable	114,947,700	350,691,146	158,332,329	3,038,508	_	3,499,056,046
Liabilities Under Split Interest Agreements		-	-	134,132	_	27,801,534
Interest Rate Swap			4,854,779	104,102		37,493,371
Pollution Remediation			4,034,779			37,493,371
Claims and Judgments	_	_	_	_	_	580,624
Compensated Absences	_	_	_	_	_	300,024
Net Other Post Employment Benefits Liability	_	_	_	_	_	6,797,377
Net Pension Liability	_	_	_	_	_	0,797,377
Total Non-Current Liabilities	114,947,700	388,042,627	163,187,108	4,202,238		4,041,073,096
TOTAL LIABILITIES	119,216,495	438,577,826	169,813,691	5,392,602	5,650	5,128,672,396
TOTAL LIABILITIES	119,210,495	430,377,020	109,013,091	5,392,002		5,120,072,390
DEFERRED INFLOWS OF RESOURCES						16,363,042
DEFERRED INFLOWS OF RESOURCES						10,303,042
NET POSITION						
			227 220	2 522 624	260 567	274 424 724
Net Investment in Capital Assets Restricted for:	_	_	227,338	2,523,634	269,567	374,131,734
		·=· c=-		40 500 5		0.700.010.0
Nonexpendable	_	471,975	_	46,598,706	_	2,709,940,839
Expendable	-	1,352,979	40.000.555		-	1,367,048,597
Unrestricted TOTAL NET POSITION	5,755,362	12,480,767 \$ 14,305,721	\$ 10,080,322 \$ 10,307,660	\$ 48,936,117	\$ 6,311,351 \$ 6,580,918	1,117,972,819 \$ 5,569,093,989
IOIAL NEI POSITION	\$ 5,755,362	\$ 14,305,721	φ 10,307,060	48,936,117	Ψ 0,080,918	φ υ,ουσ,υσυ,989

	Abraham Baldwin Agricultural College Foundation, Inc. & Subsidiaries	Albany State University Foundation, Inc.	Armstrong State University Foundation, Inc.	Atlanta Metropolitan State College Projects Foundation, Inc.	Atlanta Metropolitan State College Foundation, Inc.
OPERATING REVENUES					
Grants and Contracts					
Federal	\$	\$ —	<b>\$</b>	\$ —	s —
State	_	_	_	_	_
Other	_	_	_	_	_
Sales and Services	236,673	_	_	_	_
Patient Services					
Rents and Royalties	229,037	3,881,256	_	_	_
Auxiliary Enterprises	_	_	_	_	_
Food Services	_	_	_	_	_
Health Services	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_
Gifts and Contributions	2,672,487	1,313,581	1,505,113	801,024	469,025
Endowment Income	700,103	7,069	_	_	_
Other Operating Revenues	49,029	177,759	_	_	_
Total Operating Revenues	3,887,329	5,379,665	1,505,113	801,024	469,025
OPERATING EXPENSES					
Salaries	335,385	456,883	- 398,382	_	
Employee Benefits	28,020	430,003	. 390,302	_	_
Other Personal Services	260,315	_	_		
Travel	32,493	17,478	2,373	_	_
Scholarships and Fellowships	717,591	382,454	410,928	_	101,530
Utilities	15,901	-		_	-
Supplies and Other Services	1,006,884	1,342,612	170,032	28,031	117,172
Depreciation	99,166	596	_	432,176	
Total Operating Expenses	2,495,755	2,200,023	981,715	460,207	218,702
Operating Income (Loss)	1,391,574	3,179,642	523,398	340,817	250,323
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	_	_	_	_	_
Grants and Contracts					
Federal	_	_	_	_	_
State	_	_	_	_	_
Other	_	_	_	_	_
Gifts	_	_	_	_	_
Investment Income	438,482	413,644	1,005,145	_	20,655
Interest Expense	(81,961)	(3,143,639)	_	(443,691)	_
Other Nonoperating Revenues (Expenses)		(2,915,938)			
Net Nonoperating Revenues	356,521	(5,645,933)	1,005,145	(443,691)	20,655
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	1,748,095	(2,466,291)	1,528,543	(102,874)	270,978
Capital Grants and Gifts					
Federal					
State					
Other	_	_	_	_	_
Additions to Permanent and Term Endowments	365,834	141,437	_	_	_
Special Item	-		_	_	_
				· <del></del>	
Total Other Revenues, Expenses, Gains or Losses	365,834	141,437			
Change in Net Position	2,113,929	(2,324,854)	1,528,543	(102,874)	270,978
-		(7: 7:24)			
Net Position, Beginning of Year, Restated	30,115,074	10,566,701	14,820,034	(704,652)	474,641
Net Position-End of Year	\$ 32,229,003	\$ 8,241,847	\$ 16,348,577	\$ (807,526)	\$ 745,619

	AU Health System Inc	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Augusta University College of Dental Medicine Faculty Practice Group d/b/a AU Dental Faculty Practice Group	Bainbridge State College Foundation	Clayton State University Foundation, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	\$ 667,250	\$	\$ 49,041,572	s —	s —	\$
State	_	_	_	_	_	_
Other	_	26,536	11,293,495	_	_	_
Sales and Services	60,763,027	685,198	_	11,742,133	_	_
Patient Services	804,178,864	_	_	_	_	_
Rents and Royalties	1,003,935	172,516	904,575	_	_	795,161
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_	_
Gifts and Contributions	_	2,463,215	_	_	253,828	1,119,735
Endowment Income	_	1,748,811	_	_	_	_
Other Operating Revenues	_	_	_	_	_	77,082
Total Operating Revenues	866,613,076	5,096,276	61,239,642	11,742,133	253,828	1,991,978
OPERATING EXPENSES						
Salaries	291,359,223	- 1,171,074	. –	. –		- 162,874
Employee Benefits	76,950,571	329,444	_	_	_	_
Other Personal Services	156,834,367	129,890	_	_	_	_
Travel	1,341,565	183,877	_	_	_	120,374
Scholarships and Fellowships	1,096,824	582,643	_	_	_	825,061
Utilities	4,389,973	_	_	_	_	_
Supplies and Other Services	356,966,988	1,236,657	60,204,418	12,425,988	154,068	1,369,702
Depreciation	37,115,718	_	_	_	_	334,693
Total Operating Expenses	926,055,229	3,633,585	60,204,418	12,425,988	154,068	2,812,704
Operating Income (Loss)	(59,442,153)	1,462,691	1,035,224	(683,855)	99,760	(820,726)
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	31,992,211	_	_	_	_	_
Grants and Contracts	01,002,211					
Federal	2,955,709					
State	3,430,939	_	_	_	_	_
Other	3,430,939	_	_	_	_	_
Gifts	_	_	_	_	_	_
	2 077 450	1 079 760	209.072	1,036,119	_	2 402 550
Investment Income	3,077,450	1,078,760	308,973	1,036,119		3,403,559
Interest Expense Other Nonoperating Revenues (Expenses)	(9,556,881)	(853,007)	(2,028)	_	28,291	(2,892,893)
Other Nonoperating Revenues (Expenses)	(9,673,002)		(2,026)			
Net Nonoperating Revenues	22,226,426	225,753	306,945	1,036,119	28,291	510,666
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(37,215,727)	1,688,444	1,342,169	352,264	128,051	(310,060)
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	998,143	_	_	_	_	_
Additions to Permanent and Term Endowments	-	293.262	_	_	_	_
Special Item	_	200,202	_	_	_	_
eposial nom	-					
Total Other Revenues, Expenses, Gains or Losses	998,143	293,262				
Change in Net Position	(36,217,584)	1,981,706	1,342,169	352,264	128,051	(310,060)
Net Position, Beginning of Year, Restated	334,311,503	37,908,340	8,525,921	2,553,228	2,263,349	11,297,453
Net Position-End of Year	\$ 298,093,919	\$ 39,890,046	\$ 9,868,090	\$ 2,905,492	\$ 2,391,400	\$ 10,987,393

	College of Coastal Georgia Foundation, Inc.	Columbus State University Alumni Association, Inc.	Columbus State University Athletic Fund, Inc.	Columbus State University Foundation, Inc.	Columbus State University Research & Service Foundation	Dalton State College Athletic Club
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$	* -	* -	\$ —	<b>\$</b>
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Sales and Services	_	19,423	32,800	1,375,441	_	_
Patient Services	_	_	_	_	_	_
Rents and Royalties	39,350	_	_	132,424	469	_
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	400.405	- 54 400		- 0.007.444	_	_
Gifts and Contributions	493,465	51,100	243,288	6,667,144	40	_
Endowment Income	406,211	4,075	_	5,406,970 36,641	_	6,252
Other Operating Revenues		4,075		36,641		6,252
Total Operating Revenues	939,026	74,598	276,088	13,618,620	509	6,252
OPERATING EXPENSES						
Salaries	140,963	5,000	_	- 1,421,956	. –	
Employee Benefits	6,943	_	_	133,169	_	_
Other Personal Services	_	_	_	_	_	_
Travel	47,878	_	8,045	293,537	_	_
Scholarships and Fellowships	895,949	6,250	106,130	1,492,050	_	_
Utilities	_	_	_	_	_	_
Supplies and Other Services	293,002	73,903	113,306	5,492,968	555	11,805
Depreciation	42,690	_	_	18,510	_	80,148
Total Operating Expenses	1,427,425	85,153	227,481	8,852,190	555	91,953
Operating Income (Loss)	(488,399)	(10,555)	48,607	4,766,430	(46)	(85,701)
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	(620,602)	17,438	377,642	_	_	_
Interest Expense	_	_	_	_	_	_
Other Nonoperating Revenues (Expenses)						2,795
Net Nonoperating Revenues	(620,602)	17,438	377,642			2,795
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,109,001)	6,883	426,249	4,766,430	(46)	(82,906)
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	215,907	_	1,050	1,624,704	_	_
Special Item		_	_	-	_	_
Total Other Revenues, Expenses, Gains or Losses	215,907		1,050	1,624,704		
Change in Net Position	(893,094)	6,883	427,299	6,391,134	(46)	(82,906)
Net Position, Beginning of Year, Restated	17,263,268					
		388,756	2,412,121	98,932,570	2,550	1,229,042
Net Position-End of Year	\$ 16,370,174	\$ 395,639	\$ 2,839,420	\$ 105,323,704	\$ 2,504	\$ 1,146,136

	Dalton State College Foundation, Inc.	Darton Boosters, Inc.	Darton State College Foundation, Inc.	East Georgia State College Foundation, Inc.	Fort Valley State University Foundation, Inc.	Foundation Properties, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	s —	\$	\$ —	\$ —	\$	s —
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Sales and Services	_	_	_	_	_	_
Patient Services	_	_	_	_	_	_
Rents and Royalties	_	1,814,057	24,000	_	1,237,319	5,809,939
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_	_
Gifts and Contributions	1,130,286	_	111,151	216,499	1,428,906	97,331
Endowment Income	_	_	_	_	_	_
Other Operating Revenues	(79,301)	_	18,770	107,826	_	2,367
Total Operating Revenues	1,050,985	1,814,057	153,921	324,325	2,666,225	5,909,637
Total Operating Nevertues	1,000,900	1,014,037	155,521	324,323	2,000,223	3,303,031
OPERATING EXPENSES						
Salaries	290,823	. –	_	-	-	- 251,197
Employee Benefits	_	_	_	_	_	33,721
Other Personal Services	_	_	_	_	_	_
Travel	_	_	_	4,456	_	45
Scholarships and Fellowships	656,335	_	63,093	308,466	751,275	_
Utilities	_	_	_	4,936	_	32,107
Supplies and Other Services	3,351,273	33,496	91,405	144,095	498,322	876,122
Depreciation	5,214	_	4,469	8,776	44,477	2,227,252
Total Operating Expenses	4,303,645	33,496	158,967	470,729	1,294,074	3,420,444
Operating Income (Loss)	(3,252,660)	1,780,561	(5,046)	(146,404)	1,372,151	2,489,193
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	(854,439)	35,448	223,544	55,991	(312,308)	284,313
Interest Expense	(53,080)	(1,626,758)	_	_	(720,512)	(2,209,517)
Other Nonoperating Revenues (Expenses)	_	_	_	_	_	(128,771)
, , , ,						<del>`</del>
Net Nonoperating Revenues	(907,519)	(1,591,310)	223,544	55,991	(1,032,820)	(2,053,975)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(4,160,179)	189,251	218,498	(90,413)	339,331	435,218
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	2,611,137	_	_	1,270	689,002	_
Special Item	_	_	_	_	_	_
Total Other Revenues, Expenses, Gains or Losses	2,611,137			1,270	689,002	
Change in Net Position	(1,549,042)	189,251	218,498	(89,143)	1,028,333	435,218
Net Position, Beginning of Year, Restated	33,667,947	2,856,199	5,025,787	2,742,222	13,530,478	24,004,467
Net Position-End of Year	\$ 32,118,905	\$ 3,045,450	\$ 5,244,285	\$ 2,653,079	\$ 14,558,811	\$ 24,439,685

	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Alumni Association, Inc.	Georgia College & State University Foundation	Georgia Gwinnett College Foundation, Inc.	Georgia Health Sciences Foundation, Inc.	Georgia Highlands College Foundation, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$	\$	\$	\$	s –
State	_	_	_	_	_	_
Other	27,576	_	_	_	573,543	_
Sales and Services	245,288	_	_	40,893	403,278	22,140
Patient Services	_	_	_	_	_	_
Rents and Royalties	13,200,977	_	4,793,939	8,641,953	12,300	1,024,821
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_	_
Gifts and Contributions	232,200	159,487	2,030,399	585,392	9,085,214	335,741
Endowment Income	_	_	892,193	_	145,955	118,958
Other Operating Revenues	810,140	124,275	370,921	_	_	_
Total Operating Revenues	14,516,181	283,762	8,087,452	9,268,238	10,220,290	1,501,660
OPERATING EXPENSES						
Salaries	384,665	99,300	498,183	-		- 72,849
Employee Benefits	_	_	_	_	_	_
Other Personal Services	_	_	_	17,683	875,551	_
Travel	_	646	101,644	142,367	162,825	_
Scholarships and Fellowships	_	266,864	827,873	264,900	1,025,198	101,878
Utilities	37,418	_	_	_		_
Supplies and Other Services	6,650,904	166,546	2,748,323	1,518,061	7,941,531	201,626
Depreciation	2,618,182	_	1,074	457	_	155
Total Operating Expenses	9,691,169	533,356	4,177,097	1,943,468	10,005,105	376,508
Operating Income (Loss)	4,825,012	(249,594)	3,910,355	7,324,770	215,185	1,125,152
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	260,379	239,488	(500,333)	470,687	395,465	(28,046)
Interest Expense	(3,197,663)	_	(3,967,057)	(5,903,990)	_	(828,088)
Other Nonoperating Revenues (Expenses)	27,455,348	_	(4,200)	_	_	_
Net Nonoperating Revenues	24,518,064	239,488	(4,471,590)	(5,433,303)	395,465	(856,134)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	29,343,076	(10,106)	(561,235)	1,891,467	610,650	269,018
Capital Grants and Gifts						
Federal						
	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_		_		_
Additions to Permanent and Term Endowments	_	(146,254)	1,516,507	1,412,040	167,785	5,095
Special Item						
Total Other Revenues, Expenses, Gains or Losses		(146,254)	1,516,507	1,412,040	167,785	5,095
Change in Net Position	29,343,076	(156,360)	955,272	3,303,507	778,435	274,113
Net Position, Beginning of Year, Restated	29,247,662	9,244,467	34,327,313	13,875,463	21,042,143	4,180,345
Net Position-End of Year	\$ 58,590,738	\$ 9,088,107	\$ 35,282,585	\$ 17,178,970	\$ 21,820,578	\$ 4,454,458

	Georgia Southern University Athletic Foundation, Inc.	Georgia Southern University Foundation, Inc.	Georgia Southern Housing Foundation, Inc.	Georgia Southern University Research & Service Foundation, Inc.	Georgia Southwestern State University Foundation, Inc.	Georgia State University Alumni Association, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	* -	\$ —	* -	\$ 5,229,422	\$ —	<b>\$</b> —
State	_	_	_	488,614	_	_
Other	_	_	_	775,893	_	_
Sales and Services	_	_	_	5,662,373	277,859	494,730
Patient Services	_	_	_	_	_	_
Rents and Royalties	1,325,843	_	10,907,866	_	_	_
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics		-	_	_	-	-
Gifts and Contributions	2,796,140	7,107,594	_	_	1,664,843	142,093
Endowment Income	45,079	1,801,961		-	-	_
Other Operating Revenues	333,413	626,480	1,726,951	3,874	207,730	81,664
Total Operating Revenues	4,500,475	9,536,035	12,634,817	12,160,176	2,150,432	718,487
OPERATING EXPENSES						
Salaries	909,853	3,786,928	_	. –	- 198,640	- 139,226
Employee Benefits	_	25,118	_	_	26,640	_
Other Personal Services	343,646	1,027,297	323,230	113,599	858,444	_
Travel	_	527,633	_	1,125	78,053	25,490
Scholarships and Fellowships	1,003,000	2,395,260	_	_	972,213	44,727
Utilities	_	_	_	_	2,641	_
Supplies and Other Services	2,235,656	1,396,824	2,309,799	11,978,843	1,646,484	482,406
Depreciation	340,257	38,971	_	_	828	7,763
Total Operating Expenses	4,832,412	9,198,031	2,633,029	12,093,567	3,783,943	699,612
Operating Income (Loss)	(331,937)	338,004	10,001,788	66,609	(1,633,511)	18,875
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	59,063	453,269	618,419	3,765	2,499,410	63,105
Interest Expense	(835,070)	(2,066)	(8,398,868)	_	_	_
Other Nonoperating Revenues (Expenses)						
Net Nonoperating Revenues	(776,007)	451,203	(7,780,449)	3,765	2,499,410	63,105
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,107,944)	789,207	2,221,339	70,374	865,899	81,980
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	79,550	6,378,704	_	_	369,995	_
Special Item	_	_	_	_	_	_
Total Other Revenues, Expenses, Gains or Losses	79,550	6,378,704			369,995	
Change in Net Position	(1,028,394)	7,167,911	2,221,339	70,374	1,235,894	81,980
Net Position, Beginning of Year, Restated	14,532,856	67,972,886	30,610,426	3,162,174	37,322,329	1,913,167
Net Position-End of Year	\$ 13,504,462	\$ 75,140,797	\$ 32,831,765	\$ 3,232,548	\$ 38,558,223	\$ 1,995,147

	Georgia State University Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation Inc. and Affiliates	Georgia Tech Alumni Association	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$	\$ 72,228,675	\$	\$	s —
State	_	_	1,451,137	_	_	_
Other	_	_	18,144,652	_	_	571,661
Sales and Services	24,607,707	_	_	87,751	56,398,194	594,896
Patient Services	_	_	_	_	_	_
Rents and Royalties	974,893	18,001,804	3,134,301	229,039	9,280,181	14,030,980
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_		_			_
Gifts and Contributions	6,713,238	20,275,927	_	5,960,810	3,528,289	_
Endowment Income	2 200 400	6,380,200	_		_	_
Other Operating Revenues	3,260,408	3,103,029		567,028		
Total Operating Revenues	35,556,246	47,760,960	94,958,765	6,844,628	69,206,664	15,197,537
OPERATING EXPENSES						
Salaries	. 8,928,818	- 2,436,678	_	- 3,882,351		
Employee Benefits	2,608,630	_	_	784,386	_	_
Other Personal Services	_	_	_	_	_	_
Travel	2,549,098	1,413,133	74,130	241,806	6,541,114	_
Scholarships and Fellowships	7,923,239	7,994,573	_	3,013	12,213,964	_
Utilities	1,783,820	_	6,651	_	_	193,750
Supplies and Other Services	14,521,134	40,503,112	91,833,484	1,996,257	58,043,026	2,755,877
Depreciation	91,622	647,101	707,419	72,079	7,709,956	_
Total Operating Expenses	38,406,361	52,994,597	92,621,684	6,979,892	84,508,060	2,949,627
Operating Income (Loss)	(2,850,115)	(5,233,637)	2,337,081	(135,264)	(15,301,396)	12,247,910
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	750,000	_	907,869	_
Investment Income	41,682	6,948,382	748,849	12,901	7,264,560	600,851
Interest Expense	_	(3,770,674)	(2,687,677)	_	(12,735,466)	(11,832,439)
Other Nonoperating Revenues (Expenses)			732,244			(18,211)
Net Nonoperating Revenues	41,682	3,177,708	(456,584)	12,901	(4,563,037)	(11,249,799)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(2,808,433)	(2,055,929)	1,880,497	(122,363)	(19,864,433)	998,111
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State			_		_	
Other	_	_	_	_	17,468,594	_
Additions to Permanent and Term Endowments	_	_	_	_	2,335,080	_
Special Item	_	_	_	_	2,000,000	_
·						
Total Other Revenues, Expenses, Gains or Losses					19,803,674	
Change in Net Position	(2,808,433)	(2,055,929)	1,880,497	(122,363)	(60,759)	998,111
Net Position, Beginning of Year, Restated	15,127,840	270,459,653	26,425,434	643,645	72,138,452	39,385,755
Net Position-End of Year	\$ 12,319,407	\$ 268,403,724	\$ 28,305,931	\$ 521,282	\$ 72,077,693	\$ 40,383,866

	Georgia Tech Foundation, Inc.	Georgia Tech Global, Inc.	Georgia Tech Research Corporation	Global Center for Medical Innovation, Inc.	Gordon State College Foundation, Inc. & Subsidiaries	IgniteHQ
OPERATING REVENUES	-				-	
Grants and Contracts						
Federal	\$	\$ 1,218,097	\$ 726,175,147	\$ 87,679	s —	_
State	_	_	12,748,514	_	_	81,226
Other	_	_	93,274,355	_	_	539,372
Sales and Services	60,000	_	_	7,111,527	_	221,390
Patient Services	_	_	_	_	_	
Rents and Royalties	30,360,000	_	14,003,106	_	1,496,266	_
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_	_
Gifts and Contributions	56,873,000	691,900	_	200,000	404,850	15,093
Endowment Income	58,329,751	_	_	_	454,058	_
Other Operating Revenues	_	649	_	_	25,254	_
Total Operating Revenues	145,622,751	1,910,646	846,201,122	7,399,206	2,380,428	857,081
OPERATING EXPENSES						
Salaries	. 2,449,000	489,359	_	- 3,491,320	- 128,297	- 288,635
Employee Benefits	706,000	_	_	1,014,168	_	56,444
Other Personal Services	101,000	61,950	_	163,454	_	_
Travel	79,000	_	112,207	133,990	_	_
Scholarships and Fellowships	_	_	_	_	231,763	_
Utilities	944,000	9,800	_	238,653	_	_
Supplies and Other Services	102,127,000	231,368	837,655,776	3,252,089	253,363	1,028,958
Depreciation	3,091,000	38,282	232,952	893,385	_	80,243
Total Operating Expenses	109,497,000	830,759	838,000,935	9,187,059	613,423	1,454,280
Operating Income (Loss)	36,125,751	1,079,887	8,200,187	(1,787,853)	1,767,005	(597,199)
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						_
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	41,738,249	_	552,444	1,643	(1,145,331)	_
Interest Expense	(13,089,000)	_	_	(1,850)	(1,221,404)	_
Other Nonoperating Revenues (Expenses)		(1,156,141)		(61,403)	(3,335,502)	(267,680)
Net Nonoperating Revenues	28,649,249	(1,156,141)	552,444	(61,610)	(5,702,237)	(267,680)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	64,775,000	(76,254)	8,752,631	(1,849,463)	(3,935,232)	(864,879)
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	23,754,000	_	_	_	155,157	_
Special Item	_	_	_	_	_	_
Total Other Revenues, Expenses, Gains or Losses	23,754,000		_	_	155,157	
Change in Net Position	88,529,000	(76,254)	8,752,631	(1,849,463)	(3,780,075)	(864,879)
Net Position, Beginning of Year, Restated	1,693,434,000	345,720	64,279,468	9,444,347	17,067,329	1,349,412
Net Position-End of Year	\$ 1,781,963,000	\$ 269,466	\$ 73,032,099	\$ 7,594,884	\$ 13,287,254	\$ 484,533

	James M. Dye Foundation, Inc.	Kennesaw State University Alumni Association, Inc.	Kennesaw State University Athletic Association, Inc.	Kennesaw State University Foundation, Inc.	Kennesaw State University Research & Service Foundation, Inc.	Medical College of Georgia Foundation
OPERATING REVENUES						
Grants and Contracts						
Federal	s —	s –	\$	\$	\$ 4,939,207	s –
State	_	_	_	_	121,274	_
Other	_	_	1,094,896	_	2,007,693	_
Sales and Services	_	_	_	350,540	590,893	_
Patient Services	_	_	_	_	_	_
Rents and Royalties	_	_	_	40,762,497	88,003	18,591
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	2,627,737	_	_	_
Gifts and Contributions	60,439	_	8,301,477	5,620,442	521,580	1,034,455
Endowment Income	_	4,531	_	1,179,819	_	6,261,026
Other Operating Revenues	_	67,019	1,137,489	_	17,386	442,972
Total Operating Revenues	60,439	71,550	13,161,599	47,913,298	8,286,036	7,757,044
OPERATING EXPENSES						
Salaries	-	300,220	869,972	- 3,068,011	- 3,728,832	
Employee Benefits	_	_	_	-	-	94,304
Other Personal Services	_	_	_	46,988	2,016,258	
Travel	_	_	804,714	3,061	431,518	183,585
Scholarships and Fellowships	95,476	4,000	1,716,389	2,622,282	_	2,200,954
Utilities	_			2,616,619		49,909
Supplies and Other Services	_	112,237	8,783,438	16,098,001	1,949,800	3,727,680
Depreciation	_	_	312,753	5,037,407	_	55,202
Total Operating Expenses	95,476	416,457	12,487,266	29,492,369	8,126,408	10,001,824
Operating Income (Loss)	(35,037)	(344,907)	674,333	18,420,929	159,628	(2,244,780)
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	332,630	_	_	_	_
Investment Income	136,116	5,878	_	2,928,319	126,010	5,718,559
Interest Expense	_	_	(26,431)	(12,889,878)	_	_
Other Nonoperating Revenues (Expenses)				(1,031,791)		
Net Nonoperating Revenues	136,116	338,508	(26,431)	(10,993,350)	126,010	5,718,559
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	101,079	(6,399)	647,902	7,427,579	285,638	3,473,779
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	33,769	_	_	2,199,101	_	2,882,525
Special Item	_	_	_	_	_	_
		·		-		
Total Other Revenues, Expenses, Gains or Losses	33,769			2,199,101		2,882,525
Change in Net Position	134,848	(6,399)	647,902	9,626,680	285,638	6,356,304
Net Position, Beginning of Year, Restated	2,478,733	410,471	5,377,717	73,909,602	2,192,152	257,653,333
Net Position End of Veer	0.040.504	404.670	¢ 0005.010	d 00 500 000	0.477.700	¢ 204,000,007
Net Position-End of Year	\$ 2,613,581	\$ 404,072	\$ 6,025,619	\$ 83,536,282	\$ 2,477,790	\$ 264,009,637

	Middle Georgia State University Foundation, Inc. & Subsidiaries	Middle Georgia State University Real Estate Foundation, Inc.	Savannah State University Foundation, Inc. & Subsidiaries	South Georgia State College Foundation, Inc. & Subsidiaries	Southern Polytechnic Applied Research Corporation	University of Georgia Athletic Association, Inc.
OPERATING REVENUES						
Grants and Contracts						
Federal	\$	\$	\$ —	\$	\$ 61,749	s –
State	_	_	_	_	117,158	_
Other	_	_	_	_	46,907	_
Sales and Services	_	_	_	_	_	154,272,670
Patient Services	_	_	_	_	_	_
Rents and Royalties	_	1,778,078	4,890,448	_	_	_
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	_	_
Gifts and Contributions	2,479,874	_	292,490	7,514	_	_
Endowment Income	_	_	7,009	_	_	_
Other Operating Revenues	138,254				32,150	
Total Operating Revenues	2,618,128	1,778,078	5,189,947	7,514	257,964	154,272,670
OPERATING EXPENSES						
Salaries	_	. –	_	· –	· –	16,408,414
Employee Benefits	_	_	_	_	_	495,616
Other Personal Services	_	_	_	_	_	_
Travel	_	_	_	_	_	10,524,203
Scholarships and Fellowships	334,521	_	517,850	227,651	_	_
Utilities	_	_	_	_	_	_
Supplies and Other Services	1,075,890	1,703,366	391,246	_	637,272	110,784,142
Depreciation	_	_	_	_	_	11,294,829
Total Operating Expenses	1,410,411	1,703,366	909,096	227,651	637,272	149,507,204
Operating Income (Loss)	1,207,717	74,712	4,280,851	(220,137)	(379,308)	4,765,466
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	16,010,600
Investment Income	(610,715)	55,150	1,930	106,531	_	1,437,603
Interest Expense	_	(1,132,057)	(6,117,316)	90,630	_	(3,379,796)
Other Nonoperating Revenues (Expenses)					(254,238)	1,109,233
Net Nonoperating Revenues	(610,715)	(1,076,907)	(6,115,386)	197,161	(254,238)	15,177,640
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	597,002	(1,002,195)	(1,834,535)	(22,976)	(633,546)	19,943,106
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Additions to Permanent and Term Endowments	147,688	_	_	223,425	_	_
Special Item	_	_	_	_	_	_
Total Other Revenues, Expenses, Gains or Losses	147,688			223,425		
Change in Net Position	744,690	(1,002,195)	(1,834,535)	200,449	(633,546)	19,943,106
Net Position, Beginning of Year, Restated	13,188,398	6,694,583	4,229,925	5,145,837	719,217	270,088,675
Net Position-End of Year	\$ 13,933,088	\$ 5,692,388	\$ 2,395,390	\$ 5,346,286	\$ 85,671	\$ 290,031,781

	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Foundation - Dahlonega, Inc.	University of North Georgia Real Estate Foundation, Inc.	University of West Georgia Athletic Foundation, Inc.	University of West Georgia Foundation, Inc.
OPERATING REVENUES	-		-			
Grants and Contracts						
Federal	s –	\$ 124,848,247	s –	* –	* –	\$
State	_	6,169,886	_	_	_	_
Other	_	52,399,556	_	_	_	_
Sales and Services	11,018,437	_	_	_	_	100,000
Patient Services	_	_	_	_	_	_
Rents and Royalties	1,117,504	27,785,611	58,000	6,553,011	_	2,783,110
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_	_	_	_	257,057	_
Gifts and Contributions	72,700,642	_	3,615,785	115,275	905,857	5,772,178
Endowment Income	33,155,856	_	2,442,057	_	_	788,885
Other Operating Revenues	_	_	_	_	84,979	47
Total Operating Revenues	117,992,439	211,203,300	6,115,842	6,668,286	1,247,893	9,444,220
OPERATING EXPENSES						
Salaries	4,024,499	- –	541,260	. 112,148	300,957	1,826,331
Employee Benefits	_	_	_	_	_	_
Other Personal Services	_	_	_	_	_	_
Travel	281,104	_	444,730	_	1,774	84,082
Scholarships and Fellowships	77,000	_	2,683,631	_	153,500	1,390,877
Utilities	_	_	_	_	_	_
Supplies and Other Services	82,321,284	197,860,655	1,072,668	723,517	915,747	5,377,310
Depreciation	1,234,672	114,324	27,013	145,467	_	65,838
Total Operating Expenses	87,938,559	197,974,979	4,769,302	981,132	1,371,978	8,744,438
Operating Income (Loss)	30,053,880	13,228,321	1,346,540	5,687,154	(124,085)	699,782
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	_
Grants and Contracts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	_
Investment Income	18,230,068	2,874,824	2,316,525	19,300	33,034	1,264,044
Interest Expense	(1,055,888)	(9,901,906)	(78,985)	(3,506,754)	-	(1,901,929)
Other Nonoperating Revenues (Expenses)	733,491	(18,190)	(70,500)	(0,000,701)	_	(1,001,020)
Net Nonoperating Revenues	17,907,671	(7,045,272)	2,237,540	(3,487,454)	33,034	(637,885)
Income (Loss) Before Other Revenues, Expenses, Gains,						
Capital Grants and Gifts	47,961,551	6,183,049	3,584,080	2,199,700	(91,051)	61,897
	47,961,551	6,183,049	3,584,080	2,199,700	(91,051)	61,897
Federal	47,961,551	6,183,049	3,584,080	2,199,700	(91,051)	61,897
Federal State	47,961,551 — —	6,183,049	3,584,080	2,199,700	(91,051) — —	61,897
Federal State Other		6,183,049		2,199,700	(91,051) 	
Federal State Other Additions to Permanent and Term Endowments	47,961,551 — — 46,346,128	6,183,049 — — —	3,584,080 — — — — 1,646,213	2,199,700	(91,051) 	61,897 — — — 1,093,631
Federal State Other		6,183,049 — — — —		2,199,700 — — — —	(91,051) — — — — —	
Federal State Other Additions to Permanent and Term Endowments		6,183,049		2,199,700	(91,051) - - - - - -	
Federal State Other Additions to Permanent and Term Endowments Special Item	46,346,128	6,183,049 		2,199,700	(91,051)     (91,051)	1,093,631
Federal State Other Additions to Permanent and Term Endowments Special Item Total Other Revenues, Expenses, Gains or Losses	46,346,128 46,346,128	- - - - - -	1,646,213 — 1,646,213	- - - - - -	- - - - - -	1,093,631 - 1,093,631

	University of West Georgia Real Estate Foundation, Inc.	University System of of Georgia Foundation, Inc. & Affiliates	Valdosta State University Auxiliary Services Real Estate Foundation	Valdosta State University Foundation, Inc.	Walter & Emilie Spivey Foundation	Total All CU's & Affiliated Organizations
OPERATING REVENUES						
Grants and Contracts						
Federal	* -	\$ —	<b>\$</b>	\$ —	<b>\$</b>	\$ 984,497,045
State	_	_	_	_	_	21,177,809
Other	_	75,000	_	_	_	180,851,135
Sales and Services	_	546,903	_	371,211	_	338,333,375
Patient Services	_	_	_	_	_	804,178,864
Rents and Royalties	6,194,639	19,652,389	6,393,317	516,296	_	266,053,801
Auxiliary Enterprises						
Food Services	_	_	_	_	_	_
Health Services	_	_	_	_	_	_
Intercollegiate Athletics	_		- 05.044	400.070	_	2,884,794
Gifts and Contributions	_	2,204,808	95,811	122,673	_	243,690,728
Endowment Income Other Operating Revenues	_	308,271	1,030,732	20,074	 883	120,584,773
Other Operating Revenues			1,030,732	20,074	883	14,614,301
Total Operating Revenues	6,194,639	22,787,371	7,519,860	1,030,254	883	2,976,866,625
OPERATING EXPENSES						
Salaries	_	390,354	_	. –	- 9,000	359,448,050
Employee Benefits	_	_	_	_	_	83,293,174
Other Personal Services	_	_	_	36,035	_	163,209,707
Travel	_	31,538	_	114,844	_	27,141,535
Scholarships and Fellowships	_	1,514,135	_	1,144,607	50,830	58,398,747
Utilities	_	_	_	283	_	10,326,461
Supplies and Other Services	436,209	1,117,347	1,125,238	2,929,659	99,178	2,078,723,135
Depreciation				213,642		75,486,758
Total Operating Expenses	436,209	3,053,374	1,125,238	4,439,070	159,008	2,856,027,567
Operating Income (Loss)	5,758,430	19,733,997	6,394,622	(3,408,816)	(158,125)	120,839,058
NONOPERATING REVENUES (EXPENSES)						
State Appropriations	_	_	_	_	_	31,992,211
Grants and Contracts						
Federal	_	_	_	_	_	2,955,709
State	_	_	_	_	_	3,430,939
Other	_	_	_	_	_	_
Gifts	_	_	_	_	_	18,001,099
Investment Income	210,178	198,717	85,895	(3,245,887)	(316,918)	102,863,876
Interest Expense	(4,958,664)	(14,691,346)	(5,650,765)	(159,998)	_	(155,386,043)
Other Nonoperating Revenues (Expenses)		(6,177,358)				4,988,658
Net Nonoperating Revenues	(4,748,486)	(20,669,987)	(5,564,870)	(3,405,885)	(316,918)	8,846,449
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	1,009,944	(935,990)	829,752	(6,814,701)	(475,043)	129,685,507
Capital Grants and Gifts						
Federal	_	_	_	_	_	_
State	_	_	_	_	_	_
Other	_	_	_	_	_	18,466,737
Additions to Permanent and Term Endowments	_	47,977	_	5,525,634	_	102,117,353
Special Item	_	_	_	_	_	_
Total Other Revenues, Expenses, Gains or Losses	_	47,977		5,525,634		120,584,090
Change in Net Position	1,009,944	(888,013)	829,752	(1,289,067)	(475,043)	250,269,597
Net Position, Beginning of Year, Restated	4,745,418	15,193,734	9,477,908	50,225,184	7,055,961	5,318,824,392
Net Position-End of Year	\$ 5,755,362	\$ 14,305,721	\$ 10,307,660	\$ 48,936,117	\$ 6,580,918	\$ 5,569,093,989

#### **UNIVERSITY SYSTEM OF GEORGIA** NOTES TO STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited) FOR FISCAL YEAR ENDED JUNE 30, 2019

Fiscal Year End for a few of the affiliated organizations differ from the June 30, 2019 Year End.

The following organizations have a Fiscal Year End of July 31, 2018:

Columbus State University Alumni Association, Inc.

Columbus State University Athletic Fund, Inc.

Columbus State University Foundation, Inc.

Columbus State University Research & Service Foundation, Inc.

Foundation Properties, Inc.

The following organizations have a Fiscal Year End of December 31, 2018:

College of Coastal Georgia Foundation, Inc.

Dalton State College Foundation, Inc.

Global Center for Medical Innovation, Inc. & Subsidiaries

Gordon State College Foundation, Inc. & Subsidiaries

Middle Georgia State University Foundation, Inc. & Subsidiaries

Valdosta State University Foundation, Inc.

VSU Auxiliary Services Real Estate Foundation, Inc.

Walter & Emilie Spivey Foundation

The following organization has a Fiscal Year End of March 31, 2019:

Dalton State College Athletic Club

As of the release of this report, financial statements were not available for the following organizations. Balances from a prior year are reported as indicated below.

Atlanta Metropolitan State College Projects Foundation, Inc. reported fiscal year 2018 balances.

Bainbridge State College Foundation reported fiscal year 2018 balances.

Fort Valley State University Foundation, Inc. reported fiscal year 2018 balances.

Southern Polytechnic Applied Research Corporation reported fiscal year 2016 balances.

#### UNIVERSITY SYSTEM OF GEORGIA BALANCE SHEET (NON-GAAP BASIS) BUDGET FUNDS JUNE 30, 2019 (Unaudited)

ASSETS		
Cash and Cash Equivalents	\$	821,005,272.73
Investments		93,315,137.00
Accounts Receivable		
Federal Financial Assistance		194,405,086.50
Other		314,207,429.13
Prepaid Expenditures		20,457,192.18
Inventories		5,848,416.41
Other Assets	-	7,339,988.55
Total Assets	\$	1,456,578,522.50
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	\$	128,388,196.32
Encumbrances Payable		364,488,059.00
Salaries Payable		22,115,550.96
Deferred Revenue		252,658,644.15
Other Liabilities		9,375,184.85
Total Liabilities		777,025,635.28
Fund Balances		
Reserved		
Capital Outlay		12,924,774.89
Department Sales and Services		158,850,495.08
Indirect Cost Recoveries		205,602,672.61
Technology Fees		38,069,555.21
Restricted/Sponsored Funds		168,740,265.00
Uncollectible Accounts Receivable		29,036,945.82
Inventories		2,689,227.11
Tuition Carry - Forward		46,257,459.01
Property Reserves		8,125,061.34
Unreserved, Undesignated		
Surplus		9,256,431.15
Total Fund Balances		679,552,887.22
Total Liabilities and Fund Balances	\$	1,456,578,522.50

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30. 2019

							Funds Available Compared to Budget			
		Original		Amended		Final		Current Year	Pr	or Year Reserve
		Appropriation		Appropriation		Budget		Revenues		Carry-Over
Agricultural Experiment Station										
State Appropriation							_		_	
State General Funds	\$	46,675,198.00	\$	46,374,523.00	\$	46,374,523.00	\$	46,374,523.00	\$	_
Other Funds		37,552,919.00	_	37,552,919.00		72,423,174.00	_	50,516,619.38		25,125,549.46
Total Agricultural Experiment Station		84,228,117.00		83,927,442.00		118,797,697.00		96,891,142.38		25,125,549.46
Athens and Tifton Veterinary Laboratories Contract										
Other Funds		6,609,688.00		6,704,688.00		7,588,611.00		7,373,412.98		992,666.95
Cooperative Extension Service										
State Appropriation										
State General Funds		41,618,743.00		41,649,817.00		41,649,817.00		41,649,817.00		_
Other Funds		31,333,929.00		31,333,929.00		39,939,606.00		33,356,895.90		6,698,062.49
			_		_					
Total Cooperative Extension Service		72,952,672.00		72,983,746.00		81,589,423.00		75,006,712.90		6,698,062.49
Enterprise Innovation Institute										
State Appropriation										
State General Funds		19,576,909.00		19,576,909.00		19,576,909.00		19,576,909.00		_
Other Funds		10,900,000.00		14,400,000.00		19,500,000.00		15,092,904.11		233,451.48
Total Enterprise Innovation Institute		30,476,909.00		33,976,909.00		39,076,909.00		34,669,813.11		233,451.48
5										
Forestry Cooperative Extension										
State Appropriation		4 045 400 00		4 045 400 00		4 045 400 00		4 045 400 00		
State General Funds		1,215,128.00		1,215,128.00		1,215,128.00		1,215,128.00		-
Other Funds		575,988.00	_	575,988.00		838,432.00		686,473.74		299,671.82
Total Forestry Cooperative Extension		1,791,116.00		1,791,116.00		2,053,560.00	_	1,901,601.74		299,671.82
Forestry Research										
State Appropriation										
State General Funds		2,959,850.00		2,959,850.00		2,959,850.00		2,959,850.00		_
Other Funds		10,250,426.00		11,219,877.00		11,958,872.00		11,256,946.08		2,564,471.59
Total Forestry Research		13,210,276.00	_	14,179,727.00	_	14,918,722.00		14,216,796.08		2,564,471.59
Georgia Archives										
State Appropriation										
State General Funds		4,751,990.00		4,751,990.00		4,751,990.00		4,751,990.00		_
Other Funds		883,030.00	_	1,178,807.00		1,070,277.00	_	994,133.92		737,846.71
Total Georgia Archives	\$	5,635,020.00	\$	5,930,797.00	\$	5,822,267.00	\$	5,746,123.92	\$	737,846.71

### UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30. 2019

Excess (Deficiency) Funds Available Compared to Budget Expenditures Compared to Budget of Funds Available Program Transfers Total Variance Current Year Variance Over/(Under) or Adjustments Funds Available Positive (Negative) Actual Positive (Negative) Expenditures Agricultural Experiment Station State Appropriation State General Funds 46.374.523.00 46,374,523.00 \$ Other Funds 75,642,168.84 47,970,101.94 24,453,072.06 27,672,066.90 3,218,994.84 Total Agricultural Experiment Station 122,016,691.84 3,218,994.84 94,344,624.94 24,453,072.06 27,672,066.90 Athens and Tifton Veterinary Laboratories Contract Other Funds 8,366,079.93 777,468.93 7,241,629.90 346,981.10 1,124,450.03 Cooperative Extension Service State Appropriation State General Funds 41,649,817.00 41,649,817.00 Other Funds 40,054,958.39 115,352.39 30,732,025.54 9,207,580.46 9,322,932.85 Total Cooperative Extension Service 81,704,775.39 115.352.39 72,381,842.54 9.207.580.46 9.322.932.85 Enterprise Innovation Institute State Appropriation State General Funds 19,576,909.00 19,576,909.00 Other Funds 15,326,355.59 (4,173,644.41) 14,395,924.40 5,104,075.60 930,431.19 Total Enterprise Innovation Institute 34,903,264.59 (4,173,644.41) 33,972,833.40 5,104,075.60 930,431.19 Forestry Cooperative Extension State Appropriation State General Funds 1.215.128.00 1.215.128.00 138.740.65 Other Funds 986,145.56 147,713.56 699.691.35 286.454.21 Total Forestry Cooperative Extension 2,201,273.56 147,713.56 1,914,819.35 138,740.65 286,454.21 Forestry Research State Appropriation State General Funds 2,959,850.00 2,959,850.00 Other Funds 13,821,417.67 1,862,545.67 11,021,241.36 937,630.64 2,800,176.31 Total Forestry Research 16,781,267.67 1,862,545.67 13,981,091.36 937,630.64 2,800,176.31 Georgia Archives State Appropriation State General Funds 4,751,990.00 4,751,990.00 Other Funds 1,731,980.63 661,703.63 969,105.21 101,171.79 762,875.42 Total Georgia Archives 6,483,970.63 \$ 661,703.63 \$ 5,721,095.21 \$ 101,171.79 \$ 762,875.42

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30. 2019

								Funds Available Co	ompared to Budget	
	Orig	inal		Amended		Final		Current Year	Р	rior Year Reserve
	Approp	riation		Appropriation		Budget		Revenues		Carry-Over
Georgia Cyber Innovation and Training Center										
State General Funds	\$ 4,	407,753.00	\$	4,561,387.00	\$	4,561,387.00	\$	4,561,387.00	\$	_
Other Funds			_		_	1,050,843.00			_	_
Total Georgia Cyber Innovation and Training Center	4,	407,753.00		4,561,387.00		5,612,230.00		4,561,387.00		
Georgia Research Alliance										
State General Funds	5,	117,588.00		5,117,588.00		5,117,588.00		5,117,588.00		
Georgia Tech Research Institute										
State Appropriation										
State General Funds	6.	094,956.00		6,094,956.00		6,094,956.00		6,094,956.00		_
Other Funds		225,535.00		477,980,336.00		484,480,336.00		475,586,465.67		2,295,466.78
Total Coordin Took Possarch Institute	412	320,491.00		494 075 202 00		490,575,292.00		491 691 421 67		2,295,466.78
Total Georgia Tech Research Institute	412,	,320,491.00		484,075,292.00		490,575,292.00		481,681,421.67		2,295,400.76
Marine Institute										
State Appropriation										
State General Funds	1,	013,238.00		1,013,238.00		1,013,238.00		1,013,238.00		_
Other Funds		486,281.00		486,281.00		580,246.00		275,112.19		740,194.41
Total Marine Institute	1,	499,519.00		1,499,519.00		1,593,484.00		1,288,350.19		740,194.41
Marine Resources Extension Center										
State Appropriation State General Funds	4	FF4 000 00		4 554 000 00		4 554 000 00		4 554 000 00		
Other Funds		554,929.00 345,529.00		1,554,929.00 1,345,529.00		1,554,929.00 1,932,529.00		1,554,929.00 1,354,114.69		288,203.87
Other Funds		343,329.00		1,345,529.00		1,932,529.00		1,334,114.09		200,203.07
Total Marine Resources Extension Center	2,	900,458.00		2,900,458.00		3,487,458.00		2,909,043.69		288,203.87
Medical College of Georgia Hospital and Clinics										
State Appropriation										
State General Funds	31,	992,211.00		31,992,211.00		31,992,211.00		31,992,211.00		_
Tobacco Settlement Funds				9,991,818.00		9,991,818.00		9,991,818.00		
Total Medical College of Georgia Hospital and Clinics	31,	992,211.00		41,984,029.00		41,984,029.00		41,984,029.00		
Public Libraries										
State Appropriation										
State General Funds	38.	710,715.00		39,077,574.00		39,077,574.00		38,847,435.00		_
Other Funds		287,961.00		4,415,201.00		4,758,231.00		4,616,069.38		
Total Public Libraries	42,	998,676.00		43,492,775.00		43,835,805.00		43,463,504.38		
Public Service/Special Funding Initiatives										
State Appropriation										
State Appropriation State General Funds	20	540,259.00		28,044,882.00		28,044,882.00		28,044,882.00		
State General Funds  State Funds - Prior Year Carry-Over	20,	,0-10,203.00		20,044,002.00		20,044,002.00		20,044,002.00		_
State General Funds - Prior Year		_				1,737,762.00				1,737,762.15
Total Public Service/Special Funding Initiatives	\$ 28,	540,259.00	\$	28,044,882.00	\$	29,782,644.00	\$	28,044,882.00	\$	1,737,762.15
.s.a abile del vice/opeoidi i unumg miliatives	Ψ 20,	5 70,200.00	Ψ	20,044,002.00	Ψ	20,702,044.00	Ψ	20,044,002.00	<u> </u>	1,101,102.10

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

						Excess (Deficiency)	
		Available Compared to	Budget	Expenditures Co	mpared to Budget	of Funds Available	
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Current Year Actual	Variance Positive (Negative)	Over/(Under) Expenditures	
Georgia Cyber Innovation and Training Center							
State General Funds	\$	\$ 4,561,387.00	\$ _	\$ 4,026,346.41	\$ 535,040.59	\$ 535,040.59	
Other Funds			(1,050,843.00)		1,050,843.00		
Total Georgia Cyber Innovation and Training Center		4,561,387.00	(1,050,843.00)	4,026,346.41	1,585,883.59	535,040.59	
Georgia Research Alliance							
State General Funds		5,117,588.00		5,117,588.00			
Georgia Tech Research Institute							
State Appropriation							
State General Funds	_	6,094,956.00	_	6,094,956.00	_	_	
Other Funds		477,881,932.45	(6,598,403.55)	474,373,373.20	10,106,962.80	3,508,559.25	
Total Georgia Tech Research Institute		483,976,888.45	(6,598,403.55)	480,468,329.20	10,106,962.80	3,508,559.25	
Marine Institute							
State Appropriation							
State General Funds	_	1,013,238.00	_	1,013,238.00	_	_	
Other Funds		1,015,306.60	435,060.60	291,377.94	288,868.06	723,928.66	
Total Marine Institute		2,028,544.60	435,060.60	1,304,615.94	288,868.06	723,928.66	
Marine Resources Extension Center							
State Appropriation							
State General Funds	_	1,554,929.00	_	1,554,929.00	_	_	
Other Funds		1,642,318.56	(290,210.44)	1,342,869.02	589,659.98	299,449.54	
Total Marine Resources Extension Center		3,197,247.56	(290,210.44)	2,897,798.02	589,659.98	299,449.54	
Medical College of Georgia Hospital and Clinics							
State Appropriation							
State General Funds	_	31,992,211.00	_	31,992,211.00	_	_	
Tobacco Settlement Funds		9,991,818.00		9,991,818.00			
Total Medical College of Georgia Hospital and Clinics		41,984,029.00		41,984,029.00			
Public Libraries							
State Appropriation							
State General Funds	_	38,847,435.00	(230,139.00)	38,807,980.28	269,593.72	39,454.72	
Other Funds		4,616,069.38	(142,161.62)	4,616,069.38	142,161.62		
Total Public Libraries		43,463,504.38	(372,300.62)	43,424,049.66	411,755.34	39,454.72	
Public Service/Special Funding Initiatives							
State Appropriation							
State General Funds	_	28,044,882.00	_	25,296,248.33	2,748,633.67	2,748,633.67	
State Funds - Prior Year Carry-Over							
State General Funds - Prior Year		1,737,762.15	0.15	1,065,195.07	672,566.93	672,567.08	
Total Public Service/Special Funding Initiatives	<u> </u>	\$ 29,782,644.15	\$ 0.15	\$ 26,361,443.40	\$ 3,421,200.60	\$ 3,421,200.75	

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30. 2019

				Funds Available Compared to Budget			
	Original	Amended	Final	Current Year	Prior Year Reserve		
	Appropriation	Appropriation	Budget	Revenues	Carry-Over		
Regents Central Office							
State Appropriation							
State General Funds	\$ 12,327,579.00	\$ 12,375,327.00	\$ 12,375,327.00	\$ 12,375,327.00	\$		
Other Funds			456,014.00	1,258,798.08	4,712,648.49		
Total Regents Central Office	12,327,579.00	12,375,327.00	12,831,341.00	13,634,125.08	4,712,648.49		
Skidaway Institute of Oceanography							
State Appropriation							
State General Funds	1,524,845.00	1,524,845.00	1,524,845.00	1,524,845.00	_		
Other Funds	3,900,620.00	3,900,620.00	5,571,330.00	4,477,642.50	1,477,905.97		
Total Skidaway Institute of Oceanography	5,425,465.00	5,425,465.00	7,096,175.00	6,002,487.50	1,477,905.97		
Teaching							
State Appropriation							
State General Funds	2,153,266,402.00	2,155,728,837.00	2,155,728,837.00	2,155,728,837.00	_		
Other Funds	4,857,951,814.00	5,026,603,600.00	5,754,333,693.00	5,096,877,731.99	481,554,316.37		
Total Teaching	7,011,218,216.00	7,182,332,437.00	7,910,062,530.00	7,252,606,568.99	481,554,316.37		
Veterinary Medicine Experiment Station							
State Appropriation							
State General Funds	4,641,590.00	4,508,257.00	4,508,257.00	4,508,257.00			
Veterinary Medicine Teaching Hospital							
State Appropriation							
State General Funds	479,119.00	479,119.00	479,119.00	479,119.00	_		
Other Funds	17,750,000.00	19,800,000.00	23,012,946.00	21,061,628.55	3,212,946.34		
Total Veterinary Medicine Teaching Hospital	18,229,119.00	20,279,119.00	23,492,065.00	21,540,747.55	3,212,946.34		
Agencies Attached for Administrative Purposes							
Payments to Georgia Military College							
State Appropriation							
State General Funds	6,580,422.00	7,079,053.00	7,079,053.00	6,995,577.00			
Payments to Georgia Public Telecommunications Commission							
State Appropriation							
State General Funds	15,195,808.00	15,197,539.00	15,197,539.00	15,197,539.00			
Budget Unit Totals	\$ 7,818,298,952.00	\$ 8,078,367,552.00	\$ 8,872,102,679.00	\$ 8,165,341,111.16	\$ 532,671,164.88		

# UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE (Unaudited) BUDGET FUND FOR THE FISCAL YEAR ENDED JUNE 30. 2019

	Funds	Available Compared to	Expenditures Co.	Expenditures Compared to Budget			
	Program Transfers	Total	Variance	Current Year	Variance	of Funds Available Over/(Under)	
	or Adjustments	Funds Available	Positive (Negative)	Actual	Positive (Negative)	Expenditures	
Regents Central Office							
State Appropriation							
State General Funds	\$ _	\$ 12,375,327.00	\$ _	\$ 12,375,327.00	\$ _	\$ _	
Other Funds		5,971,446.57	5,515,432.57	355,808.00	100,206.00	5,615,638.57	
Total Regents Central Office		18,346,773.57	5,515,432.57	12,731,135.00	100,206.00	5,615,638.57	
Skidaway Institute of Oceanography							
State Appropriation							
State General Funds	_	1,524,845.00	_	1,524,845.00	_	_	
Other Funds		5,955,548.47	384,218.47	4,392,904.24	1,178,425.76	1,562,644.23	
Total Skidaway Institute of Oceanography		7,480,393.47	384,218.47	5,917,749.24	1,178,425.76	1,562,644.23	
Teaching							
State Appropriation							
State General Funds	_	2,155,728,837.00	_	2,155,393,085.97	335,751.03	335,751.03	
Other Funds		5,578,432,048.36	(175,901,644.64)	4,995,453,192.09	758,880,500.91	582,978,856.27	
Total Teaching		7,734,160,885.36	(175,901,644.64)	7,150,846,278.06	759,216,251.94	583,314,607.30	
Veterinary Medicine Experiment Station							
State Appropriation							
State General Funds		4,508,257.00		4,508,257.00			
Veterinary Medicine Teaching Hospital							
State Appropriation							
State General Funds	_	479,119.00	_	479,119.00	_	_	
Other Funds		24,274,574.89	1,261,628.89	20,367,406.48	2,645,539.52	3,907,168.41	
Total Veterinary Medicine Teaching Hospital		24,753,693.89	1,261,628.89	20,846,525.48	2,645,539.52	3,907,168.41	
Agencies Attached for Administrative Purposes							
Payments to Georgia Military College							
State Appropriation							
State General Funds		6,995,577.00	(83,476.00)	6,995,577.00	83,476.00		
Payments to Georgia Public Telecommunications Commission							
State Appropriation							
State General Funds		15,197,539.00		15,197,539.00			
Budget Unit Totals	<u> </u>	\$ 8,698,012,276.04	\$ (174,090,402.96)	\$ 8,052,185,197.11	\$ 819,917,481.89	\$ 645,827,078.93	

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2018 Surplus	Prior Year Adjustments	Other Adjustments
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 121,331.98	\$	\$ (121,331.98)	\$ 101,139.97	\$
Other Funds	25,125,549.46	(25,125,549.46)		261,635.19	
Total Agricultural Experiment Station	25,246,881.44	(25,125,549.46)	(121,331.98)	362,775.16	
Athens and Tifton Veterinary Laboratories Contract					
Other Funds	992,666.95	(992,666.95)		3,543.33	
Cooperative Extension Service					
State Appropriation					
State General Funds	67,183.09	_	(67,183.09)	110,725.82	_
Other Funds	6,698,062.49	(6,698,062.49)		23,668.09	
Total Cooperative Extension Service	6,765,245.58	(6,698,062.49)	(67,183.09)	134,393.91	
Enterprise Innovation Institute					
State Appropriation					
State General Funds	0.28	_	(0.28)	17.24	_
Other Funds	233,451.48	(233,451.48)			(6,767.55)
Total Enterprise Innovation Institute	233,451.76	(233,451.48)	(0.28)	17.24	(6,767.55)
Forestry Cooperative Extension					
State Appropriation					
State General Funds	503.78	_	(503.78)	2,269.50	_
Other Funds	299,671.82	(299,671.82)			
Total Forestry Cooperative Extension	300,175.60	(299,671.82)	(503.78)	2,269.50	
Forestry Research					
State Appropriation					
State General Funds	11,157.04	_	(11,157.04)	863.92	_
Other Funds	2,564,471.59	(2,564,471.59)		3,639.97	
Total Forestry Research	2,575,628.63	(2,564,471.59)	(11,157.04)	4,503.89	
Georgia Archives					
State Appropriation					
State General Funds	5,653.71	_	(5,653.71)	11,712.30	_
Other Funds	739,261.45	(737,846.71)	(1,414.74)	24,462.26	(19,714.05)
Total Georgia Archives	744,915.16	(737,846.71)	(7,068.45)	36,174.56	(19,714.05)
Georgia Cyber Innovation and Training Center					
State General Funds	_	_	_	_	_
Other Funds					
Total Georgia Cyber Innovation and Training Center	<u> </u>	<u> </u>	<u> </u>	\$	<u> </u>

Excess (Deficiency)

	5 l D	(Deficiency)	5 E E .			
	Early Return of Fiscal Year 2019	of Funds Available Over/(Under)	Ending Fund Balance/(Deficit)	Δnal	ysis of Ending Fund Ba	ance
	Surplus	Expenditures	June 30	Reserved	Surplus/(Deficit)	Total
		·				
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ (1,927.28)	\$ —	\$ 99,212.69	\$ —	\$ 99,212.69	\$ 99,212.69
Other Funds		27,672,066.90	27,933,702.09	27,929,823.69	3,878.40	27,933,702.09
Total Agricultural Experiment Station	(1,927.28)	27,672,066.90	28,032,914.78	27,929,823.69	103,091.09	28,032,914.78
Athens and Tifton Veterinary Laboratories Contract						
Other Funds		1,124,450.03	1,127,993.36	1,127,993.36		1,127,993.36
Cooperative Extension Service						
State Appropriation						
State General Funds	_	_	110,725.82	_	110,725.82	110,725.82
Other Funds		9,322,932.85	9,346,600.94	9,344,555.67	2,045.27	9,346,600.94
Total Cooperative Extension Service		9,322,932.85	9,457,326.76	9,344,555.67	112,771.09	9,457,326.76
Enterprise Innovation Institute						
State Appropriation						
State General Funds	(17.24)	_	_	_	_	_
Other Funds		930,431.19	923,663.64	923,663.64		923,663.64
Total Enterprise Innovation Institute	(17.24)	930,431.19	923,663.64	923,663.64		923,663.64
Forestry Cooperative Extension						
State Appropriation						
State General Funds	_	_	2,269.50	_	2,269.50	2,269.50
Other Funds		286,454.21	286,454.21	286,454.21		286,454.21
Total Forestry Cooperative Extension		286,454.21	288,723.71	286,454.21	2,269.50	288,723.71
Forestry Research						
State Appropriation						
State General Funds	_	_	863.92	_	863.92	863.92
Other Funds		2,800,176.31	2,803,816.28	2,803,125.15	691.13	2,803,816.28
Total Forestry Research		2,800,176.31	2,804,680.20	2,803,125.15	1,555.05	2,804,680.20
Georgia Archives						
State Appropriation						
State General Funds	(11,224.56)	_	487.74	_	487.74	487.74
Other Funds		762,875.42	767,623.63	741,847.60	25,776.03	767,623.63
Total Georgia Archives	(11,224.56)	762,875.42	768,111.37	741,847.60	26,263.77	768,111.37
Georgia Cyber Innovation and Training Center						
State General Funds	_	535,040.59	535,040.59	_	535,040.59	535,040.59
Other Funds						
Total Georgia Cyber Innovation and Training Center	\$ <u> </u>	\$ 535,040.59	\$ 535,040.59	\$ <u> </u>	\$ 535,040.59	\$ 535,040.59

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2018 Surplus	Prior Year Adjustments	Other Adjustments
Georgia Research Alliance					
State General Funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Georgia Tech Research Institute					
State Appropriation					
State General Funds	275.68	_	(275.68)	657.29	_
Other Funds	2,295,466.78	(2,295,466.78)			
Total Georgia Tech Research Institute	2,295,742.46	(2,295,466.78)	(275.68)	657.29	
Marine Institute					
State Appropriation					
State General Funds	_	_	_	_	_
Other Funds	740,194.41	(740,194.41)			
Total Marine Institute	740,194.41	(740,194.41)			
Marine Resources Extension Center					
State Appropriation					
State General Funds	5,255.66	_	(5,255.66)	2,000.90	_
Other Funds	288,203.87	(288,203.87)		876.78	
Total Marine Resources Extension Center	293,459.53	(288,203.87)	(5,255.66)	2,877.68	
Medical College of Georgia Hospital and Clinics					
State Appropriation					
State General Funds	29,016.00	_	(29,016.00)	_	_
Tobacco Settlement Funds					
Total Medical College of Georgia Hospital and Clinics	29,016.00		(29,016.00)		
Public Libraries					
State Appropriation					
State General Funds	33,029.84	_	(33,029.84)	108,743.28	_
Other Funds					
Total Public Libraries	33,029.84		(33,029.84)	108,743.28	
Public Service/Special Funding Initiatives					
State Appropriation					
State General Funds	26,573.75	_	(26,573.75)	1,484,999.00	_
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	2,754,609.48	(1,737,762.15)	(1,016,847.33)		
Total Public Service/Special Funding Initiatives	2,781,183.23	(1,737,762.15)	(1,043,421.08)	1,484,999.00	
Regents Central Office					
State Appropriation					
State General Funds	76,828.13	_	(76,828.13)	32,160.31	_
Other Funds	4,712,648.49	(4,712,648.49)			
Total Regents Central Office	\$ 4,789,476.62	\$ (4,712,648.49)	\$ (76,828.13)	\$ 32,160.31	<u> </u>

E>	cces	SS
(Def	icie	ncv)

		(Deficiency)				
	Early Return of	of Funds Available	Ending Fund			
	Fiscal Year 2019	Over/(Under)	Balance/(Deficit)	Analysis of Ending Fund Balance		ance
	Surplus	Expenditures	June 30	Reserved	Surplus/(Deficit)	Total
Georgia Research Alliance						
State General Funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Georgia Tech Research Institute						
State Appropriation						
State General Funds	_	_	657.29	_	657.29	657.29
Other Funds		3,508,559.25	3,508,559.25	3,508,559.25		3,508,559.25
Total Georgia Tech Research Institute		3,508,559.25	3,509,216.54	3,508,559.25	657.29	3,509,216.54
Marine Institute						
State Appropriation						
State General Funds	_	_	_	_	_	_
Other Funds		723,928.66	723,928.66	723,928.66		723,928.66
Total Marine Institute		723,928.66	723,928.66	723,928.66		723,928.66
Marine Resources Extension Center						
State Appropriation						
State General Funds	_	_	2,000.90	_	2,000.90	2,000.90
Other Funds		299,449.54	300,326.32	300,129.82	196.50	300,326.32
Total Marine Resources Extension Center		299,449.54	302,327.22	300,129.82	2,197.40	302,327.22
Medical College of Georgia Hospital and Clinics						
State Appropriation						
State General Funds	_	_	_	_	_	_
Tobacco Settlement Funds						
Total Medical College of Georgia Hospital and Clinics						
Public Libraries						
State Appropriation						
State General Funds	(8,397.42)	39,454.72	139,800.58	_	139,800.58	139,800.58
Other Funds						
Total Public Libraries	(8,397.42)	39,454.72	139,800.58		139,800.58	139,800.58
Public Service/Special Funding Initiatives						
State Appropriation						
State General Funds	(16,228.98)	2,748,633.67	4,217,403.69	_	4,217,403.69	4,217,403.69
State Funds - Prior Year Carry-Over						
State General Funds - Prior Year		672,567.08	672,567.08	672,567.08		672,567.08
Total Public Service/Special Funding Initiatives	(16,228.98)	3,421,200.75	4,889,970.77	672,567.08	4,217,403.69	4,889,970.77
Regents Central Office						
State Appropriation						
State General Funds	(20,513.92)	_	11,646.39	_	11,646.39	11,646.39
Other Funds		5,615,638.57	5,615,638.57	5,615,638.57		5,615,638.57
Total Regents Central Office	\$ (20,513.92)	\$ 5,615,638.57	\$ 5,627,284.96	\$ 5,615,638.57	\$ 11,646.39	\$ 5,627,284.96

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2018 Surplus	Prior Year Adjustments	Other Adjustments
Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	\$ 2,987.90	\$ —	\$ (2,987.90)	\$ 1,395.50	\$ _
Other Funds	1,477,905.97	(1,477,905.97)		5,304.45	
Total Skidaway Institute of Oceanography	1,480,893.87	(1,477,905.97)	(2,987.90)	6,699.95	
Teaching					
State Appropriation					
State General Funds	1,436,167.75	_	(1,436,167.75)	3,528,573.26	(120,723.83)
Other Funds	481,967,894.39	(481,554,316.37)	(413,578.02)	2,175,085.05	(2,918,659.50)
Total Teaching	483,404,062.14	(481,554,316.37)	(1,849,745.77)	5,703,658.31	(3,039,383.33)
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	3,640.84		(3,640.84)	7,036.66	
Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	_	_	_	_	_
Other Funds	3,212,946.34	(3,212,946.34)		(16,457.34)	21,360.13
Total Veterinary Medicine Teaching Hospital	3,212,946.34	(3,212,946.34)		(16,457.34)	21,360.13
Agencies Attached for Administrative Purposes					
Payments to Georgia Military College State Appropriation State General Funds	_	_	_	_	_
	-				
Payments to Georgia Public Telecommunications Commission					
State Appropriation					
State General Funds					
Total Operating Activity	535,922,610.40	(532,671,164.88)	(3,251,445.52)	7,874,052.73	(3,044,504.80)
Prior Year Reserve					
Not Available for Expenditure					
Inventories	3,061,893.17	_	_	_	(372,666.06)
Other Reserves	25,619,774.96				3,417,170.86
Budget Unit Totals	\$ 564,604,278.53	\$ (532,671,164.88)	\$ (3,251,445.52)	\$ 7,874,052.73	<u> </u>

ŀ	EXC	ess
(D	afici	ancv)

		(Deticiency)				
	Early Return of	of Funds Available	Ending Fund			
	Fiscal Year 2019	Over/(Under)	Balance/(Deficit)	Analysis of Ending Fund Balance		lance
	Surplus	Expenditures	June 30	Reserved	Surplus/(Deficit)	Total
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	\$ (1,376.20)	s —	\$ 19.30	\$ —	\$ 19.30	\$ 19.30
Other Funds	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,562,644.23	1,567,948.68	1,567,948.68	_	1,567,948.68
Suid Faile		1,002,011.20	1,007,010.00	1,007,010.00		1,007,010.00
Total Skidaway Institute of Oceanography	(1,376.20)	1,562,644.23	1,567,967.98	1,567,948.68	19.30	1,567,967.98
Teaching						
State Appropriation						
State General Funds	(972,388.31)	335,751.03	2,771,212.15	_	2,771,212.15	2,771,212.15
Other Funds	(1,797,436.66)	582,978,856.27	580,437,845.16	579,111,976.56	1,325,868.60	580,437,845.16
Total Teaching	(2,769,824.97)	583,314,607.30	583,209,057.31	579,111,976.56	4,097,080.75	583,209,057.31
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	(402.00)		6,634.66		6,634.66	6,634.66
Veterinary Medicine Teaching Hospital						
State Appropriation						
State General Funds	_	_	_	_	_	_
Other Funds		3,907,168.41	3,912,071.20	3,912,071.20		3,912,071.20
Total Veterinary Medicine Teaching Hospital	_	3,907,168.41	3,912,071.20	3,912,071.20	_	3,912,071.20
total veterinary inedicine reacting riospital		3,307,100.41	3,312,071.20	3,312,071.20		3,912,071.20
Agencies Attached for Administrative Purposes						
Payments to Georgia Military College						
State Appropriation						
State General Funds						
Payments to Georgia Public Telecommunications Commission						
State Appropriation						
State General Funds	_	_	_	_	_	_
Total Operating Activity	(2,829,912.57)	645,827,078.93	647,826,714.29	638,570,283.14	9,256,431.15	647,826,714.29
Prior Year Reserve						
Not Available for Expenditure						
Inventories	_	_	2,689,227.11	2,689,227.11	_	2,689,227.11
Other Reserves			29,036,945.82	29,036,945.82		29,036,945.82
Budget Unit Totals	\$ (2,829,912.57)	\$ 645,827,078.93	\$ 679,552,887.22	\$ 670,296,456.07	\$ 9,256,431.15	\$ 679,552,887.22
		Summary of Ending I	Fund Rolones			
		Summary of Ending F Reserved	-und Dalance			
				¢ 2,000,007,11	¢.	¢ 0.600.007.11
		Inventories		\$ 2,689,227.11	\$ —	\$ 2,689,227.11
		Colleges and Un		667,607,228.96	_	667,607,228.96
		Unreserved, Undes	signated			
		Surplus			9,256,431.15	9,256,431.15
		Total Ending Fund Ba	alance - June 30	\$ 670,296,456.07	\$ 9,256,431.15	\$ 679,552,887.22

#### **Acknowledgments**

#### Published by University System of Georgia Strategy and Fiscal Affairs:

Tracey Cook - Executive Vice Chancellor For Strategy and Fiscal Affairs/Treasurer Claire Arnold
Brad Freeman
Theresa L. Jackson
Christi Porto
Ben M. Riden, Jr.

#### Special Appreciation to University System of Georgia Chief Business Officers:

Paul Willis, Abraham Baldwin Agricultural College Shawn McGee, Albany State University Nick Henry, Atlanta Metropolitan State College Yvonne Turner, Augusta University Corlis Cummings, Clayton State University Michelle Ham, College of Coastal Georgia J. Thomas Helton, Columbus State University Nick Henry, Dalton State College Cliff Gay, East Georgia State College Dexter Odom, Fort Valley State University Susan Allen, Georgia College & State University Frank Hardymon, Georgia Gwinnett College Jeff Davis, Georgia Highlands College Jim Fortner, Georgia Institute of Technology Robert Whitaker, Georgia Southern University Cody King, Georgia Southwestern State University Jerry Rackliffe, Georgia State University Julie Peterson, Kennesaw State University Nancy Stroud, Middle Georgia State University Elaine Campbell, Savannah State University Diane Owens, South Georgia State College Ryan Nesbit, University of Georgia Mac McConnell, University of North Georgia Jim Sutherland, University of West Georgia Traycee Martin, Valdosta State University Diane Hickey, Board of Regents, University System Office

#### University System of Georgia Highlights:

Courtesy of University System of Georgia Communications and Governmental Affairs

#### Photography:

Courtesy of University System of Georgia Institutions



UNIVERSITY SYSTEM OF GEORGIA

