A CALLED MEETING
of the
GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY

March 27, 2013

The Georgia Higher Education Facilities Authority ("GHEFA") held a called board meeting on March 27th at 1:30 PM in the offices of the Georgia State Financing and Investment Commission, 270 Washington Street, Suite 2141, Atlanta, Georgia. Members Dick Anderson, Kevin Clark and Gary Bishop were present in person and member Ben Tarbutton participated in the meeting via telephone. Others in attendance were: Lisa Javorka with the Georgia Department of Law; Susan Ridley, Diana Pope, Lee McElhannon, and Angela Jackson with the Georgia State Financing and Investment Commission ("GSFIC"); Marty Nance, Regina Travis, Cynthia Alexander, and Ben Riden with the Board of Regents ("BOR"); Earle Taylor with McKenna Long & Aldridge; and Dennis Gephardt with Moody's listened via telephone.

Call to Order and Approval of Minutes

The meeting was called to order at approximately 1:34 PM by Chair Dick Anderson. Mr. Anderson gave a review of the three current GHEFA issues. Mr. Anderson stated that there was approximately $100 million in 2008, $100 million in 2009 and $100 million in 2010 with a total of 16 projects. He mentioned that fourteen of these projects are self- liquidating and two of the projects are having some problems but are offset by reserves. An overview across the entire portfolio indicates that not only are these great financial investments, but a great value added to our university systems. Mr. Anderson thanked the GSFIC and BOR staff as well as the others on the board who participated in the process of each GHEFA issue. Mr. Anderson mentioned the role changing for Susan Ridley and Diana Pope. He stated that Susan Ridley would become the Associate Vice Chancellor for Fiscal Affairs for BOR and Diana Pope will become the Director of Financing and Investment Division for GSFIC.

Election of Officers for FY 2013

Dick Anderson stated that the next item on the agenda is the election of officers for fiscal year 2013. He stated that the current terms end in June, but the current officers will remain until successors are named. Dick Anderson made a motion to approve Kevin Clark as Chair of GHEFA. Ben Tarbutton seconded the motion. A vote was taken and the motion to approve Mr. Clark as Chair of GHEFA passed unanimously. Mr. Anderson stated that there needs to be a nomination for Vice Chair. Mr. Anderson nominated Mary Flanders. He asked the staff and Ben Tarbutton as former Chair for their advice. Mr. Tarbutton didn't see any reason why she would object to the nomination and he also mentioned that it is customary that the Vice Chair rises up to the Chair in his absence and if she understands that he doesn't see any problem with this nomination. Board member Gary Bishop made a motion to approve Mary Flanders as Vice Chair of GHEFA and Kevin Clark seconded the motion. A vote was taken and the motion to approve Ms. Flanders as Vice Chair of GHEFA passed unanimously. Mr. Anderson mentioned that it has been consistent keeping Diana Pope as Secretary/Treasurer for GHEFA. Kevin Clark made a motion to approve Ms. Pope as Secretary/Treasurer; Ben Tarbutton seconded that motion. A vote was taken and the motion to approve Ms. Pope as Secretary/Treasurer passed unanimously.

Adoption of the Minutes from the February 8. 2012 Meeting

Dick Anderson stated that the next order of business was to adopt the minutes from the February 8, 2012 meeting. There was no discussion on the minutes. Mr. Anderson requested for a motion to adopt the minutes and Kevin Clark made that motion and Mr. Anderson seconded the motion. A vote was taken and the motion to approve the minutes passed unanimously.

FY 2012 Revenue, Expenses, and Enrollment Reports for GHEFA Series 2008, 2009A, and 2010A

Dick Anderson stated that the next item on the agenda was new business and turned the meeting over to Susan Ridley. Ms. Ridley thanked Mr. Anderson for the compliments he made on the GSFIC and BOR staff and their work. She then introduced Cynthia Alexander with BOR as the next speaker to discuss the revenue reports for FY 2012. Ms. Alexander provided an overview of the FY2012 revenue, expense and enrollment reports for the GHEFA Series 2008, 2009A and 2010A projects (using the attached Power Point Presentation). Ms. Alexander stated that BOR is very pleased with the results of the projects for FY 2012. All lease payments for GHEFA I, II, and II were paid in full and on time pursuant to the legal and financial documents and to BOR's knowledge all of these requirements have been fulfilled. Fourteen of the sixteen projects met the self-liquidating requirement of at least a 1.0 times coverage ratio. The first project that did not meet the self-liquidating requirements, the Darton State College Student Center was at a .99 ratio and she stated that she was disappointed that they did not get to 1.0, but BOR will make sure that they are beyond 1.0 for the next fiscal year.

The other project was the Southern Polytechnic State University ("SPSU") housing and dining facility. The project achieved a 0.82 coverage ratio for FY 2012. Ms. Alexander noted that this project entailed the introduction of additional housing to the campus and the lease-up took more time than what was anticipated in the original pro forma. Ms. Alexander mentioned that for FY 2013 that SPSU housing is back on track and exceeding the pro forma in terms of occupancy.

Ms. Alexander mentioned that BOR was not aware of any extraordinary capital or maintenance costs for any of the assets and there was substantial improvement in the financial reporting and accountability of the projects by the campuses. She stated that this process has been challenging at times, but the new changes and increased oversight is resulting in more reliable data submitted by the campuses. Ms. Alexander presented a summary of all three GHEFA issuances. The summary looks at whether or not the projects were self-liquidating. Self-liquidating is defined as net operating income (revenue minus expenses) divided by the lease payment.

For GHEFA I, the only project that presented a challenge was Darton at a 0.99 coverage ratio. All of the other GHEFA I projects achieved at least a 1.0 or better coverage. For GHEFA II, the only project that presented a challenge was SPSU housing as previously discussed. Since Fiscal Year 2012, the school has re-evaluated their staffing and they have hired a seasoned housing director, solely dedicated to managing all of the institution's housing on campus. Previously, the housing operations were managed by the auxiliary director who had multiple functions. With this new housing director on board, the campus was able to achieve 93% occupancy for fall 2012. For GHEFA III, all of the projects exceeded the 1.0 coverage ratio. Kevin Clark mentioned that for SPSU (GHEFA II) it seemed to be more of an expenses type problem as opposed to a revenue type problem. Mr. Clark asked if that was what was driving the shortfall. He mentioned that they were above pro forma on their revenue but the expenses seemed to be three times more than what was anticipated. Ms. Alexander mentioned that the SPSU project contained two components: housing and dining. The revenue is high because it includes revenue from the dining and the expenses also include dining expenses. Mr. Clark asked, whether the projected expenses took into account the expenses related to the dining. Ms. Alexander said that they did not and that's why it's tracking higher than the pro forma. Ben Tarbutton mentioned that it would be helpful to add another column that shows the reserves. It would be helpful to know how much of a cushion the project has. Ms. Alexander mentioned that she deleted that column, but she will go over the reserves on pages 4, 5 and 6 of the presentation. Mr. Tarbutton stated that while we are more focused on the projects that are near the 1.0 coverage ratio, we have to look at the other end of the spectrum. East Georgia College is at 2.04. Is that an anomaly or do we expect that kind of net operating income going forward? Ms. Alexander stated that this was a result of a half year lease payment. This was the first year of having to pay a rental payment. For fiscal year 2013, that amount doubles. Going forward, you will see a number closer to 1.0.

Ms. Alexander discussed the next page of the presentation. For GHEFA I, Dalton State was a parking structure. During the second year, Dalton State had some challenges in terms of how expenses were being accounted. BOR has worked with the campus and they have reallocated how they account for expenses associated with the transportation network so that the report only includes parking structure expenses. The project achieved an 1.22 coverage ratio. The project sits well with approximately $1.3 million in reserves. Ms. Alexander mentioned that they are tracking slightly below the pro formas, noting that most of the projects fall below the pro forma numbers. Overall, the focus is whether or not the reserves are sufficient to handle any unfavorable changes.

Darton College achieved a 0.99 coverage ratio. BOR spent a lot time working and training the campus on how to operate and account for this project.

Fort Valley was able to maintain a 1.01 coverage ratio. This college has had some challenges. A new president will be selected for the university and a new CBO was placed at the campus during the middle of fiscal year 2012. Ms. Alexander stated that with all of these new changes, she feels encouraged that going forward that the campus will be able to meet the pro forma numbers related to this project. Ms. Alexander also mentioned that Fort Valley was one of the schools that saw some changes in enrollment that were not anticipated in the pro forma. Fort Valley State University has submitted to BOR for an increase in fees by $28 per semester.

Gainesville State is the only project that was a part of the consolidation that occurred within the university system this past year. Gainesville State College was merged with North Georgia State University and the official name now is the University of North Georgia. The PPV team worked closely with the consolidation team to ensure that there were no negative impacts on Gainesville GHEFA parking project. A revised fee structure was implemented by the University of North Georgia to support this project. All students at all four locations will be charged a parking fee under the new fee structure which will provide more than ample funds to support rental for Gainesville GHEFA parking project.

Georgia College continues to do well. The fiscal year 2012 results outpace the pro forma.

Georgia State originally did not include the dining facility. Based on the housing and dining numbers, they are tracking above a 1.0 coverage ratio and their occupancy continues to be high.

SPSU outpaced the pro forma. The institution continues to benefit from positive enrollment and increased demand from Georgia Highland College students on the SPSU campus.

GHEFA II has three projects. The Bainbridge College student wellness center project continues to perform favorably. For fiscal year 2012, Columbus State exceeded pro forma. Initially, this campus experienced some challenges with how the student activity fee was applied to on-line students. As previously noted, SPSU is the only project that experienced negative net cash flow after lease payment. The institution used other housing auxiliary funds to address the revenue shortfall.

Next, Ms. Alexander discussed the GHEFA III projects. The College of Coastal Georgia student center project was able to achieve a 1.38 coverage ratio. The lease payment was not a full year. The lease payment for fiscal year 2013 is double fiscal year 2012 amount. Ms. Alexander stated that they have already been benchmarking for fiscal year 2013. Even though enrollment for fall 2013 was down, the campus believes that with the project cumulative cash flow of approximately $900,000, they will have more than enough funds to handle any temporary deficits. The College of Coastal Georgia housing project was able to achieve a 1.03 coverage ratio with occupancy surpassing 100%. The college took several single rooms and added another bed which puts them above original capacity. East Georgia College continues to experience strong demand for their housing and financially exceeds pro forma projections. Georgia College & State University, as reflected in the pro forma, will have a fee increase in fiscal year 2013, increasing from $125 to $175 per semester. Savannah State University constructed the new stadium and student center, along with new PPV housing. The pro forma for the stadium and student center included an increase in the fee from $160 to $170. The university of West Georgia bookstore project achieved an 1.04 coverage ratio. Ms. Alexander noted that actual revenue and expenses are tracking dollar for dollar with the pro forma because auxiliary operations fund the project. The college records only enough funds to adequately support the project rental payment and expenses.

Ms. Alexander asked if there were any questions about the projects. Gary Bishop had a question related to SPSU. Mr. Bishop asked if SPSU obtained a grant from the auxiliary funds or will they have to pay it back? Ben Riden said that the auxiliaries are supposed to be self-operating but they can manage auxiliaries as a pool. If any auxiliary project is not performing, they have to present a 5-year plan to become self-supporting. Cynthia Alexander stated colleges are permitted to use those auxiliary "profits" for various institutional endeavors, including support of a PPV project in an event there is need for additional funds. Mr. Riden stated that they won't necessarily have to pay it back. He mentioned that now they are trying to make sure all auxiliaries are self-supporting.

Ms. Alexander stated that the PPV function within BOR was a part of Real Estate and Facilities, but as of January 1, 2013 we moved to Fiscal Affairs. BOR will continue the comprehensive financial review of the projects and auxiliaries with the campuses and system staff. BOR will continue training the CBOs, financial and real estate staff on individual project accountability. For any campus not obtaining a 1.0 coverage ratio, BOR will develop an annual operation strategy. BOR will continue to have on-going monitoring of the cumulative cash flow and for any campuses that do not have substantial cumulative cash flow BOR will have strategies to replenish reserves. This year BOR is working very closely with real estate and facilities with the roll out of maintenance and operations. The Office of Real Estate and Facilities has developed a comprehensive program to track and monitor operations so that the numbers reported by the institutions are actual as compared to prorated expenses.

At the November BOR board meeting new policies were adopted that will help enhance the PPV program. These policies also apply to the GHEFA projects. First, a maximum capacity as to what was established for the entire portfolio. The three policies that were addressed were reserves, refinancing, and mandatory housing. The reserve policy focuses on a pooled fund that will be held at the system office for all of the projects. Each campus will be required to contribute a prorata amount based on the highest annual lease payments. The analysis recommends 8-10%, with the total pool amount estimated to be about $25 million. Ben Riden mentioned that it will be 8% of the highest annual lease payment and it is based on a project basis. Ms. Alexander said that it will be an insurance type reserve fund. It is there to meet the capital lease payment obligations if the institutions have exhausted all of their remedies on other funds. It will require the Chancellor's approval and notification to the Board of Regents. Susan Ridley mentioned that the reserves are not specifically pledged to the bonds. S&P's reaction was that it is not an overall credit enhancement because it's not specifically pledged, but from a qualitative management standpoint they do view it as a net positive for the credit although it will most likely not result upward movement in rating. At this juncture, *Dennis Gephardt with Moody's joined the called.* Ms. Ridley stated that Cynthia was almost finished with her portion of the presentation. Ms. Alexander went on to the refinancing policy adopted by the board. She mentioned that BOR PPV projects have a number of bond issuances that are subject to call and refinancing would be a great option to consider in this current interest rate environment. The new policy provides the institutions cooperation to ensure that 50% of the savings goes to the institutions and ultimately to the students. The hope is that BOR will be able to lower the fees, especially with some of the fee projects. The third policy addresses mandatory housing requirements. It requires the President of each institution to notify the Chancellor prior to implementing any mandatory housing policies going forward or changing any existing mandatory housing policies. Also, the Chancellor has the authority to revise any policies that currently exist.

Next, Regina Travis talked about enrollment. Ms. Travis mentioned that for fiscal year 2012 all of the institutions except for three have outperformed pro forma enrollment projections. The three projects that did not meet projections include Columbus State University that fell short of the projections by 695. The pro forma assume a 3% increase in enrollment and Columbus was one of the institutions that remained relatively flat.

Dalton State College was under what was projected by about 1%.

SPSU enrollment was approximately 4.4% less than what was projected. Despite this difference in enrollment, Southern Polytechnic parking deck continues to outperform the pro forma. This also is attributed to the fact that the enrollment pro forma numbers did not include Georgia Highland students that are on SPSU campus and who pay the parking fee.

As to fall 2012 (Fiscal Year 2013) enrollment number for GHEFA institutions, only two campuses reflected a decrease of greater than 10% as compared to the pro forma. These are Bainbridge College and East Georgia College. East Georgia continues to maintain strong demand and high occupancy for its housing project. Schools that reflected at least a 5% decrease as compared to pro forma include Georgia College, Dalton State and Fort Valley. BOR continues to closely monitor and track enrollment at Dalton State College and Fort Valley State University. Dalton was granted a fee increase for Fiscal Year 2012 and Fort Valley has requested a fee increase that is being considered by BOR. Ben Tarbutton agreed that the fee increase for Fort Valley is tracking well and all fees will be approved at the next BOR board meeting in April. Mr. Tarbutton asked had the online students been stripped out. Ms. Travis thought that Columbus State had realigned their exemption structure. Ms. Alexander explained that Columbus State narrowed its exemption policy so that more students are now charged the fee. Previously, the institution loosely applied the online exemption; now a student must be registered as exclusively online before receiving an exemption. Mr. Tarbutton went back to page 7 of the presentation relating to the ongoing monitoring of project cumulative cash flow. He noted that we are now nine months into fiscal year 2013 and whether there is anything that the GHEFA board members need to know about these projects? Ms. Alexander stated that currently the cumulative cash flow that is reported to the system office is on an annual basis after the close of the fiscal year and that will be occurring in the fall. For all of the housing projects, BOR is monitoring the occupancy by semester and is using that as a benchmark for revenue. Based on occupancy for all of the housing projects, BOR thinks all are on track to do well for 2013. For the projects that are fee generated, it is a little bit more challenging. BOR has looked at what fee amount is reflected in the current reporting database for fall. As Ms. Travis noted, BOR is concerned about the schools that continue to show a decrease in enrollment, and are working with them and monitoring to get an understanding as to where the enrollment will stabilize. The campuses were asked to present what they thought their position was on all of their PPV projects and if any projects were anticipating a problem, they were supposed to identify the problem and talk about what they thought the solution would be. Mr. Tarbutton noted that twelve of the projects are not housing and that he would like to see a recommendation at the next meeting stating it will be helpful with the changes that are put in place to have some feedback during the current year. Marty Nance added that BOR Vice Chancellor, John Brown, asked fiscal affairs to look at that.

Mr. Nance went on to page 9 of the presentation. This gives an update on the bond rating for the GHEFA bond issues. In October 2012, Moody's downgraded Fort Valley State University Series 2005 housing bonds from A3 stable to Baa1 with possible downgrade. In October 2012, Moody's also placed the A2 rating of the GHEFA Series 2008 bonds under review for possible downgrade. In December 2012, the Southern Association of Schools reaffirmed Fort Valley State University's accreditation and Moody's upgrade Fort Valley State University Series 2005 housing bonds from Baa1 with possible downgrade to Baa1 negative outlook; also Moody's confirmed the A2 rating of GHEFA Series 2008 bonds and the outlook was revised to negative. The GHEFA Series 2009 and 2010 bond ratings of A2 by Moody's and A+ by S&P remain unchanged. In March 2013, S&P reviewed the System and Fort Valley and issued an A+ rating with stable outlook.

Mr. Nance discussed the five year capital liability plan. This plan was presented to the Georgia State Financing and Investment Commission board and BOR board in December 2012. The plan projects a possible GHEFA issuance in Fiscal Year 2014 or 2015. The goal of the capital liability plan is to keep the system's overall debt at or below 4% of revenues.

GHEFA FY 2012 Audit

Susan Ridley asked if there were any more questions for BOR. There were no questions. Ms. Ridley went over the GHEFA audit. She mentioned that just as the previous year, there were no findings. There was no further discussion about the audit.

Approval of FY 2013-2014 GHEFA Budget

Ms. Ridley then discussed the budget for Fiscal Years 2013 and 2014. As presented in previous budgets, the expenses are mainly made up of the cost of the audit and there were no significant changes in either year. Kevin Clark made a motion to approve the budgets and Dick Anderson seconded the motion. A vote was taken and the motion to approve the budgets for Fiscal Years 2013 and 2014 was approved unanimously.

Adjournment

Ms. Ridley asked if any GHEFA member had any other questions or new business to discuss. The members did not have any additional business to discuss and Mr. Clark made a motion to adjourn the meeting; Mr. Anderson seconded the motion. The meeting was adjourned at approximately 2:43P.M.

Kevin Clark
Chair

Diana Pope
Secretary and Treasurer

FISCAL YEAR 2012 CASH FLOW RESULTS

GHEFA I, II & III – 2008, 2009 & 2010 BOND ISSUANCES

REPORT TO GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY BOARD

Office of Fiscal Affairs – Board of Regents University System of Georgia March 2013

FISCAL YEAR 2012 Financial Performance Summary

- All ***Leases Payments Paid*** in Full and On Time Pursuant *to* All Legal and Financial Documents

Lease Payments Paid in Full

- Fourteen of the Sixteen Projects Met ***Self-Liquidating*** Requirement at 1.0 Coverage Ratio or Greater
  - GHEFA 2008 - (Darton – Student Center)
  - GHEFA 2009 - (Southern Polytechnic University –Housing and Dining)

All But Two Projects Self-liquidating

Expenses Reasonable

- ***No Extraordinary*** Capital or Maintenance ***Costs*** Incurred

Improved Reporting

- Substantial ***Improvement in Financial Reporting*** and Accountability of Projects by Campuses

GHEFA I, II & III – 2008, 2009 & 2010 Bond Issuances

Fiscal Year 2012 Revenue and Expenses Performance Summary

Campus/Project	Net Operating Income Before Lease Payment	Lease Payment	Net Cash Flow After Lease Payment	Self-Liquidating Ratio (A)	FY 2013 Lease Payment
GHEFA I - Series 2008					
Dalton State College/Parking Structure	$689,512	($563,573)	$125,939	1.22	$565,396
Darton College/Student Center	$1,323,491	($1,343,627)	($20,136)	0.99	$1,383,302
Ft. Valley State University/Student Center-Stadium	$1,214,265	($1,206,397)	$7,868	1.01	$1,241,939
Gainesville State College/Parking Structure	$436,965	($435,834)	$1,131	1.00	$435,834
Georgia College & State University/Theater-Bookstore	$675,429	($531,298)	$144,131	1.27	$546,993
Georgia State University/Student Housing	$1,639,495	($1,380,193)	$259,302	1.19	$1,386,183
Southern Polytechnic State University/Parking Deck	$1,378,463	($1,117,647)	$260,816	1.23	$1,140,378
GHEFA II - Series 2009					
Bainbridge College/Student Recreation Center	$1,697,621	($1,455,296)	$242,325	1.17	$1,470,268
Columbus State University/Student Recreation Center	$2,494,632	($2,461,939)	$32,693	1.01	$2,464,967
Southern Polytechnic State University/Student Housing and Dining	$2,598,118	($3,185,514)	($587,396)	0.82	$3,204,344
GHEFA III - Series 2010					
College of Coastal Georgia -(Student Center)	$662,593	($480,500)	$182,093	1.38	$909,625
College of Coastal Georgia - (Student Housing)	$564,500	($549,603)	$14,897	1.03	$1,065,448
East Georgia College - Student Housing	$683,054	($335,600)	$347,454	2.04	$620,850
Georgia College & State University - (Student Wellness & Recreation Center)	$1,360,990	($1,119,880)	$241,110	1.22	$2,119,673
Savannah State University - (Student Center/Stadium)	$1,139,821	($677,800)	$462,021	1.68	$1,283,400
University of West Georgia - (Bookstore)	$237,017	($228,678)	$8,339	1.04	$424,232

GHEFA I – Series 2008 Challenges

- Only one project not self-liquidating – Darton .99 coverage
- Utilized project reserves to extent needed.

GHEFA II – Series 2009 Challenges

- SPSU not self-liquidating - .82 coverage. Utilized housing auxiliary funds to address temporary revenue shortfall
- Project suffered from low occupancy during fiscal years 2011 and 2012.
- Achieved 93% overall occupancy as of Fall 2012.

Footnote (A)

Self-Liquidating Ratio is calculated as Net Operating Income Before Lease Payment divided by Lease Payment.

GHEFA I, II & III – 2008, 2009 & 2010 BOND ISSUANCES

GHEFA I - Series 2008

FY 2012 Revenue and Expenses Summary

Office of Fiscal Affairs

Board of Regents of The University System of Georgia

Campus/Project	Fiscal Year 2012	Revenue	Expenses	Net Operating Income Before Lease Payment	Lease Payment	Net Cash Flow After Lease Payment	Cumulative Cash Flow	Self-Liquidating Ratio	FY 2013 Lease Payment
Dalton State College/Parking Structure	Proforma	$833,576	($108,047)	$725,529	($563,573)	$161,956	$1,773,328		$565,396
	Actual	$744,591	($55,079)	$689,512	($563,573)	$125,939	$1,296,603	1.22	-
	Variance	($88,985)	$52,968	($36,017)	$0	($36,017)	($476,725)		
Darton College/Student Center	Proforma	$1,395,085	($44,001)	$1,351,084	($1,343,627)	$7,457	$2,557,684		$1,383,302
	Actual	$1,337,792	($14,301)	$1,323,491	($1,343,627)	($20,136)	$2,130,865	0.99	(A)
	Variance	($57,293)	$29,700	($27,593)	$0	($27,593)	($426,819)		
Ft. Valley State University/Student Center-Stadium	Proforma	$1,231,947	($11,979)	$1,219,968	($1,206,397)	$13,571	$2,278,027		$1,241,939
	Actual	$1,258,904	($44,639)	$1,214,265	($1,206,397)	$7,868	$279,846	1.01	-
	Variance	$26,957	($32,660)	($5,703)	$0	($5,703)	($1,998,181)		
Gainesville State College/Parking Structure	Proforma	$562,383	($81,053)	$481,330	($435,834)	$45,496	$1,045,754		$435,834
	Actual	$502,985	($66,020)	$436,965	($435,834)	$1,131	$1,034,847	1.00	-
	Variance	($59,398)	$15,033	($44,365)	$0	($44,365)	($10,907)		
Georgia College & State University/Theater-Bookstore	Proforma	$590,073	($56,296)	$533,777	($531,298)	$2,479	$1,046,175		$546,993
	Actual	$686,381	($10,952)	$675,429	($531,298)	$144,131	$303,784	1.27	-
	Variance	$96,308	$45,344	$141,652	$0	$141,652	($742,391)		
Georgia State University/Student Housing	Proforma	$2,121,686	($708,681)	$1,413,005	($1,380,193)	$32,812	$1,370,729		$1,386,183
	Actual	$2,036,976	($397,481)	$1,639,495	($1,380,193)	$259,302	$1,613,419	1.19	-
	Variance	($84,710)	$311,200	$226,490	$0	$226,490	$242,690		
Southern Polytechnic State University/Parking Deck	Proforma	$1,188,309	($65,920)	$1,122,389	($1,117,647)	$4,742	$1,731,511		$1,140,378
	Actual	$1,389,794	($11,331)	$1,378,463	($1,117,647)	$260,816	$1,327,175	1.23	-
	Variance	$201,485	$54,589	$256,074	$0	$256,074	($404,336)		

(A) Project achieve .99 coverage ratio. As of June 30, 2012 Darton had a total of $2.13 million in project cumulative cash flow and these funds were used to the extent needed. For Fiscal Year 2013, the Institution is closely monitoring revenues and expenses to assure a 1.0 coverage ratio.

GHEFA II - Series 2009

FY 2012 Revenue and Expenses Summary

Office of Fiscal Affairs

Board of Regents of The University System of Georgia

Campus/Project	Fiscal Year 2012	Revenue	Expenses	Net Operating Income Before Lease Payment	Lease Payment	Net Cash Flow After Lease Payment	Cumulative Cash Flow	Self-Liquidating Ratio	FY 2013 Lease Payment
Bainbridge College/Student Recreation Center	Proforma	$1,583,156	($82,400)	$1,500,756	($1,455,296)	$45,460	$1,928,092		$1,470,268
	Actual	$1,767,379	($69,758)	$1,697,621	($1,455,296)	$242,325	$1,017,301	1.17	-
	Variance	$184,223	$12,642	$196,865	$0	$196,865	($910,791)		
Columbus State University/Student Recreation Center	Proforma	$2,643,895	($100,940)	$2,542,955	($2,461,939)	$81,016	$4,006,071		$2,464,967
	Actual	$2,812,427	($317,795)	$2,494,632	($2,461,939)	$32,693	$2,200,025	1.01	-
	Variance	$168,532	($216,855)	($48,323)	$0	($48,323)	($1,806,046)		
Southern Polytechnic State University/Student Housing and Dining	Proforma	$4,780,156	($1,491,440)	$3,288,716	($3,185,514)	$103,202	$1,481,903		$3,204,344
	Actual	$5,771,619	($3,173,501)	$2,598,118	($3,185,514)	($587,396)	$0	0.82	(B)
	Variance	$991,463	($1,682,061)	($690,598)	$0	($690,598)	($1,481,903)		

(B) Revenues were less than proforma resulting in a negative cash position of $587,396 after lease payment. The institution used housing auxiliary funds to address this temporary revenue shortfall. The housing PPV project suffered from lower than proforma occupancies during fiscal year 2012. As of fall 2012, an overall 93% occupancy was achieved.

GHEFA III - Series 2010

FY 2012 Revenue and Expenses Summary

Office of Fiscal Affairs

Board of Regents of The University System of Georgia

Campus/Project	Fiscal Year 2012	Revenue	Expenses	Net Operating Income Before Lease Payment	Lease Payment	Net Cash Flow After Lease Payment	Cumulative Cash Flow	Self-Liquidating Ratio	FY 2013 Lease Payment
College of Coastal Georgia -(Student Center)	Proforma	$742,600	($47,500)	$695,000	($480,500)	$214,500	$800,131		$909,625
	Actual	$740,884	($78,291)	$662,593	($480,500)	$182,093	$897,750	1.38	-
	Difference	($1,716)	($30,691)	($32,407)	$0	($32,407)	$97,619		
College of Coastal Georgia - (Student Housing)	Proforma	$1,751,970	($633,600)	$1,118,370	($549,603)	$568,767	$563,409		$1,065,448
	Actual	$1,349,000	($784,500)	$564,500	($549,603)	$14,897	$14,897	1.03	-
	Difference	($402,970)	($150,900)	($553,870)	$0	($553,870)	($548,512)		
East Georgia College - Student Housing	Proforma	$1,020,000	($360,000)	$660,000	($335,600)	$324,400	$327,044		$620,850
	Actual	$1,049,597	($366,543)	$683,054	($335,600)	$347,454	$360,197	2.04	-
	Difference	$29,597	($6,543)	$23,054	$0	$23,054	$33,153		
Georgia College & State University - (Student Wellness & Recreation Center)	Proforma	$1,625,000	($101,430)	$1,523,570	($1,119,880)	$403,690	$1,282,883		$2,119,673
	Actual	$1,674,717	($313,727)	$1,360,990	($1,119,880)	$241,110	$1,066,640	1.22	-
	Difference	$49,717	($212,297)	($162,580)	$0	($162,580)	($216,243)		
Savannah State University - (Student Center/Stadium)	Proforma	$1,433,920	($239,240)	$1,194,680	($677,800)	$516,880	$1,649,686		$1,283,400
	Actual	$1,578,960	($439,139)	$1,139,821	($677,800)	$462,021	$1,372,209	1.68	-
	Difference	$145,040	($199,899)	($54,859)	$0	($54,859)	($277,477)		
University of West Georgia - (Bookstore)	Proforma	$260,495	($23,478)	$237,017	($228,678)	$8,339	$10,164		$424,232
	Actual	$260,495	($23,478)	$237,017	($228,678)	$8,339	$8,339	1.04	-
	Difference	$0	$0	$0	$0	$0	($1,825)		

GHEFA I, II & III – 2008, 2009 & 2010 BOND ISSUANCES

FISCAL YEAR 2013 Asset Management Strategies for GHEFA Portfolio

- Continuation of following initiatives:
  - ✓ Frequent ***Comprehensive Financial Review*** of Projects and Auxiliaries with Campuses and the System Staff
  - ✓ ***Extensive Training*** of CBO, Financial and Real Estate Staff on GHEFA Project Reporting and Accountability
  - ✓ For Campuses not Maintaining 1.0 Coverage Ratio, Development of ***Annual Operation Strate***gy
- Ongoing Monitoring of Project Cumulative Cash Flow and (If Necessary), ***Strategy to Replenish RESERVES***
- Roll out of ***Maintenance & Operation Review*** and Benchmarking for GHEFA Projects
- Board Approved three new **PPV Policy Additions** November 2012
  - ✓ **Maximum Capacity**
  - ✓ ***Reserves***
  - ✓ **Refinancing**

Comprehensive Financial Review

Extensive Training

Annual Operation Strategy

Replenish Reserves

Maintenance & Operation Review

GHEFA I, II & III Institutions

FY 2012 Enrollment

Office of Fiscal Affairs

Board of Regents of The University System of Georgia

Campus		FY 2012 Summer 2011	FY 2012 Fall 2011	FY 2012 Spring 2012	FY 2012 TOTAL	Proforma	Variance	FY 2013 Fall 2012
Bainbridge College		2,703	3,734	3,681	10,118	8,564	1,554	2,939
College of Coastal Georgia		1,571	3,474	3,063	8,108	7,426	682	3,156
Columbus State College		4,346	8,307	7,803	20,456	21,151	(695)	8,239
Dalton State College		2,244	5,485	4,978	12,707	12,824	(117)	5,047
Darton College		3,937	6,097	5,899	15,933	13,951	1,982	6,396
East Georgia College		1,200	3,435	3,130	7,765	-	N/A	2,944
Ft. Valley State College		1,365	3,896	3,674	8,935	8,753	182	3,568
Gainesville State College		3,803	8,569	7,919	20,291	16,068	4,223	8,659
Georgia College & State University		3,381	6,636	6,266	16,283	13,000	3,283	6,444
Georgia State University		16,154	32,022	30,606	78,782	-	N/A	32,087
Savannah State University		1,701	4,552	4,134	10,387	8,962	1,425	4,582
Southern Polytechnic State University	Parking Deck	2,744	5,799	5,530	14,073	14,729	(656)	6,202
	Dining	2,744	5,799	5,530	14,073	12,657	1,416	6,202
University of West Georgia		5,873	11,646	10,933	28,452	-	N/A	11,769

BOND RATING UPDATE

- 10-23-12 – Moody's **downgraded** Fort Valley State University Series 2005 Housing Bonds from A3 stable to Baa1 with possible downgrade. (Concerns about the University accreditation)
- 10-24-12 – Moody's places A2 rating of the GHEFA Series 2008 Bonds **under review** for possible downgrade. (This was a direct result of the downgrade of Fort Valley)
- 12-11-12 – Southern Association of Schools and Colleges **reaffirms Fort Valley State University accreditation**.
- 12-13-12 – Moody's **upgrades** Fort Valley State University Series 2005 Housing bonds from Baa1 with possible downgrade to Baa1 negative outlook (Concerns about potential future enrollment decreases)
- 12-18-12 – Moody's **confirms** A2 rating of GHEFA Series 2008 Bonds; outlook revised to negative.
- GHEFA Series 2009 and Series 2010 Bond Ratings of A2 by Moody's and A+ by Standard and Poor's **remain unchanged**
- 03-13-13 – Standard & Poor's System visit and review of System and Fort Valley; 03-20-13 **A+ rating with stable outlook** issued for System and Fort Valley

University System of Georgia
Five-Year Capital Liability Projections

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Principal Outstanding Beginning of Year:					
Public Private Ventures (PPV)	3,358,398,986	3,479,433,000	3,459,130,000	3,488,569,000	3,514,624,000
Georgia Higher Education Facilities Authority (GHEFA)	289,310,000	285,375,000	381,160,000	376,625,000	371,750,000
Multi-Year Lease Contracts	0	0	20,000,000	28,000,000	30,000,000
Total Outstanding - Beginning of Year	**3,647,708,986**	**3,764,808,000**	**3,860,290,000**	**3,893,194,000**	**3,916,374,000**
Estimated Increases/New Issuance:					
PPV - Closed	70,970,000				
PPV - Pipeline Awaiting Closing	87,490,000	35,660,000			
PPV - Projected New	0	15,000,000	100,000,000	100,000,000	50,000,000
GHEFA - New		100,000,000			100,000,000
Multi-Year Lease Contracts		20,000,000	10,000,000	5,000,000	
Retirements/Refundings:					
PPV - Retirement	(37,425,986)	(70,963,000)	(70,561,000)	(73,945,000)	(95,735,000)
GHEFA - Retirement	(3,935,000)	(4,215,000)	(4,535,000)	(4,875,000)	(5,245,000)
Multi-Year Lease Contracts (Assume 10 Years)	0	0	(2,000,000)	(3,000,000)	(3,500,000)
TOTAL - Principal Outstanding at End of Year	**3,764,808,000**	**3,860,290,000**	**3,893,194,000**	**3,916,374,000**	**3,961,894,000**
Annual Capital Liability Payment Requirements	250,264,410	270,500,000	273,000,000	280,000,000	292,000,000
Annual Multi-Year Lease Payment Requirements	0	0	2,000,000	3,000,000	3,500,000
Total Annual Capital Liability Payment Requirements	**250,264,410**	**270,500,000**	**275,000,000**	**283,000,000**	**295,500,000**
University System Operating Revenues:					
State Funds	1,755,426,993	1,797,426,993	1,833,375,532	1,870,043,043	1,907,443,904
Tuition (net of scholarship allowances)	1,089,330,663	1,076,730,663	1,114,424,864	1,186,646,487	1,262,809,198
Sponsored Funds	2,011,036,593	2,011,036,593	2,031,146,959	2,051,458,429	2,071,973,013
Other Revenue	966,934,203	970,034,255	975,165,307	988,176,981	1,001,538,605
Auxiliary Enterprises and Student Actvities	971,451,877	975,719,136	992,873,519	1,022,659,724	1,071,361,910
TOTAL - University System Operating Revenues	**6,794,180,328**	**6,830,947,639**	**6,946,986,181**	**7,118,984,664**	**7,315,126,631**

Capital Liability Ratios (System Policy Limit of 5%):					
Capital Liability Payment Ratio (With Multi-Year Leases)	**3.68%**	**3.96%**	**3.96%**	**3.98%**	**4.04%**
Capital Liability Payment Ratio (Without Multi-Year Leases)	3.68%	3.96%	3.93%	3.93%	3.99%