

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS:
S&P: A+
Moody's: A2
(See "MISCELLANEOUS – Ratings" herein)**

In the opinion of Alston & Bird LLP, Bond Counsel, subject to the limitations and conditions described herein, interest on the Series 2009 Bonds is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION" herein.

\$100,850,000
GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY
Revenue Bonds
(USG Real Estate Foundation II, LLC Project),
Series 2009A

Dated: Date of Issuance

Due: June 15, as shown below

The Georgia Higher Education Facilities Authority (the "**Issuer**") is offering \$100,850,000 in aggregate principal amount of its Revenue Bonds (USG Real Estate Foundation II, LLC Project), Series 2009A (the "**Series 2009 Bonds**"). The Series 2009 Bonds are being issued pursuant to a Trust Indenture, dated as of July 1, 2009 (the "**Indenture**"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"). The proceeds of the sale of the Series 2009 Bonds will be loaned to USG Real Estate Foundation II, 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 July 1, 2009, between the Issuer and the Company.

Proceeds of the Series 2009 Bonds will be used by the Company for the purpose of providing funds to (i) finance Projects (as defined herein) to rent 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, (ii) fund capitalized interest on the Series 2009 Bonds, (iii) fund the Debt Service Reserve Fund (as defined herein) and (iv) pay the costs of issuance of the Series 2009 Bonds. See "PLAN OF FINANCING" herein.

The Series 2009 Bonds will be issued in the form of fully-registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2009 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). See "THE SERIES 2009 BONDS" herein.

Interest on the Series 2009 Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2009. Principal of and premium, if any, and interest on the Series 2009 Bonds will be paid by the Trustee to Cede & Co., as nominee for DTC. See "THE SERIES 2009 BONDS" herein.

The Series 2009 Bonds are subject to redemption prior to maturity under certain circumstances described herein and as set forth in the Indenture. See "THE SERIES 2009 BONDS" herein.

THE SERIES 2009 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED HEREIN). THE SERIES 2009 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**"). THE SERIES 2009 BONDS ARE PAYABLE BY THE ISSUER SOLELY FROM THE TRUST ESTATE PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. NO OWNER OF THE SERIES 2009 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE TO PAY THE SERIES 2009 BONDS OR THE INTEREST OR PREMIUM THEREON OR ANY OTHER COST RELATING THERETO OR TO ENFORCE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE STATE. THE SERIES 2009 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER. See "SECURITY FOR THE SERIES 2009 BONDS" herein.

The Series 2009 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 and the approval of legality by Alston & Bird LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Alston & Bird LLP, Atlanta, Georgia and its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia; for the Company and the Foundation by their counsel, Coleman Talley LLP, Valdosta, Georgia and by the Company's special counsel, Strickland Brockington Lewis LLP, Atlanta, Georgia; and for the Underwriters by their counsel, Murray Barnes Finister LLP, Atlanta, Georgia. Delivery of the Series 2009 Bonds to DTC, New York, New York, is expected on or about July 23, 2009.

Citi

Wells Fargo Securities

Barclays Capital

Morgan Stanley

Merrill Lynch & Co.

Dated: July 15, 2009

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

\$29,190,000 Serial Bonds

<u>Maturing (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>
2011	\$1,545,000	3.000%	2.030%	373511AW4
2012	1,540,000	3.000	2.330	373511AX2
2013	1,615,000	3.000	2.780	373511AY0
2014	1,685,000	4.000	3.270	373511AZ7
2015	1,770,000	4.000	3.540	373511BA1
2016	1,865,000	4.000	3.800	373511BB9
2017	1,965,000	4.000	4.070	373511BC7
2018	2,060,000	4.250	4.270	373511BD5
2019	2,175,000	5.000	4.450	373511BE3
2020	2,305,000	5.000	4.660 ^C	373511BF0
2021	2,440,000	5.000	4.810 ^C	373511BG8
2022	2,590,000	5.000	4.950 ^C	373511BH6
2023	2,740,000	5.000	5.060	373511BJ2
2024	2,895,000	5.125	5.125	373511BK9

\$17,340,000 5.375% Term Bonds, Due June 15, 2029, Priced to Yield 5.400%, CUSIP No. 373511BL7

\$23,245,000 5.500% Term Bonds, Due June 15, 2034, Priced to Yield 5.680%, CUSIP No. 373511BM5

\$31,075,000 5.500% Term Bonds, Due June 15, 2039, Priced to Yield 5.750%, CUSIP No. 373511BN3

^C Priced to call date.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Company or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the Company or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the Issuer, the Participating Constituent Institutions, the Company, public documents, records and other sources considered to be reliable. Neither the Board of Regents nor any Participating Constituent Institution have made any representation as to the accuracy or completeness of the information contained in this Official Statement concerning the Board of Regents or any Participating Constituent Institution, or have any obligation to the owners of the Series 2009 Bonds to update such information. The Issuer has not provided information regarding the Company or the Participating Constituent Institutions and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the Company or the Participating Constituent Institutions and is not responsible for the information provided by the Company or the Participating Constituent Institutions. **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 A PART OF, THEIR RESPONSIBILITIES 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.**

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2009 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2009 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.

In making an investment decision, investors must rely on their own examination of each Project and the Company and the terms of the offering, including the merits and risks involved.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2009 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

\$100,850,000
GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS
(USG REAL ESTATE FOUNDATION II, LLC PROJECT),
SERIES 2009A

INTRODUCTION

General

This Official Statement, including the cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Georgia Higher Education Facilities Authority, a public body corporate and politic and instrumentality of the State of Georgia (the “**Issuer**”), of \$100,850,000 in aggregate principal amount of its Revenue Bonds (USG Real Estate Foundation II, LLC Project), Series 2009A (the “**Series 2009 Bonds**”). Definitions of certain capitalized words used in this Official Statement are set forth in Appendix B — “Definitions and Summaries of Principal Documents” hereto.

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. The offering of the Series 2009 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.

Purpose

The Series 2009 Bonds are being issued pursuant to a Trust Indenture, dated as of July 1, 2009 (the “**Indenture**”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”). The proceeds of the sale of the Series 2009 Bonds will be loaned to USG Real Estate Foundation II, 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 July 1, 2009 (the “**Loan Agreement**”), between the Issuer and the Company. The Company will agree in the Loan Agreement to issue multiple promissory notes, each dated as of July 1, 2009 and each in an amount allocable to each particular Project hereinafter described (collectively, the “**Promissory Notes**,” and each individually, a “**Promissory Note**”) to the Issuer, which will collectively obligate the Company to pay amounts calculated to be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2009 Bonds, when due.

Proceeds of the Series 2009 Bonds will be used by the Company to:

- (a) finance the acquisition, construction and equipping of an approximately 722-bed student housing facility and an approximately 16,392 square foot dining hall and site amenities, all on the campus of Southern Polytechnic State University (“**Southern Polytechnic**”) located in Marietta, Georgia (the “**Southern Polytechnic Project**”);
- (b) finance the acquisition, construction and equipping of an approximately 102,850 square foot student recreation center and site amenities on the campus of Columbus State University (“**Columbus State**”) located in Columbus, Georgia (the “**Columbus State Project**”); and

(c) finance the acquisition, construction and equipping of an approximately 75,590 square foot student center and site amenities on the campus of Bainbridge College (“**Bainbridge College**”) located in Bainbridge, Georgia (the “**Bainbridge College Project**”).

Southern Polytechnic, Columbus State and Bainbridge College are collectively the “**Participating Constituent Institutions**” and each individually is a “**Participating Constituent Institution**.” The Southern Polytechnic Project, the Columbus State Project and the Bainbridge College Project are collectively the “**Projects**” and each individually is a “**Project**.”

In addition, a portion of the proceeds of the Series 2009 Bonds will be used by the Company to (i) fund capitalized interest on the Series 2009 Bonds, (ii) fund the Debt Service Reserve Fund (as defined herein) and (iii) pay the costs of issuance of the Series 2009 Bonds. See “PLAN OF FINANCING” and “THE PROJECTS” herein.

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 (O.C.G.A. § 20-16-1 *et seq.*), as amended (collectively, 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**”) and all of the 35 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 to be located is owned by the Board of Regents and will be leased by the Board of Regents to the Company pursuant to multiple Ground Leases, each dated as of July 23, 2009, between the Board of Regents and the Company (collectively, the “**Ground Leases**” and each individually, a “**Ground Lease**”). See “SECURITY FOR THE SERIES 2009 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 will be 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

Projects located on the campuses of the Participating Constituent Institutions will be financed with a portion of the proceeds of the Series 2009 Bonds. See Appendix A – “Information Regarding Each Participating Constituent Institution” hereto.

Pursuant to separate Rental Agreements, each dated as of July 23, 2009, between the Company and the Board of Regents (collectively, the “**Rental Agreements**” and each individually, a “**Rental Agreement**”), the Company will rent each completed Project to the Board of Regents for use by each Participating Constituent Institution. Each Rental Agreement may be renewed annually at the discretion of the Board of Regents. Each Rental Agreement obligates the Board of Regents to make fixed rental payments for the use and occupancy of each completed Project in amounts that the Company estimates 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 2009 BONDS” herein.

Trustee

Wells Fargo Bank, National Association has been designated as Trustee for the Series 2009 Bonds. The designated corporate trust office of the Trustee is 7000 Central Parkway, NE, Suite 550, Atlanta, Georgia 30328, Attention: Corporate Trust Services, facsimile: (770) 551-5118.

Security for the Series 2009 Bonds

General. The Series 2009 Bonds and any Additional 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 each Project, each dated as of July 1, 2009, from the Company in favor of the Issuer (collectively, the "**Security Deeds**" and each individually, a "**Security Deed**"); (d) a separate Assignment of Contract Documents for each Project, each dated as of July 1, 2009, from the Company to the Issuer (collectively, the "Assignments of Contract Documents" and each individually, an "Assignment of Contract Documents"); (e) moneys and securities held in any and all funds created under the Indenture (except the Rebate Fund); and (f) 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 2009 BONDS" herein.

Promissory Notes. **Each Promissory Note will be in the principal amount of the Series 2009 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 and related Assignment of Contract Documents.

Security Deeds. Pursuant to each Security Deed, the Company will (a) grant to the Issuer a first lien on and first security title to its leasehold interest in certain real property constituting the related Project, (b) assign and pledge to the Issuer the Company's interest in certain rents and leases derived from the related Project, and (c) grant 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.**

Assignments of Contract Documents. Pursuant to each Assignment of Contract Documents, the Company will assign to the Issuer its interest in the construction contracts and architects' agreements for the related Project (the "Contract Documents"). **The Contract Documents related to a particular Project will be assigned as collateral only for the related Promissory Note.**

Each Promissory Note, the related Security Deed and the related Assignment of Contract Documents will not be cross-collateralized or cross-defaulted with any other Promissory Note, Security Deed or Assignment of Contract Documents. 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 2009 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 or Assignment of Contract Documents. The Trustee will be permitted to exercise remedies under a Security Deed or an Assignment of Contract Documents only in the event of a payment default under the related Promissory Note, or a covenant breach under that particular Security Deed or Assignment of Contract Documents.

Description of the Series 2009 Bonds

Redemption. The Series 2009 Bonds are subject to redemption prior to their stated maturity. See “THE SERIES 2009 BONDS” herein.

Denominations. The Series 2009 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See “THE SERIES 2009 BONDS” herein.

Registration, Transfers and Exchanges. The Series 2009 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 2009 Bonds purchased. Beneficial ownership may be transferred by entries made on the books of direct and indirect participants of DTC. See “THE SERIES 2009 BONDS” herein and Appendix H hereto.

Payments. Interest on the Series 2009 Bonds is payable on June 15 and December 15 of each year (each such date, an “**Interest Payment Date**”), commencing December 15, 2009. Payment of the principal of and interest on Series 2009 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 2009 Bonds. See “THE SERIES 2009 BONDS” herein and Appendix H hereto.

For a more complete description of the Series 2009 Bonds, see “THE SERIES 2009 BONDS” herein.

Tax Exemption

In the opinion of Alston & Bird LLP, Bond Counsel, subject to the limitations and conditions described herein, interest on the Series 2009 Bonds is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See “TAX EXEMPTION” herein.

Professionals Involved in the Offering

Citigroup Global Markets Inc. (“**Citi**”) 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 2009 Bonds.

Public Resources Advisory Group is serving as financial advisor to the Issuer in connection with the issuance of the Series 2009 Bonds.

Certain legal matters pertaining to the issuance of the Series 2009 Bonds are subject to the approving opinion of Alston & Bird LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Alston & Bird LLP, Atlanta, Georgia and its disclosure counsel, Kilpatrick Stockton LLP, Atlanta, Georgia; for the Company and the Foundation by their counsel, Coleman Talley LLP, Valdosta, Georgia and the Company’s special counsel, Strickland Brockington Lewis LLP, Atlanta, Georgia; and for the Underwriters by their counsel, Murray Barnes Finister LLP, Atlanta, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Series 2009 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 the Series 2009 Bonds

The Series 2009 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 2009 Bonds in definitive form are expected to be delivered to The Depository Trust Company, New York, New York, on or about July 23, 2009.

Continuing Disclosure

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 2009 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 2009 Bonds as described below, and the Issuer will have no liability to the beneficial owners of the Series 2009 Bonds or any other person with respect to such disclosures.

The Company has covenanted in a Continuing Disclosure Certificate (the “**Disclosure Certificate**”) 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, if material (the “**Material Events Notices**”). The Company has covenanted in the Loan Agreement to comply with the Disclosure Certificate. The Operating and Financial Data will be filed annually by the Company with the Municipal Securities Rulemaking Board in an electronic format as prescribed by the Municipal Securities Rulemaking Board. This electronic format is presently known as the Electronic Municipal Market Access System. The Material Events Notices will be filed by the Company with the Municipal Securities Rulemaking Board in an electronic format as prescribed by the Municipal Securities Rulemaking Board. A form of the Disclosure Certificate is attached hereto as Appendix D. The covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

The Company has not previously entered into an undertaking with respect to the Rule to provide Operating and Financial Data. An affiliate of the Company, the sole member of which is the Foundation, has previously entered into an undertaking with respect to the Rule. This affiliate has not yet been required to make any submissions pursuant to its undertaking.

Bondholders’ Risks

There are certain considerations and risks relating to an investment in the Series 2009 Bonds, which are set forth in this Official Statement under the caption “CERTAIN BONDHOLDERS’ RISKS” and which should be carefully reviewed by prospective purchasers of the Series 2009 Bonds. See “CERTAIN BONDHOLDERS’ RISKS” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

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 2009 Bonds, the Projects, the Indenture, the Loan Agreement, the Promissory Notes, the Ground Leases, the Security Deeds, the Rental Agreements, the Assignments of Contract Documents, the Disclosure Certificate and the security and sources of payment for the Series 2009 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, such contracts, and other 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 2009 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 7000 Central Parkway, NE, Suite 550, Atlanta, Georgia 30328, Attention: Corporate Trust Services, facsimile: (770) 551-5118. During the period of offering of the Series 2009 Bonds copies of such documents are available, upon request and upon payment of a charge for copying, mailing and handling, from Citigroup Global Markets Inc. at 3280 Peachtree Road, NW, 17th Floor, Atlanta, Georgia 30305.

THE ISSUER

The Issuer is a public body corporate and politic and was created pursuant to the laws of the State of Georgia, 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 of Georgia 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 caption “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>	<u>Expiration of Term</u>
Richard A. Anderson	June 30, 2010
Gary Bishop	June 30, 2010
Mary Flanders	June 30, 2011
Celeste Osborn	June 30, 2010
Benjamin J. Tarbutton, III	June 30, 2012

THE SERIES 2009 BONDS

General

The Series 2009 Bonds will be issued in the aggregate principal amount shown on the inside 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 2009 Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof.

The Series 2009 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 2009 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 2009 Bond is authenticated (unless such payment of interest is in default, in which case such Series 2009 Bond will bear interest from the date to which interest has been paid).

Book-Entry Only System

The Series 2009 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 2009 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 2009 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, references in this Official Statement to the owners of the Series 2009 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of principal of and interest on the Series 2009 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 2009 Bonds. See Appendix H – “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 2009 Bonds will be made in accordance with the provisions of the Indenture.

Special Limited Obligations

THE SERIES 2009 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 2009 BONDS ARE PAYABLE BY THE ISSUER SOLELY FROM THE TRUST ESTATE PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. NO OWNER OF THE SERIES 2009 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE TO PAY THE SERIES 2009 BONDS OR THE INTEREST OR PREMIUM THEREON OR ANY OTHER COST RELATING THERETO OR TO ENFORCE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE STATE. THE SERIES 2009 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

Optional Redemption of Series 2009 Bonds

The Series 2009 Bonds maturing on or after June 15, 2020, may be redeemed prior to their respective maturities, either in whole or in part at the written direction of the Company, on or after June 15, 2019, at the redemption price of 100% of the principal amount being redeemed plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of Series 2009 Bonds

The Series 2009 Bonds maturing on June 15, 2029, are subject to mandatory sinking fund redemption on June 15, 2025 and on each June 15 thereafter, in accordance with the Indenture, at a redemption price equal to 100% of the principal amount of each Series 2009 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the June 15, 2029 amount to be paid rather than redeemed):

<u>June 15 of the Year</u>	<u>Principal Amount</u>
2025	\$3,070,000
2026	3,260,000
2027	3,460,000
2028	3,665,000
2029	3,885,000

The Series 2009 Bonds maturing on June 15, 2034, are subject to mandatory sinking fund redemption on June 15, 2030 and on each June 15 thereafter, in accordance with the Indenture, at a redemption price equal to 100% of the principal amount of each Series 2009 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the June 15, 2034 amount to be paid rather than redeemed):

<u>June 15 of the Year</u>	<u>Principal Amount</u>
2030	\$4,115,000
2031	4,370,000
2032	4,635,000
2033	4,915,000
2034	5,210,000

The Series 2009 Bonds maturing on June 15, 2039, are subject to mandatory sinking fund redemption on June 15, 2035 and on each June 15 thereafter, in accordance with the Indenture, at a redemption price equal to 100% of the principal amount of each Series 2009 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the June 15, 2039 amount to be paid rather than redeemed):

<u>June 15 of the Year</u>	<u>Principal Amount</u>
2035	\$5,520,000
2036	5,845,000
2037	6,200,000
2038	6,560,000
2039	6,950,000

The Issuer shall be entitled to receive a credit in respect of its mandatory redemption obligation for Series 2009 Bonds delivered, purchased, or redeemed if the Company at its option purchases in the open market and delivers to the Trustee for cancellation Series 2009 Bonds or redeems Series 2009 Bonds (other than through mandatory redemption) and such Series 2009 Bonds have not theretofore been applied as a credit against any mandatory redemption obligation. Each such Series 2009 Bond so purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Issuer on such mandatory redemption payment date, and any excess shall be credited on future mandatory redemption obligations in chronological order, and the principal amount of such Series 2009 Bonds to be redeemed by operation of mandatory redemption and the Basic Loan Payments specified in the Promissory Notes for mandatory redemption shall be accordingly reduced.

Extraordinary Redemption of Series 2009 Bonds

Series 2009 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 a particular Project 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 a particular Project 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 described in Appendix B to this Official Statement under the caption "Project Fund," 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 shall 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 shall 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 shall execute and the Trustee shall 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 shall 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, shall not affect the validity of any proceedings for the redemption of any other Bonds. Each notice will specify the CUSIP numbers of the Series 2009 Bonds being called, the portion of the Series 2009 Bonds being called if less than all of the Series 2009 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 shall 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 shall 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 shall not have been so received, the notice will be of no force and effect and the Issuer shall not be required to redeem such Bonds and such Bonds shall 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 shall 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 shall 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 shall 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 shall 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 shall be determined by the Company and the sale of any Additional Bonds shall be the sole responsibility of the Company. The Company and the Issuer shall 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 shall enter into such amendments or supplements to the Indenture as are required to effect the issuance of the Additional Bonds.

(b) As a condition for the issuance of Additional Bonds, (i) either (A) such Additional Bonds (including any refunding Additional Bonds) shall 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 shall 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 shall be sufficient to pay the Debt Service which relates 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 shall certify that (aa) 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 (bb) the forecasted Debt Service Coverage Ratio of the Company for each of the three Fiscal Years immediately following the Fiscal Year in which such refunding Additional Bonds are issued will be not less than 1.00, or (D) in the case of Additional Bonds issued to complete a Project or any Additions or Alterations, such Additional Bonds shall be in a principal amount that does not exceed 10% of the principal amount of the Series 2009 Bonds or the Additional Bonds issued to finance the Additions or Alterations and (ii) prior to the issuance of such Additional Bonds, the Rating Agency then rating the Outstanding Bonds shall 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 Series 2009 Bonds.

(c) Any amounts received by the Trustee for payment of Debt Service shall be allocated between the Series 2009 Bonds and Additional Bonds on a pro rata basis.

SECURITY FOR THE SERIES 2009 BONDS

General

Trust Estate. The Series 2009 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) the Assignments of Contract Documents; (e) moneys and securities held in any and all funds created under the Indenture (except the Rebate Fund); and (f) 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 will lend the proceeds derived from the sale of the Series 2009 Bonds to the Company, and the Company 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, premium, if any, and interest on the Series 2009 Bonds. **Each Promissory Note will be in the principal amount of the Series 2009 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 and related Assignment of Contract Documents.**

Security Deeds. Pursuant to each Security Deed, the Company will (a) grant to the Issuer a first lien on and first security title to its leasehold interest in certain real property constituting the related Project, (b) assign and pledge to the Issuer the Company's interest in certain rents and leases derived from the related Project, and (c) grant 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.**

A Title Insurance Policy will be delivered in the amount of the principal amount of each Promissory Note to insure that the Trustee will have 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.

Assignment of Contract Documents. Pursuant to each Assignment of Contract Documents, the Company will assign to the Issuer its interest in the related Contract Documents. **The Contract Documents related to a particular Project will be assigned as collateral only for the related Promissory Note.**

Each Promissory Note, the related Security Deed and the related Assignment of Contract Documents will not be cross-collateralized or cross-defaulted with any other Promissory Note, Security Deed or Assignment of Contract Documents. 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 2009 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 or Assignment of Contract Documents. The Trustee will be permitted to exercise remedies under a Security Deed or an Assignment of Contract Documents only in the event of a payment default under the related Promissory Note, or a covenant breach under that particular Security Deed or Assignment of Contract Documents.

A summary of selected provisions of the Indenture, the Loan Agreement 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 will lease to the Company the site upon which the related Project is to be located for a term ending June 30, 2040. Each Ground Lease will be renewable for an additional five-year term in limited circumstances. A form of the Ground Lease is attached hereto as Appendix F.

Rental Agreements

Under the terms of each Rental Agreement, the Company will rent the related completed Project to the Board of Regents on an annually-renewable basis for use by the related Participating Constituent Institution. The Board of Regents will make fixed rental payments for the use and occupancy of each Project, as completed, 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, the Board of Regents will pay 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 will be responsible for repairs to each Project and for janitorial services, garbage removal, pest control, and utilities for each Project. The Board of Regents’ obligation 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 “CERTAIN BONDHOLDERS’ RISKS — Reimbursement Obligations of the Company” herein, and Appendix E for the form of the Rental Agreement.

Each Rental Agreement will be for an initial term commencing on the first day of the month following the issuance and delivery of a certificate of occupancy for the particular Project to which it relates, and will expire on the following June 30. The Board of Regents has the right to renew or extend the rental term of each Rental Agreement on a year-to-year basis for an additional 30 consecutive one-year renewal terms beyond its initial term to end no later than June 30, 2040, provided that notice of the applicable Participating Constituent Institution’s 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.

Each Rental Agreement terminates annually, subject to renewal, at the sole option of the Board of Regents, and there can be no assurance that the Board of Regents will renew any or all of them. Each Rental Agreement is a year-to-year use and occupancy contract that the Board of Regents has no moral or legal obligation to renew or keep in effect. If the Board of Regents elects not to renew any Rental Agreement and it expires by its terms at the end of its initial term 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 initial term depends in part upon its continuing need for the particular Project and depends in part upon the availability of appropriations received from the General Assembly of the State of Georgia. See “CERTAIN BONDHOLDERS’ RISKS — Limitations on Board of Regents’ Obligations Under Rental Agreement; 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 2009 Bonds will 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 2009 BONDS OR TO CONTINUE TO RENT ANY PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2009 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.

The initial term of each Rental Agreement will not commence until after the completion of the construction of the related Project. The construction contract for each Project obligates the contractor to complete construction of the Project by a guaranteed completion date that will occur before the capitalized interest allocable to that Project is spent in full and contains a penalty or liquidated damages provision for delays thereafter.

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. 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 shall be a fair abatement in the rent payable during the time such repairs or rebuilding is being made. Full rental will recommence after completion of the repairs and restoration of such component of the Project. The decision as to whether or not the component of the Project is fit or unfit for occupancy by the Board of Regents will be made by the Board of Regents after making a reasonable assessment of damages. The Company is obligated under each Security Deed to maintain rental interruption insurance covering 24 months of rental payments for each related Project. See "CERTAIN BONDHOLDERS' RISKS — 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 IX 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) comprehensive 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 "CERTAIN BONDHOLDERS' RISKS — Reimbursement Obligations of the Company" herein.

For a description of the condemnation and other provisions of each Rental Agreement, see Appendix E hereto.

Debt Service Reserve Fund

Pursuant to the Indenture, there is created and established with the Trustee a special trust fund for the benefit of the owners of the Series 2009 Bonds which is designated the "Debt Service Reserve Fund" (the "**Debt Service Reserve Fund**"), which will be held in trust by the Trustee separate and apart from all other deposits and funds. Within the Debt Service Reserve Fund there will be a separate account for each Project. A portion of the proceeds of the Series 2009 Bonds in an aggregate amount equal to the Debt Service Reserve Requirement will be initially deposited into the three accounts of the Debt Service Reserve Fund in a prorata manner. Subject to limited exceptions set forth in the Indenture, moneys in each account of the Debt Service Reserve Fund will only be applied to the payment of principal of and interest on the Series 2009 Bonds allocated to a particular Project when other moneys are not available for such purposes. **Moneys on deposit in one account of the Debt Service Reserve Fund are not available to pay Series 2009 Bonds allocated to another Project and vice-versa.**

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 2009 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 hereto.

Covenants

The Company has agreed in the Loan Agreement and the Security Deeds to various operational and financial covenants and restrictions upon itself and 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 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 2009 Bonds under the Indenture. See “THE INDENTURE – Issuance of Additional Bonds” in Appendix B hereto.

PLAN OF FINANCING

The schedule below contains the estimated sources and uses of funds in connection with the issuance of the Series 2009 Bonds.

Estimated Sources of Funds:

Par Amount of Series 2009 Bonds	\$100,850,000
Net Original Issue Discount	<u>(1,350,986)</u>
Total Sources of Funds	<u>\$99,499,014</u>

Estimated Uses of Funds:

Project Fund	\$86,263,272
Capitalized Interest ⁽¹⁾	8,343,815
Debt Service Reserve Fund ⁽²⁾	3,651,525
Issuance Costs ⁽³⁾	<u>1,240,402</u>
Total Uses of Funds	<u>\$99,499,014</u>

⁽¹⁾ Represents interest on the Series 2009 Bonds for approximately 18 months.

⁽²⁾ This amount fully funds the Debt Service Reserve Fund in an amount equal to 50% of the Maximum Annual Debt Service coming due on the Series 2009 Bonds in the then current or any succeeding bond year (June 16 – June 15).

⁽³⁾ Includes, without limitation, Underwriters’ compensation, legal fees and expenses, initial Trustee’s fees and accounting fees and expenses.

THE PROJECTS

Description of the Projects

Southern Polytechnic Project. A portion of the proceeds of the Series 2009 Bonds will be used to finance the acquisition, construction and equipping of an approximately 722-bed student housing facility on an approximately 1.986-acre site and on an approximately 3.605-acre site on the campus of Southern Polytechnic located in Marietta, Georgia. The student housing facility will consist of one building having four levels with an

approximately 16,392-square foot new dining facility adjacent to it and another building for use primarily by students associated with certain academic and social organizations. The turn-key developer at risk is AUDG Marietta, LLC (the “**Southern Polytechnic Developer**”), the sole member of which is Ambling University Development Group, LLC. The design professional is Niles Bolton Associates, Inc., and the general contractor is Juneau Construction Company, LLC. The program manager is Hendessi & Associates, LLC. The expected completion date is August 2010.

Columbus State Project. A portion of the proceeds of the Series 2009 Bonds will be used to finance the acquisition, construction and equipping of an approximately 102,850-square foot student recreation center on an approximately 1.745-acre site on the campus of Columbus State located in Columbus, Georgia. The recreation center will include a gymnasium, fitness center, natatorium and other multipurpose rooms. The design professional is Lyman Davidson Dooley, Inc., and the construction manager at risk is Brasfield & Gorrie, LLC. The program manager is Jones Lang LaSalle Americas, Inc. The expected completion date is October 2010.

Bainbridge College Project. A portion of the proceeds of the Series 2009 Bonds will be used to finance the acquisition, construction and equipping of an approximately 75,590-square foot student center on an approximately 1.38-acre site on the campus of Bainbridge College located in Bainbridge, Georgia. The student center will include a gymnasium, fitness center, dining facility, bookstore, game room and meeting spaces. The design professional is Hastings & Chivetta Architects, Inc., and the construction manager at risk is Allstate Construction, Inc. The program manager is Jones Lang LaSalle Americas, Inc. The expected completion date is October 2010.

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.

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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 2009 Bonds are as follows:

Bond Year Ending June 15	Principal	Interest	Total
2010	\$ —	\$4,651,508	\$4,651,508
2011	1,545,000	5,200,444	6,745,444
2012	1,540,000	5,154,094	6,694,094
2013	1,615,000	5,107,894	6,722,894
2014	1,685,000	5,059,444	6,744,444
2015	1,770,000	4,992,044	6,762,044
2016	1,865,000	4,921,244	6,786,244
2017	1,965,000	4,846,644	6,811,644
2018	2,060,000	4,768,044	6,828,044
2019	2,175,000	4,680,494	6,855,494
2020	2,305,000	4,571,744	6,876,744
2021	2,440,000	4,456,494	6,896,494
2022	2,590,000	4,334,494	6,924,494
2023	2,740,000	4,204,994	6,944,994
2024	2,895,000	4,067,994	6,962,994
2025	3,070,000	3,919,625	6,989,625
2026	3,260,000	3,754,613	7,014,613
2027	3,460,000	3,579,388	7,039,388
2028	3,665,000	3,393,413	7,058,413
2029	3,885,000	3,196,419	7,081,419
2030	4,115,000	2,987,600	7,102,600
2031	4,370,000	2,761,275	7,131,275
2032	4,635,000	2,520,925	7,155,925
2033	4,915,000	2,266,000	7,181,000
2034	5,210,000	1,995,675	7,205,675
2035	5,520,000	1,709,125	7,229,125
2036	5,845,000	1,405,525	7,250,525
2037	6,200,000	1,084,050	7,284,050
2038	6,560,000	743,050	7,303,050
2039	6,950,000	382,250	7,332,250
	<u>\$100,850,000</u>	<u>\$106,716,502</u>	<u>\$207,566,502</u>

Note: Totals may not add precisely due to rounding.

See Appendix A hereto for the annual debt service requirements allocable to each Participating Constituent Institution.

THE COMPANY AND THE FOUNDATION

Company

The Company was organized on March 27, 2009 as a Georgia limited liability company. The Company is managed by the Manager. The Company was formed for the purpose of constructing the Projects and renting the Projects to the Board of Regents.

The Company has no operating history and no net worth. See “CERTAIN BONDHOLDERS’ RISKS – Operating History” and “CERTAIN BONDHOLDERS’ RISKS – Limited Assets of the Company” herein.

Foundation

The sole member of the Company and the Manager is the Foundation. The Foundation has received a determination from the IRS 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 is currently managed by 12 trustees.

THE FOUNDATION HAS NO OBLIGATION TO PAY DEBT SERVICE ON THE SERIES 2009 BONDS OR THE PROMISSORY NOTES. IN ANY ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THE SERIES 2009 BONDS, THE PROMISSORY NOTES, THE LOAN AGREEMENT, THE PROJECTS OR THE SECURITY DEEDS, NO DEFICIENCY OR OTHER MONEY JUDGMENT SHALL BE ENFORCED AGAINST THE FOUNDATION. ANY JUDGMENT OBTAINED SHALL NOT BE ENFORCED AGAINST THE FOUNDATION OR ANY OFFICER, TRUSTEE OR AGENT OF THE FOUNDATION OR ANY SUCCESSOR OR ASSIGN OF THE FOUNDATION.

BOARD OF REGENTS

THE BOARD OF REGENTS HAS NO MORAL OR LEGAL OBLIGATION WITH RESPECT TO THE SERIES 2009 BONDS OR TO CONTINUE TO RENT THE PROJECTS IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2009 BONDS. THE BOARD OF REGENTS HAS MADE NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT CONCERNING THE BOARD OF REGENTS.

General

The Board of Regents is a constitutionally created agency of the State of Georgia. It governs, controls and manages all of the 35 public institutions of higher education within the University System.

Members

The 18 members of the Board of Regents are appointed by the Governor and confirmed by the Senate on a rotating basis to serve seven-year terms. The members consist of one member from each of the 13 congressional districts in Georgia and five additional at-large members from Georgia.

The Board of Regents conducts its operations through its staff. The Board of Regents 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, 11 individuals have served as Chancellor.

On February 6, 2006, Erroll B. Davis, Jr. assumed the position of Chancellor. Beginning in 2000, Mr. Davis served as Chairman of the Board of Alliant Energy Corporation (“**Alliant**”), an energy holding company with \$8.3 billion in total assets and annual operating revenues of \$3.0 billion. Mr. Davis joined Alliant in 1998 as president and chief executive officer. He retired from his dual roles as president and CEO of Alliant in July 2005, and retained the position of Chairman of the Board of Directors. Prior to the creation of Alliant, from 1990 to 1998 Mr. Davis served as president and CEO of WPL Holdings, a utility holding company. From 1978 to 1990, Mr. Davis rose through the senior management ranks at Wisconsin Power and Light Company, starting as vice president of finance and ending as CEO and president. He has also held corporate finance positions at Xerox Corporation and Ford Motor Company.

Mr. Davis’ higher education experience includes serving as a member of the University of Wisconsin System Board of Regents from 1987-1994 and as a former chairman of the board of trustees of Carnegie Mellon University, of which he is a life member. He presently serves as a member of the Board of Trustees of the University of Chicago.

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

<u>Regents</u>	<u>District</u>	<u>Term</u>
Hugh A. Carter, Jr.	State-at-Large	August 8, 2000 – January 1, 2009 ⁽¹⁾
William H. Cleveland	State-at-Large	October 4, 2001 – January 1, 2009 ⁽¹⁾
Donald M. Leebern, Jr.	State-at-Large	January 1, 2005 – January 1, 2012
A. Felton Jenkins, Jr.	State-at-Large	January 1, 2006 – January 1, 2013
Robert F. Hatcher, <i>Vice Chairman</i>	State-at-Large	January 1, 2006 – January 1, 2013
James A. Bishop	First District	January 1, 2007 – January 1, 2011
Doreen Stiles Poitevint	Second District	January 13, 2004 – January 1, 2011
Allan Vigil	Third District	August 6, 2003 – January 1, 2010
Wanda Yancey Rodwell	Fourth District	March 29, 2005 – January 1, 2012
Elridge W. McMillan	Fifth District	January 1, 2003 – January 1, 2010
Kessel Stelling, Jr.	Sixth District	January 1, 2008 – January 1, 2015
Richard L. Tucker, <i>Chairman</i>	Seventh District	January 28, 2005 – January 1, 2012
W. Mansfield Jennings, Jr.	Eighth District	January 6, 2006 – January 1, 2013
James R. Jolly	Ninth District	January 1, 2008 – January 1, 2015
William Nesmith	Tenth District	March 13, 2008 – January 1, 2015
Willis J. Potts	Eleventh District	March 7, 2006 – January 1, 2013
Benjamin J. Tarbuton, III	Twelfth District	January 6, 2006 – January 1, 2013
Kenneth R. Bernard, Jr.	Thirteenth District	January 1, 2007 – January 1, 2014

⁽¹⁾ Continues to serve until a replacement is appointed.

University System

The University System consists of 35 institutions: four research universities (the University of Georgia, Georgia Institute of Technology, Georgia State University, and Medical College of Georgia), two regional universities (Georgia Southern University and Valdosta State University), 13 state universities, 8 state colleges and 8 two-year colleges. These institutions enroll more than 270,000 students and employ more than 11,000 faculty and 28,600 staff 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.

Funding the University System

All appropriations made for the use of any or all institutions in the University System are required by the Georgia Constitution to be paid to the Board of Regents in a lump sum, with the power and authority in the Board of Regents to allocate and distribute the same among the institutions under its control in such way and manner and in such amounts as will further an efficient and economical administration of the University System.

Each year the Board of Regents compiles the budget requests of all 35 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 Georgia General Assembly (the "General Assembly"). Upon adoption of the budget, the Board of Regents receives a lump sum amount of funding from the General Assembly for the University System. The Board of Regents then allocates and disburses these funds to the individual institutions on the basis of strategic initiatives for the University System. These allocations are then 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 adopted by each institution and used to monitor and control their economic resources.

As with all State agencies, the Board of Regents is funded on an annual appropriation basis. The Board of Regents' ability to make payments under the Rental Agreements may depend upon the financial condition of the State and the State's ability and willingness to make appropriations to the University System. For fiscal year 2009, the amended appropriations act (HB 118) reflected budget reductions needed to meet an anticipated decline in general fund revenues of 6.8%. The Board of Regents' overall general fund appropriation for fiscal year 2009 declined by 10.3% relative to fiscal year 2008 (amended). On May 28, 2009, subsequent to the adoption of the amended fiscal year 2009 budget, the Governor further reduced his estimate of fiscal year 2009 State general fund revenues to reflect an anticipated decline of approximately 8.3% as compared to actual State general fund revenues for fiscal year 2008. There is no assurance that the current estimate of State general fund revenues will be met or exceeded for fiscal year 2009 or by what amount the State general fund revenue estimate for fiscal year 2009 will fall short. In June 2009, the Governor's Office of Planning and Budget withheld cash scheduled to be distributed to State agencies because of State revenue collections being less than projected. The impact of this action upon the Board of Regents was a one-time reduction in cash allotments of \$39,829,809; this reduction was partially offset by the receipt of \$17,189,581 in federal stimulus funds.

For fiscal year 2010, the appropriations act (HB 119) reflected budget reductions to meet a further decline in general fund revenues. The Board of Regents' total general fund appropriation for fiscal year 2010 increased slightly (0.9%) as compared to the amended fiscal year 2009 appropriation. Also, the Board of Regents received an additional \$92,617,896 in federal stimulus funds for fiscal year 2010. In June 2009 the Governor's Office of Planning and Budget requested that State agencies voluntarily reduce their appropriation allotment request for July 2009 by 3% and also notified the State agencies that instructions regarding allotments for August 2009 and the remainder of fiscal year 2010 were pending. In the event the Governor deems it necessary to reduce his estimate of fiscal year 2010 revenues, further reductions in the general fund appropriations to State agencies, including the Board of Regents, for fiscal year 2010 may be necessary to maintain a balanced budget for fiscal year 2010, as is required by the statutes and Constitution of the State of Georgia.

There can be no assurance that future legislatures will continue to make appropriations at current levels. Likewise, there can be no assurance that the Board of Regents will allocate funds to renew any Rental Agreement.

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Analysis of State General Fund Receipts

The following table sets forth by category the budget-based State revenues available for appropriation for the five fiscal years ended June 30, 2004-2008.

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Alcoholic Beverages Tax	\$ 153,178,078	\$ 152,459,425	\$ 157,818,125	\$ 181,560,133	\$ 167,397,928
Estate Tax	65,110,425	42,930,113	12,786,407	1,426,030	12,325
Income Tax – Corporate	486,970,358	729,640,400	862,730,327	1,019,117,939	941,966,726
Income Tax – Individual	6,826,335,378	7,276,607,819	8,021,933,827	8,820,794,306	8,829,480,886
Insurance Premium Tax and Fees	317,462,533	331,612,139	342,982,442	341,745,785	348,218,618
Motor Fuel Excise and Motor Carrier Mileage Tax	497,003,408	487,295,726	450,942,840	469,929,463	456,634,594
Prepaid Motor Fuel Sales Tax	234,853,351	330,537,285	370,216,687	469,105,100	538,155,742
Motor Vehicle License Tax	262,806,813	285,353,902	255,994,021	289,931,262	296,648,374
Property Tax – General and Intangible	63,677,784	66,489,431	72,138,489	77,842,189	80,257,696
Sales and Use Tax – General	4,860,904,312	5,215,447,136	5,711,915,442	5,915,521,040	5,796,653,340
Tobacco Products Tax	227,549,406	249,070,470	241,503,374	243,276,111	239,691,526
Total Taxes	13,995,851,846	15,167,443,846	16,500,961,980	17,830,249,358	17,695,117,755
Total Regulatory Fees and Sales	588,792,896	646,552,821	837,797,609	1,010,192,281	1,032,694,869
Total Other Revenues Retained ⁽¹⁾	1,084,817,752	975,928,352	1,004,428,684	1,055,537,333	1,071,321,695
Total Cash Receipts	\$15,669,462,493	\$16,789,925,019	\$18,343,188,273	\$19,895,978,972	\$19,799,134,318

⁽¹⁾ Other Revenues Retained includes Lottery Funds, Tobacco Settlement Funds, Guaranteed Revenue Debt Common Reserve Fund Interest Earnings, Brain and Spinal Injury Trust Fund, Job and Growth Tax Relief, and Other.

(Note: Amounts may not add precisely due to rounding.)
Source: Fiscal Years 2004-2005, *Report of the State Auditor*; Georgia Department of Audits and Accounts; Fiscal Years 2006-2008, *Budgetary Compliance Report*, State Accounting Office.

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The following table sets forth unaudited revenues (\$000's) of the State in certain categories for the first 11 months (July 1 through May 31) of the fiscal years ended June 30, 2008 and 2009, respectively, together with certain comparative statistical information from each such fiscal year to the next.

General Fund	11 Months Ended			% Change
	May 31, 2008 (Unaudited)	May 31, 2009 (Unaudited)	\$ Change	
Tax Revenues:				
Alcoholic Beverages Tax	\$ 150,224	\$ 152,170	\$ 1,946	1.3%
Estate Tax	12	83	71	591.7
Income Tax – Corporate	789,245	578,344	(210,901)	-26.7
Income Tax – Individual	8,019,538	7,135,175	(884,363)	-11.0
Motor Fuel Excise and Motor Carrier Mileage Tax	433,465	401,360	(32,105)	-7.4
Prepaid Motor Fuel Sales Tax	490,895	396,134	(94,761)	-19.3
Motor Vehicle License Tax ⁽¹⁾	278,804	263,886	(14,918)	-5.4
Property Tax – General and Intangible	79,606	79,764	158	0.2
Net Sales and Use Tax – General	5,316,996	4,912,524	(404,472)	-7.6
Tobacco Products Tax	208,629	200,624	(8,005)	-3.8
Total Tax Revenues	15,767,414	14,120,064	(1,647,350)	-10.4
Other Revenues:				
Other Fees and Sales ⁽²⁾	63,566	134,625	71,059	111.8
Total Taxes/Other Revenues	\$15,830,980	\$14,254,689	\$(1,576,291)	-10.0%

⁽¹⁾ The Motor Vehicle Division began collecting Auto Sales Tax funds in January 2006. An adjustment was made to reclassify Sales Tax collections from Motor Vehicle to Other Fees and Sales, to reflect a transaction in May of fiscal year 2009. This revenue was then reclassified to Sales Tax the next month.

⁽²⁾ Other Fees and Sales include taxes and fees that have been deposited with the State, but the returns have not been processed. The undistributed amounts, when processed, are reclassified to the property accounts. It also includes unclaimed property collections.

(Note: Amounts may not add precisely due to rounding.)

Source: State of Georgia Department of Revenue.

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Summary of Appropriation Allotments to Board of Regents

The following table summarizes the appropriation allotments to the Board of Regents made from State General Funds for the five fiscal years ended June 30, 2005-2009.

	Fiscal Year Ended June 30,				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> (Unaudited)
State General Funds	\$1,670,074,292	\$1,802,771,336	\$1,917,562,898	\$2,121,723,333	\$2,006,476,398 ⁽¹⁾
Tobacco Settlement Funds	<u>6,243,177</u>	<u>16,232,554</u>	<u>15,732,554</u>	<u>20,337,799</u>	<u>16,205,466⁽¹⁾</u>
Total	<u>\$1,676,317,469</u>	<u>\$1,819,003,890</u>	<u>\$1,933,295,452</u>	<u>\$2,142,061,132</u>	<u>\$2,022,681,864⁽¹⁾</u>

⁽¹⁾ Cash allotments.

Source: 2005-2008, State Accounting Office; 2009, Board of Regents Office of Fiscal Affairs.

Student Financial Aid

The State offers the HOPE Scholarship, which is available to any State resident who graduates from high school with a B average and maintains a B average in college. The HOPE Scholarship, which is funded entirely by the Georgia Lottery, provides students of a State public college or university a scholarship in the amount of full tuition and mandatory fees plus a yearly book allowance and provides students of a private college or university in the State with a partial scholarship. Since the HOPE Scholarship Program began in 1993, more than \$4.6 billion in HOPE funds have been awarded to more than 1.2 million students attending Georgia's colleges, universities and technical colleges.

CERTAIN BONDHOLDERS' RISKS

Introduction

In analyzing the Series 2009 Bonds and in order to make an informed investment decision, potential investors should carefully consider the following risk factors prior to making a decision to purchase the Series 2009 Bonds. The following risk factors are not intended to be exhaustive of the general or specific risk factors relating to the purchase of the Series 2009 Bonds. Additional risk factors relating to the purchase of the Series 2009 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors.

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

The Board of Regents has the option to renew any Rental Agreement on a year-to-year basis through at least the final maturity of the Series 2009 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 Rental Agreement for successive renewal terms throughout the term of the Series 2009 Bonds; however, the renewal of any Rental Agreement 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 State and the Board of Regents will deem it in their best interests to continue to occupy and utilize each Project for the entire term of the Series 2009 Bonds. There can also be no assurance that the Board of Regents will continue to renew each Rental Agreement for each renewal term throughout the term of the Series 2009 Bonds. The likelihood that any Rental Agreement will be renewed will depend upon, among other things, the continuing need of the Board of Regents for the related Project, the appropriation of funds by the General Assembly of the State of Georgia to the Board of Regents in sufficient amounts to enable the Board of Regents to pay the rents due under such Rental Agreement, and the Board of Regents not substituting more desirable rental space for 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 2009 Bonds.

THE BOARD OF REGENTS HAS NO MORAL OR LEGAL OBLIGATION WITH RESPECT TO THE SERIES 2009 BONDS OR TO CONTINUE TO RENT ANY PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2009 BONDS. For example, nothing would prevent the Board of Regents from failing to renew a Rental Agreement and then attempting to negotiate a lower annual rental payment for the related Project.

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's 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 will then 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.

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 is also 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 Participating Constituent Institution in the applicable fiscal year for such purposes, which budget is subject to annual review and modification.

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 hereto.

Condemnation/Casualty Risk of Rent Abatement

The Board of Regents has the right to terminate any Rental Agreement or to reduce or abate 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 Agreement 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.

Operating History

The Company was formed in 2009 and has no operating history and no net worth. The Company is relying upon the Board of Regents' agreements 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 respective 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 2009 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 the 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 and Assignment of Contract Documents.

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 or the related Assignment of Contract Documents), 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 2009 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 2009 Bonds, and the Series 2009 Bonds are not cross-defaulted against any Promissory Note. Each Security Deed and Assignment of Contract Documents only secures 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 2009 BONDS – Extraordinary Redemption of Series 2009 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 the 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 and Assignment of Contract Documents.

The realization of value from the pledge of the collateral under the Indenture, the Security Deeds, and the Assignments of Contract Documents upon any default will depend upon the exercise of various remedies specified by the Indenture, the Security Deeds and the Assignments of Contract Documents. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2009 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, the Security Deeds or the Assignments of Contract Documents 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, the Assignments of Contract Documents or the Disclosure Certificate.

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, the Security Deeds, or the Assignments of Contract Documents, 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, the Security Deeds, or the Assignments of Contract Documents and (2) subordinate the lien of the Indenture, the Security Deeds, or the Assignments of Contract Documents (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 may also have the power to prevent the exercise of remedies arising under certain provisions of the Indenture, the Loan Agreement, the Security Deeds or the Assignments of Contract Documents 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 2009 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 no authority created under the Constitution or laws of the State of Georgia shall be 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 shall be 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.

Construction Risks

The Board of Regents’ obligation to pay rent with respect to each Project under the related Rental Agreement commences only upon completion of the construction of that Project. The interest payments on the Series 2009 Bonds beyond the guaranteed completion dates of the Projects have been funded with proceeds of the Series 2009 Bonds, and the principal payments on the Series 2009 Bonds do not start until after the guaranteed completion dates of the Projects. Therefore, if completion of the construction of any Project is delayed beyond its guaranteed completion date, receipt of rents under the related Rental Agreement will be delayed and the ability of the Company to make the debt service payments required by the related Promissory Note would in such case be adversely affected.

The timely completion of each Project is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to labor disputes, site difficulties, delays in delivery and shortages of materials, and adverse weather conditions and other events of *force majeure*. The cost of constructing each Project may be affected by factors beyond the control of the Company, including increasing material costs, labor disputes, site difficulties, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen contingencies. There can be no assurance that the Company will complete each Project in accordance with its present construction schedule and construction budget.

The construction contract for each Project obligates the contractor to substantially complete construction of each Project on or before a guaranteed completion date for a guaranteed maximum price and contains a provision providing for a daily penalty equal to at least the daily debt service (net of capitalized interest) on the related

Promissory Note in the event completion is delayed. The obligations for construction and timely completion of each Project are also to be secured by labor and material payment and performance bonds. There can be no assurance that construction of any Project will be completed within the time provided by the related construction contract or that the damages suffered by the Company as a result thereof can be recovered without costly and time-consuming litigation. In addition, there can be no assurance that the obligations of any surety under the payment and performance bonds can be enforced without costly and time-consuming litigation.

If cost overruns resulting from delays, change orders, or other causes are experienced, the Company has no other source of funds with which to complete a Project, and the only source of funds that will be potentially available to complete a Project is Additional Bonds. The issuance of Additional Bonds will be completely dependent on the willingness of the Board of Regents to amend the related Rental Agreement to increase the rents payable thereunder to provide a source of funds to pay the debt service on the Additional Bonds, as to which no assurance can be given. Accordingly, there can be no assurance that a Project will be completed if cost overruns are experienced.

Ad Valorem Property Taxes

The Company believes that the Projects will be exempt from ad valorem property taxation. Although the Company believes that it has a sound basis to assert that the 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 property taxes under the Rental Agreements should any such taxes be assessed.

Change in Tax Law

Future legislation, if enacted into law, or clarification of the Code, or court decisions, may cause interest on the Series 2009 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 current benefit of the tax status of such interest. Purchasers should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations 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 2009 Bonds or for the payment of additional interest on the Series 2009 Bonds in the event that interest on the Series 2009 Bonds becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2009 Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Series 2009 Bonds would likely 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 2009 Bonds. The Indenture and the Loan Agreement contain provisions designed to assure compliance with such covenant. The Rental Agreements, however, contain no covenants 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 2009 Bonds, and the Board of Regents is not bound by the covenants contained in the Loan Agreement. The Rental Agreements do prohibit the Board of Regents from assigning the Rental Agreements or subletting the Project 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 2009 Bonds.

The occurrence of an event that results in the interest payable on the Series 2009 Bonds being includable in the gross income of the owners of the Series 2009 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 2009 Bonds or to the payment to the owners of the Series 2009 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 2009 Bonds. Interest on the Series 2009 Bonds may become includable in gross income for federal income tax purposes

retroactive to the date of issuance of the Series 2009 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 2009 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 realize upon 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 is typically 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; it will not be generally suitable for commercial or industrial uses. Consequently, it may be difficult to find a buyer or tenant for a Project if it were necessary to foreclose on a 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 a Security Deed on a particular 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 Risks

The Southern Polytechnic Developer retained Professional Services Industries, Kennesaw, Georgia, to conduct a Phase I Environmental Site Assessment (the "**Southern Polytechnic ESA**") for the Southern Polytechnic Project site (the "**Southern Polytechnic Site**"). Professional Services Industries, in the Southern Polytechnic ESA report dated February 20, 2009, states that groundwater underlying the Southern Polytechnic Site has been impacted by a release of trichloroethylene ("**TCE**"), the main contaminant of concern, from Dobbins Air Force Base, located 450 feet west-southwest of the Southern Polytechnic Site. According to the Southern Polytechnic ESA and records received from the Georgia Environmental Protection Division, Dobbins Air Force Base, a Department of Defense site, has been active in remediating the contamination, including installing an underground reactive barrier to prevent further migration of contamination onto the Southern Polytechnic Site. In addition, the Southern Polytechnic Developer will install an enhanced vapor barrier at the Southern Polytechnic Site to mitigate any risks of migration of TCE vapors into the improvements on the Southern Polytechnic Site.

Provided that the investigation and remediation of the groundwater impacts originating from Dobbins Air Force Base continue to be Federal or State funded and the remediation goals are being met, Professional Services Industries only recommended continued monitoring of the progress of the remedial activities. The Company has required the Southern Polytechnic Developer to request periodic reports from Dobbins Air Force Base regarding the status of the remediation activities and to provide such reports to the Company.

In anticipation of the lease of the Columbus State Project and the Bainbridge College Project sites to the Company, the Board of Regents retained environmental consultants to conduct environmental site assessments of the Columbus State Project and the Bainbridge College Project sites. The Company is not aware of any releases of pollutants or contaminants at the Columbus State Project or the Bainbridge College Project sites that could give rise to enforcement actions under applicable Georgia or federal environmental statutes. There could, however, 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, lawsuits or claims currently in process or threatened with respect to any releases of pollutants or contaminants at any Project site. There can, however, be no assurance that an enforcement action or actions, lawsuits or claims will not be instituted under such statutes at a

future date. In the event such enforcement actions, lawsuits or claims were initiated, the Company could be liable for the costs of removing or otherwise treating pollutants or contaminants located at any Project or for other damages. 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 or other damages with respect to such pollutants and contaminants.

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 2009 Bonds or questions or affects the validity of the Series 2009 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 2009 Bonds in the manner provided in the Indenture.

The Company

No litigation and no proceedings are pending or threatened against the Company which would affect the sale of the Series 2009 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, the Security Deeds or the Assignments of Contract Documents.

Validation Proceedings

The State of Georgia instituted proceedings in the Superior Court of Fulton County, Georgia to validate the Series 2009 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Issuer, the Company and the Board of Regents were the defendants. A final judgment confirming and validating the Series 2009 Bonds and the security therefor was entered on June 17, 2009. Under Georgia law, the judgment of validation will be forever conclusive with respect to the validity of the Series 2009 Bonds and the security therefor against the Issuer, the Company and the Board of Regents.

Closing Certificates

At closing of the sale of the Series 2009 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 2009 Bonds or the security for the Series 2009 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 A hereto.

TAX EXEMPTION

In the opinion of Alston & Bird LLP, Atlanta, Georgia, Bond Counsel, under existing law, interest on the Series 2009 Bonds is excludable from gross income for federal income tax purposes, is not an item of tax preference

for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion of Bond Counsel is 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 2009 Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2009 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009 Bonds.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2009 Bonds. For example, prospective purchasers should be aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the Code), that portion of such financial institution's interest expense allocable to tax-exempt interest in excess of a de minimis exception for new money bonds issued during 2009 and 2010 and refunding bonds issued to refund original bonds issued during 2009 and 2010.

Prospective purchasers of the Series 2009 Bonds should be aware that ownership of the Series 2009 Bonds may also result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," and foreign corporations subject to the branch profits tax. Bond Counsel will not express any opinion as to such collateral consequences. Prospective purchasers of the Series 2009 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Interest on tax-exempt obligations such as the Series 2009 Bonds is subject to information reporting to the Internal Revenue Service ("**IRS**") in a manner similar to interest on taxable obligations. In addition, interest on the Series 2009 Bonds may be subject to backup withholding if the payee fails to provide identifying information (such as the payee's taxpayer identification number) in the manner required by the IRS, or if the payee has been identified by the IRS as being subject to backup withholding.

In the opinion of Bond Counsel, under existing law, interest on the Series 2009 Bonds is exempt from present state income taxation within the State of Georgia. Interest on the Series 2009 Bonds may or may not be subject to state or local income taxation in jurisdictions other than the State of Georgia. Each purchaser of the Series 2009 Bonds should consult his or her own tax advisor regarding the tax-exempt status of interest on the Series 2009 Bonds in a particular state or local jurisdiction other than the State of Georgia.

MISCELLANEOUS

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the Series 2009 Bonds at a purchase price of \$98,858,612.13 (which reflects an underwriting discount of \$640,402.22 and net original issue discount of 1,350,985.65). The Company has agreed to indemnify the Underwriters against certain liabilities arising under the securities laws with respect to this Official Statement and the offering of the Series 2009 Bonds. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2009 Bonds if any are purchased.

The Underwriters intend to offer the Series 2009 Bonds to the public initially at the offering prices set forth on the cover hereof, which offering prices may subsequently be changed without any requirement of prior notice. The Underwriters reserve the right to join with other dealers in offering the Series 2009 Bonds to the public. The

Underwriters may offer and sell the Series 2009 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an underwriter of the Series 2009 Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2009 Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association.

Ratings

Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), and Moody's Investors Service, Inc. ("**Moody's**") have assigned to the Series 2009 Bonds ratings of "A+" and "A2," respectively. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing such ratings. Generally, rating agencies base their ratings on the information and materials furnished to the agencies and on investigations, studies and assumptions made by the agencies. There is no assurance that a rating will continue for any given period of time or that a rating will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change or withdrawal of a rating could have an adverse effect on the market price of the Series 2009 Bonds. None of the Underwriters, the Foundation, the Company or the Issuer has undertaken any responsibility, after the issuance of the Series 2009 Bonds, to oppose any such change or withdrawal.

Additional Information

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2009 Bonds.

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CERTIFICATION

Except for the information set forth under the headings “THE ISSUER,” “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 2009 Bonds with any information relating to the Series 2009 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 II, LLC**

By: USGREF MANAGER, LLC, its Manager

By: /s/ Benjamin J. Tarbutton, III
Chairman

By: /s/ Frank Ros
Authorized Representative

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Appendix A

Information Regarding Each Participating Constituent Institution

INFORMATION REGARDING EACH PARTICIPATING CONSTITUENT INSTITUTION

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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.

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SOUTHERN POLYTECHNIC STATE UNIVERSITY

General

Southern Polytechnic State University (“Southern Polytechnic”) is a residential university located on 232 acres in the City of Marietta, Georgia. It was founded in 1948 as the Technical Institute, offering two-year associate degree programs. The school became the Southern College of Technology in 1986, a four-year institution offering bachelor’s and master’s degrees, and one of the first in the nation to offer the Bachelor of Engineering Technology Degree. The school was recognized as a university and re-named Southern Polytechnic State University in 1996.

Southern Polytechnic offers 23 undergraduate majors through four bachelor’s degree programs, including a bachelor of architecture degree. Eight graduate-degree programs are offered in fields including computer science, construction, engineering technology, management, quality assurance, technical and professional communication, information technology, and software engineering. One associate’s degree program is offered in general studies. Southern Polytechnic was the first institution in Georgia to offer an entire master’s degree via the Internet, the Master of Science in Quality Assurance.

Enrollment

The following table reflects headcount enrollment information for the fall semesters of the academic years 2004-2008.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
3,803	3,807	4,207	4,460	4,818

Admissions

The following table reflects application, acceptance and matriculation information for the fall semesters of the academic years 2004-2008.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Applications	3,969	3,904	4,283	4,617	5,502
Number of Acceptances	2,774	2,863	3,029	3,187	3,705
Acceptance Rate	70%	73%	71%	69%	67%
Number Enrolled	2,033	2,027	2,156	2,236	2,467
Matriculation Rate	73%	71%	71%	70%	67%

Tuition and Fees

The following table sets forth the undergraduate tuition (12 hours or more per semester) for the academic years 2006-2008 for Georgia residents and non-residents.

<u>Academic Year</u>	<u>Resident</u>	<u>Non-Resident</u>
2006-2007	\$1,403	\$5,610
2007-2008	1,621	6,480
2008-2009	1,751	6,999

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 assets of Southern Polytechnic for the three fiscal years ended June 30, 2006 through 2008 set forth below shows, among other things, the appropriation trends by the Board of Regents to Southern Polytechnic and Southern Polytechnic’s historical collection of tuition

and fees. **This financial information is provided for informational purposes only. No revenues of the Board of Regents or Southern Polytechnic are pledged as security for the Series 2009 Bonds.**

For the fiscal years ended June 30, 2006 and 2007, the State Department of Audits and Accounts conducted agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. The procedures performed were solely to assist in assessing the accuracy of the financial information reported. Accordingly, the State Department of Audits and Accounts has not expressed an opinion regarding the financial statements of Southern Polytechnic for the fiscal years ended June 30, 2006 and 2007.

For the fiscal year ended June 30, 2008, the State Department of Audits and Accounts audited Southern Polytechnic's financial statements in accordance with auditing standards generally accepted in the United States of America. These standards require the State Department of Audits and Accounts to obtain reasonable assurance that the financial statements are free of material misstatement. The State Department of Audits and Accounts has concluded that Southern Polytechnic's financial statements for the fiscal year 2008 present fairly, in all material respects, Southern Polytechnic's financial position, results of operations, and cash flows for the fiscal year in accordance with generally accepted accounting principles in the United States of America. The State Department of Audits and Accounts has not consented to the use of the foregoing statement in this Official Statement and could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of Southern Polytechnic's financial statements.

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Statement of Revenues, Expenses and Changes in Net Assets

	<u>Years Ended June 30 (Unaudited)⁽¹⁾</u>		<u>Year Ended</u>
	<u>2006</u>	<u>2007</u>	<u>June 30 (Audited)</u>
			<u>2008</u>
OPERATING REVENUES			
Student Tuition and Fees	\$12,392,032	\$15,655,972	\$17,879,720
Less: Scholarship Allowances	(830,078)	(1,943,673)	(2,222,038)
Grants and Contracts			
Federal	2,288,833	2,771,044	3,585,729
State	175,874	21,030	215,723
Other	72,413	149,085	71,232
Sales and Services	913,174	967,610	1,220,377
Auxiliary Enterprises			
Residence Halls	4,319,493	4,725,349	5,303,873
Bookstore	112,111	86,557	112,615
Food Services	690,618	848,713	957,164
Parking/Transportation	196,936	205,407	284,304
Health Services	207,762	214,950	233,080
Intercollegiate Athletics	770,171	889,006	1,005,135
Other Organizations	114,695	132,110	75,593
Other Operating Revenues	<u>384,087</u>	<u>350,967</u>	<u>453,167</u>
Total Operating Revenues	<u>21,808,121</u>	<u>25,074,127</u>	<u>29,175,674</u>
OPERATING EXPENSES			
Salaries:			
Faculty	9,396,894	10,215,708	11,366,802
Staff	11,638,428	12,518,739	14,095,372
Employee Benefits	5,934,549	6,164,461	6,788,898
Other Personal Services	—	64,060	92,558
Travel	251,858	295,281	348,234
Scholarships and Fellowships	1,577,019	2,335,703	2,623,727
Utilities	1,533,581	1,350,170	1,432,242
Supplies and Other Services	9,162,282	9,586,098	10,223,843
Depreciation	<u>3,091,771</u>	<u>2,997,644</u>	<u>3,044,785</u>
Total Operating Expenses	<u>42,586,382</u>	<u>45,527,864</u>	<u>50,016,461</u>
Operating Income (Loss)	<u>(20,778,261)</u>	<u>(20,453,737)</u>	<u>(20,840,787)</u>
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	19,819,607	19,987,862	22,497,075
Grants and Contracts			
Federal	50,119	—	—
State	35,108	—	—
Other	17,108	—	249
Gifts	503,332	669,606	463,045
Investment Income (endowments, auxiliary and other)	106,609	381,397	146,461
Interest Expense (capital assets)	(1,671,712)	(1,631,647)	(1,589,360)
Other Nonoperating Revenues	<u>(1,630)</u>	<u>255,190</u>	<u>(78,657)</u>
Net Nonoperating Revenues	<u>18,858,541</u>	<u>19,662,408</u>	<u>21,438,813</u>
Income (Loss) before other revenues, expenses, gains, or losses	(1,919,720)	(791,329)	598,026
Capital Grants and Gifts			
State	1,512,233	683,435	2,239,225
Other	<u>1,766,927</u>	<u>—</u>	<u>—</u>
Total Other Revenues	<u>3,279,160</u>	<u>683,435</u>	<u>2,239,225</u>
Increase/(Decrease) in Net Assets	1,359,440	(107,894)	2,837,251
NET ASSETS			
Net Assets – Beginning of Year	<u>51,717,695</u>	<u>53,077,136</u>	<u>52,969,242</u>
Net Assets – End of Year	<u>\$53,077,135</u>	<u>\$52,969,242</u>	<u>\$55,806,493</u>

⁽¹⁾ Based upon limited agreed-upon procedures. See "Financial Information" above.

Debt Service Schedule

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2009 Bonds allocable to the Southern Polytechnic Project are as follows:

<u>Bond Year</u> <u>Ending June 15</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ —	\$2,099,138	\$2,099,138
2011	695,000	2,346,863	3,041,863
2012	685,000	2,326,013	3,011,013
2013	720,000	2,305,463	3,025,463
2014	750,000	2,283,863	3,033,863
2015	790,000	2,253,863	3,043,863
2016	835,000	2,222,263	3,057,263
2017	880,000	2,188,863	3,068,863
2018	925,000	2,153,663	3,078,663
2019	975,000	2,114,350	3,089,350
2020	1,035,000	2,065,600	3,100,600
2021	1,095,000	2,013,850	3,108,850
2022	1,165,000	1,959,100	3,124,100
2023	1,235,000	1,900,850	3,135,850
2024	1,305,000	1,839,100	3,144,100
2025	1,385,000	1,772,219	3,157,219
2026	1,470,000	1,697,775	3,167,775
2027	1,560,000	1,618,763	3,178,763
2028	1,655,000	1,534,913	3,189,913
2029	1,755,000	1,445,956	3,200,956
2030	1,860,000	1,351,625	3,211,625
2031	1,975,000	1,249,325	3,224,325
2032	2,095,000	1,140,700	3,235,700
2033	2,225,000	1,025,475	3,250,475
2034	2,355,000	903,100	3,258,100
2035	2,500,000	773,575	3,273,575
2036	2,645,000	636,075	3,281,075
2037	2,805,000	490,600	3,295,600
2038	2,970,000	336,325	3,306,325
2039	3,145,000	172,975	3,317,975
	<u>\$45,490,000</u>	<u>\$48,222,238</u>	<u>\$93,712,238</u>

Note: Totals may not add precisely due to rounding.

Sources of Funds to Make Rental Payments

Rent and sales revenues from the Southern Polytechnic Project are designed to pay the rental payments and operating costs of the Southern Polytechnic Project. **However, these revenues are not pledged under the Rental Agreement related to the Southern Polytechnic Project, and the Board of Regents is not required to allocate the net revenues of the Southern Polytechnic Project to its payments under the Rental Agreement.**

COLUMBUS STATE UNIVERSITY

General

Columbus State University (“Columbus State”) was established in 1958 as a two-year institution. It became a four-year institution in 1965 and was named Columbus State University in 1996. Columbus State is located in the mid-sized urban city of Columbus, Georgia on the border of Georgia and Alabama, 100 miles southwest of Atlanta. Columbus State is a coeducational, residential university.

Columbus State offers more than 75 undergraduate and graduate degree programs, housed in five colleges within the university. The 132-acre campus features 18 contemporary buildings and a range of recreational and cultural facilities. Two off-campus centers, the Coca-Cola Space Science Center and the Oxbow Meadows Environmental Learning Center, offer enhanced educational and recreational opportunities to Columbus State students as well as to regional school children and residents. The Schwob Department of Music is located in the River Center for Performing Arts complex in downtown Columbus.

Enrollment

The following table reflects headcount enrollment information for the fall semesters of the academic years 2004-2008.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
7,224	7,475	7,597	7,593	7,951

Admissions

The following table reflects application, acceptance and matriculation information for the fall semesters of the academic years 2004-2008.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Applications	3,986	4,372	4,754	4,446	4,570
Number of Acceptances	2,647	2,772	2,767	2,568	2,874
Acceptance Rate	66%	63%	58%	58%	63%
Number Enrolled	1,619	1,730	1,733	1,562	1,917
Matriculation Rate	61%	62%	63%	61%	67%

Tuition and Fees

The following table sets forth the undergraduate tuition (12 hours or more per semester) for the academic years 2006-2008 for Georgia residents and non-residents.

<u>Academic Year</u>	<u>Resident</u>	<u>Non-Resident</u>
2006-2007	\$1,594	\$5,435
2007-2008	1,757	6,059
2008-2009	1,886	6,532

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 assets of Columbus State for the three fiscal years ended June 30, 2006 through 2008 set forth below shows, among other things, the appropriation trends by the Board of Regents to Columbus State and Columbus 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 Columbus State are pledged as security for the Series 2009 Bonds.

For the fiscal years ended June 30, 2006 through 2008, the State Department of Audits and Accounts conducted agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. The procedures performed were solely to assist in assessing the accuracy of the financial information reported. Accordingly, the State Department of Audits and Accounts has not expressed an opinion regarding the financial statements of Columbus State for the fiscal years ended June 30, 2006 through 2008.

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Statement of Revenues, Expenses and Changes in Net Assets

	Years Ended June 30 (Unaudited) ⁽¹⁾		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
OPERATING REVENUES			
Student Tuition and Fees	\$19,124,768	\$27,294,135	\$28,996,238
Less: Scholarship Allowances	(3,073,192)	(8,159,940)	(8,147,810)
Grants and Contracts			
Federal	7,692,038	8,084,711	8,137,239
State	619,065	613,597	502,016
Other	78,098	84,535	142,438
Sales and Services	1,768,547	2,029,850	2,347,069
Rents and Royalties	44,511	42,295	48,640
Auxiliary Enterprises			
Residence Halls	2,781,509	4,306,009 ⁽²⁾	1,588,402 ⁽²⁾
Bookstore	262,047	221,272	223,775
Food Services	208,991	175,155	180,207
Parking/Transportation	427,110	1,016,328	887,814
Health Services	425,237	494,100	543,774
Intercollegiate Athletics	1,827,766	2,031,600	2,023,751
Other Organizations	82,529	117,443	70,804
Other Operating Revenues	<u>177,031</u>	<u>132,058</u>	<u>156,989</u>
Total Operating Revenues	<u>32,446,055</u>	<u>38,483,148</u>	<u>37,701,346</u>
OPERATING EXPENSES			
Salaries:			
Faculty	16,107,407	18,012,369	18,791,343
Staff	17,717,874	19,452,645	20,712,160
Employee Benefits	9,002,904	9,938,764	10,908,831
Other Personal Services	15,105	179,466	148,272
Travel	423,687	447,152	510,070
Scholarships and Fellowships	5,543,766	7,973,670	7,549,943
Utilities	2,770,623	3,033,886	3,770,401
Supplies and Other Services	15,960,982	16,855,991	15,903,892
Depreciation	<u>1,902,638</u>	<u>2,640,993</u>	<u>4,667,431</u>
Total Operating Expenses	<u>69,444,986</u>	<u>78,534,936</u>	<u>82,962,343</u>
Operating Income (Loss)	<u>(36,998,931)</u>	<u>(40,051,788)</u>	<u>(45,260,997)</u>
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	31,593,295	34,596,786	38,247,603
Grants and Contracts			
State	144,467	203,986	103,456
Other	3,934,329	3,832,313	3,529,788
Gifts	1,395,329	611,332	816,609
Investment Income (endowments, auxiliary and other)	867,702	1,205,735	712,584
Interest Expense (capital assets)	—	—	(377,398)
Other Nonoperating Revenues	<u>(71,738)</u>	<u>(11,901)</u>	<u>(5,784)</u>
Net Nonoperating Revenues	<u>37,863,384</u>	<u>40,438,251</u>	<u>43,026,858</u>
Income (Loss) before other revenues, expenses, gains, or losses	864,453	386,463	(2,234,139)
Capital Grants and Gifts			
State	56,780	137,350	1,666,756
Other	—	—	12,316,438
Total Other Revenues	<u>56,780</u>	<u>137,350</u>	<u>13,983,194</u>
Increase/(Decrease) in Net Assets	921,233	523,813	11,749,055
NET ASSETS			
Net Assets – Beginning of Year	<u>64,222,321</u>	<u>65,143,553</u>	<u>65,667,366</u>
Net Assets – End of Year	<u>\$65,143,554</u>	<u>\$65,667,366</u>	<u>\$77,416,421</u>

⁽¹⁾ Based upon limited agreed-upon procedures. See “Financial Information” above.

⁽²⁾ A portion of fiscal year 2008 revenue was improperly recorded as fiscal year 2007 revenue.

Debt Service Schedule

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2009 Bonds allocable to the Columbus State Project are as follows:

<u>Bond Year</u> <u>Ending June 15</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ —	\$1,562,198	\$1,562,198
2011	590,000	1,746,556	2,336,556
2012	605,000	1,728,856	2,333,856
2013	625,000	1,710,706	2,335,706
2014	645,000	1,691,956	2,336,956
2015	670,000	1,666,156	2,336,156
2016	695,000	1,639,356	2,334,356
2017	725,000	1,611,556	2,336,556
2018	750,000	1,582,556	2,332,556
2019	785,000	1,550,681	2,335,681
2020	825,000	1,511,431	2,336,431
2021	865,000	1,470,181	2,335,181
2022	910,000	1,426,931	2,336,931
2023	955,000	1,381,431	2,336,431
2024	1,000,000	1,333,681	2,333,681
2025	1,050,000	1,282,431	2,332,431
2026	1,110,000	1,225,994	2,335,994
2027	1,170,000	1,166,331	2,336,331
2028	1,230,000	1,103,444	2,333,444
2029	1,295,000	1,037,331	2,332,331
2030	1,365,000	967,725	2,332,725
2031	1,440,000	892,650	2,332,650
2032	1,520,000	813,450	2,333,450
2033	1,605,000	729,850	2,334,850
2034	1,695,000	641,575	2,336,575
2035	1,785,000	548,350	2,333,350
2036	1,885,000	450,175	2,335,175
2037	1,990,000	346,500	2,336,500
2038	2,095,000	237,050	2,332,050
2039	<u>2,215,000</u>	<u>121,825</u>	<u>2,336,825</u>
	<u>\$34,095,000</u>	<u>\$35,178,916</u>	<u>\$69,273,916</u>

Note: Totals may not add precisely due to rounding.

Sources of Funds to Make Rental Payments

In connection with the operation of the Columbus State Project, the Board of Regents approved a new student recreation fee in the amount of \$125 per student per semester, which Columbus State will begin collecting in the fall semester 2009. This fee is designed to pay the rental payments and operating costs of the Columbus State Project. **However, this fee is not pledged under the Rental Agreement related to the Columbus State Project, and the Board of Regents is not required to allocate the net revenues of the Columbus State Project or the proceeds of this fee to its payments under the Rental Agreement.**

BAINBRIDGE COLLEGE

General

Bainbridge College (“Bainbridge College”) is a non-residential two-year institution located on 173 acres in southwest Georgia. It was established by the Board of Regents in 1970 and opened its doors in 1973. The student body includes many students who are working adults and first generation college students.

Students pursue 18 associate of arts degrees designed for transfer to four-year institutions, as well as the associate of science degree in nursing, and 11 associate of applied science degrees in technical education, 14 career certificates, and 31 specialized certificates. In addition, Bainbridge College offers continuing education courses; cooperative upper division degree programs in business administration, computer information systems, criminal justice, and early childhood education through Albany State University and Georgia Southwestern State University; and distance learning courses.

Enrollment

The following table reflects headcount enrollment information for the fall semesters of the academic years 2004-2008.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
2,620	2,475	2,783	2,661	3,091

Admissions

The following table reflects application, acceptance and matriculation information for the fall semesters of the academic years 2004-2008.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Applications	1,319	1,330	1,707	1,578	1,741
Number of Acceptances	1,070	1,031	1,362	1,271	1,465
Acceptance Rate	81%	78%	80%	81%	84%
Number Enrolled	908	830	1,057	931	1,187
Matriculation Rate	85%	81%	78%	73%	81%

Tuition and Fees

The following table sets forth the undergraduate tuition (12 hours or more per semester) for the academic years 2006-2008 for Georgia residents and non-residents.

<u>Academic Year</u>	<u>Resident</u>	<u>Non-Resident</u>
2006-2007	\$909 full-time (w/fees)	\$2,517 full-time (w/fees)
2007-2008	\$982 full-time (w/fees)	\$3,602 full-time (w/fees)
2008-2009	\$1,163 full-time (w/fees)	\$3,914 full-time (w/fees)

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 assets of Bainbridge College for the three fiscal years ended June 30, 2006 through 2008 set forth below shows, among other things, the appropriation trends by the Board of Regents to Bainbridge College and Bainbridge College’s historical collection of tuition and fees. **This financial information is provided for informational purposes only. No revenues of the Board of Regents or Bainbridge College are pledged as security for the Series 2009 Bonds.**

For the fiscal years ended June 30, 2006 through 2008, the State Department of Audits and Accounts conducted agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. The procedures performed were solely to assist in assessing the accuracy of the financial information reported. Accordingly, the State Department of Audits and Accounts has not expressed an opinion regarding the financial statements of Bainbridge College for the fiscal years ended June 30, 2006 through 2008.

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Statement of Revenues, Expenses and Changes in Net Assets

	<u>Years Ended June 30 (Unaudited)⁽¹⁾</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
OPERATING REVENUES			
Student Tuition and Fees	\$3,831,960	\$4,592,489	\$4,708,138
Less: Scholarship Allowances	(2,099,992)	(2,552,772)	(2,337,288)
Grants and Contracts			
Federal	5,404,264	6,351,013	6,602,432
State	543,163	1,640,957	1,517,717
Other	76,156	82,246	14,221
Sales and Services	246,523	326,087	362,603
Rents and Royalties	93	80	—
Auxiliary Enterprises			
Bookstore	927,242	767,551	103,246
Food Services	37,000	14,629	2,500
Parking/Transportation	666	63,912	161,185
Other Operating Revenues	<u>155,410</u>	<u>37,234</u>	<u>7,707</u>
Total Operating Revenues	<u>9,122,485</u>	<u>11,323,426</u>	<u>11,142,461</u>
OPERATING EXPENSES			
Salaries:			
Faculty	4,055,281	4,688,821	4,796,482
Staff	3,394,732	3,895,223	4,048,848
Employee Benefits	1,983,898	2,244,120	2,402,503
Other Personal Services	—	74,795	96,020
Travel	104,708	176,094	146,767
Scholarships and Fellowships	2,938,310	3,380,682	3,728,785
Utilities	253,083	389,336	397,322
Supplies and Other Services	2,196,468	3,065,145	3,184,638
Depreciation	<u>384,429</u>	<u>434,195</u>	<u>618,745</u>
Total Operating Expenses	<u>15,310,909</u>	<u>18,348,411</u>	<u>19,420,110</u>
Operating Income (Loss)	<u>(6,188,424)</u>	<u>(7,024,985)</u>	<u>(8,277,649)</u>
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	7,300,821	8,588,452	9,410,148
Gifts	—	29,500	—
Investment Income (endowments, auxiliary and other)	34,118	73,000	30,777
Other Nonoperating Revenues	<u>(14,027)</u>	<u>954</u>	<u>11,046</u>
Net Nonoperating Revenues	<u>7,320,912</u>	<u>8,691,906</u>	<u>9,451,971</u>
Income (Loss) before other revenues, expenses, gains, or losses	1,132,488	1,666,921	1,174,322
Capital Grants and Gifts			
State	1,002,363	230,931	173,601
Special Item	<u>—</u>	<u>48,295</u>	<u>3,396,716</u>
Total Other Revenues	<u>1,002,363</u>	<u>279,226</u>	<u>3,570,317</u>
Increase/(Decrease) in Net Assets	<u>2,134,851</u>	<u>1,946,147</u>	<u>4,744,639</u>
NET ASSETS			
Net Assets – Beginning of Year	<u>6,184,570</u>	<u>8,319,421</u>	<u>10,265,568</u>
Net Assets – End of Year	<u>\$8,319,421</u>	<u>\$10,265,568</u>	<u>\$15,010,207</u>

⁽¹⁾ Based upon limited agreed-upon procedures. See “Financial Information” above.

Debt Service Schedule

The principal (including principal payable at maturity or by operation of mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2009 Bonds allocable to the Bainbridge College Project are as follows:

<u>Bond Year</u> <u>Ending June 15</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ —	\$ 990,172	\$ 990,172
2011	260,000	1,107,025	1,367,025
2012	250,000	1,099,225	1,349,225
2013	270,000	1,091,725	1,361,725
2014	290,000	1,083,625	1,373,625
2015	310,000	1,072,025	1,382,025
2016	335,000	1,059,625	1,394,625
2017	360,000	1,046,225	1,406,225
2018	385,000	1,031,825	1,416,825
2019	415,000	1,015,463	1,430,463
2020	445,000	994,713	1,439,713
2021	480,000	972,463	1,452,463
2022	515,000	948,463	1,463,463
2023	550,000	922,713	1,472,713
2024	590,000	895,213	1,485,213
2025	635,000	864,975	1,499,975
2026	680,000	830,844	1,510,844
2027	730,000	794,294	1,524,294
2028	780,000	755,056	1,535,056
2029	835,000	713,131	1,548,131
2030	890,000	668,250	1,558,250
2031	955,000	619,300	1,574,300
2032	1,020,000	566,775	1,586,775
2033	1,085,000	510,675	1,595,675
2034	1,160,000	451,000	1,611,000
2035	1,235,000	387,200	1,622,200
2036	1,315,000	319,275	1,634,275
2037	1,405,000	246,950	1,651,950
2038	1,495,000	169,675	1,664,675
2039	<u>1,590,000</u>	<u>87,450</u>	<u>1,677,450</u>
	<u>\$21,265,000</u>	<u>\$23,315,347</u>	<u>\$44,580,347</u>

Note: Totals may not add precisely due to rounding.

Sources of Funds to Make Rental Payments

In connection with the operation of the Bainbridge College Project, the Board of Regents approved a new student activity fee in the amount of \$144 per student per semester, which Bainbridge College began collecting in the fall semester 2008. This fee is designed to pay the rental payments and operating costs of the Bainbridge College Project. **However, this fee is not pledged under the Rental Agreement related to the Bainbridge College Project, and the Board of Regents is not required to allocate the net revenues of the Bainbridge College Project or the proceeds of this fee to its payments under the 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 Promissory 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 Promissory Notes, the Security Deeds and the Loan Agreements 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 Promissory Notes, the Security Deeds, 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 the Georgia Higher Education Facilities Authority Act, O.C.G.A. § 20-16-1 *et. seq.*, as it may be 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 subheading “Additional Loan Payments” in the Loan Agreement and the Promissory Notes.

“*Additions*” or “*Alterations*” means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project (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 shall 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 shall 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 in the Section thereof entitled “Agreement Term”.

“*Assignments of Contract Documents*” means, collectively, the Bainbridge College Assignment of Contract Documents, the Columbus State University Assignment of Contract Documents and the Southern Polytechnic Assignment of Contract Documents; provided, however, that any of the foregoing may be referred to herein individually as an “*Assignment of Contract Documents*”.

“*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. 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.

“*Bainbridge College Assignment of Contract Documents*” means the Assignment of Contract Documents (Bainbridge College Project) dated as of July 1, 2009 from the Company in favor of the Issuer.

“*Bainbridge College Bonds*” means that portion of the Series 2009 Bonds allocable to the Bainbridge College Project as shown on Exhibit B to the Indenture.

“*Bainbridge College Ground Lease*” means the Bainbridge College Student Center Wellness Center Ground Lease, dated as of July 23, 2009, between the Board of Regents and the Company.

“*Bainbridge College Note*” means the promissory note of the Company, dated the Closing Date, in the original principal amount of \$21,265,000.00, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Bainbridge College Project.

“*Bainbridge College Project*” means the acquisition, construction and equipping of a student wellness center located on the campus of Bainbridge College, all as more particularly described on Exhibit A-1 to the Loan Agreement.

“*Bainbridge College Rental Agreement*” means the Bainbridge College Student Wellness Center Rental Agreement, dated as of July 23, 2009, between the Company and the Board of Regents.

“*Bainbridge College Security Deed*” means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Bainbridge College Project) dated as of July 1, 2009 from the Company to the Issuer and the Assignment of Leasehold Deeds to Secure Debt, Assignments of Rents and Leases, and Security Agreements dated as of July 1, 2009 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.

“*Basic Loan Payments*” means the loan payments payable by the Company to the Issuer, described under the subheading “Basic Loan Payments” in the Loan Agreement and the Promissory Notes.

“*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 reasonably acceptable to the Issuer and the Trustee, such acceptance not to be unreasonably withheld.

“*Bond Documents*” means, collectively, the Loan Agreement, the Promissory 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.

“*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.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement among the Issuer, the Company, and the Underwriters.

“*Bonds*” means the Series 2009 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Indenture.

“*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.

“*Budget*” means the Company’s budget (with detail provided on a month-by-month basis) for each Project for the applicable Fiscal Year including, without limitation, a budget of capital expenditures for such year, an annual cash flow analysis that itemizes Revenues and Operating Expenses on a monthly basis, the Operation and Maintenance Reserve, the Repair, Replacement and Maintenance Requirement, deposits to the Operating Fund, and such other information as required by the Indenture or the Loan Agreement, as amended from time to time as provided in the Loan Agreement.

“*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 (a) 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 (b) 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 Series 2009 Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable and binding Treasury Regulations, including Treasury Regulations issued and proposed pursuant to the statutory predecessor of the Code, and, in addition, all official rulings and judicial determinations applicable to the Bonds under the Code and under the statutory predecessor of the Code and any successor provisions to the relevant provisions of the Code or Treasury Regulations.

“*Columbus State Assignment of Contract Documents*” means the Assignment of Contract Documents (Columbus State Project) dated as of July 1, 2009 from the Company in favor of the Issuer.

“*Columbus State Bonds*” means that portion of the Series 2009 Bonds allocable to the Columbus State Project as shown on Exhibit B to the Indenture.

“*Columbus State Ground Lease*” means the Columbus State University Student Recreation Center Ground Lease, dated as of July 23, 2009, between the Board of Regents and the Company.

“*Columbus State Note*” means the promissory note of the Company, dated the Closing Date, in the original principal amount of \$34,095,000.00, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Columbus State Project.

“*Columbus State Project*” means the acquisition, construction and equipping of a student recreation center located on the campus of Columbus State, all as more particularly described on Exhibit A-2 to the Loan Agreement.

“*Columbus State Rental Agreement*” means the Columbus State University Student Recreation Center Rental Agreement, dated as of July 23, 2009, between the Company and the Board of Regents.

“*Columbus State Security Deed*” means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Bainbridge College Project) dated as of July 1, 2009 from the Company to the Issuer and the Assignment of Leasehold Deeds to Secure Debt, Assignments of Rents and Leases, and Security Agreements dated as of July 1, 2009 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.

“*Company*” means USG Real Estate Foundation II, 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 Promissory Notes, the Security Deeds, the Ground Leases, the Rental Agreements, the Assignments of Contract Documents, the Tax Agreement, the Bond Purchase Agreement and the Continuing Disclosure Certificate.

“*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 shall be registered and qualified to practice under the laws of the State and shall not be a full-time employee of the Issuer or the Company.

“Costs of the Project” means those costs and expenses in connection with the acquisition of each of the Projects and any improvements thereto permitted by the Act to be paid or reimbursed from Bond proceeds including, but not limited to, the following:

- (a) payment of (i) the cost of the preparation of plans and specifications (including any preliminary study or planning of any improvements to the Projects or any aspect thereof), (ii) the cost of acquisition and construction of land and any improvements and all construction, acquisition, and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection with any improvements (including development, architectural, engineering, and supervisory services with respect to any of the foregoing), (iii) Capitalized Interest, and (iv) any other costs and expenses relating to the Projects and any improvements;
- (b) payment of the costs of any improvements including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Projects, including all costs incident thereto, payment for the cost of the construction, acquisition, and installation of utility services or other facilities, payment for all real and personal property deemed necessary in connection with the Projects, payment of consulting and development fees payable to the Company or others, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;
- (c) payment to the Trustee, as such payments become due, of the reasonable fees and expenses of the Trustee other than its initial fee (as Trustee, Bond registrar, and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the period of any construction;
- (d) to such extent as they shall not be paid by a contractor for construction or installation with respect to any part of any improvements, payment of the premiums on all insurance required to be taken out and maintained during the period of any construction under the Loan Agreement;
- (e) payment of the taxes, assessments, and other charges, if any, referred to in the Security Deeds that may become payable during the period of any construction;
- (f) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to any improvements;
- (g) payment of the fees or out-of-pocket expenses of the Company, if any, including, but not limited to, architectural, engineering, and supervisory services with respect to any improvements;
- (h) payment of the fees or out-of-pocket expenses, if any, of those providing services with respect to any improvements, including, but not limited to, architectural, engineering, and supervisory services;
- (i) payment to the Company of such amounts, if any, as shall be necessary to reimburse the Company in full for all advances and payments made by it for any of the items set forth in (a) through (h) above; and
- (j) payment of any other costs and expenses relating to the Projects which would constitute a “cost” or “expense” permitted to be paid by the Issuer under the Act.

“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.

"Debt Service Reserve Fund" means the fund by that name created in the Indenture.

"Debt Service Reserve Requirement" means with respect to the Series 2009 Bonds the sum of \$3,651,525.00 and with respect to any Additional Bonds 50% of the Maximum Annual Debt Service on any Additional Bonds in any Bond Year, provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory redemption in such Bond Year. The amount required to be maintained in the following accounts of the Debt Service Reserve Fund with respect to the Series 2009 Bonds is as follows: Bainbridge College Account, - \$769,952.20, Columbus State Account \$1,234,494.25 and Southern Polytechnic Account - \$1,647,078.55.

"Debt Service Reserve Surety Bond" means a surety bond or irrevocable letter of credit delivered to the Trustee and credited to the Debt Service Reserve Fund in lieu of or in partial substitution for money and securities on deposit therein satisfying the requirements of the section of the Indenture entitled "Debt Service Reserve Fund".

"Environmental Laws" means Comprehensive Environmental Response, Compensation and Liability Act of 1980, Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, including all amendments to such Acts, or any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity) natural or synthetic gas, products and/or hazardous substance or material, toxic or dangerous waste, substance or material, pollutant or contaminant, as may now or at any time hereafter be in effect.

"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 in the summary of the Loan Agreement below.

"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 businesses operating projects such as 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 Loan Agreement.

"Fiscal Year" means any period of 12 consecutive months adopted by the Company as its fiscal year for financial reporting purposes and shall initially mean 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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency,

“Fitch” shall 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.

“*Governing Body*” means with respect to the Issuer the members of the Issuer and with respect to the Company the managers 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 Bainbridge College Ground Lease, the Columbus State Ground Lease and the Southern Polytechnic Ground Lease; 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.

“*Hazardous Materials*” means petroleum, petroleum byproducts (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products and/or any hazardous substance or material, waste, pollutant or contaminant, defined as such in (or for the purposes of) the Environmental Laws.

“*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 shall have been assumed, and (v) all capitalized lease obligations; provided, however, that for the purpose of computing Indebtedness, there shall be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there shall have been 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 shall 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 shall not be included in any computation of the income of the Company.

“*Indenture*” means the Trust Indenture dated as of July 1, 2009 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 university facilities and organizations engaged in like operations as that of the Company in the State and who 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 the 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 December 15, 2009, in the case of Series 2009 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 Underwriter 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 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.

“Issue Date” means the date of issuance of any Bonds.

“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 July 1, 2009 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, Promissory Note and Assignment of Contract Documents.

“Loan Payments” means the loan payments payable by the Company described in the Loan Agreement.

“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.

“Maximum Annual Debt Service” means the maximum annual Debt Service that will come due in any Bond Year, provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory redemption in such Bond Year. For purposes of determining Maximum Annual Debt Service, Debt Service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent of the amount on deposit in any debt service reserve fund related to such Long-Term Indebtedness and available to pay Debt Service on such final maturity.

“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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall 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 Promissory Notes and any promissory note issued in connection with Additional Bonds.

“Operating Expenses” of a particular Project shall mean 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 shall include, 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 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 funds shall have the following accounts: Bainbridge College Account, Columbus State Account, Southern Polytechnic Account and General Account.

"Operation and Maintenance Fund" means the fund by that name created in the Indenture. The Operation and Maintenance Fund shall consist of the following accounts: Bainbridge College Account, Columbus State Account, Southern Polytechnic 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 shall consist of the following accounts: Bainbridge College Account, Columbus State Account, Southern Polytechnic 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 Article IX of the Indenture, and
- (c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture shall be discharged pursuant to the terms thereof, no Bonds shall 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 Insurance 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 Loan Agreement, (vii) liens or encumbrances securing, on a parity basis, the Series 2009 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 are limited to obligations which 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, authorities, or bodies of the State;
- (ii) General obligations of the United States or of subsidiary corporations of the United States Government which are fully guaranteed by such government; and
- (iii) Obligations of the United States Government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives.

“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.

“Project Bonds” shall refer individually to each of the Bainbridge College Bonds, the Columbus State Bonds and the Southern Polytechnic Bonds.

“Project Fund” means the fund by that name created in the Indenture.

“Projects” mean the acquisition, construction, renovation and equipping of improvements for the institutions within the University System of Georgia and located on or near the campuses of such institutions, including the Bainbridge College Project, the Columbus State Project and the Southern Polytechnic Project provided, however, that, except as otherwise provided herein to the contrary, any of the foregoing may be referred to herein individually as a *“Project”*.

“Promissory Notes” means, collectively, the Bainbridge College Note, the Columbus State Note and the Southern Polytechnic Note.

“Rating Agency” means whichever of Fitch, Moody's, or S&P is, at the time of determination, rating the Series 2009 Bonds.

“Rebate Fund” means the fund by that name created in the Indenture.

“Regular Record Date” means the first (1st) day of the month (whether or not a Business Day) that occurs in the same calendar month as each Interest Payment Date.

“Rental Agreements” means collectively, the Bainbridge College Rental Agreement, the Columbus State Rental Agreement and the Southern Polytechnic Rental Agreement; 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 shall consist of the following accounts: Bainbridge College Account; Columbus State Account; Southern Polytechnic 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”.

“Requesting Bondholders” shall mean on any date, any Bondholders who has filed with the Trustee a request to receive information with respect to the Project and the Bonds.

“Reserve Loan Payments” means the loan payments payable by the Company to the Trustee for the account of the Issuer, described under the subheading “Reserve Loan Payments” in Section 5.02(b) of the Loan Agreement.

“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: Bainbridge College Revenue Account, Columbus State Revenue Account, Southern Polytechnic Revenue Account and General Account.

“*Revenues*” means, for any period, the sum of (a) the rents, including payments under the Rental Agreement, 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 (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 Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company.

“*Security Deeds*” means, collectively, the Bainbridge College Security Deed, the Columbus State Security Deed and the Southern Polytechnic Security Deed; provided, however, that any of the foregoing may be referred to herein individually as a “*Security Deed*”.

“*Series 2009 Bonds*” means the revenue bonds designated “Georgia Higher Education Facilities Authority Revenue Bonds (USG Real Estate Foundation II, LLC Project) Series 2009A,” to be dated the Closing Date, in the aggregate principal amount of \$100,850,000.00, 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.

“*Southern Polytechnic Assignment of Contract Documents*” means the Assignment of Contract Documents (Southern Polytechnic Project) dated as of July 1, 2009 from the Company in favor of the Issuer.

“*Southern Polytechnic Bonds*” means that portion of the Series 2009 Bonds allocable to the Southern Polytechnic Project as shown on Exhibit B to the Indenture.

“*Southern Polytechnic Ground Lease*” means the Southern Polytechnic State University Ground Lease, dated as of July 23, 2009, between the Board of Regents and the Company.

“*Southern Polytechnic Note*” means the promissory note of the Company, dated the Closing Date, in the original principal amount of \$45,490,000.00, payable to the Issuer, given to evidence the obligation to pay Loan Payments to repay that portion of the Loan relating to the Southern Polytechnic Project.

“*Southern Polytechnic Project*” means the acquisition, construction and equipping of a student housing facility, a dining facility and 120 beds of special interest housing on the campus of Southern Polytechnic State University, all as more particularly described on Exhibit A-3 to the Loan Agreement.

“*Southern Polytechnic Rental Agreement*” means the Southern Polytechnic State University Rental Agreement, dated as of July 23, 2009, between the Company and the Board of Regents.

“*Southern Polytechnic Security Deed*” means, together, the Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (Southern Polytechnic Project) dated as of July 1, 2009 from the Company to the Issuer and the Assignment of Leasehold Deeds to Secure Debt, Assignments of Rents and Leases, and Security Agreements dated as of July 1, 2009 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.

“*Surplus Fund*” means the fund by that name created in the Indenture, which funds shall have the following accounts: Bainbridge College Account, Columbus State Account, Southern Polytechnic Account and General Account.

“*Tax Agreement*” means the Borrower’s Tax Certificate and Agreement, between the Company and the Issuer dated the Closing Date.

“*Tax-Exempt Bonds*” means the Series 2009 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.

“*Tax-Exempt Organization*” means (i) a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxation under Section 501(a) of the Code, and which is not a “private foundation” within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect, or (ii) a “governmental unit” as that term is used in Sections 103 and 145 of the Code.

“*Title Insurance Policy*” means title insurance for each Project in the form of an ALTA leasehold mortgagee’s title insurance policy issued by a title insurance company acceptable to the Underwriters and the Trustee, in the aggregate face amount of at least \$100,850,000.00, 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, will be the initial Trustee.

“*Unassigned Rights*” means all of the rights of the Issuer to receive reimbursements and payments pursuant to the applicable provisions of the Loan Agreement, to be named as an additional insured pursuant to the applicable provisions of the Loan Agreement, to receive notices pursuant to the applicable provisions of the Loan Agreement, to receive the documents to be furnished to the Issuer and to be held harmless and indemnified pursuant to the applicable provisions of the Loan Agreement.

“*Unrestricted Contributions*” means contributions that are not restricted in any way, which would prevent their application to the payment of Debt Service on Indebtedness of the Person receiving such contributions.

SUMMARY OF THE LOAN AGREEMENT

Introduction

The Loan Agreement is a contract that shall provide for the loan of the proceeds of the Bonds by the Issuer to the Company to finance the costs of acquiring, constructing, renovating and equipping the Projects. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Loan Agreement.

The Loan

The Issuer will lend to the Company, and the Company shall borrow from the Issuer, the proceeds of the sale of the Series 2009 Bonds for the purposes of financing the Costs of the Projects, capitalized interest and Issuance Costs in accordance with the terms and conditions of the Loan Agreement and the Indenture. The deposit of the proceeds of the sale of the Series 2009 Bonds as provided in the Indenture shall constitute the loan of such proceeds from the Issuer to the Company. Such proceeds shall be applied as provided in the Indenture. The Company shall repay the Loan as provided in the Loan Agreement and the Promissory Notes.

Security for Payments under the Loan Agreement

As security for the payments required to be made to the Issuer under the Promissory Notes, the Company shall, prior to or contemporaneously with the execution and delivery of the Promissory Notes, execute and deliver the Security Deeds. There shall be a separate Security Deed securing each Promissory Note.

Project Fund

In the Indenture, the Issuer will authorize and direct the Trustee to use the moneys in the Project Fund to pay Costs of the Projects. All proceeds of the Series 2009 Bonds remaining in the Project Fund on the date that is three years after the Closing Date, less amounts retained or set aside to meet costs not then due and payable or which are being contested, will be transferred to the Bond Fund by the Trustee and used (i) for the redemption of Series 2009 Bonds pursuant to the Indenture, (ii) if the Trustee receives a Favorable Opinion of Bond Counsel, to pay principal or interest on the Bonds, or (iii) to purchase Bonds in the open market as permitted by the Indenture; provided that the Company shall receive a credit for payments due on the Note for the Project bearing the same name as the account of the Project Fund from which such proceeds are transferred in an amount equal to the amount so transferred as used as described in clauses (i), (ii) or (iii) of this sentence less any expenses associated with such actions.

Loan Payments and Other Amounts Payable

Basic Loan Payments: The Loan of the proceeds of the Series 2009 Bonds shall be repayable as provided in the Promissory Notes, but solely from the sources specified therein.

Simultaneously with the issuance of any Additional Bonds, additional promissory notes of the Company shall 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.

Reserve Loan Payments: The Debt Service Reserve Fund shall be funded in an amount equal to the Debt Service Reserve Requirement for the purpose of paying principal of, premium, if any, and interest on the Bonds as the same become due if there should be insufficient funds for said purpose in the Bond Fund. Reserve Loan Payments shall be made as provided in the Loan Agreement and the Promissory Notes, but solely from the sources specified therein. While the Debt Service Reserve Fund is funded by a Debt Service Reserve Surety Bond, Reserve Loan Payments shall be applied first to reimburse the provider of such Debt Service Reserve Surety Bond pursuant to the applicable Reimbursement Agreement for payments under the Debt Service Reserve Surety Bond on a pro rata basis with any other similar funding instrument held on deposit therein following which the covered amount related to such Debt Service Reserve Surety Bond will be reinstated to the extent required by the Loan Agreement.

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

Agreement to Deposit Revenues

In the Loan Agreement, the Company will acknowledge that the Issuer will establish a Revenue Fund with the Trustee under the Indenture. The Company will agree that it will 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 Loan Agreement shall be paid with such Revenues; provided, however, such deposit shall not diminish or otherwise affect the obligations of the Company under the Loan Agreement unless such obligations are in fact paid or otherwise satisfied with such Revenues. The Company will cause rental payments under the Rental Agreements to be paid directly by the Board of Regents to the Trustee.

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 will 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 will cause the depository of the Depository Account to enter into a written agreement, which will be satisfactory in form and substance to the Trustee, 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 will agree in the Loan Agreement 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.

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 damages, 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 the 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 as shown on Exhibit B to the Indenture.

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 by 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 be 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 will agree 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 will agree to preserve and keep in full force and effect all licenses, accreditation, and permits necessary to the proper conduct of its business. The Issuer will execute any documents and instruct the Trustee to execute any documents reasonably necessary to effectuate a merger, sale, or transfer permitted by the Loan Agreement.

Operation of Project

In the Loan Agreement, the Company will warrant 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 projects 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 will covenant and agree 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 will agree 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 or (ii) issue any equity interests other than those existing on the date of the Loan Agreement.

Assignment and Leasing

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 the Project by the Company

In the Loan Agreement, the Company will agree that, except as set forth in certain provisions of the Loan Agreement or the Indenture, it will not (i) directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in 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 leases 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 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

In addition to the rights granted by the applicable provision of the Loan Agreement, the parties will reserve 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 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 Deed 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 a Project, 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, (y) 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 (z) 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 will be 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 above will entitle the Company to any abatement or diminution of the loan payments.

Redemption of Bonds

The Issuer, at the written request of the Company at any time if the Bonds are then callable or available for purchase, will take all steps that may be necessary under the applicable redemption or purchase provisions of the Indenture to effect redemption or purchase of all or part of the then outstanding Bonds, as may be specified by the Company, on the earliest date on which such redemption or purchase may be made under such applicable provisions. In the case of mandatory redemption pursuant to the applicable provisions of the Indenture, Bonds will be redeemed by the Issuer automatically without the request of the Company.

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 as excluded) 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 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.

(c) A proceeding or case is be 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 will continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing will be entered and will continue 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 shall have happened and be continuing, 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 will be 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 under this heading “Remedies on Default” will be applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Company has paid all amounts due under the Notes, the Security Deeds and the Loan Agreement, then any

amounts remaining will be paid to the Company. If there is no Trustee serving under the Indenture, the Issuer will have the right to exercise all remedies under this heading "Remedies on Default" (at the direction of the Majority Bondowners).

No Remedy Exclusive

No remedy conferred upon or reserved to the Trustee, as assignee of the Issuer, in the Loan Agreement will be intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in the Loan Agreement, it will not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer under the Loan Agreement will also extend to the Trustee, and the Trustee and the owners of the Bonds will be deemed third party beneficiaries of all covenants and agreements contained in the Loan Agreement.

Waiver of Events of Default

The Trustee (at the direction of the Majority Bondowners), 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 will be 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 will be 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 related Security Deed; or
- (c) any obligations of the Company under the Loan Agreement.

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

- (a) any Series 2009 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.

General Options to Terminate Agreement

The Company will have the following options to terminate the Loan Agreement. The Company may terminate the Agreement Term by (i) paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire, and redeem all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, redemption premium, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption, and Trustee's and paying agents' fees and expenses, including reasonable attorneys' fees), (ii) in the

case of redemption, making arrangements satisfactory to the Trustee for giving the required notice of redemption, (iii) paying to the Issuer any and all sums then due to the Issuer under the Loan Agreement, and (iv) otherwise complying with the provisions of the Indenture.

Option to Prepay Loan and Redeem Series 2009 Bonds at Optional Redemption Dates

The Company will have the option to prepay the Loan by prepaying Basic Loan Payments due under the Notes in such manner and amounts as will enable the Issuer to redeem the Series 2009 Bonds prior to maturity in whole or in part on any date, as provided in the Indenture.

Option to Release Unimproved Land

If no Event of Default shall have occurred and then be continuing, the Company will have 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 PROMISSORY NOTES

Introduction

The Promissory 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 2009 Bonds. Each Promissory 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 which will be included in each of the Promissory Notes. Reference is made to the Promissory 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 shall have been fully paid or provision for the payment thereof shall have been 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 December 1, 2009, the amount payable on December 15, 2009 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 (subject to a credit for amounts held in the Capitalized Interest Account of the Project Fund available to pay interest on the corresponding Project Bonds);

(b) on or before June 1, 2010 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 to the 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 the subsection of the Indenture entitled "Mandatory Striking 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 within 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 within 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 within 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 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 within the Bond Fund from the corresponding account within the Revenue Fund pursuant to the Section of the Indenture entitled "Revenue Fund".

Reserve Loan Payments: If any funds from the Debt Service Reserve Fund are withdrawn or if there is a diminution in value of the investments held in the Debt Service Reserve Fund or any net losses result from the investment of amounts held in the Debt Service Reserve Fund such that the amount on deposit in the corresponding Account within the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement for such account as set forth in the Indenture, the Company will, beginning on the twentieth (20th) day of the month following the receipt from the Trustee of notice of such withdrawal, diminution in value, or losses, and on the twentieth (20th) day of each month thereafter, make twelve (12) equal consecutive monthly loan payments as Reserve Loan Payments to the Trustee for deposit into the such account within the Debt Service Reserve Fund, each equal to one-twelfth (1/12th) of the amount of such withdrawals, diminution in value, or losses, subject to a credit for earnings retained in, or deposits other than described by this paragraph, made to the corresponding account within the Debt Service Reserve Fund during such period. Payment of Reserve Loan Payments will be made by deposits to the corresponding account within the Debt Service Reserve Fund from the corresponding account within the Revenue Fund.

Additional Loan Payments: The Company will agree to pay (i) to the Trustee (1) for deposit in the corresponding Account within the Repair, Replacement and Maintenance Fund on or prior to each June 1st and December 1st beginning on the dates shown on the Exhibit to the Loan Agreement entitled "Repair, Replacement and Maintenance Requirement," (2) in the event that the corresponding Rental Agreement is terminated, for deposit in the corresponding account within the Operation and Maintenance Reserve Fund on or before the first (1st) day of each month commencing with the first month after the Completion Date for the corresponding Project, 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 as set forth on the applicable Schedule to the note, (4) the portion of the annual fee of the Issuer allocable to the corresponding Project as set forth on the applicable Schedule to the note, (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, and as shown on the applicable schedule to the Note, (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 2009 Bonds for acting as paying agents as provided in the Indenture allocable to the corresponding Project, as and when the same become due, and as shown on the applicable schedule to the note, (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 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 (as such term is defined in the Agreement) 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 2009 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 within the Revenue Fund.

Nature of Obligations of Company under the Notes

The obligations of the Company to make the payments required in the Notes and to perform and observe any and all of the other covenants and agreements on its part contained in the 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. In each of the Notes, the Company will agree that it will not (i) suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Notes, (ii) fail to observe any of its other agreements contained in the Notes or the Security Deeds, or (iii) except as provided in the applicable provisions of the Loan Agreement, terminate its obligations under the Notes or the Security Deeds for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Company to occupy or to use the Projects as contemplated in the Loan Agreement or otherwise, any change or delay in the time of availability of the Projects, any acts or circumstances which may impair or preclude the use of the Projects, any defect in the title, design, operation, merchantability, fitness, or condition of the Projects or in the suitability of the Projects for the Company's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of the Loan Agreement or any of the other Bond Documents, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Projects, the taking by eminent domain of title to or the use of all or any part of the Projects, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Loan Agreement.

Nothing contained in the Loan Agreement shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Loan Agreement. If the Issuer fails to perform any such agreement on its part, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance so long as such action does not abrogate the Company's obligations under the Loan Agreement. Furthermore, in the Loan Agreement the Issuer has granted to the Company full authority on behalf of the Issuer to perform any covenant or obligation the nonperformance of which is alleged in any notice received by the Company to constitute a default under the Indenture, in the name and stead of the Issuer with full power to do and perform any and all things and acts to the same extent that the Issuer could do and perform such things and acts with power of substitution.

Prepayment Terms

Each 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 Note may be declared or may become immediately due and payable as provided in said Security Deed.

SUMMARY OF THE SECURITY DEEDS

Introduction

Each Promissory 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 which are expected to be included in each Security Deed.

Security

In order to secure the payment of the indebtedness and performance of the other obligations of the Company set forth in the 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 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 which 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 said Land being an estate for years on the date hereof 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 Ground Lessor, and (ii) the rejection of the Ground Lease by Ground Lessor, as debtor in possession, or by a trustee for Ground Lessor, pursuant to Section 365 of the Bankruptcy Code;

(e) all buildings, structures and improvements of every nature from time to time situated on, under or above the Land and/or the Additional Land, including, without limitation, the corresponding Project (the “Improvements”; said 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 emblems 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 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 subsection (f), together with the Property, being hereinafter referred to as the “Project”);

(g) all leases, subleases, rental agreements (including, without limitation, the Rental Agreement), management or operations agreements, and arrangements of any sort from time to time 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 tradenames, 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 will be 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 will 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 thereon and the pledge or assignment thereof 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 so to do, 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 hereinafter defined) shall have happened and be 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 will:

(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 will be free of all liens, security interests, and encumbrances (other than Permitted Title Exceptions and other Permitted Encumbrances), will become subject to the security interest of the Security Deed, and will 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 will 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 within 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 (as such term is defined in the Loan Agreement), the Company will pay to the Trustee an amount equal to the greater of the amounts and credits received therefor or the fair market value thereof 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 within the Bond Fund.

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

The Company will report promptly to the Trustee each such removal, substitution, sale, or other disposition referred to in the preceding subsection (b) and will pay to the Trustee such amounts as are required by the provisions of such subsection (b) to be paid promptly into the corresponding account within 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 within 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 within the Bond Fund pursuant to the Security Deed will be used to redeem the corresponding Project

Bonds pursuant to the Indenture. The Company will 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 and Condemnation

The Company will procure for, deliver to and maintain for the benefit of the Issuer during the term of the Security Deed, the insurance policies required to be maintained with respect to the Premises pursuant to the terms of the Security Deed (as more particularly described below). If the Premises or any part thereof is damaged by fire or any other cause, the Company will give immediate written notice thereof to the Issuer.

The Company will notify the Issuer immediately upon obtaining knowledge of the institution, or the proposed, contemplated or threatened institution, of any action for the taking through condemnation (which term when used in the Security Deed will include any damage or taking by any governmental or quasi-governmental authority and any transfer by private sale in lieu thereof) of the Premises or any part thereof.

The Issuer will be entitled to compensation, awards and other payments arising from any casualty, condemnation or damage to the Premises or any portion thereof in accordance with the terms of the Loan Agreement.

Insurance Required

The Company will 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 will agree 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. The Company will require all subcontractors performing work or occupying the Project to obtain an insurance certificate showing proof of Workers' Compensation and will submit a certificate on the letterhead of the Company in the following language prior to the commencement of construction:

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

(ii) *Employers' Liability Insurance.* The Company will 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 and with a deductible not exceeding \$10,000 per occurrence.

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

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

(iii) *Commercial General Liability Insurance.* The Company will provide Commercial General Liability Insurance (1993 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:

<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.

Additional requirements for Commercial General Liability Insurance:

(1) The policy shall name as additional insureds the officers, managers, members, and employees of the Company, the Board of Regents and the State of Georgia, but only with respect to claims that arise out of the occupancy under the Rental 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.

(5) The deductible must not exceed \$10,000 per occurrence.

(iv) *Commercial Business Automobile Liability Insurance.* The Company will 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, managers, members and employees of the Company, the Board of Regents and the State of Georgia, but only with respect to claims arising out of the occupancy under the Rental 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 deductible must not exceed \$10,000 per occurrence.

(v) *Commercial Umbrella Liability Insurance.* The Company will provide a Commercial Umbrella Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability and the Workers’ Compensation 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:

(1) \$2,000,000 per occurrence; and

(2) \$2,000,000 aggregate.

Additional requirements for Commercial Umbrella Liability Insurance:

(1) The policy shall name as additional insureds the officers, managers, members, agents and employees of the Company, the Board of Regents and the State of Georgia, but only with respect to claims arising out of work or occupancy of the Premises under the Rental 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 deductible must not exceed \$10,000 per occurrence.

(vi) *Builders Risk Insurance.* During any period of construction only, the Company will provide a Builder’s Risk Insurance Policy to be payable to the Trustee for deposit in the corresponding account within the Insurance Fund created under the Indenture and the Company as their interest may appear. The policy amount shall be equal to 100% of the improvements construction contract sum, written on a 1991 Causes of Loss - Special Form, or its equivalent. The policy for the initial construction of the Project shall include business interruption coverage in an amount equal to at least 24 months of the average annual debt service that is payable under the corresponding Promissory Note. All deductibles shall be the sole responsibility of the Company or the contractor, and in no event shall the amount of any 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:

(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 Board of Regents or the Company; and

(3) Performance of work in connection with construction operations insured by the Company or the Board of Regents, by agents or subtenants, other contractors of the Company or the Board of Regents, or by contractors of the Company or the Board of Regents.

(vii) *Property Insurance.* After the Project is completed, the Company will provide a Fire and Hazard Property Insurance Policy to be made payable to the Trustee for deposit to the corresponding Project Account of the Insurance Fund. The policy amount shall be equal to 100% of the replacement value of the improvements, written on 1991 Causes of Loss - Special Form, or its equivalent. All deductibles will be the sole responsibility of the Company, and in no event shall the amount of any deductible exceed \$10,000.

(viii) *Rental Interruption Insurance.* After the Project is completed, the Company will 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).

(ix) *Crime and Fidelity Insurance.* The Company will 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 pursuant to preceding subclauses (i) through (v) (inclusive). The Trustee will be the loss payee of the policies required to be maintained by the Company pursuant to the preceding subclauses (vi) through (vii) (inclusive). The Net Proceeds of the insurance carried pursuant to the provisions of the preceding subclauses (vi) and (vii) will be paid and applied as provided in the Loan Agreement, and the Net Proceeds of insurance carried pursuant to the provisions of the preceding subclauses (i) through (v) (inclusive) shall 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 pursuant to the provisions of the preceding subclauses (viii) and (ix) shall be disbursed to the Trustee for deposit in the corresponding account within the Revenue Fund created under the Indenture.

All insurance required by the Security Deed will be taken out and maintained with insurance companies that meet the requirements of the corresponding Rental Agreement. All such policies shall meet the requirements of the corresponding Rental Agreement. To the extent the requirements of the Security Deed and the corresponding Rental Agreement conflict, the more stringent requirements shall control.

Notwithstanding anything in the Security Deed to the contrary, to the extent approved by Ground Lessor pursuant to the terms and provisions of the corresponding Ground Lease, during the initial construction of the Project, the requirements of the Security Deed with respect to certain liability insurance coverages shall be deemed satisfied provided that the Company causes its applicable contractors to maintain insurance meeting or exceeding such requirements.

The original or a copy of each insurance policy or fidelity bond required by the Security Deed, or a certificate that the same has been issued and currently is in effect, will be delivered to the Trustee.

The Company will deliver or cause to be delivered to the Trustee (i) promptly after completion of the Project, a certificate of an Insurance Consultant to the effect that the insurance policies maintained by the Company comply with the requirements of the Security Deed, (ii) not less than forty-five (45) days prior to the expiration date of any of the insurance policies required to be maintained under the Security Deed, evidence that such insurance policies will be renewed or replaced, and (iii) prior to the expiration date of such insurance policies, among other things, an original of the certificate of insurance and evidence of payment of the applicable premium for such renewal or replacement. Certified copies of such replacement insurance policies or a certificate of the insurer that the same has been issued and is in full force and effect shall be delivered to the Trustee promptly after the Company's receipt thereof, but in any case within thirty (30) days after receipt thereof by the Company. The Company shall have the right to carry the insurance provided in the Security Deed or any portion thereof under allocated value blanket policies approved by the Insurance Consultant, but certificates evidencing that the above-described insurance policies are in full force and effect, together with copies of the blanket policies, shall be supplied to the Trustee.

The Company shall comply or cause compliance with all terms of any insurance policy required to be obtained hereunder 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 shall 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 hereunder to be maintained by the Company on or with respect to any part of the Project.

All insurance required by the Security Deed shall 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 IX 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 shall not be unreasonably withheld. All policies evidencing such insurance shall be subject to the approval of the Trustee, which approval shall not be unreasonably withheld. All such policies shall 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 the Security Deed or fails to pay the taxes and other charges required to be paid under the Security Deed or fails to keep the Project in good repair and good operating condition, the Issuer or the Trustee may (but shall 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 the Security Deed, shall 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 agrees to pay on demand and payment of which shall be secured by the Security Deed. Any remedy

vested in the Issuer or the Trustee under the Security Deed for the collection of loan payments shall also be available to the Issuer and the Trustee for the collection of all such amounts so advanced. The Trustee shall 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.

Debt Service Coverage Ratio

The Company shall charge such Rents, and exercise such skill and diligence, as will provide Revenue Available for Debt Service (as defined below), together with any other funds available to the Company with respect to the Project, sufficient to pay promptly all (x) expenses of operation, maintenance, and repair of the Project and (y) payments required under the Loan Documents. Such Rents in each Fiscal Year shall be sufficient to produce a Debt Service Coverage Ratio (as defined below) of not less than (i) 1.00 in each Fiscal Year during which the Rental Agreement is in effect or (ii) 1.20 in each Fiscal Year during which the Rental Agreement is not in effect, provided that principal and interest payable on any indebtedness secured by the Security Deed shall not be included in the computation of Debt Service (as defined below) to the extent that such principal and interest is payable from the proceeds of such indebtedness. If, based upon the annual financial statements that the Company is required to deliver pursuant to the Loan Agreement, such Debt Service Coverage Ratio was not maintained for any Fiscal Year, the Company shall employ promptly a Financial Consultant for purposes of obtaining a report containing recommendations as to changes in the Company's operating policies designed to maintain such Debt Service Coverage Ratio and to follow such recommendations. No default under this Paragraph shall occur if a Debt Service Coverage Ratio of at least 1.00 is maintained and if such recommendations are followed notwithstanding that such Debt Service Coverage Ratio is not subsequently reattained, but the Company shall continue to be obligated to employ a Financial Consultant for such purpose until the required Debt Service Coverage Ratio is reattained.

Notwithstanding anything in the immediately preceding Paragraph or in the Loan Agreement to the contrary, the terms "Debt Service", "Debt Service Coverage Ratio", and "Revenue Available for Debt Service" as used in such Paragraph shall have the meanings ascribed to them in the Loan Agreement except that such terms shall be defined with respect to the Project only and therefore shall not include revenues, expenses and/or indebtedness applicable to other Projects (as defined in the Loan Agreement).

Company Required to Pay Costs of the Project If Project Fund Insufficient

If the moneys in the corresponding account within the Project Fund and available for payment of the Costs of the Project shall not be sufficient to pay the costs thereof in full, the Company agrees to complete the acquisition, construction, renovation, equipping, and installation of the Project and to pay all of that portion of Costs of the Project as may be in excess of the moneys available therefor in such account. The Company agrees that if after exhaustion of the moneys in such account, the Company shall pay any portion of the said Costs of the Project pursuant to the provisions of the Security Deed, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the owners of any of the Series 2009 Bonds, nor shall it be entitled to any diminution of the payments payable under the corresponding Promissory Note. The obligation of the Company to complete the construction of the Project shall survive any termination of the Loan Agreement or the Security Deed.

Assignment

The Issuer will contemporaneously assign all of its right, title and interest in the Security Deed to the Trustee pursuant to the Indenture.

Events of Default

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

- (a) The Company's failure to pay amounts due under the corresponding Promissory Note at the times specified therein and continuing for a period of five (5) days after notice is properly given to the Company by the Issuer, 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 a corresponding Promissory 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 shall agree 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 shall 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 shall be made under any process on the Premises or any part thereof and not be promptly lifted or stayed; or

(d) the Company shall (i) apply for or consent 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) fail 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) enter into an agreement of composition with its creditors, (iv) admit in writing its inability to pay its debts as such debts become due, (v) make a general assignment for the benefit of its creditors, (vi) commence 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) file 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) fail 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) take any action for the purpose of effecting any of the foregoing; or

(e) a proceeding or case shall be 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 shall continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and shall continue 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 herein; 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 shall fail 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/or cure period) (unless waived by Ground Lessor); (ii) there shall occur any default (beyond any applicable notice and/or 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 shall occur which would cause the Ground Lease to terminate without notice or action by Ground Lessor or which would entitle 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 Ground Lessor); (iv) if the Leasehold Estate shall be surrendered or the Ground Lease shall be 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 shall in any manner be 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 shall occur 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) except as otherwise permitted by the Security Deed, 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 Regent's 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 subsection above entitled "Debt Service Coverage Ratio") of at least 1.00.

Rights of Issuer Upon Default

If an Event of Default exists, 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 the 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 Premises, 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 shall 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 Premises and conduct the business thereat; (ii) complete any construction on the Premises in such manner and form as the Issuer deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Premises; (iv) exercise all rights and powers of the Company with respect to the Premises, 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 shall 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 Premises as may be occupied by the Company; (vi) require the Company to vacate and surrender possession of the Premises 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 Premises as the Issuer deems appropriate in its sole discretion as provided below;

(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 shall be secured hereby and shall be, without demand, immediately repaid by the Company to the Issuer, as applicable, with interest thereon at the highest rate of interest on the Series 2009 Bonds. The necessity for any such actions and the amounts to be paid shall be determined by the Issuer in its discretion. The Issuer shall have the power to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to the Company or any Person in possession holding under the Company. The Company shall acknowledge and agree that the remedies set forth in this Paragraph shall be exercisable by the Issuer, and any and all payments made or costs or expenses incurred by the Issuer in connection therewith shall be secured by the Security Deed and shall be, without demand, immediately repaid by the Company with interest thereon at the highest rate of interest on the Series 2009 Bonds, notwithstanding the fact that such remedies were exercised and such payments made and costs incurred by the Issuer after the filing by the Company of a voluntary case or the filing against the Company of an involuntary case pursuant to or within the meaning of the Bankruptcy Code, or after any similar action pursuant to any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable to the Company, the Issuer, the indebtedness secured by the Security Deed or any of the Loan Documents;

(f) obtain appropriate evidence of matters of title affecting the Premises and any underlying estate or interest, and may 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";

(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/or

(i) exercise the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Georgia (as amended from time to time, the "Code").

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, or any of the rights and remedies provided in the Section of the Security Deed entitled "State Specific Provisions", 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 Premises, 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. The remainder, if any, shall be paid to the Company or the Person lawfully entitled thereto (in the event of deficiency, the Company shall immediately on demand from the Issuer pay over to Issuer, or its nominee, such deficiency, subject to certain provisions of the Section of the Security Deed entitled "Exculpation").

No Cross-Default or Cross-Collateralization

Notwithstanding anything in the Security Deed, the Loan Agreement, the corresponding Promissory Note or elsewhere to the contrary, the Security Deed and the Premises secure only the indebtedness and other obligations expressly described in the Security Deed, and do not secure:

- (i) any Promissory Notes other than the corresponding Promissory Note;
- (ii) any of the other Security Deeds other than the Security Deed; or
- (iii) any obligations of the Company under the Loan Agreement.

In addition, the Security Deed is not, and shall not be, cross-defaulted with:

- (i) any Series 2009 Bonds;
- (ii) any Promissory Notes other than the corresponding Promissory Note;
- (iii) obligations under any of the Security Deeds other than the Security Deed;
- (iv) any obligations of the Company under the Loan Agreement; or
- (v) any obligations under the Indenture.

Without limiting the generality of the foregoing, the term “Event of Default” shall not include, or be deemed to include, any defaults or events of default (whether occurring before or after the expiration of any applicable periods of notice, cure or grace) that occur under (a) any of the Promissory Notes other than the corresponding Promissory Note, (b) any Security Deeds other than the Security Deed, (c) the 2009 Bonds, or (d) the Loan Agreement.

Amendments

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

SUMMARY OF THE INDENTURE

Introduction

The Trust Indenture, dated as of July 1, 2009, between the Issuer and the Trustee, is a contract for the benefit of the Holders that specifies the terms and details of the Series 2009 Bonds and which defines the security for the Series 2009 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture.

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 the (i) Agreement (except for the Unassigned Rights), (ii) the Promissory Notes, (iii) the Security Deeds, (iv) the Assignments of Contract Documents and 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.

Payment of Principal and Interest

The Issuer will covenant that it shall promptly pay from the sources provided in the Indenture and in the Loan Agreement the principal of, including any applicable redemption premiums, and interest on every Bond issued under the Indenture at the place, on the dates, and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof.

Rights under the Bond Documents

Pursuant to the granting clauses of the Indenture, the Issuer will assign to the Trustee its right, title, and interest (other than Unassigned Rights) in and to certain of the Bond Documents, and the Trustee may enforce all rights of the Issuer and all obligations of the Company under and pursuant to such Bond Documents, and may

enforce all rights of the Issuer for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

So long as any of the Bonds remain Outstanding, and for such longer period when required by the Loan Agreement, the Issuer will faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Loan Agreement. The Issuer will covenant to maintain, at all times, the validity and effectiveness of the Bond Documents and (except as expressly permitted by the Loan Agreement) shall take no action, shall permit no action to be taken by others, and shall not omit to take any action or permit others to omit to take any action, which action or omission might release the Company from its liabilities or obligations under the Bond Documents or result in the surrender, termination, amendment, or modification of, or impair the validity of, the Bond Documents.

The Issuer will covenant to enforce diligently all covenants, undertakings, and obligations of the Company under the Bond Documents and the Issuer will authorize and direct the Trustee to enforce any and all of the Issuer's rights under the Bond Documents on behalf of the Issuer and Owners of the Bonds.

Issuance of Additional Bonds

So long as no Event of Default shall have occurred and then be 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 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. 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 shall 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 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 shall 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 shall deliver to the Trustee (1) a certificate of an Authorized Company Representative that for each of the two Fiscal Years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio of the Company was not less than 1.20 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 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 1.20 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 shall 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 shall certify 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 (D) in the case of Additional Bonds issued to complete the Projects or any Additions or Alterations, such Additional Bonds shall be in a principal amount that does not exceed 10% of the principal amount of the Series 2009 Bonds or 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 shall 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 Series 2009 Bonds.

Any amounts received by the Trustee for payment of Debt Service shall be allocated between the Series 2009 Bonds and Additional Bonds on a pro rata basis.

Privilege of Redemption and Redemption Price

The Series 2009 Bonds will be subject to redemption prior to maturity to the extent and in the manner provided in the Indenture.

Issuer's Election to Redeem

At the written request of the Company given pursuant to the Loan Agreement, the Issuer will give written notice to the Trustee (in time sufficient for the Trustee to send the notice to Bondholders required by the Indenture) of its election to redeem, of the redemption date, and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed. If notice of redemption shall have been given pursuant to the Indenture, the Issuer will, on or prior to the redemption date, pay to the Trustee, solely from funds provided by the Company, an amount in Available Monies that will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the Bonds to be redeemed.

Revenue Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Revenue Fund" which shall be used solely for the purposes set forth in the Indenture. The Revenue Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

The Company will agree that, upon receipt thereof, it will deliver or cause to be delivered promptly all Revenues to the Trustee for deposit in the Revenue Fund pursuant to the Loan Agreement; provided that Revenues shall be deposited in the General Account of the Revenue Fund except for the following deposits:

- (1) Amounts received under the Bainbridge College Rental Agreement shall be deposited in the Bainbridge College Account of the Revenue Fund;
- (2) Amounts received under the Columbus State Rental Agreement shall be deposited in the Columbus State Account of the Revenue Fund; and
- (3) Amounts received under the Southern Polytechnic Rental Agreement shall be deposited in the Southern Polytechnic Account of the Revenue Fund.

On or prior to the tenth (10th) of each June and December, the Trustee shall make the following payments and transfers from the Bainbridge College Account of the Revenue Fund, provided that in the event funds on any such date shall be insufficient to make any one or more of such transfers, any and all of such deficiencies shall 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 Bainbridge College Account of the Bond Fund, the amount designated for debt service on the Bainbridge College Bonds on the applicable exhibit to the Bainbridge College Rental Agreement;

SECOND, to the Bainbridge College Account of the Debt Service Reserve Fund, the amount necessary to repay any cash withdrawn from the Bainbridge College Account of the Debt Service Reserve Fund or to pay the amount of any diminution in value or losses resulting from investments held in the Bainbridge College Account of the Debt Service Reserve Fund;

THIRD, to the Bainbridge College Account of the Repair, Replacement and Maintenance Fund the amount listed on the applicable exhibit to the Bainbridge College Rental Agreement or, if the Bainbridge College Rental Agreement has been terminated, to the Bainbridge College Account of the Operation and Maintenance Reserve Fund the amount required by the Indenture;

FOURTH, to the Bainbridge College Account of the Operating Fund the amount specified in writing by the Company for the next succeeding six month's Operating Expenses for the College Project;

FIFTH, 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 Bainbridge College Bonds; and

SIXTH, to the Bainbridge College Account of the Surplus Fund, any remaining amounts.

On or prior to the tenth (10th) of each June and December, the Trustee shall make the following payments and transfers from the Columbus State Account of the Revenue Fund, provided that in the event funds on any such date shall be insufficient to make any one or more of such transfers, any and all of such deficiencies shall 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 Columbus State Account of the Bond Fund, the amount designated for debt service on the Columbus State Bonds on the applicable exhibit to the Columbus State Rental Agreement;

SECOND, to the Columbus State Account of the Debt Service Reserve Fund, the amount necessary to repay any cash withdrawn from the Columbus State Account of the Debt Service Reserve Fund or to pay the amount of any diminution in value or losses resulting from investments held in the Columbus State Account of the Debt Service Reserve Fund;

THIRD, to the Columbus State Account of the Repair, Replacement and Maintenance Fund the amount listed on the applicable exhibit to the Columbus State Rental Agreement or, if the Columbus State Rental Agreement has been terminated, to the Columbus State Account of the Operation and Maintenance Reserve Fund the amount required by the Indenture;

FOURTH, to the Columbus State Account of the Operating Fund the amount specified in writing by the Company for the next succeeding six month's Operating Expenses for the Columbus State Project;

FIFTH, 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 Columbus State Bonds; and

SIXTH, to the Columbus State Account of the Surplus Fund, any remaining amounts.

On or prior to the tenth (10th) of each June and December, the Trustee shall make the following

On or prior to the tenth (10th) of each June and December, the Trustee shall make the following payments and transfers from the Southern Polytechnic Account of the Revenue Fund, provided that in the event funds on any such date shall be insufficient to make any one or more of such transfers, any and all of such deficiencies shall 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 Southern Polytechnic Account of the Bond Fund, the amount designated for debt service on the Southern Polytechnic Bonds on the applicable exhibit to the Southern Polytechnic Rental Agreement;

SECOND, to the Southern Polytechnic Account of the Debt Service Reserve Fund, the amount necessary to repay any cash withdrawn from the Southern Polytechnic Account of the Debt Service Reserve Fund or to pay the amount of any diminution in value or losses resulting from investments held in the Southern Polytechnic Account of the Debt Service Reserve Fund;

THIRD, to the Southern Polytechnic Account of the Repair, Replacement and Maintenance Fund the amount listed on the applicable exhibit to the Southern Polytechnic Rental Agreement or, if the Southern Polytechnic Rental Agreement has been terminated, to the Southern Polytechnic Account of the Operation and Maintenance Reserve Fund the amount required by the Indenture;

FOURTH, to the Southern Polytechnic Account of the Operating Fund the amount specified in writing by the Company for the next six succeeding month's Operating Expenses for the Southern Polytechnic State Project;

FIFTH, 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 Southern Polytechnic Bonds; and

SIXTH, to the Southern Polytechnic Account of the Surplus Fund, any remaining amounts.

On or prior to the tenth (10th) of each June and December and after the payments to each project Account of the Bond Fund, the Trustee shall make the following payments and transfers from the General Account of the Revenue Fund, provided that in the event funds on any such date shall be insufficient to make any one or more of such transfers, any and all of such deficiencies shall 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 in to each project Account of the Bond Fund;

SECOND, to the General Account of the Debt Service Reserve Fund, Reserve Loan Payments required by the Notes to repay any cash withdrawn from the Debt Service Reserve Fund or to pay the amount of any diminution in value or losses resulting from investments held in the Debt Service Reserve Fund after giving credit to the payments and transfers to each Project Account of the Bond Fund;

THIRD, 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;

FOURTH, 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 to each Project Account of the Operating Fund;

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

SIXTH, to the Surplus Fund, any remaining amounts.

Bond Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Bond Fund" which will be used as a sinking fund to pay the principal of, premium, if any, and interest on the Bonds. There will be created within the Bond Fund the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

There shall be deposited in each Project Account of the Bond Fund, as and when received, (i) all payments received pursuant to the Indenture and (ii) all other moneys received by the Trustee under and pursuant to any of the provisions of each separate Note or the Loan Agreement when accompanied by written direction from the Company that such moneys are to be paid into the particular project Account of the Bond Fund.

There shall 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 required by the Indenture 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 provided in the Indenture, moneys in the Bond Fund shall 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 and during 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. Moneys in each account of the Bond Fund, other than the General Account, shall be used solely for the purposes described in the Indenture for Series 2009 Bonds in a principal amount of up to the principal amount of Series 2009 Bonds issued for the purpose of financing the Project to which such account relates.

If on any Interest Payment Date there should be insufficient funds in the Bond Fund, and the Capitalized Interest Account of the Project Fund, to pay the interest, principal, and premium due on the Bonds, there shall 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, (iii) the Repair, Replacement and Maintenance Fund and (iv) the Debt Service Reserve Fund; provided, however, that if there is a deficiency in an account related to a particular Project, moneys shall be transferred from the accounts in the Surplus Fund, the Operation and Maintenance Reserve Fund, the Repair, Replacement and Maintenance Fund and the Debt Service Reserve Fund related to such Project and then from the General Accounts of the Surplus Fund, the Operation and Maintenance Reserve Fund, the Repair, Replacement and Maintenance Fund and the Debt Service Reserve Fund.

The Issuer will authorize and direct the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal, interest, and premium, if any; provided, however, that moneys to pay debt service for Series 2009 Bonds related to a particular Project shall be withdrawn first from the account within the Bond Fund related to such Project and then from the General Account of the Bond Fund.

The Issuer will authorize and direct the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal, interest, and premium, if any; provided, however, that moneys to pay debt service for Series 2009 Bonds related to a particular Project shall be withdrawn first from the account within the Bond Fund related to such Project and then from the General Account of the Bond Fund.

Issuance Cost Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Issuance Cost Fund," which will be used as a fund to pay Issuance Costs. There will be deposited into the Issuance Cost Fund, the amounts specified in the Indenture. If any funds remain in the Issuance Cost Fund after the earlier of (i) receipt of a certificate of the Issuer stating that all Issuance Costs have been paid or (ii) six months from the Closing Date, the Trustee shall transfer such remaining funds to the accounts of the Project Fund related to each Project on a pro rata basis.

Project Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Project Fund," which will be used solely for the purposes set forth in the Indenture. The Project Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account;
- (4) Capitalized Interest Account; and
- (5) General Account

Moneys in the Capitalized Interest Account shall be automatically transferred by the Trustee to the General Account of the Bond Fund as needed to be used to pay interest on the Series 2009 Bonds until the amounts held in the Capitalized Interest Account are depleted.

Moneys deposited in the Project Fund shall be paid out from time to time by the Trustee on a written request of the Company, as approved by the Program Manager and applicable Construction Manager, delivered pursuant to the Indenture in order to pay, or as reimbursement for payment made, for the Costs of the Projects, in each case within three (3) banking days, or as soon as Project Fund investments can be liquidated, after receipt by the Trustee of a written request described below together with bills of sale, invoices, or other evidence satisfactory to the Trustee that such Costs are due and owing or have been incurred and previously paid by or on behalf of the Company. The Trustee shall have no duty to review or investigate the accuracy of the requisition.

Operating Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Operating Fund," which will be used solely for the purposes set forth in the Indenture. The Operating Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

In accordance with the priority of payments set forth in the Indenture, the Trustee shall transfer amounts from the Revenue Fund into the Operating Fund as set forth in the Indenture. Amounts equal to actual Operating Expenses in excess of the budgeted Operating Expenses may be transferred into the Operating Fund on any date as certified to the Trustee in writing by an Authorized Company Representative.

Moneys deposited in the Operating Fund will be paid out from time to time by the Trustee on a written request of the Company delivered pursuant to the Indenture in order to pay, or as reimbursement for payment made, for the Operating Expenses or Expenses (in the case of the General Account), in each case within three (3) banking days, or as soon as Operating Fund investments can be liquidated, after receipt by the Trustee of a written request (as described in the Indenture) with invoices, or other evidence satisfactory to the Trustee that such Operating Expenses or Expenses (in the case of the General Account) are due and owing or have been incurred and previously paid by or on behalf of the Company. The Trustee shall have no duty to review or investigate the accuracy of the requisition.

Debt Service Reserve Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Debt Service Reserve Fund," which will be used solely for the purposes set forth in the Indenture. The Debt Service Reserve Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

The Trustee will deposit in the Debt Service Reserve Fund any moneys paid to the Trustee under the Loan Agreement or the Indenture for credit or transfer to the Debt Service Reserve Fund. If the Company has exercised its option or is obligated to prepay the Loan in whole and not in part pursuant to the terms of the Loan Agreement, and has paid the sums as provided therein, all of the moneys then in the Debt Service Reserve Fund will be deposited in the Bond Fund but only to the extent the cash balances therein.

The obligation to fund the Debt Service Reserve Fund may be fulfilled by depositing a Debt Service Reserve Surety Bond (i) which is rated in one of the two the highest rating categories by Moody's, S&P or Fitch and, if rated by A.M. Best & Co., which is also rated by A.M. Best & Co. in one of its two highest rating categories, (ii) which has a term not less than the final maturity date of the Bonds (or may be drawn upon in full upon its expiration date if a substitute letter of credit or surety Bond is not in place prior to its expiration date), and (iii) which is given to secure and which is payable on any Interest Payment Date in an amount equal to any portion of the balance then required to be maintained within the Debt Service Reserve Fund. Before any such Debt Service Reserve Surety Bond is substituted for cash or securities or deposited in lieu of cash or securities in the Debt Service Reserve Fund, there shall be filed with the Trustee (A) an opinion of Bond Counsel to the effect that such substitution or deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Bond; (B) a certificate evidencing that at least thirty days prior notice of the proposed substitution or deposit of such Debt Service Reserve Surety Bond was given to any Rating Agency then rating any Bonds, including a description of such Debt Service Reserve Surety Bond and the proposed date of substitution or deposit; (C) the Debt Service Reserve Surety Bond issued to fulfill the obligation to fund the Debt Service Reserve Fund, together with an opinion of counsel to the issuer of the Debt Service Reserve Surety Bond to the effect that

the Debt Service Reserve Surety Bond is a valid and binding obligation of the issuer thereof enforceable in accordance with its terms; and (D) evidence that such substitution or deposit will not result in a downgrade by any Rating Agency then rating any Bonds. Notwithstanding anything to the contrary contained in the Indenture, the Indenture may be amended without notice to or the consent of the owners of the Bonds to provide for any additional provisions required by the issuer(s) of such Debt Service Reserve Surety Bond; provided, however, that there shall be first delivered an opinion of Bond Counsel to the effect that such additional provisions are not materially adverse to the rights or security of the owners of the Bonds provided by the Indenture. The Trustee shall give notice of nonpayment to the provider of the Debt Service Reserve Surety Bond at least five (5) Business Days prior to the date on which payment under the Debt Service Reserve Surety Bond is required. The Trustee shall maintain adequate records as to the amount available to be drawn at any time under the Debt Service Reserve Surety Bond.

Prior to the occurrence and continuation of an Event of Default under the Indenture, the Issuer will authorize and direct the Trustee to withdraw funds from each account of the Debt Service Reserve Fund or to draw on the Debt Service Reserve Surety Bond to pay, first, all installments of interest then due on the Bonds, and then all principal of and premium, if any, then due on the Bonds if there should be insufficient funds for said purposes in the related account of the Bond Fund on the date such interest, principal, and premium is due, making the transfers required by the Indenture; provided, however, that no such withdrawal shall be made from any account of the Debt Service Reserve Fund that relates to a Project for which all amounts then due and owing on the related Note have been paid in full. The Trustee shall give written notice to the Issuer and the Underwriter of any withdrawal from any account of the Debt Service Reserve Fund and of any diminution in value or net losses from the investment of moneys in any account of the Debt Service Reserve Fund which reduces the amount deposited therein or credited thereto to less than the Debt Service Reserve Requirement in the aggregate for all accounts, and the Company shall restore the amount of any such withdrawal or diminution in value or net losses in value to the Debt Service Reserve Fund not more than 12 months after such withdrawal or valuation date in not more than 12 substantially equal monthly installments.

When the amount of principal of, premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Bond Fund and the balance of the Debt Service Reserve Fund and if all amounts owed under the Loan Agreement, the Notes and the Indenture have been paid, moneys held in the Debt Service Reserve Fund shall be deposited by the Trustee in the Bond Fund and credited against payments of Loan Payments required under the Notes; provided, however, in the case of Series 2009 Bonds, the balance in each account of the Bond Fund, other than the General Account, shall be compared to the related account in the Debt Service Reserve Fund for each Project and the credit provided for in this sentence shall be against payments due pursuant to the Note related to such Project.

Repair, Replacement and Maintenance Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Repair, Replacement and Maintenance Fund," which shall be used solely for the purposes set forth in the Indenture. The Repair, Replacement and Maintenance Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) 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 will authorize and direct 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. In the case of the Series 2009 Bonds and the Projects, the Issuer will authorize and direct the Trustee to withdraw funds from the account of the Repair, Replacement and Maintenance Fund bearing a Project's name to pay (i) the maintenance and repair costs related to such Project which the Company is obligated to pay pursuant to the provisions of the related Security Deed and (ii) the principal of, premium, if any, and interest on Series 2009 Bonds

in a principal amount of up to the total principal amount of Series 2009 Bonds identified with such Project (with a credit for any such Bonds which have been redeemed or paid) to the extent there are insufficient moneys in the account bearing such Project's name in the Bond Fund therefor on any Interest Payment Date.

Operation and Maintenance Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Operation and Maintenance Fund," which will be used solely for the purposes set forth in the Indenture. The Operation and Maintenance Fund will contain the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

Moneys deposited in each account of the Operation and Maintenance Fund shall 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, or as reimbursement for payment made, the Operating Expenses of the applicable Project.

Insurance and Condemnation Funds

In the Loan Agreement it will be provided that under certain circumstances the Net Proceeds of insurance or condemnation awards are to be paid to the Trustee and deposited in the Insurance Fund or Condemnation Fund, as appropriate, and are to be disbursed and paid out as therein provided. Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the "Insurance Fund" and a trust fund to be designated the "Condemnation Fund," either of which shall be opened only if funds are required to be deposited therein as provided in the Loan Agreement. Funds held in the Insurance Fund or in the Condemnation Fund shall be disbursed in accordance with the Loan Agreement.

If the Insurance Fund is opened, there shall be created within the Insurance Fund the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

Any Net Proceeds to be deposited into the Insurance Fund shall 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.

If the Condemnation Fund is opened, there shall be created within the Condemnation Fund the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) General Account.

Any Net Proceeds to be deposited into the Condemnation Fund shall 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 which shall be required because of such partial acquisition pursuant to the Loan Agreement.

Rebate Fund

Under the Indenture, there will be created by the Issuer and ordered established with the Trustee a special trust fund designated the “Rebate Fund” which will be held, invested, expended and accounted for in accordance with the Tax Agreement. Moneys in the Rebate Fund will not be considered moneys held under the Indenture and will not constitute part of the Trust Estate held for the benefit of the Owners of the Bonds or the Issuer. Moneys in the Rebate Fund will be held in trust by the Trustee and will be held for future payment to the United States of America as directed by the Company and as contemplated under the provisions of the Tax Agreement.

Operation and Maintenance Reserve Fund

In the event a Rental Agreement is terminated, there will be created by the Issuer and ordered established with the Trustee a trust fund designated the “Operation and Maintenance Reserve Fund.” There will be created within the Operation and Maintenance Reserve Fund the following accounts:

- (1) Bainbridge College Account;
- (2) Columbus State Account;
- (3) Southern Polytechnic Account; and
- (4) 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 the Completion Date for the related Project, after making such deposits as required in the Indenture, 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 shall 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 and the Debt Service Reserve 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 shall be not be operative unless the Rental Agreement for such Project is terminated.

Non-presentment of Bonds

If any Bonds are not presented for payment when the principal thereof becomes due, either at maturity, at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bonds will have been made available to the Trustee for the benefit of the Owner or Owners thereof, all liability of the Issuer and the Company to the Owner or Owners thereof for the payment of such Bonds will forthwith cease, determine, and be completely discharged, and thereupon it will be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner or Owners of such Bonds, who will thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his or their part under the Indenture or on, or with respect to, said Bonds.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds, if any, within five (5) years after the date on which the same have become due (or such earlier date as immediately precedes the date on which such funds would be required to escheat or be payable to the State or any other governmental unit under any laws governing unclaimed funds) will be paid by the Trustee to the Company upon receipt of a written request of the Company, and thereafter bondholders will be entitled to look only to the Company

for payment, and then only to the extent of the amount so repaid, and the Company will not be liable for any interest thereon and shall not be regarded as a trustee of such money. If the Company fails to make the aforementioned written request, the Trustee will apply such moneys in accordance with applicable laws governing unclaimed funds.

Investment of Funds and Accounts

Any moneys held as part of the Bond Fund, the Issuance Cost Fund, the Debt Service Reserve 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 accordance with the provisions of the Loan Agreement. 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. The Trustee is directed to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient for the uses prescribed for moneys held in such fund or account. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of the Indenture. The Trustee will value the investments held in the Debt Service Reserve Fund as of the close of business on June 1 and December 1 in each calendar year. In computing the assets of any fund or account, investments and accrued interest thereon will be deemed a part thereof. Such investments shall be valued at their fair market value. The Trustee will not be liable for any depreciation in the value of any obligations in which moneys of funds or accounts will be invested, as aforesaid, or for any loss arising from any such investment. 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 or the Debt Service Reserve 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;

(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, and

(iii) moneys in the Debt Service Reserve Fund only in obligations maturing or redeemable at the option of the holder not later than five (5) years.

The Trustee and the Issuer have jointly and severally covenanted that none of the moneys held under the Indenture will knowingly be used in any manner which will cause any Bonds, the interest on which is excludable from the gross income of the Owners thereof for federal income tax purposes, to become arbitrage Bonds within the meaning of Section 148 of the Code and any Regulations proposed or promulgated in connection therewith or to become federally guaranteed within the meaning of Section 149(b) of the Code and any Regulations proposed or promulgated in connection therewith. The Trustee's and the Issuer's reliance upon the written investment instructions of the Authorized Company Representative will fully protect the Trustee and the Issuer in fulfilling their obligations set forth above.

Allocation of Income from Investments

All interest accruing from investments of moneys in the Revenue Fund, the Bond Fund, the Issuance Cost Fund, the Debt Service Reserve 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 other funds and any profit realized therefrom shall be allocated as follows:

(a) interest and profits from the investments of moneys in each account of the Revenue Fund will be deposited in the General Account of the Revenue Fund;

(b) interest and profits from the investments of moneys in each account of the Bond Fund will be deposited in the General Account of the Bond Fund;

- (c) interest and profits from the investments of moneys in the Issuance Cost Fund will be deposited in the General Account of the Bond Fund;
- (d) interest and profits from the investment of moneys in each account of the Project Fund will be deposited in the General Account of the Project Fund;
- (e) interest and profits from the investment of moneys in each account of the Debt Service Reserve Fund shall be deposited in the General Account of the Debt Service Reserve Fund, provided that upon determination of the value thereof in accordance with the Indenture, if the balance of the Debt Service Reserve Fund is determined to be in excess of the Debt Service Reserve Requirement, then such excess will be deposited in the General Account of the Bond Fund;
- (f) interest and profits from the investment of moneys in each account of the Repair, Replacement and Maintenance Fund will be deposited in the General Account of the Repair, Replacement and Maintenance Fund;
- (g) interest and profits from the investment of moneys in each account of the Operation and Maintenance Reserve Fund will be deposited in the General Account of the Operation and Maintenance Reserve Fund;
- (h) interest and profits from the investment of moneys in each account of the Surplus Fund will be deposited in the General Account of the Surplus Fund;
- (i) interest and profits from the investment of moneys in each of the accounts of the Insurance Fund shall be deposited in the General Account of the Insurance Fund;
- (j) interest and profits from the investments of moneys in each of the accounts of the Operating Fund shall be deposited in the General Account of the Operating Fund
- (k) interest and profits from the investment of moneys in each of the accounts of the Condemnation Fund will be deposited in the General Account of the Condemnation Fund;
- (l) interest and profits from the investment of moneys in the Rebate Fund will be retained in the Rebate Fund; and
- (m) interest and profits from the investment of moneys in any other funds will, at the written direction of the Authorized Company Representative, be retained in the respective funds or deposited in the General Account of the Bond Fund.

Discharge of Lien

If the Issuer pays or causes to be paid, or there is otherwise paid or provisions 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 shall 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 hereby created and granted shall cease, determine, terminate, and become null and void (except as to any surviving rights of registration, transfer, or exchange of Bonds herein provided for 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. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee will execute and deliver to the Issuer and the Company all such instruments as may be appropriate or reasonably requested by the Issuer or the Company to evidence such cessation, termination, discharge and satisfaction, and (2) the Trustee and the paying agents will pay over or deliver to the Company or on its order all moneys and securities held by them pursuant to the Indenture which are not required for (x) the payment of the principal of, premium, if any, and interest on Bonds not theretofore surrendered for payment or redemption, (y) the payment of all other amounts due or to become due under the Indenture, the Notes and the Loan Agreement, and (z) the payment of any amounts the Trustee has been directed to pay to the United States under the Tax Agreement or 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 first paragraph above with respect to payment of such Bond (i) if there will have been 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 will have 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 will have given the Trustee in form satisfactory to it irrevocable written instructions to (a) give notice of redemption of such Bonds as provided in Section 303 of 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 shall have been irrevocably deposited with the Trustee moneys in an amount which shall be sufficient, along with any other moneys held by the Trustee and available therefore 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 shall have been submitted to the Issuer and the Trustee a Certificate of a certified public accountant (the "Accountant's Verification") to the effect that the deposit required by (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, (v) there shall have been 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 Bonds, the interest on which is excludable from the gross income of the Owners thereof for federal income tax purposes, to become includable in gross income for federal income tax purposes, and (vi) there shall have been submitted to the Issuer and the Trustee an opinion of Independent Counsel (the "Defeasance Opinion") that (a) the escrow deposit will not constitute a voidable preference or transfer under the Federal Bankruptcy Code, as amended, or any other similar state or federal statute in the event the Obligor becomes a debtor within the meaning of the Federal Bankruptcy Code, as amended, or comes within the protection of such similar state or federal statute ("Insolvency Event"), and (b) in such Insolvency Event, the escrow deposit will not be treated as part of the estate of the Company. Neither Government Obligations nor moneys deposited with the Trustee pursuant to the Indenture nor principal nor interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall 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, shall, 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 required by (i) through (vi) 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 shall no longer be deemed to be Outstanding and shall be deemed to be paid as described under this "Discharge of Lien" heading, and the Owners of such Bonds shall 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 will not have in fact been actually paid in full, no amendment to the applicable provisions of the Indenture will 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, or upon the maturity thereof by declaration,
- (c) the occurrence of an “Event of Default” under the Loan Agreement,
- (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 in the Bonds contained.

Remedies Upon Event of Default

If an Event of Default occurs and is continuing, the Trustee shall 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 herein or therein, or for the enforcement of any proper legal or equitable remedy as the Trustee shall 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, shall 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 benefit of the Bondholders, or on behalf of the Issuer. The rights herein specified are to be cumulative to all other available rights, remedies, or powers and shall not exclude any such rights, remedies, or powers, which rights, remedies, and powers shall be subject to the limits provided in the Bond Documents.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Loan Agreement or the Notes under federal bankruptcy law or any other applicable law, or in the case a receiver or trustee shall have been appointed for the property of any such obligor, or in the case of any other judicial proceedings relative to any obligor under the Loan Agreement or the Notes or relative to the creditors or property of any such obligor, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys, and counsel and for reimbursement of all expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or willful misconduct) and of the Bondholders allowed in any such judicial proceedings relative to the Company or any other obligor under the Loan Agreement or the Notes, or relative to the creditors or property of the Company, or relative to any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf. Any receiver, assignee, or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and if the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys, and counsel and all other expenses and liabilities incurred and all advances made by the Trustee except as a result of its negligence or willful misconduct.

Rights of Bondholders to Require Trustee to Pursue Remedies

If an Event of Default occurs and is continuing, and if requested so to do by Majority Bondowners and if indemnified as provided in the Indenture the Trustee shall be obligated to exercise such one or more of the rights

and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of all Bondholders.

No lien, right, or remedy by the terms of the Indenture conferred upon or reserved or otherwise available to the Trustee or Bondholders is intended to be or shall be construed to be exclusive of any other available lien, right, or remedy, but each and every such lien, right, or remedy shall be cumulative and shall be in addition to any other lien, right, or remedy given to the Trustee or Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right, power, or remedy accruing upon any default or Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, but every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon. The giving, taking, or enforcement of any other or additional security, collateral, or guarantee for the payment of Bonds shall not operate to prejudice, waive, or affect the Trust Estate or any rights, powers, or remedies under the Indenture, nor shall the Trustee be required to first look to, enforce, or exhaust such other additional security, collateral, or guarantees.

Rights of Bondholders to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding but expressly subject to certain provisions of the Indenture, Majority Bondholders (determined subject to the applicable provision of the Indenture) will 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 hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Application of Moneys

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 shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST – To the payment of the Ordinary Expenses 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 shall 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 shall have become 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 shall 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 will become 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 shall 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 shall 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 shall have become due or shall have been declared due and payable, all such moneys shall be applied first to the items described in paragraph *FIRST* of the preceding subsection (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, such moneys shall be applied at such times and from time to time as the Trustee shall 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 shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall 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 shall cease to accrue. The Trustee shall 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.

Limitations on Rights and Remedies of Bondholders

No Bondholders will have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder or under the Bond Documents, unless: (i) a default has occurred of which the Trustee has been notified as provided in the applicable provisions of the Indenture, or of which by said subsection it is deemed to have notice, (ii) such default shall have become an Event of Default, (iii) Majority Bondholders shall have made written request to the Trustee and provided the indemnity required by the Indenture and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, and (iv) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its, his, or their own name or names. Such notification, request, and offer of opportunity and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for the appointment of a receiver or for any other remedy hereunder or under the Bond Documents; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Indenture by its, his, or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholders to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer, to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Owners thereof at the time, place, from the source, and in the manner in said Bonds expressed.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and Bondholders will be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Trustee shall continue unimpaired as if no such proceedings had been taken.

Waivers of Events of Default

The Trustee may in its discretion waive any Event of Default under the Indenture and rescind its consequences and will waive any Event of Default hereunder and its consequences and will rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of Majority Bondowners; provided, however, that there will not be waived any Event of Default in the payment when due of the (i) principal of any Outstanding Bonds at the date of maturity specified therein or upon proceedings for redemption pursuant to any mandatory sinking fund payments required or (ii) interest or premium on any such Bonds, unless prior to such waiver or rescission the consent of the Owners of 100% in aggregate principal amount of Bonds then Outstanding to such waiver shall have been obtained and all arrears of interest and all arrears of payments of principal or premium, if any, when due, with interest on such overdue amounts (to the extent permitted by law) at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default, shall have been paid or provided for. In the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon. All waivers under the Indenture shall be in writing.

Successor Trustee

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Resignation by the Trustee

The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving thirty (30) days written notice to the Issuer, to the Company, and, by first-class (postage prepaid) registered or certified mail, to each Bondholder shown on the registration records maintained pursuant to the Indenture, and such resignation shall take effect at the appointment of a successor trustee pursuant to the provisions of the Indenture and acceptance by the successor trustee of such trusts. Such notice to the Issuer and to the Company may be served personally or sent by registered mail. If no successor trustee shall have been so appointed by the Bondholders pursuant the Indenture within thirty (30) days after delivery of such notices, a temporary trustee may be appointed by the Issuer pursuant to the Indenture. If no successor trustee is appointed and has accepted appointment within thirty (30) days of the giving of written notice by the resigning trustee as aforesaid the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

Removal of the Trustee

The Trustee may be removed at any time (i) by the Issuer with the consent of the Company for any breach of the trusts set forth herein or for failure or refusal to act as trustee, (ii) by an instrument or concurrent instruments in writing delivered to the Trustee, the Company and to the Issuer and signed by the Majority Bondowners, or (iii) by an instrument in writing delivered to the Trustee and signed by the Company provided the Company is not in default as to the payment of any Basic Loan Payments and no other Event of Default has occurred and is continuing. Removal of the Trustee pursuant to (ii) or (iii) above shall not be effective until the Trustee is paid for all Ordinary Services and Extraordinary Services of the Trustee rendered hereunder and for all Ordinary Expenses and Extraordinary Expenses of the Trustee incurred under the Indenture.

Appointment of Successor Trustee; Temporary Trustee

In case the Trustee under the Indenture shall (a) resign or be removed or (b) be dissolved or shall be in the course of dissolution or liquidation, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court or otherwise become incapable of acting hereunder, a successor may be appointed by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal and executed by an Authorized Company Representative; provided, that if a successor trustee is not so appointed within ten (10) days after notice of resignation is mailed or an instrument of removal is delivered as provided under the Indenture, or within ten (10) days of the Issuer's knowledge of any of the events specified in (b) hereinabove, then Majority Bondowners, by an instrument or concurrent instruments in writing signed by or on behalf of such Owners, delivered personally or sent by registered mail to the Issuer and the Company, may designate a successor trustee. Until a successor trustee shall be appointed by the Bondholders in the manner above provided, the Issuer, by resolution and upon written notice to the Company, shall appoint a temporary trustee to fill such vacancy, and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the successor trustee so appointed by the Bondholders. Notice of the appointment of a successor trustee shall be given in the same manner as provided by the Indenture with respect to the resignation of the Trustee. Every such successor trustee appointed pursuant to the provisions of the Indenture under the heading "Appointment of Successor Trustee" shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing within or outside the State, shall be eligible to serve as trustee, Bond registrar, and paying agent under the Act, shall be duly authorized to exercise trust powers and subject to examination by federal or state authority, shall have a reported combined capital, surplus, and undivided profits of not less than \$25,000,000, and shall be an institution willing, qualified, and able to accept the trusteeship upon the terms and conditions of the Indenture.

In case at any time the Trustee shall resign or be removed and no appointment of a successor trustee shall be made pursuant to the foregoing provisions of the Indenture prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the Owner of any Bond or the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

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 shall not be inconsistent with the terms and provisions hereof 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 hereto in such manner as to permit the qualification hereof and 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 hereto 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 shall determine (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 herein 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 Project, 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 a part of the Trust Estate, 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.

Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders

Exclusive of amendments and indentures supplemental hereto covered above and subject to the terms and provisions contained in the section of the Indenture entitled "Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders" and not otherwise, Owners of not less than two-thirds (2/3) in aggregate principal amount of Bonds then Outstanding shall 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 hereto as shall 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 section of the Indenture entitled "Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders" shall permit, or 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. Copies of any amendments or supplements to the Indenture shall be sent to the Rating Agencies that have assigned a rating to the Bonds.

Prior to entering into such an amendment or supplemental indenture there shall be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. If at any time the Issuer shall request the Trustee to enter into any such amendment or supplemental indenture for any of the purposes allowed by the section of the Indenture entitled "Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders", the Trustee shall, 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 shall briefly set forth the nature of the proposed amendment or supplemental indenture and shall state that copies thereof are available from the Trustee upon request. The costs of such copies shall be an Ordinary Expense. If, within sixty (60) days or such longer period as shall 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 shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall 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. Upon the execution of any such amendment or supplemental indenture as in the section of the Indenture entitled "Amendments to Indenture and Supplemental Indentures Requiring Consent of Bondholders" permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of an amendment or supplemental indenture has been effected in compliance with the provisions of the Indenture.

Amendments to Other Bond Documents Not Requiring Consent of Bondholders

The Issuer and the Trustee will, 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 shall 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 as provided in certain provisions of the Indenture, neither the Issuer nor the Trustee shall 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 in the Indenture provided; provided, however, that nothing in the Indenture shall permit or be construed as permitting, (a) an extension of the time for payment of any amounts payable under the Loan Agreement or a reduction in the amount of any payment or in the total amount due under the Loan Agreement, 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 shall be delivered to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. If at any time the Issuer or the Company shall request any such proposed amendment, change, or modification of such other Bond Documents, the Trustee shall, 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 certain provisions of the Indenture with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall 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 shall 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 shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall 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. Upon the execution of any such amendment, change, or modification as in the section of the Indenture entitled “Amendments to Other Bond Documents Requiring Consent of Bondholders” permitted and provided, such other Bond Documents shall be and be deemed to be modified, changed, and amended in accordance therewith. Copies of any amendments or supplements to the Bond Documents shall be sent to the Rating Agencies that have assigned a rating to the Bonds.

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Appendix C

Form of Bond Counsel Opinion

July 23, 2009

Georgia Higher Education
Facilities Authority
Atlanta, Georgia

Re: \$100,850,000 Georgia Higher Education Facilities Authority Revenue Bonds
(USG Real Estate Foundation II, LLC Project), Series 2009

To the Addressees:

We have acted as bond counsel in connection with the issuance by the Georgia Higher Education Facilities Authority (the “Issuer”) of \$100,850,000 Georgia Higher Education Facilities Authority Revenue Bonds (USG Real Estate Foundation II, LLC Project), Series 2009 (the “Bonds”). In such capacity, we have examined such laws and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Constitution and laws of the State of Georgia, including O.C.G.A. Section 20-16-1 *et seq.*, as amended (the “Act”), a resolution adopted by the Issuer on April 29, 2009, as supplemented by a resolution adopted on July 15, 2009, and a Trust Indenture, dated as of July 1, 2009 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The Issuer and USG Real Estate Foundation II, LLC, a Georgia limited liability company (the “Company”), the sole member of which is the University System of Georgia Foundation, Inc. (the “Foundation”), a nonprofit corporation organized under the laws of the State of Georgia and qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), have entered into a Loan Agreement, dated as of July 1, 2009 (the “Loan Agreement”), pursuant to which the Issuer is lending the proceeds of the Bonds to the Company. The Company will use the proceeds of the Bonds to finance the acquisition, construction, renovation, installation and equipping of various improvements on the campuses of Bainbridge College, Columbus State University and Southern Polytechnic State University (collectively, the “Institutions”) to be owned by the Company and to be rented to the Board of Regents of the University System of Georgia for the use of such Institutions, including, without limitation, (i) a student wellness center to be located on the campus of Bainbridge College; (ii) a student recreation center to be located on the campus of Columbus State University; and (iii) a student housing facility, a dining facility and 120 beds of special interest housing to be located on the campus of Southern Polytechnic State University (each a “Project” and collectively, the “Projects”).

The obligation of the Company to repay the loan made pursuant to the Loan Agreement is evidenced by multiple promissory notes consisting of a separate promissory note for each Project (collectively, the “Series 2009 Notes” and each a “Series 2009 Note”) from the Company to the Issuer under which the Company has agreed to make payments at such times and in such amounts as will be sufficient in the aggregate to pay when due the principal of, premium (if any) and interest on the Bonds, as well as other payments due under the Loan Agreement.

The Board of Regents of the University System of Georgia and the Company have entered into a separate ground lease (each a "Ground Lease") for each site upon which a Project is to be constructed. As security for the payment of the Series 2009 Note related to each Project, the Company has executed and delivered a separate Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement (collectively, the Security Deeds") for each Project covering its interest in the Ground Lease related to such Project.

To further secure its obligation under each Series 2009 Note, the Company has assigned and granted a security interest in the construction contracts and architects' agreements relating to the Projects to the Issuer pursuant to a separate Assignment of Contract Documents (collectively, the "Assignments of Contract Documents") for each Project.

Under the Indenture, the Issuer has pledged its rights in and to (i) the Loan Agreement (except for Unassigned Rights, as defined in the Loan Agreement), the Series 2009 Notes, the Assignments of Contract Documents and the Security Deeds and all extensions and renewals of the terms thereof and (ii) all cash proceeds and receipts arising out of or in connection with the sale of the Bonds and all moneys and investments held by the Trustee in the funds and accounts created under the Indenture (except the Rebate Fund) (collectively, the "Trust Estate"). The Bonds are payable solely from the Trust Estate.

We note that various legal issues concerning the Issuer are addressed in our opinion of even date herewith, as Counsel to the Issuer, with respect to, among other matters, (i) the status and good standing of the Issuer, (ii) the power of the Issuer to enter into and perform its obligations under the Indenture and the Loan Agreement and to issue the Bonds, (iii) the authorization, execution and delivery of the Indenture and the Loan Agreement by the Issuer and (iv) the enforceability of the Indenture and the Loan Agreement against the Issuer.

With respect to, among other matters, (i) the status of the Foundation as an organization described in Section 501(c)(3) of the Code, (ii) the due authorization, execution, and delivery of documents by the Company and (iii) the legal, valid, and binding nature of documents to which the Company is a party, we have relied upon the opinion of even date herewith rendered by Coleman Talley LLP, counsel to the Foundation and the Company.

Regarding questions of fact material to our opinion, we have relied upon (i) representations of the Issuer and the Company and (ii) certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is validly existing as a body corporate and politic and public instrumentality of the State of Georgia with the power to enter into and perform its obligations under the Indenture and the Loan Agreement and to issue the Bonds.

2. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer enforceable against the Issuer. The Indenture creates a valid lien on the Trust Estate on a parity with other bonds (if any) issued or to be issued under the Indenture.

3. The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Trust Estate.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the Company comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

5. Interest on the Bonds is exempt from present state income taxation within the State of Georgia.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, or regarding the perfection or priority of the lien on Trust Estate or other funds created by the Indenture. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

July 23, 2009

Page 4

This opinion is given as of the date hereof and we assume no obligations to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

ALSTON & BIRD LLP

By: _____

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Appendix D

Form of Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by USG Real Estate Foundation II, LLC (the “Company”) in connection with the issuance of the \$100,850,000 Georgia Higher Education Facilities Authority Revenue Bonds (USG Real Estate Foundation II, LLC Project), Series 2009A (the “Series 2009 Bonds”). The Company hereby covenants and agrees, as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Company for the benefit of the Beneficial Owners of the Series 2009 Bonds (as herein defined) and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Company pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2009 Bonds (including persons holding Series 2009 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2009 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Company and which has filed with the Company a written acceptance of such designation.

“EMMA” shall mean MSRB’s Electronic Municipal Market Access System.

“Fiscal Year” shall mean, with respect to the Company or a Participating Constituent Institution, any period of twelve consecutive months adopted by the Company or a Participating Constituent Institution, as the case may be, as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year with respect to the Company and each Participating Constituent Institution.

“Indenture” shall mean the Trust Indenture, dated as of July 1, 2009, between the Issuer and the Trustee, and any supplements thereto.

“Issuer” shall mean the Georgia Higher Education Facilities Authority, its successors and assigns.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer relating to the Series 2009 Bonds.

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

“Participating Underwriter” shall mean Citigroup Global Markets Inc. and the other members of the underwriting group listed on the cover page of the Official Statement.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Georgia.

“Trustee” shall mean Wells Fargo Bank, National Association, its successors and assigns.

SECTION 3. Provision of Annual Reports.

(a) Not later than 120 days after the end of the Company’s Fiscal Year, commencing with Fiscal Year 2010, the Company shall provide to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) an Annual Report. 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 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Company or the Participating Constituent Institution may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Company shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available will be provided to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA).

(b) The Company shall also:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB for filing with the MSRB and the proper form of such filing; and

(ii) if the Annual Report (or the audited financial statements which were to be separately submitted) is not filed in accordance with subsection (a), send a notice to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements of the Company or a Participating Constituent Institution are not yet available, the unaudited financial statements of the Company or a Participating Constituent Institution, as applicable, and when audited financial statements of the Company or a Participating Constituent Institution, as the case may be, are available, the audited financial statements of the Company or a Participating Constituent Institution, both such types of financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time. Such audited financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If the accounting principles changed from the previous Fiscal Year, a description (as required by Section 8 of this Disclosure Certificate) of the impact of the change.

(c) A statement indicating that the Fiscal Year has not changed, or, if the Fiscal Year has changed, a statement indicating the new Fiscal Year.

(d) The information for the preceding Fiscal Year set forth in the Official Statement under the headings “BOARD OF REGENTS – Analysis of State General Fund Receipts” and “– Summary of Appropriation Allotments to Board of Regents,” and in Appendix A to the Official Statement under the headings “– Enrollment,” “– Admissions” and “– Tuition and Fees.”

Any or all of the items listed above may be incorporated by 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 are available to the public on the MSRB’s Internet Website or filed with the Securities and Exchange Commission. The Company shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2009 Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Bonds.
- (vii) Modifications to rights of the security holders.
- (viii) Bond calls.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Series 2009 Bonds.
- (xi) Rating changes.

(b) Whenever the Company obtains knowledge of the occurrence of a Listed Event, the Company shall promptly determine if such event would constitute material information for Beneficial Owners of the Series 2009 Bonds.

(c) If the Company determines that knowledge of the occurrence of a Listed Event would be material, the Company shall within five business days file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). Notice of Listed Events described in subsections (a)(viii) and (ix) shall be disseminated automatically, and need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Series 2009 Bonds pursuant to the Indenture.

(d) The content of any notice of the occurrence of a Listed Event shall be determined by the Company and shall be in substantially the form attached as Exhibit B.

SECTION 6. Termination of Reporting Obligation. The Company's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2009 Bonds. The Company shall notify the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) that the Company's obligations under this Disclosure Certificate have terminated. If the Company's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Company.

SECTION 7. Dissemination Agent. The Company may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Company may, from time to time, discharge the Dissemination Agent, with or without appointing

a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the Company shall be the Dissemination Agent.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature, or status of any “obligated person” (as defined by the Rule), or type of business conducted by such obligated person;

(b) This Disclosure Certificate, as amended, and the undertakings provided herein, would have complied with the requirements of the Rule at the time the Series 2009 Bonds were issued, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the Bondholders, as determined by the Company, or the holders of a majority in aggregate principal amount of the Outstanding Series 2009 Bonds approve the amendment.

In the event that this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the applicable Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the applicable Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Bondholders to enable them to evaluate the ability of the Company to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA).

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Company chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Company shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Company to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a “default” or an “event of default” under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Company agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Company under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2009 Bonds.

SECTION 12. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Company, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2009 Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Certificate 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.

SECTION 15. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 16. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: July 15, 2009

USG REAL ESTATE FOUNDATION II, LLC

By: USGREF MANAGER, LLC, its Manager

By: _____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Georgia Higher Education Facilities Authority (the "Issuer")

Name of Bond Issue: \$100,850,000 Georgia Higher Education Facilities Authority Revenue Bonds
(USG Real Estate Foundation II, LLC Project), Series 2009A

CUSIP Number: _____

Date of Issuance: July 23, 2009

Name of
Obligated Person: USG Real Estate Foundation II, LLC (the "Company")

NOTICE IS HEREBY GIVEN that the Company has not provided an Annual Report due with respect to the above-named Series 2009 Bonds as required by Section 8.06 of the Loan Agreement, dated as of July 1, 2009, between the Issuer and the Company, and the Company's Disclosure Certificate, dated July 15, 2009. The Company anticipates that the Annual Report will be filed by _____.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to _____.

Dated: _____

USG REAL ESTATE FOUNDATION II, LLC

By: USGREF MANAGER, LLC, its Manager

By: _____
Title:

EXHIBIT B

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

Relating to

\$100,850,000

GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS
(USG REAL ESTATE FOUNDATION II, LLC PROJECT),
SERIES 2009A

CUSIP NUMBER _____

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(ix) shall include the following:

The Company hereby expressly reserves the right to redeem such refunded or defeased Series 2009 Bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased Series 2009 Bonds.

OR

The Company hereby covenants not to exercise any optional or extraordinary redemption provisions under the Indenture; however, the sinking fund provision will survive the defeasance.

AND

The Series 2009 Bonds have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no Series 2009 Bonds should be delivered to the Company or the Trustee as a result of this mailing. A Notice of Redemption instructing you where to submit your Series 2009 Bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____

USG REAL ESTATE FOUNDATION II, LLC

By: USGREF MANAGER, LLC, its Manager

By: _____

Title:

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Appendix E

Form of Rental Agreement

Counterpart No. ____ of Two Original Executed
Counterparts.
Counterpart of the _____

STATE OF GEORGIA;
COUNTY OF _____:

RENTAL AGREEMENT

THIS RENTAL AGREEMENT (hereinafter "Agreement"), made and entered into this ____ day of _____, 2009, by and between **USG REAL ESTATE FOUNDATION II, 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 _____, 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"):

W I T N E S S E T H:

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 _____ County, Georgia, and more particularly described in Exhibit "C", which is attached hereto and incorporated herein by this reference, including [DESCRIPTION OF PROJECT TO MATCH BOR RESOLUTION] (by the system of streets and numbering commonly in use at the date hereof), 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, but no earlier than _____ ("hereinafter referred to as the "Commencement Date"), and ending at 11:59 o'clock P.M. on _____ (hereinafter referred to as the "Expiration Date"), unless terminated earlier as hereinafter provided (hereinafter referred to as the "Initial Term").

Landlord

Tenant

**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 thirty (30) consecutive years (each year is hereinafter referred to as a "Renewal Term") to end no later than _____, 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 _____, of _____, 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 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.

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.

(SIGNATURES BEGIN ON NEXT PAGE)

USG REAL ESTATE FOUNDATION II, LLC, a Georgia limited liability company

By: USGREF Manager, LLC, a Georgia limited liability company, Its Manager

By: _____ L.S.
Authorized Representative

Signed As to Landlord,
in the presence of:

Unofficial Witness

(SEAL)

Notary Public

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

By: _____
Vice Chancellor for Facilities

Attest: _____
Assistant Vice Chancellor for Facilities

(SEAL)

SIGNED as to Board Of Regents of
the University System of Georgia
in the presence of:

Unofficial Witness

Notary Public

Approval of Institution

By: _____
President

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 Tenant's 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) Insurance Certificates. Landlord shall procure the insurance coverage identified in Exhibit "D" and shall furnish the Tenant an insurance certificate evidencing such coverage and listing the Tenant as the certificate holder and as an Indemnitee under the policy. 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 IX 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 as shall have been designated by the Landlord and the Tenant.

(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 Tenant, 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 Tenant. The insurance company shall have the right to participate in the defense of the Tenant.

(iv) Self-insured retention, except for qualified self-insurers or group self-insurers, in any policy shall not exceed \$10,000.

(c) Termination of Obligation to Insure. 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) Failure of Insurers. 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.

(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 conductance 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

(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, and in a condition which complies with all Environmental Laws.

(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.

**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 Director of Auxiliary Services 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 the attached Exhibits 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"

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.

(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 with the first such report being due by March 31, 2015, 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 _____ 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.

6. Management Contract. Any contract relating to the management of the Premises by a party other than the Tenant shall meet the requirements of Revenue Procedure 97-13 of the Internal Revenue Service. Prior to its execution, Bond Counsel, as defined below, must confirm that such contract meets the requirements of Revenue Procedure 97-13. Bond Counsel is defined as an attorney or firm of attorneys duly admitted to practice law before the highest court of any state in the United States and not in the full-time employment of the Landlord, Tenant or Georgia Higher Education Facilities Authority ("GHEFA"). Such attorney or firm of attorneys must be nationally recognized as experienced in matters relating to exclusion of gross income for federal tax purposes of interest on obligations of states and political subdivisions, and such attorney or firm of attorneys shall be designated by the Attorney General of the State of Georgia.

END OF EXHIBIT "B"

EXHIBIT "C"

Legal Description

_____ County – [Name of Institution]

[TO BE COMPLETED UPON RECEIPT OF UPDATED SURVEY]

All that certain tract or parcel of land situate lying and being part of Land Lot ___ of the _____ Land District, City of _____, _____ County, Georgia and being more particularly described as follows:

Commence at _____

_____ **POINT OF BEGINNING.**

Said tract or parcel contains _____ acres, more or less, as shown on that certain ALTA/ACSM Land Title Survey prepared by _____, bearing the seal of _____, dated _____ and last revised on _____.

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. 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. The 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) Commercial General Liability Insurance. The Landlord shall provide Commercial General Liability Insurance (1993 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:

Coverage	Limit
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 per Project

*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.

(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 the Workers' Compensation 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) Builders Risk Insurance. 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 1991 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 any 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:

(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 this 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 1991 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 any deductible exceed \$10,000.

(viii) Rental Interruption Insurance. During the term of this 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"

RENT SCHEDULE

[TO BE COMPLETED

END OF EXHIBIT "E"

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Appendix F
Form of Ground Lease

No. ____ of ____ Executed Original Counterparts.

COUNTERPART OF _____.

STATE OF GEORGIA;
COUNTY OF _____:

GROUND LEASE

THIS GROUND LEASE (hereinafter referred to as the "Ground Lease" or "Lease") is made and entered this [_____] day of _____, 2009, 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 II, 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 _____, a unit of the University System of Georgia (hereinafter referred to as "Institution").

WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain real property consisting of approximately [TO BE INSERTED] acres situated in the City of _____, _____ County, Georgia, located on the campus of the Institution (hereinafter referred to as the "Premises"), more particularly described in the first portion of Exhibit "A" attached hereto (Exhibit "A" also containing Lessor's grant to Lessee of a Temporary Construction Easement and various Other Easements); and

WHEREAS, Lessee desires to lease the Premises from Lessor; and

WHEREAS, at its meeting of June ____, 2009, 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, equipping and maintaining a [DESCRIPTION OF PROJECT TO MATCH BOR RESOLUTION]; 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, equipping and maintaining [DESCRIPTION OF PROJECT TO MATCH BOR RESOLUTION] or 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.

1.
USE OF PROPERTY

1.1 The Premises shall be used by Lessee for the purpose of constructing, owning, operating, equipping and maintaining [DESCRIPTION OF PROJECT TO MATCH BOR RESOLUTION] (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 paragraph 9.7 below.

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 constructing, 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

Lessee

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 Paragraph 4.2 below; provided, however that the Construction Term shall not exceed a period of two (2) calendar years.

4.2 The Primary Term of this Lease shall begin 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 [_____], and ending at 11:59 o'clock P.M. prevailing legal time in Atlanta, Georgia, on [_____], unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the term only upon thirty (30) days' written notice to Lessor and conveyance to Lessor of all right and title to all improvements then existing on the Premises free and clear of any liens or encumbrances, but subject to Lessor's rights under Section 9.3 below.

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 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 Paragraphs 4.3 and 4.4 above, 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 additions constructed on the Premises by Lessee, shall vest in Lessor without further act or conveyance, and without liability to make compensation therefor 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 Paragraph 9.5 below, in addition to the termination provisions set forth in Paragraph 4.2 above, 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

Lessor

Lessee

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 Paragraph 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 Paragraph 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 paragraph 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 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 Paragraph 4 of this Lease.

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 [DESCRIPTION OF PROJECT TO MATCH BOR RESOLUTION]. Lessee shall, at its sole cost and expense, demolish any existing improvements or structures on the Premises, 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 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 paragraph 9.1 above, 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.

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 Paragraph 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

Lessor

Lessee

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; provided, however, that in the case of defaults not involving the failure to pay any sum due hereunder, Lessee shall have an additional period of not to exceed two hundred ten (210) days to cure, or cause to be cured, any such default, but only during such period as Lessee in good faith continues to exercise with reasonable diligence efforts to cure such default. 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

Lessor

Lessee

damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, the State Employee Broad Form Liability Fund, the State Insurance and Hazard Reserve Fund, and other self-insured 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 immediately 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.

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 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
- (l) Mandatory forty-five (45) days notice of cancellation/non-renewal (See 11.2(a) below).

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 V 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 as shall have been designated by this Lease and address of the Premises 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”).

(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 shall not exceed \$10,000.00.

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 this term of the Ground Lease by Lessor to reflect then current reasonable and standard limits by giving Notice to Lessee pursuant to Paragraph 20 and both parties shall execute an amendment to this Ground Lease to reflect the change are as follows:

(a) Workers' Compensation. 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 of authority 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. 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 (1993 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:

<i>Coverage</i>	<i>Limit</i>
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
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 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.

(d) Commercial Business Automobile Liability Insurance. The Lessee 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 automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than \$1,000,000 Combined Single Limits for each occurrence.

Lessor

Lessee

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 the Workers' Compensation 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 1991 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee or the contractor, and in no event shall the amount of any deductible exceed \$10,000.00. 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:

(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 1991 Causes of Loss - Special Form, or its equivalent. All deductibles shall be the sole responsibility of Lessee, and in no event shall the amount of any deductible exceed \$10,000.00.

11.4 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.

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

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) erected on the Premises are totally or partially destroyed or rendered untenable 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 of this Lease.

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.

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.

Lessor

Lessee

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 paragraph 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.

19.2 Nothing contained in this Section 19 shall limit or is intended to limit the rights of Lessee under Section 9.5 hereof; 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

Lessor

Lessee

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.

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 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.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

Lessor

Lessee

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: _____ L.S.
LINDA M. DANIELS
Vice Chancellor

Attest: _____ L.S.
JAMES 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:

By: _____
President

[SIGNATURES CONTINUED NEXT PAGE]

APPROVED:

By: _____
SONNY PERDUE
Governor

Attest: _____
KAREN C. HANDEL
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:

[SIGNATURES CONTINUED NEXT PAGE]

Lessor

Lessee

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

LESSEE:

**USG REAL ESTATE FOUNDATION II,
LLC**, a Georgia limited liability company

By: USGREF Manager, LLC, a Georgia
limited liability company, its Manager

By: _____ L.S.
Authorized Representative

Signed, sealed and delivered as to
Lessee in the presence of:

Unofficial Witness

Official Witness, Notary Public

My Commission Expires: _____

Lessor

Lessee

EXHIBIT "A"

_____ County

[Name of Institution]

[TO BE COMPLETED UPON RECEIPT OF UPDATED SURVEY]

Ground Lease Limits:

All that certain tract or parcel of land situate lying and being part of Land Lot ___ of the _____ Land District, City of _____, _____ County, Georgia and being more particularly described as follows:

Commence _____ at _____

POINT OF BEGINNING.

Said tract or parcel contains _____ acres, more or less, as shown on that certain ALTA/ACSM Land Title Survey prepared by _____, bearing the seal of _____, dated _____ and last revised on _____.

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, including, without limitation, the construction of doors and passageways which connect the Premises to Lessor's existing building located adjacent to the Premises in locations approved by Lessor. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements and connect to the existing adjacent building. 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 or parcel of land situate lying and being part of Land Lot ___ of the _____ Land District, City of _____, _____ County, Georgia and being more particularly described as follows:

Commence at _____

POINT OF BEGINNING.

Said tract or parcel contains _____ acres, more or less, as shown on that certain ALTA/ACSM Land Title Survey prepared by _____, bearing the seal of _____, dated _____ and last revised on _____.

Lessor

Lessee

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 _____, Page _____, _____ 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 _____ and the Premises for vehicular and pedestrian ingress and egress to and from the Premises and _____ for access to adjacent public roads. Additionally, during the term of this Lease, Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's building located on property adjacent to the Premises for the purpose of ingress, egress and use of Lessor's adjacent building.

Lessor

Lessee

EXHIBIT "B"

Special Stipulations

[None]

EXHIBIT "C"

GMP List of A/E Documents

Appendix G
Book-Entry Only System

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2009 Bonds. The Series 2009 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 2009 Bond will be issued for each maturity of the Series 2009 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

Purchases of Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009 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 2009 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 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 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 2009 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 2009 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2009 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. Beneficial Owners of Series 2009 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2009 Bonds may wish to ascertain that the nominee holding the Series 2009 Bonds for their benefit has agreed to obtain and transmit

notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2009 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, the Company or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest 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 securities depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2009 Bonds are required to be printed and delivered.

The Issuer or the Company may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2009 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 sources that the Issuer and the Company believe to be reliable, but the Issuer and the Company take no responsibility for the accuracy thereof.

