

Capital Liability Management Plan

FY 2019 -2023

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Presentation Summary

- I. FY 2018 Overview of USG Capital Lease Obligations & Capital Liability Ratio
- II. New Activity
- III. Summary of Financial Performance and Refinancing Activity for USG Portfolio
- IV. Capital Liability Management Plan
- V. Update on Energy Performance Contracts
- VI. Action Item: Multi-Year Leases

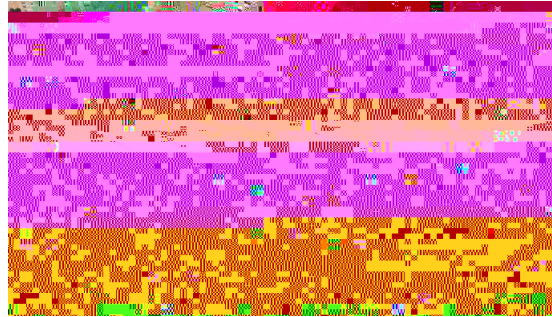




Completed in FY2019

- Ga Tech – CODA
- Completed March 2019

Under Construction

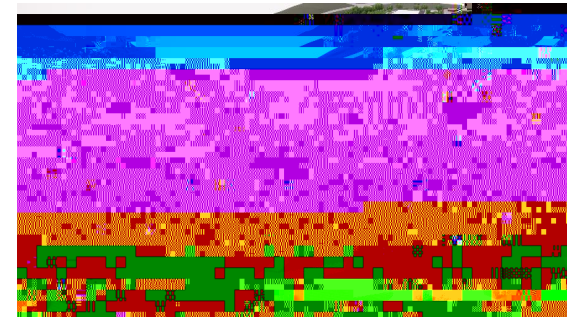


- Ga Tech – Dalney Office Bldg & Parking
- Construction Status – 75%
 - Completion Date – August 2019

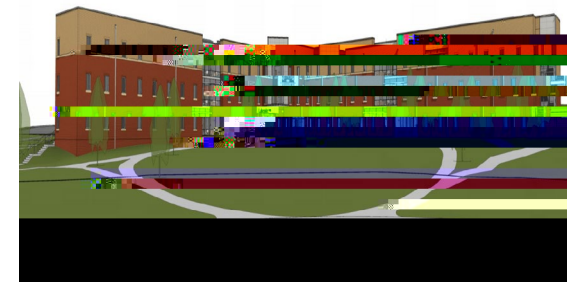


- Ga Tech – Lockheed
- Construction Status – 80%
 - Completion Date – June 2019

New Projects



- Ga Tech – Campus Center
- Started Construction –



Capital Lease Portfolio

FY 2018 Cash Flow Performance

All lease payments paid in full and on time

- 19 projects did not meet a 1.0x coverage ratio
- Funding gaps typically covered from other auxiliaries
- Causes
 - Enrollment or occupancy trends
 - Expenses
 - Fee exemptions

Capital Liability Management Reserve

- \$19.55 Million on deposit
- No loans outstanding

Fall 2019 PPV-Related Fee Increases

Valdosta State University
Student Center, Athletic Fieldhouse,
Parking Deck

Fort Valley State University
Student Center

Gordon State College
Student Center

Middle Georgia State University
Recreation Center

Atlanta Metropolitan State College
Student Center

Kennesaw State University
Sports & Recreation Park

USDA Loan & Refinancing Transactions

USDA Direct Loan Update

Fort Valley State University \$40.5 million USDA Loan closed 9/20/18 (savings \$11.2 million) interest rate 2.75%

South Georgia State College \$35.59 million USDA Loan scheduled to close on 12/1/19 (savings \$3.7 million) interest rate 3.25%

PPV Refinancing Update

FY 2017 cashflow savings \$1126 million

FY 2018 cashflow savings \$1239 million

FY 2019 cashflow savings to exceed \$35.1 million

2 additional pending transactions (Albany)

FY 2020 Projected Bond Financings

	Est. Outstanding Bond Amount	#of Projects
Albany State University	\$51,000,000	4
College of Coastal Georgia (GHEFA)	\$11,600,000	1
Georgia College & State University (GHEFA)	\$27,300,000	1
Georgia Institute of Technology	\$84,200,000	6
Kennesaw State University	\$20,000,000	1
Savannah State University	\$104,000,000	9
University of West Georgia (GHEFA)	\$5,300,000	1
TOTAL	\$303,400,000	23

System-Wide Efficiency Initiatives

Dining Enabling Contract

Leverage economies of scale to achieve competitive pricing

10-year “enabling contract” which allows additional institutions to join

Aladdin Food Management Services

Vendor is at risk for any operating shortfalls, not the institution

No Guarantees or Minimums; fixed Meal Plan Pricing (Institution pays only the fixed meal plan price to vendor)

6 Residential Campuses (meal plans, catering, and retail operations)

8 Commuter Campuses (retail and catering operations)

Pooled Insurance Program

Leverage economies of scale to achieve competitive pricing

Created insurance pool PPV, USDA, and other non-state financed projects

Arthur J. Gallagher Risk Management Services, Inc.

\$2,648,907,482 insurable value

15,132,165 square feet

Property and Liability Premiums for FY 2020 is \$3.8 million

22 Campuses have properties insured

Energy Performance Contracts and Multi-Year Leases

	Energy Performance Contracts	Multi- Year Leases
FY 2015	\$10.2 million EPC authorized; \$7.8 million for GIT \$2.4 million for UGA	\$15 million authorized; \$6.5 million utilized for GIT (Technology Enterprise Park)
FY 2016	\$0	\$150 million authorized; \$113.9 million utilized for GIT (commencing in FY 2019)
FY 2017	\$0	\$30 million authorized; \$0 utilized
FY 2018	\$0	\$20 million authorized; \$2.3 million utilized
FY 2019	\$20 million projected; \$6.5 GIT utilized	\$15 million authorized; \$6.5 utilized for GPLS
FY 2020	\$20 million projected	\$25 million requested

Action Item

Recommended That the Board approve by resolution a request to the Georgia State Financing and Investment Commission (GSFIC) for contract value authority of \$25 million for multi-year office leases for FY 2020.

Questions?