

UNIVERSITY SYSTEM OF GEORGIA FOUNDATION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

On July 23, 2009, proceeds from the Georgia Higher Education Facilities Authority Revenue Bonds Series 2009A bond issuance ("2009 Bonds") were loaned to USG Real Estate Foundation II in the amount of \$100,850,000. USG Real Estate Foundation II has used the proceeds from the sale of the bonds to finance construction of facilities at colleges and universities in the University System of Georgia on real estate owned by the Board of Regents. The real estate on which the facilities are constructed will be leased to USG Real Estate Foundation II by the Board of Regents pursuant to a ground lease for minimal rent. The facilities will be owned by RE Foundation II and, upon completion, will be leased to the Board of Regents pursuant to rental agreements, in amounts necessary to maintain the properties, pay interest on the bonds, and retire the debt (see Note 3).

Interest payments on the 2009 Bonds are due on June 1 and December 1 every year until the principal has been paid in full. There are a series of fixed rate bonds with interest rates ranging from 3.00% to 5.50% with a weighted average rate of 5.50% including bond discounts and issuance costs. The 2009 Bonds mature in 2039 and principal payments were due starting on June 15, 2011 and on each June 15 thereafter. The last principal payment is scheduled to be made on June 15, 2039. The total principal outstanding for the 2009 Bonds was \$99,305,000 and \$100,850,000, at June 30, 2011 and 2010, respectively. The original bond principle of \$100,850,000 was allocated to projects at the various institutions as follows:

<u>Institution</u>	<u>Amount</u>
Bainbridge College	\$ 21,265,000
Columbus State	34,095,000
Southern Polytechnic	<u>45,490,000</u>
Total	<u><u>\$ 99,855,000</u></u>