

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

On August 12, 2010, proceeds from the Georgia Higher Education Facilities Authority Revenue Bonds Series 2010A bond issuance were loaned to RE Foundation III in the amount of \$94,210,000. RE Foundation III is using 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 RE Foundation III by the Board of Regents pursuant to a ground lease for minimal rent. The facilities will be owned by RE Foundation III 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 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 3.0% to 5.0% with a weighted average rate of 4.80% including bond premium and issuance costs. Principal payments are due starting on June 15, 2012 and on each June 15 thereafter. The last principal payment is scheduled to be made on June 15, 2041. The total principal outstanding at June 30, 2011 was \$94,210,000 and the amounts were allocated to projects at the various institutions as follows:

<b>Institution</b>	<b>Amount</b>
College of Coastal Georgia	\$ 28,955,000
East Georgia College	8,910,000
Georgia College	31,400,000
Savannah State University	18,930,000
University of West Georgia	6,015,000
Total bonds payable	\$ 94,210,000

Scheduled maturities for all bond principal and interest payments are as follows as of June 30, 2010:

	<b>Principle</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 3,600,000	\$ 15,131,044	\$ 18,731,044
2013	3,935,000	15,017,594	18,952,594
2014	4,215,000	14,876,344	19,091,344
2015	4,535,000	14,707,744	19,242,744
2016	4,875,000	14,508,594	19,383,594
2017-2040	271,750,000	221,143,911	492,893,911
	\$ 292,910,000	\$ 295,385,231	\$ 588,295,231