

In the opinion of Bond Counsel, under existing law, interest on the Series 2013 Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an enumerated "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) is exempt from State of Georgia income taxation, subject to the exceptions, conditions, and limitations described herein. For further details, see "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

\$27,130,000**DEVELOPMENT AUTHORITY OF THE CITY OF MARIETTA
Student Housing Facilities Refunding Revenue Bonds
(SPSU Student Housing I, LLC Project) Series 2013****Dated: Date of Issuance****Due: June 15, as shown on inside front cover**

The proceeds of the Development Authority of the City of Marietta Revenue Bonds (SPSU Student Housing I, LLC Project) Series 2013 (the "Series 2013 Bonds") will be loaned by the Development Authority of the City of Marietta (the "Issuer") to SPSU Student Housing I, LLC (the "Borrower"), a Georgia limited liability company whose sole member is Southern Polytechnic State University Foundation, Inc., a Georgia nonprofit corporation (the "Foundation"), pursuant to a Loan Agreement dated as of June 1, 2013 (the "Loan Agreement") and will be used by the Borrower for the purpose of (i) refunding all of the Issuer's Student Housing Facilities Revenue Bonds (SPSU Student Housing I, LLC Project) Series 2003 (the "Series 2003 Bonds"), the proceeds of which were used to finance the acquisition of an existing student housing complex and certain other land, the construction and equipping of a new student housing complex, the renovation and equipping of two existing student residence halls located on the campus of the Southern Polytechnic State University (the "University") in Marietta, Georgia, (ii) financing certain capital expenditures relating to property to be owned by the Borrower or an affiliate of the Borrower for the benefit of the University and located in Marietta, Georgia, (iii) funding a debt service reserve fund and (iv) paying all or a portion of the costs of issuing the Series 2013 Bonds. See "PROJECT AND PLAN OF REFUNDING" herein. Under the terms of the Loan Agreement, the Borrower will pay the Issuer amounts sufficient to enable the Issuer to pay the principal of and interest on the Series 2013 Bonds. The obligations of the Borrower under the Loan Agreement will be secured by a Deed to Secure Debt and Assignment of Rents and Leases dated as of June 1, 2013 (the "Deed") from the Borrower in favor of the Issuer and assigned to the Trustee.

The Series 2013 Bonds will be issued pursuant to a Trust Indenture and Security Agreement dated as of June 1, 2013 (the "Indenture") between the Issuer and Regions Bank, as trustee (the "Trustee"). The Series 2013 Bonds are payable solely from the Trust Estate. The Trust Estate, from which the Series 2013 Bonds are payable, includes all rights, title and interest of the Issuer in and to (a) the Loan Agreement (except for the Issuer's rights to payment of fees and expenses and to indemnification pursuant to the terms thereof); (b) the Deed; (c) the Gross Revenues (as defined in the Indenture); (d) moneys and securities held in any and all funds created under the Indenture; and (e) 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, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2013 BONDS" herein.

The Series 2013 Bonds are not a debt, liability or general obligation of the State of Georgia, the City of Marietta, Georgia, the Board of Regents of the University System of Georgia or of any municipal corporation or political subdivision of the State of Georgia, and neither the faith and credit nor the taxing power of the State of Georgia or any municipal corporation or political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2013 Bonds. The Series 2013 Bonds are not general obligations of the Issuer, but are limited obligations of the Issuer payable solely from the Trust Estate. The Issuer has no taxing power.

The Series 2013 Bonds will only be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). Payment of the principal of and interest on the Series 2013 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2013 Bonds, and will be subsequently disbursed by Cede & Co. to DTC Participants and thereafter to Beneficial Owners of the Series 2013 Bonds, all as further described herein. See "DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry System of Registration" herein. Interest on the Series 2013 Bonds will be payable semiannually on each June 15 and December 15, commencing December 15, 2013. See "DESCRIPTION OF THE SERIES 2013 BONDS" herein.

The Series 2013 Bonds are subject to optional and extraordinary redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2013 BONDS – Redemption Provisions" herein.

The Board of Regents of the University System of Georgia has not participated in the structuring, offering or issuance of the Series 2013 Bonds, and the Board of Regents of the University System of Georgia will not have any obligation with respect to the Series 2013 Bonds or the refinancing of the Project and will not have any legal or moral obligation to rent the Project in a manner supportive of the creditworthiness of the Series 2013 Bonds.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY FOR OR TERMS OF THE SERIES 2013 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2013 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to approval of the legality of the Series 2013 Bonds and certain other matters by McKenna Long & Aldridge LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Haynie, Litchfield & Crane, P.C., Marietta, Georgia; for the Borrower and the Foundation by McKenna Long & Aldridge LLP; and for the Underwriter by Peck Shaffer & Williams, LLP, Atlanta, Georgia. The Series 2013 Bonds are expected to be available for delivery to the Trustee on behalf of DTC under the DTC FAST system of registration on or about June 18, 2013.

RAYMOND JAMES®

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

<u>Maturity (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Maturity (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2014	\$1,415,000	2.000%	0.46%	567656 DG5	2022	\$1,790,000	3.00%	2.60%	567656 DQ3
2015	1,440,000	2.000	0.70	567656 DH3	2023	1,840,000	5.00	2.75	567656 DR1
2016	1,470,000	3.000	1.00	567656 DJ9	2024	1,935,000	5.00	2.87 ¹	567656 DS9
2017	1,510,000	3.000	1.25	567656 DK6	2025	2,030,000	3.00	3.15	567656 DT7
2018	1,555,000	4.000	1.50	567656 DL4	2026	2,090,000	3.00	3.26	567656 DU4
2019	1,620,000	4.000	1.80	567656 DM2	2027	2,155,000	3.25	3.38	567656 DV2
2020	1,685,000	4.000	2.05	567656 DN0	2028	1,400,000	3.25	3.46	567656 DW0
2021	1,750,000	2.125	2.38	567656 DP5	2029	1,445,000	3.50	3.62	567656 DX8

¹ Priced to June 15, 2023 optional redemption date.

† CUSIP data herein is provided by Standard & Poor's, CUSIP Services Bureau, a division of the McGraw-Hill Companies, Inc. The Issuer is not responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the Series 2013 Bonds or as indicated above.

No dealer, broker or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2013 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 2013 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Information contained herein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation of, the Underwriter. Expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borrower, Southern Polytechnic State University (the "University") or the Issuer or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

The Series 2013 Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance on exemptions contained in such Acts.

In making an investment decision, investors must rely on their own examination of the Borrower, the University, the Issuer, the Board of Regents of the University System of Georgia and the State of Georgia and the terms of the offering, including the merits and risks involved. The Series 2013 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Neither the delivery of this Official Statement nor the sale of any of the Series 2013 Bonds implies that the information herein is correct as of any time subsequent to the date hereof.

No registration statement relating to the Series 2013 Bonds has been filed with the Securities and Exchange Commission (the "SEC") or with any state securities agency. The Series 2013 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 CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Preliminary Official Statement has been deemed final for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

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OFFICIAL STATEMENT

\$27,130,000

**Development Authority of the City of Marietta
Student Housing Facilities Refunding Revenue Bonds
(SPSU Student Housing I, LLC Project)
Series 2013**

INTRODUCTION

General

This Official Statement, including the cover page and Appendices, is furnished in connection with the offering of \$27,130,000 in aggregate principal amount of Development Authority of the City of Marietta Student Housing Facilities Refunding Revenue Bonds (SPSU Student Housing I, LLC Project) Series 2013 (the “Series 2013 Bonds”). Capitalized terms used in this Official Statement and not otherwise defined herein are defined in Appendix A – “DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS.”

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 2013 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, including the Appendices hereto.

The Issuer

The Development Authority of the City of Marietta (the “Issuer”) is a public body corporate and politic of the State of Georgia (the “State”) duly created and validly existing pursuant to the Development Authorities Law, Section 36-62-1 *et seq.*, as amended, Official Code of Georgia Annotated (the “Act”), and a resolution adopted by the City Council of the City of Marietta, Georgia on May 17, 1989. See “THE ISSUER” herein.

The Borrower

SPSU Student Housing I, LLC (the “Borrower”) is a limited liability company organized and existing under the laws of the State which has Southern Polytechnic State University Foundation, Inc. (the “Foundation”) as its sole member. The Foundation is a nonprofit corporation organized and existing under the laws of the State which is recognized by the Internal Revenue Service as an exempt organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Foundation’s primary purpose is furthering the interests of Southern Polytechnic State University. The Borrower’s primary purpose is leasing the land on which the Project (as hereinafter defined) is located from the Board of Regents and owning, acquiring, constructing and developing the Project and renting the Project to the Board of Regents. See “THE BORROWER” herein.

The University

Southern Polytechnic State University (the “University”) is a unit of the University System of Georgia. As of the fall of 2012, the University served approximately 6,200 students and had 216 full-

time faculty. The University offers a wide array of programs of study, including 38 at the bachelor's level, 10 at the master's level and 6 at the certificate level. The University is located in Marietta, Georgia on an approximately 200 acre tract of land. See "THE UNIVERSITY" herein.

The Series 2013 Bonds

The Series 2013 Bonds will be issued pursuant to a Trust Indenture and Security Agreement dated as of June 1, 2013 (the "Indenture") between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the "Trustee"). The Series 2013 Bonds are payable solely from the Trust Estate. The Trust Estate, from which the Series 2013 Bonds and any Additional Bonds are payable, 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 and to indemnification pursuant to the terms thereof), (b) the promissory note from the Borrower in favor of the Issuer, (c) the Deed to Secure Debt and Assignment of Rents and Leases dated as of June 1, 2013 from the Borrower in favor of the Issuer and assigned to the Trustee (the "Deed"), (d) the Security Agreement dated as of June 1, 2013 (the "Security Agreement") between the Borrower and the Issuer, (e) all moneys held by the Trustee in the funds under the Indenture and (f) all moneys and securities and interest earnings thereon from time to time delivered to and held by the Trustee under the Indenture and all other property rights and interests from time to time granted, bargained, sold, alienated, demised, released, conveyed, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or anyone on its behalf or with the written consent of the Trustee. See "DESCRIPTION OF THE SERIES 2013 BONDS" and "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2013 BONDS" herein.

Purpose of the Series 2013 Bonds

The Issuer will lend the proceeds from the sale of the Series 2013 Bonds to the Borrower pursuant to the terms and provisions of a Loan Agreement dated as of June 1, 2013 (the "Loan Agreement") between the Issuer and the Borrower. The proceeds of the loan will be used to (i) refund all of the Issuer's Student Housing Facilities Revenue Bonds (SPSU Student Housing I, LLC Project), Series 2003 (the "Series 2003 Bonds"), currently outstanding in the aggregate principal amount of \$27,965,000, (ii) financing certain capital expenditures relating to property to be owned by the Borrower or an affiliate of the Borrower for the benefit of the University and located in Marietta, Georgia, (iii) fund a debt service reserve fund and (iv) pay certain of the costs of issuance of the Series 2013 Bonds.

The Series 2003 Bonds were issued pursuant to a Trust Indenture and Security Agreement dated as of December 1, 2003 (the "Series 2003 Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. The proceeds of the Series 2003 Bonds were used to finance or reimburse, in whole or in part, (i) the cost of (1) acquiring an existing student housing complex known as University Commons ("University Commons") and certain other land located adjacent to the campus of the University, (2) constructing and equipping a new student housing complex known as University Courtyard ("University Courtyard") and (3) renovating and equipping two existing residence halls known as Norton Hall ("Norton Hall") and Howell Hall ("Howell Hall" and together with University Commons, University Courtyard and Norton Hall, the "Original Project"; University Commons and University Courtyard are referred to herein collectively as the "Project") located on or adjacent to the campus of the University on land leased by the Borrower from the Board of Regents of the University System of Georgia (the "Board of Regents") pursuant to the hereinafter described Ground Leases, (ii) funding a debt service reserve fund and (iii) paying all or a portion of the costs of issuing the Series 2003 Bonds. See "THE PROJECT AND PLAN OF REFUNDING" herein. Under the terms of the Loan Agreement, the Borrower will pay the Issuer amounts sufficient to enable the Issuer to pay the principal of and interest on the Series 2013 Bonds.

Ground Leases and Rental Agreements

The Board of Regents leases to the Borrower the real property upon which the Project is located pursuant to two separate but substantially similar Ground Leases, and the Board of Regents leases the Project from the Borrower pursuant to two separate but substantially similar rental agreements. See “GROUND LEASES” and “RENTAL AGREEMENTS” herein.

Continuing Disclosure Undertaking

The Borrower has covenanted for the benefit of the owners of the Series 2013 Bonds in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to provide (a) certain financial information and operating data relating to the Borrower (the “Operating and Financial Data”) annually to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB) and (b) notices of the occurrence of certain events (the “Event Notices”) to the MSRB. The Borrower’s undertaking to provide Operating and Financial Data and Event Notices pursuant to the Disclosure Certificate is described in the form of the Disclosure Certificate attached as Appendix F. The covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

During the past five years, the Borrower failed to timely file certain financial statements and operating data as part of its annual report for the Series 2003 Bonds on or before October 28th of each such fiscal year as required by the Continuing Disclosure Certificate dated November 26, 2003 executed by the Borrower. The Borrower filed the financial statements of the University for the fiscal years ended June 30, 2008 and 2009 with the then existing nationally recognized municipal securities information repositories approved by the Securities and Exchange Commission and for the fiscal years ended June 30, 2010, 2011 and 2012 with MSRB on EMMA after the October 28th deadline. In addition, during the past five years, the Borrower failed to file the financial statements of the Borrower and certain University enrollment information and State general fund receipts data. The Borrower has put in place procedures so that future annual reports will be sent to the MSRB in a timely manner.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Borrower, the University, the Series 2013 Bonds and the security and sources of payment for the Series 2013 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Loan Agreement, the Deed, the Security Agreement, the Ground Leases, the Rental Agreements and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2013 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the Indenture, the Loan Agreement, the Deed, the Security Agreement, the Ground Leases, the Rental Agreements and other documents and information are available, upon request and upon payment to the Borrower of a charge for copying, mailing and handling, from SPSU Student Housing I, LLC, c/o Southern Polytechnic State University Foundation, Inc., Attention: Dr. Bill Prigge, 1100 South Marietta Parkway, Marietta, Georgia 30060. During the period of the offering of the Series 2013 Bonds, copies of such documents are available upon request and upon payment of a charge for copying, mailing and handling from Raymond James & Associates, Inc., Two

Buckhead Plaza, Suite 702, 3050 Peachtree Road, N.W., Atlanta, Georgia 30305, telephone: (404) 240-6820.

THE ISSUER

The Issuer is a public body corporate and politic created pursuant to the Act. The Issuer is authorized and empowered under and pursuant to the provisions of the Act and the Revenue Bond Law, Section 36-82-60 *et seq.*, as amended, Official Code of Georgia Annotated, to issue its revenue bonds to finance any “project” (as defined in the Act) or “undertaking” (as defined in the Revenue Bond Law), including the acquisition, construction, and installation of land, buildings, equipment, and furniture, for the essential public purpose of developing and promoting trade, commerce industry and employment opportunities in the City of Marietta, Georgia. The affairs of the Issuer are conducted by seven (7) voting members who are appointed pursuant to the provisions of the Act. A project may be for any use provided that a majority of the members of the Issuer determine that the project and its use are for the public purposes of the Act, and the members of the Issuer have made such a determination with respect to the refinancing of the acquisition and construction of the Project.

THE SERIES 2013 BONDS, INCLUDING INTEREST THEREON, WILL CONSTITUTE LIMITED OBLIGATIONS OF THE ISSUER AND WILL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND WILL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY OF MARIETTA, GEORGIA, THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, THE STATE OF GEORGIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR THE TAXING POWER OF ANY OF THEM. THE ISSUER HAS NO TAXING POWER. THE SERIES 2013 BONDS AND THE INTEREST THEREON SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE.

The Issuer has previously issued revenue bonds for the purpose of financing other projects for other borrowers which are payable from revenues received from such other borrowers. Revenue bonds issued by the Issuer for other borrowers have been, and may be, in default as to principal or interest. The source of payment for other revenue bonds previously issued by the Issuer for other borrowers is separate and distinct from the source of payment for the Series 2013 Bonds, and accordingly, any default by any such other borrower with respect to any of such other revenue bonds is not considered a material fact with respect to the payment of the Series 2013 Bonds.

THE BORROWER

The Borrower

The Borrower is a limited liability company organized and existing under the laws of the State which has the Foundation as its sole member.

The Borrower was formed for the purpose of leasing the land on which the Project is located from the Board of Regents, owning, acquiring, constructing and developing the Project, renting the Project to the Board of Regents and executing, delivering, performing and complying with all of its duties and obligations under the Ground Leases, the Rental Agreements, the Loan Agreement, the Deed, the Security Agreement, the Disclosure Certificate and any other document entered into by the Borrower in connection with the issuance of the Series 2013 Bonds and the financing and refinancing of the Project.

The Foundation

The Foundation is a nonprofit corporation organized and existing under the laws of the State which is recognized by the Internal Revenue Service as an exempt organization described under Section 501(c)(3) of the Code. The Foundation was organized and operates exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Code for the benefit of the University and for related purposes.

The business and affairs of the Foundation are managed by a Board of Directors consisting of thirty-three (33) directors. The following are the names and principal occupations of the officers and directors of the Foundation.

<u>Name</u>	<u>Office</u>	<u>Occupation</u>
Daryle Higginbotham	Chair	President, Marietta NDT
Don Davidson	Vice Chair	President and CEO, Inglett & Stubbs, LLC
Clark Hungerford	Treasurer	Executive Vice President, Vinings Bank
Dr. Bill Prigge	Secretary	Vice President, Southern Polytechnic State University
Walter Bryant	Director	Secretary and Board Member, eBryit
Rodney Bowers	Director	Principal, MinervaWorks
Tom Bucci	Director	Principal and Vice President, AMEC
Wes Cantrell	Director	Retired, Chairman and CEO, Lanier Worldwide, Inc.
Chuck Clay	Director	Attorney, Brock, Clay, Calhoun and Rogers, PC
Bill Darden	Director	President, Darden and Company, LLC
Ron Dempsey	Director	Vice President, Southern Polytechnic State University
Doug Estes	Director	Principal, Doug Estes Associates, Inc.
Carl Frinzi	Director	Senior Vice President, Balfour Beatty Construction Co.
Oscar Harris	Director	Founder and CEO, Turner Associates
Chuck Holmes	Director	Senior Consultant, CDH Consultants
Julie Kimball	Director	President, Summit Financial Solutions
Catherine Land Waters	Director	President, Southeast Gas Engineering
Harold Linnenkohl	Director	Vice President, The LPA Group, Inc.
Shepherd Long	Director	Vice President, Long Engineering, Inc.
Paul Martin	Director	President, Martin Management Investments, LP
Rusty Moody	Director	President, Frank Betz Associates, Inc.
Chip Nelson	Director	Chief Executive Officer, Cobb Electric Membership Corp.
Scott Orr	Director	Manager, Federal Legislative Affairs, Georgia Power
Nick Pappleacos	Director	Attorney, Chamberlain, Hrdlicka, White, Williams & Martin
Lisa Rossbacher	Director	University President, Southern Polytechnic State University
Kevin Rusk	Director	Vice President, Howell Rusk Dodson, Architects
Tom Samford	Director	VP of Information Systems, Automated Logic Corporation
Aakash Shah	Director	Sr. Business Process Engineer, Citigroup
Jeffrey Shell	Director	Senior Project Manager, Gay Construction
Terry Smith	Director	CEO, The Multiple Sclerosis Center of Atlanta
Steve Tumlin	Director	Mayor, City of Marietta
Trent Turk	Director	President and CEO, GeoSurvey, Ltd.
Jason Waters	Director	First Vice President of Commercial Banking, SunTrust Bank

THE UNIVERSITY

Introduction

The University is one of the member institutions within the University System of Georgia and is located on approximately 200 acres in the City of Marietta, Georgia, approximately 15 miles northwest of the City of Atlanta. At the request of the Georgia business and industry, the University was founded in

1948 as a two-year division of The Georgia Institute of Technology. The University became accredited as a four year college in 1970, and in 1980, it separated from The Georgia Institute of Technology and became an independent unit of the University System of Georgia. In 1996, the University became a university.

The University is a special purpose institution that offers baccalaureate and masters degrees that contain a balance of technical, professional and liberal arts courses with an emphasis on relevant, application oriented teaching. The University's unique mission attracts a highly qualified faculty and a student body that had the fourth highest SAT average among University System of Georgia institutions during the past five years. Students are taught how to apply knowledge to solve real world problems. The University offers undergraduate and graduate degree programs in a variety of technology, engineering and science related fields through five schools: The School of Architecture and Construction Management, The School of Computing and Software Engineering, The School of Engineering Technology and Management, The School of Arts and Sciences and The School of Engineering.

The University was one of the first colleges in the country to offer the bachelor degree in engineering technology. Over the years, the University has broadened its degree programs to include areas of growth, such as software engineering and information technology.

The average age of students at the University is 25.6 years old, and approximately 21% are female. As of the fall of 2012, the University enrolled approximately 6,200 students. The University had 216 full-time instructional faculty members in the fall of 2012, of which approximately 60% held doctoral degrees. The equivalent full-time student to full-time faculty ratio is approximately 19.6:1.

The University serves a diverse student body, including young adults who enroll as freshmen or undergraduate transfers and an equally large number of older adults who return or transfer to the University at different stages in their lives for undergraduate or graduate study. The majority of the University's undergraduates (71.5%) enroll on a full-time basis. A significant portion of graduate students (72%) pursue their academic goals on a part-time basis because of job, family and civic responsibilities. Many students pursue professionally oriented degrees, especially at the graduate level. Evening and weekend programs accommodate experienced professionals seeking academic advancement. A broad range of programs, services and activities are offered outside the classroom to enrich campus life and enhance student success and personal development. The space dedicated to instructional and support functions contains approximately 857,970 square feet. Thirty-five (35) surface parking lots and one parking deck contain spaces for more than 2,934 cars. A full range of recreational facilities for students, faculty and staff complement the University's core academic facilities.

The University has a diverse operating budget funded from various sources. Approximately 43.1% of the University's budgeted total annual operating costs are supported through tuition and fees, approximately 24.8% from State appropriations and approximately 19.6% from auxiliary services. The remainder of the operating costs is funded from sponsored operations and other sources. For Fall 2012, in-state undergraduate tuition and fees were \$6,678 per year; out-of-state tuition was \$20,126 per year. The University and the Board of Regents have closely monitored the University's tuition increases in relation to the marketplace and the students' ability to pay.

The State offers the HOPE Scholarship which is available to any Georgia resident who graduates from an accredited high school located in Georgia with a B average and maintains a B average in college. Prior to the fall of 2011, the HOPE Scholarship, funded entirely by the Georgia Lottery, provided tuition, mandatory fees and a \$150 per semester book allowance to eligible students. Beginning in 2007, the State changed its method for calculating high school grade point averages (GPA) for purposes of determining HOPE Scholarship eligibility. This change in the GPA calculation formula limits the courses considered in such calculation to core curriculum high school coursework, including English,

mathematics, science, social science and foreign language courses, and in the Fall 2007, this GPA calculation change resulted in fewer HOPE Scholarship eligible Freshmen in Georgia as compared to the immediately preceding years.

In March 2011, the Georgia General Assembly modified the HOPE Scholarship to reduce the amount of the scholarship award for an eligible student attending the University from 100% of tuition to 90% of tuition; provided that each "Zell Miller Scholar" will continue to receive a scholarship award equal to 100% of tuition. To qualify as a Zell Miller Scholar, an incoming freshman must graduate from an accredited high school located in Georgia (i) as valedictorian or salutatorian or (ii) with a 3.7 GPA and score at least 1,200 on the SAT or 26 on the ACT and maintain a 3.3 GPA in college. In addition, the HOPE Scholarship will no longer pay for mandatory fees or a book allowance. This change to the HOPE Scholarship became effective beginning in the fall semester of 2011.

Approximately 7% of first-time freshmen enrolled at the University in Fall 2012 were Zell Miller Scholar recipients (55 out of 790 students). Approximately 24% of all University students (1,296 out of 5,402 undergraduate students) were HOPE eligible in Fall 2012. Nearly 60% of the University's student body received some form of financial assistance totaling more than \$45.4 million in 2011-2012.

Administration

Dr. Lisa A. Rossbacher, President. Dr. Lisa A. Rossbacher became the president of the University in 1998. She was the first woman geologist to become a university president in North America. She graduated from Dickinson College (Geology, summa cum laude), received masters degrees in geology from the State University of New York at Binghamton and Princeton University, and earned her Ph.D. (Geological and Geophysical Sciences) at Princeton University. She has worked for the U.S. Geological Survey, NASA, a geothermal exploration company, and National Public Radio, in addition to serving as a faculty member and administrator at California State Polytechnic University - Pomona, Whittier College (CA), and Dickinson College (PA). She has also served as interim Executive Vice Chancellor and Chief Academic Officer for the University System of Georgia, with responsibility for academic issues affecting 260,000 students and 10,000 faculty members. As president of the University, she has chaired statewide task forces for the University System of Georgia focused on Hispanic and Latino students, distance education, and enterprise risk management. She was elected to Phi Beta Kappa as an undergraduate and in 2001, to the status of Fellow in the American Association for the Advancement of Science; she was elected a Fellow of the Geological Society of America in 2010. Dr. Rossbacher was the 2009 Chairwoman of the Cobb Chamber of Commerce. She is active in the Marietta Kiwanis and a board member of the Georgia Chamber of Commerce. She is current chair of the American Council on Education Women's Network Executive Council.

Dr. Ron Demsey, Vice President for University Advancement. Dr. Dempsey has served as the Vice President for University Advancement at the University since 2005. Before joining the University, Dr. Dempsey served as Vice President for Institutional Advancement at Shorter University. He has worked in various academic and administrative positions throughout his career. He was awarded a Ph.D. by the Southern Theological Seminary in the Sociology of Religion. He holds several master degrees from the University of Louisville and the Georgia Institute of Technology. His current research interests include boundary work in the engineering field and gender relations within engineering.

Dr. George William Prigge, Vice President for Business & Finance. Dr. Prigge has served as Vice President for Business & Finance at the University since 2011. Prior to his appointment as Vice President for Business & Finance, he served as the Associate Dean for Administration & Finance at Georgia State University College of Law for nearly eight years. He also has experience as the chief operating officer at the Georgia Centers for Advanced Telecommunications Technology, based at Georgia Tech, and in a variety of positions in the telecommunications industry, including AT&T and Lucent

Technologies. In addition, Dr. Prigge has served as the interim Assistant Vice Chancellor for Fiscal Affairs for the University System of Georgia. He holds a B.S. in Mechanical Engineering from the University of Alabama, an MBA from the University of North Carolina at Greensboro, and a Ph.D. in Educational Leadership and Higher Education from the University of Nebraska, where his research focused on how to establish and maintain successful university-industry partnerships.

Dr. Ron Koger, Vice President for Student Enrollment Services. Dr. Koger has served as President for Business and Finance for Student and Enrollment Services of the University since 2000. Prior to his appointment as Vice President for Student and Enrollment Services, he was Vice President for Enrollment Management of the University since 1997. Before joining the University System, Dr. Koger was Assistant Vice President for Enrollment Services at the University of Alabama in Huntsville, Director of Admissions and University Relations at Indiana State University and Director of Admissions at Illinois Institute of Technology. He was awarded his Ed.D. and M.Ed. by the University of Kansas and the B.S.Ed. by Pittsburgh State University, Pittsburgh, Kansas. In addition to serving as Vice President of the University, Dr. Koger has served in numerous leadership roles with the National Association for College Admission Counseling.

Dr. Zvi Szafran, Vice President for Academic Affairs. Dr. Szafran is the Vice President for Academic Affairs and a professor of chemistry at the University. He earned a Ph.D. degree in Physical Inorganic Chemistry from the University of South Carolina in 1981 and a B. S. in Chemistry from Worcester Polytechnic Institute in 1976. Prior to joining the University, he served as Vice President for Academic Affairs and Dean of faculty at New England College in Henniker, New Hampshire, and as department chair of Chemistry and Dean of Science and Engineering Merrimack College in North Andover, Massachusetts. Dr. Szafran is widely published in fields related to the environment and chemistry, specifically in the area of microscale chemistry. He is the co-author of five laboratory textbooks and 40 papers on the subject, and has presented more than 100 conference papers and workshops at regional, national and international meetings. He was one of the original co-founders of the National Microscale Chemical Center, located at Merrimack College, and helped introduce the concept across the United States, Mexico and in Europe, Australia and China.

Dr. Samuel S. Conn, Chief Information Officer. Dr. Conn was appointed Chief Information Officer for the University in March 2012. Prior to his current position at the University, Dr. Conn served as Vice President for Information Technology and Director of Online Learning at Georgia Military College in Milledgeville, Georgia, Director of the Institute for Distance & Distributed Learning at Virginia Polytechnic Institute and State University in Blacksburg, Virginia, and Chair of the Computer Information Systems Department at Regis University in Denver, Colorado. Along with leadership positions in higher education, Dr. Conn has extensive experience in the corporate world of information technology (IT). His work and business affiliations include executive level IT positions with prominent organizations and corporations including a major public pharmaceutical company, international software development company, and the parent company of the largest NASCAR™ franchise. Dr. Conn is a member of the Information Systems Audit and Control Association, a distinguished member of Upsilon Pi Epsilon Honor Society in the Computing Sciences, member of the Association of Information Technology Professionals, and member of the United States Distance Learning Association. Academically, Dr. Conn holds a Bachelor of Science degree in Business Administration, a Master of Science degree in Computer Information Systems, and a Doctorate in Information Systems. Moreover, he is widely published on the topics information systems, educational technology, e-learning networks, system development methodologies and epistemic belief research.

Enrollment

Total undergraduate and graduate enrollment at the University rose to more than 6,200 students for Fall 2012. The following table sets forth the University's fall semester enrollment (headcount and full time equivalent) since 2003:

<u>Fall of Year</u>	<u>Headcount Enrollment</u>	<u>Full Time Equivalent Enrollment</u>
2003	3,770	3,103
2004	3,803	3,157
2005	3,807	3,184
2006	4,207	3,523
2007	4,460	3,818
2008	4,818	4,161
2009	5,183	4,533
2010	5,514	4,814
2011	5,799	5,065
2012	6,202	5,409

Housing

The University currently offers 1,722 beds on-campus, including University Commons and University Courtyard. Approximately 28% of undergraduate students live on-campus. All traditional first year students are required to live on campus unless a waiver is granted. The University's on-campus housing had a 86% occupancy rate during the 2011-2012 academic year and a 94% occupancy rate for Fall 2012.

University Commons was built in 1998 and contains 288 beds, and University Courtyard was built in 2004 and contains 417 beds. The occupancy rate during 2011-2012 academic year was 95% for University Commons and 94% for University Courtyard. Annual housing contracts for University Commons and University Courtyard are for approximately 50 weeks, and rental rates per student for the 2012-2013 academic years are as follows: (1) \$565 per month for four bedroom and two bath units at University Commons; (2) \$615 per month for two bedroom and two bath units at University Commons; and (3) \$600 per month for four bedroom and four bath units at University Courtyard.

Financial Information

The Board of Regents allocates and disburses funds to the institutions of the University System of Georgia on an annual basis. The summary of the revenues and expenses and changes in net assets of the University for the three fiscal years ended June 30, 2010 through June 30, 2012 set forth below shows, among other things, the appropriation trends by the Board of Regents to the University and the University's historical collection of tuition and fees. **This financial information is provided for informational purposes only. No revenues of the Board of Regents or the University are pledged as security for the Series 2013 Bonds.**

For the fiscal years ended June 30, 2010 and June 30, 2011, the State of Georgia 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 of Georgia Department of Audits and Accounts has not expressed an opinion regarding the financial statements of the University for the fiscal years ended June 30, 2010 and June 30, 2011.

The basic financial statements of the University as of June 30, 2012 and for the year then ended, attached hereto as Appendix B, have been audited by the State of Georgia Department of Audits and

Accounts, to the extent and for the period indicated in its report thereon dated March 8, 2013, which appears in Appendix B.

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2010⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2012</u>
Operating Revenues			
Student Tuition and Fees	\$27,128,392	\$32,194,895	\$35,193,294
Less: Scholarship Allowances	(4,453,062)	(5,874,566)	(6,470,047)
Grants and Contracts			
Federal	290,196	959,046	1,056,743
State	141,031	(55,036)	318,217
Other	19,891	72,110	39,495
Sales and Services	1,696,852	1,228,391	618,586
Auxiliary Enterprises			
Residence Halls	5,330,668	8,120,249	8,129,442
Bookstore	200,617	111,936	114,459
Food Services	1,263,575	1,902,966	2,454,075
Parking/Transportation	1,499,763	1,614,737	--
Health Services	264,905	281,446	302,314
Intercollegiate Athletics	1,235,078	1,322,963	1,426,786
Other Organizations	146,651	189,245	268,845
Other Operating Revenues	<u>204,175</u>	<u>226,456</u>	<u>424,258</u>
Total Operating Revenues	<u>34,968,732</u>	<u>42,294,838</u>	<u>45,750,105</u>
Operating Expenses			
Salaries			
Faculty	13,528,652	16,163,434	17,590,612
Staff	14,395,507	14,503,328	15,727,294
Employee Benefits	7,601,219	8,623,329	9,435,250
Other Personal Services	558,914	194,754	155,072
Travel	257,059	379,984	441,938
Scholarships and Fellowships	5,194,790	6,438,610	5,631,208
Utilities	2,070,570	2,945,411	2,702,683
Supplies and Other Services	11,084,395	19,231,174	15,552,322
Depreciation	<u>3,498,183</u>	<u>3,825,663</u>	<u>7,259,313</u>
Total Operating Expenses	<u>58,189,289</u>	<u>72,305,687</u>	<u>74,495,692</u>
Operating Income (Loss)	<u>(23,220,557)</u>	<u>(30,010,849)</u>	<u>(28,745,587)</u>
Non-operating Revenues (Expenses)			
State Appropriations	17,363,494	20,256,974	19,023,434
Federal Stimulus – Stabilization Funds	3,574,311	--	--
Grants and Contracts			
Federal	7,380,372	9,772,244	9,100,682
Federal Stimulus	--	--	271,788
State	--	3,984	213,406
Gifts	549,294	297,396	1,037,953
Investment Income	530,751	648,260	264,902
Interest Expense	(1,497,555)	(4,972,238)	(4,955,867)
Other Non-operating Revenues	<u>(553,563)</u>	<u>878,072</u>	<u>363,621</u>
Net Non-operating Revenues	<u>27,347,104</u>	<u>26,884,692</u>	<u>25,319,919</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	4,126,547	(3,126,157)	(3,425,668)
Capital Grants and Gifts			
State	<u>1,464,626</u>	<u>36,245,101</u>	<u>2,796,847</u>
Total Other Revenues, Expenses, Gains or Losses	<u>1,464,626</u>	<u>36,245,101</u>	<u>2,796,847</u>
Increase/(Decrease) - Net Assets	5,591,173	33,118,944	(628,821)
Net Assets – Beginning of Year, Original ⁽²⁾	59,239,206	64,831,323	97,949,323
Prior Year Adjustments	<u>0</u>	<u>0</u>	<u>2,788,969</u>
Net Assets - Beginning of Year, Restated	<u>59,239,206</u>	<u>64,831,323</u>	<u>100,738,292</u>
Net Assets - End of Year	<u>\$64,830,379</u>	<u>\$97,950,267</u>	<u>\$100,109,471</u>

⁽¹⁾ Unaudited.

⁽²⁾ Restated.

University System of Georgia

The University System of Georgia is governed by the Board of Regents consisting of 19 members who are appointed by the Governor of Georgia for seven-year terms. There is one member from each of Georgia's 14 congressional districts and five at-large members. The Board of Regents appoints a Chancellor who serves as the chief administrative officer of the University System of Georgia. The University System of Georgia consists of four comprehensive research universities: University of Georgia, Georgia Institute of Technology, Georgia State University, and Georgia Regents University; two regional universities: Georgia Southern University and Valdosta State University; 12 state universities; and 13 state colleges. All of the property of the constituent institutions comprising the University System of Georgia is owned by the Board of Regents. The President of each institution in the University System of Georgia 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 and for the execution of the directives of the Chancellor and the Board of Regents. See "THE BOARD OF REGENTS" herein.

Marietta, Georgia

The Project is located on the campus of the University in Marietta, Georgia. The City of Marietta is located in Cobb County, Georgia approximately 15 miles northwest of the City of Atlanta, Georgia. According to the U.S. Census Bureau, the population within the city limits of Marietta was 57,357 (2011 estimate), and the population of Cobb County was 707,442 (2012 estimate).

THE BOARD OF REGENTS

THE BOARD OF REGENTS DISCLAIMS ANY PARTICIPATION IN THE STRUCTURING, OFFERING OR THE ISSUANCE OF THE SERIES 2013 BONDS OR THE REFINANCING OF THE PROJECT AND HAS NO MORAL OBLIGATION WITH RESPECT TO THE SERIES 2013 BONDS OR TO CONTINUE TO RENT THE PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2013 BONDS.

The Board of Regents has not participated in the preparation of this Official Statement or provided any of the information contained in this Official Statement, including the financial statements included as Appendix B hereto. All of the information concerning the Board of Regents contained in this Official Statement has been obtained by the Borrower from publicly available sources, and the Board of Regents has not consented to the use of such information in this Official Statement or reviewed it in order to determine its accuracy or completeness and has no obligation to the owners of the Series 2013 Bonds to update such information. Neither the Issuer nor the Borrower 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 Borrower 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 the Board of Regents 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 Borrower. 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 or otherwise.

General

The Board of Regents is a constitutional body of the State of Georgia. It governs, controls and manages all of the 31 public institutions of higher education within the University System of the State of Georgia (the "University System of Georgia"), including the University.

According to information published by the Board of Regents' Department of Facilities, as of November 5, 2012 the Board of Regents had entered into approximately 142 rental agreements with respect to facilities for 34 of the former 35 institutions comprising the University System (the "Public Private Ventures Program"). The total bonded indebtedness with respect to the facilities covered by the Public Private Ventures ("PPV") Program exceeds \$3.697 billion.

On November 13, 2012, the Board of Regents approved certain policies to govern the financial oversight of the PPV Program. The four policies put in place rules for projects financed through the PPV Program and the Georgia Higher Education Facilities Authority for the purpose of ensuring that the University System does not incur excessive liabilities beyond their ability to pay with the underlying project revenues. See "-Financial Oversight" herein.

Consolidation

On January 10, 2012, the Board of Regents approved the consolidation of eight of the University System's colleges and universities (the "Plan") into four institutions. The Board of Regents recommended consolidation for the following four pairs of schools: (a) Gainesville State University and North Georgia University & State University; (b) Middle Georgia University and Macon State University; (c) Waycross University and South Georgia University; and (d) Augusta State University and Georgia Health Sciences University. A campus consolidation working group has been appointed for each of the four proposed consolidations, with members from each affected institution serving in the working group. The purpose of each working group is to implement details of the consolidation efforts at the campus level.

The purpose of the Plan is to enable the University System to better serve the students and areas of the State more efficiently and effectively by reducing costs, avoiding duplication of academic programs in the same region and by creating economies of scale. The Plan was finalized on January 8, 2013, resulting in 31 institutions. The four new consolidated universities have begun operating under their new names.

Members

The 19 members of the Board of Regents are appointed by the Governor on a rotating basis to serve seven-year terms. In the history of the Board of Regents, twelve individuals, including the incumbent, have served as Chancellor, the chief administrative officer reporting to the Board of Regents. The current Chancellor, Henry "Hank" M. Huckaby, began his tenure on July 1, 2011.

Mr. Huckaby's career has focused on public service to the State in many areas of government. During the 1960's and 1970's, Mr. Huckaby taught at the college level, including DeKalb College (now Georgia Perimeter College) and Emory University. He also has lectured at the University of Georgia and Young Harris College. In addition, Mr. Huckaby has served in a number of key administrative positions within the University System of Georgia, including early in his career in the area of admissions at Georgia State University (1967-71) and Gordon College (1972-73). Later, Mr. Huckaby was director of the Fiscal Research Program at Georgia State University (1995-97), director of the Carl Vinson Institute of Government at the University of Georgia (1997-2000), senior vice president of Finance and Administration at the University of Georgia (2000-06), and a special assistant to the President of the University of Georgia on a part-time basis (2006-09).

In addition to his association with the University System of Georgia, Mr. Huckaby has experience in state finance, serving in the Governor's Office of Planning and Budget, first as a senior policy coordinator from 1973-75, and then as its director, from 1991-95, where he was responsible for overseeing the state budget on behalf of the Governor of the State. He also served as the interim chief

financial officer for then Governor Sonny Perdue during Governor Perdue's transition period beginning in 2003. During his career, Mr. Huckaby has been tapped on two occasions to head other key State agencies. From 1977 to 1980, he was commissioner of the Georgia Department of Community Affairs, and from 1980 to 1991, he was the executive director of the Georgia Residential Finance Authority.

Mr. Huckaby was elected in November 2010 and sworn in January 2011 to represent Georgia House District 113 as a Republican, but he resigned his seat to become the Chancellor. He has written articles related to state and national finance and budgeting and has held membership in a number of higher education and government-related business, housing, health care and financial associations. Mr. Huckaby was a student in the University System of Georgia, earning both a bachelor's degree in political science and an MBA in International Business from Georgia State University, as well as pursuing additional graduate studies at the University of Georgia. He earned an associate's degree in Liberal Arts from Young Harris College.

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>
C. Dean Alford	Fourth District	January 1, 2012 – January 1, 2019
Kenneth R. Bernard, Jr.	Thirteenth District	January 1, 2007 – January 1, 2014
Lori Durden	Twelfth District	January 1, 2013 – January 1, 2020
Larry R. Ellis	Fifth District	January 1, 2013 – January 1, 2017
Rutledge A. Griffin Jr.	Eighth District	January 1, 2013 – January 1, 2018
George Hooks	At-Large	January 1, 2013 – January 1, 2016
C. Thomas Hopkins, Jr., MD	Third District	April 16, 2010 – January 1, 2017
Donald M. Leebern, Jr.	At-Large	January 1, 2012 – January 1, 2019
William H. NeSmith, Jr., <i>Chairman.</i>	At-Large	March 13, 2008 – January 1, 2015
Doreen Stiles Poitevint	Second District	January 1, 2011 – January 1, 2018
Neil L. Pruitt, Jr.	Eleventh District	January 1, 2013 – January 1, 2017
Scott Smith	Fourteenth District	January 1, 2013 – January 1, 2020
Kessel Stelling, Jr.	Sixth District	January 1, 2008 – January 1, 2015
Benjamin J. Tarbutton, III	Tenth District	January 1, 2013 – January 1, 2020
Richard L. Tucker	Seventh District	January 28, 2012 – January 1, 2019
Rogers Wade	At-Large	January 1, 2013 – January 1, 2020
Larry Walker	At-Large	August 1, 2009 – January 1, 2016
Don L. Waters	First District	January 1, 2013 – January 1, 2018
Philip A. Wilheit, Sr., <i>Vice Chairman</i>	Ninth District	January 1, 2013 – January 1, 2015

State of Georgia Funding

The Board of Regents receives appropriations from the State in a lump sum, based upon an enrollment-driven formula for the University System of Georgia. The Board of Regents then allocates the funds to member institutions of the University System of Georgia.

Each year, the University submits a budget request to the Board of Regents. The Board of Regents compiles the requests of all 31 member institutions and presents a total funding request for the University System of Georgia to the Governor. The Governor reconciles the State's available resources with total requests and submits a budget proposal to the Georgia General Assembly. Upon adoption of the budget, the State appropriates to the Board of Regents a lump sum amount of funding for the University System of Georgia. The Board of Regents then allocates and disburses these funds to the individual institutions on the basis of strategic initiatives for the University System of Georgia. 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 University System of Georgia is funded on an annual appropriation basis. Moreover, funds that are appropriated in any fiscal year by the Georgia General Assembly to a state agency may not, in every case, be allotted to that agency by the Governor's Office of Planning and Budget. For example, in June 2009 and June 2010, the Governor's Office of Planning and Budget withheld cash scheduled to be distributed to State agencies because State revenue collections were 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 in June 2009 and \$27,135,755 in June 2010; however, this reduction was partially offset by the receipt of \$17,189,581 in federal stimulus funds in 2009.

The Georgia General Assembly's original budgeted appropriation allotments of State funds for the University System of Georgia for the fiscal year ended June 30, 2012 was \$1,738,805,885, and the amended appropriation allotments of State funds for the University System of Georgia for the fiscal year ended June 30, 2012 was \$1,704,966,581 – a reduction of 1.95% as compared to the original budgeted appropriation for fiscal year 2012. The original budgeted appropriation allotments of State funds for the University System of Georgia for the fiscal year ending June 30, 2013 was \$1,828,569,784 – an increase of 5.16% as compared to the amended budgeted appropriation allotments for the fiscal year ended June 30, 2012.

The final amended appropriation allotments of State funds for the University System of Georgia for the fiscal year ending June 30, 2013 is \$1,747,463,827 – a reduction of 4.44% as compared to the original budgeted appropriation for the fiscal year ending June 30, 2013 and the original budgeted appropriation for the fiscal year ending June 30, 2014 will be \$1,883,128,792 – an increase of 7.76% as compared to the amended budgeted appropriation allotments for the fiscal year ended June 30, 2013.

Although the ultimate level of appropriations to the Board of Regents for the current and future fiscal years is determined by the General Assembly, general fund appropriations are constrained by the balanced budget requirement imposed by the Constitution and laws of the State.

Financial Oversight

On November 13, 2012, the Board of Regents adopted three policy additions and one policy revision that govern the University System's PPV Programs. These policies (a) set a maximum capital liability capacity of 5% of annual revenues for the University System as a whole, (b) establish the University System of Georgia Capital Liability Reserve Fund to serve as a pooled reserve to primarily address unanticipated shortfalls in rental payments, and (c) require the University System's Central Office to review any proposed refinancing of a project financed through the PPV Program, to ensure that at least 50% of savings generated from refinancing are retained by the University System or its members and (d) revise the University System's current student housing policy to require University System institution presidents to notify the Chancellor of the Board of Regents prior to mandating that students live in on-campus housing or changing an existing residency policy, and gives the Chancellor the authority to reverse such decisions.

The following table summarizes the State Legislature's appropriation allotments of State funds for the various policy areas of State government, including the University System of Georgia, for the two fiscal years ended June 30, 2011 and June 30, 2012 and the fiscal year ending June 30, 2013.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Education			
Pre-K, Grade and High School	\$ 7,424,455,354	\$ 7,378,424,713	\$ 7,679,836,286
Technical and Adult Education	311,525,586	314,867,975	317,616,387
Georgia Student Finance Commission	833,775,375	652,880,688	600,016,359
<i>University System of Georgia⁽¹⁾⁽²⁾</i>	<u>1,811,374,050</u>	<u>1,704,966,581</u>	<u>1,747,463,827</u>
Total Education	10,381,130,365	10,051,139,957	10,344,932,859
Health – community health, human services and veterans service	3,529,445,542	4,193,236,370	4,575,566,596
Safety – corrections, defense, GBI, juvenile justice, pardons and paroles and public safety	1,451,094,113	1,612,405,563	1,666,736,399
Management – General Assembly, courts, accounting, legal, revenue and others	751,140,729	807,809,679	684,543,231
Growth – agriculture, community affairs, economic development and transportation	768,528,419	859,258,628	1,103,163,983
General Obligation Debt Service	<u>1,182,283,016</u>	<u>979,948,825</u>	<u>950,274,605</u>
Total State Funds Appropriation Allotments	<u>\$18,063,622,184</u>	<u>\$18,503,799,022</u>	<u>\$19,325,217,673</u>
Less Non-General Funds Appropriation Allotments ⁽³⁾	<u>(2,507,239,102)</u>	<u>(2,362,333,293)</u>	<u>(2,408,132,555)</u>
Total General Funds Appropriation Allotments	<u>\$15,556,383,082</u>	<u>\$16,141,465,729</u>	<u>\$16,917,085,118</u>

(1) Includes State tobacco settlement funds in the amount of \$9,652,634 for 2011. \$0 for 2012 and \$0 for 2013.

(2) The budgeted appropriation amount for fiscal year 2014 is \$1,883,128,792

(3) Includes State lottery funds, tobacco settlement funds, brain and spinal injury trust fund, nursing home provider fees, hospital provider payment, care management organization fees and motor fuel funds.

SOURCE: State of Georgia Accounting Office.

THE SERIES 2013 BONDS, INCLUDING INTEREST THEREON, SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF, NOR SHALL THE SERIES 2013 BONDS OR THE INTEREST THEREON BE CHARGED AGAINST THE GENERAL CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2013 BONDS OR OTHER COSTS INCIDENTAL THERETO.

Neither the Board of Regents nor the State has participated in the preparation of this Official Statement or provided any of the information contained in this Official Statement, including the financial statements of the University attached as Appendix B to this Official Statement. All of the information concerning the Board of Regents and the State contained in this Official Statement has been obtained by the Borrower from publicly available sources, and neither the Board of Regents nor the State has consented to the use of such information in this Official Statement or reviewed it in order to determine the accuracy, truthfulness, or completeness of such information, and by including such information in this Official Statement, neither the Issuer nor the Borrower 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 the Board of Regents or the State 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 Borrower.

GROUND LEASES

Introduction

Pursuant to an Amended and Restated Ground Lease relating to University Commons dated December 5, 2003 (the “Original University Commons Ground Lease”), as amended by a First Amendment to Amended and Restated Ground Lease to be dated on or prior to the date of issuance and delivery of the Series 2013 Bonds (the “First Amendment to University Commons Ground Lease” and together with the Original University Commons Ground Lease, the “University Commons Ground Lease”), each between the Board of Regents, as lessor, and the Borrower, as lessee, the Board of Regents leases the site on which University Commons is located to the Borrower.

Pursuant to a Ground Lease relating to University Courtyard dated December 5, 2003 (the “Original University Courtyard Ground Lease”), as amended by a First Amendment to Ground Lease to be dated on or prior to the date of issuance and delivery of the Series 2013 Bonds (the “First Amendment to University Courtyard Ground Lease” and together with the Original University Courtyard Ground Lease, the “University Courtyard Ground Lease” and together with the University Commons Ground Lease, the “Ground Leases”), each between the Board of Regents, as lessor, and the Borrower, as lessee, the Board of Regents leases the site on which University Courtyard is located to the Borrower. Pursuant to the Original University Courtyard Ground Lease, the Board of Regents also leased the sites on which Norton Hall and Howell Hall are located to the Borrower; however, on and after the date of issuance and delivery of the Series 2013 Bonds, the Board of Regents will no longer lease the sites on which Norton Hall and Howell Hall are located to the Borrower.

The following summary of the Ground Leases does not purport to be a comprehensive or definitive statement of the provisions of the Ground Leases. A copy of the Original University Commons Ground Lease and the Original University Courtyard Ground Lease and a form of the First Amendment to University Commons Ground Lease and the First Amendment to University Courtyard Ground Lease are attached to this Official Statement as Appendix C.

Term

The primary term of the University Commons Ground Lease will expire at 12:00 noon on November 1, 2027. The Board of Regents may terminate the University Commons Ground Lease during the primary term upon 30 days’ written notice to the Borrower; provided that so long as the Deed exists, the Board of Regents may not terminate the University Commons Ground Lease during the primary term without the written consent of the holder of the Deed.

The primary term of the University Courtyard Ground Lease will expire at 12:00 noon on August 31, 2029; provided that the primary term will be extended for an additional five year period upon the request of the Borrower if any of the Series 2013 Bonds remain outstanding on the date of such extension.

Rent

Under each of the Ground Leases, the Borrower is obligated to pay as rent to the Board of Regents, as lessor, the sum of \$10.00 per year and as additional rent, all costs and expenses which the Board of Regents incurs as a result of any default of the Borrower or failure on the part of the Borrower to comply with any provisions of the Ground Leases.

RENTAL AGREEMENTS

The Borrower, as landlord, and the Board of Regents, as tenant, entered into an Amended and Restated Rental Agreement dated December 5, 2003 (the “Original University Commons Rental Agreement”) and will enter into a First Amendment to Rental Agreement to be dated on or prior to the date of issuance and delivery of the Series 2013 Bonds (the “First Amendment to University Commons Rental Agreement” and together with the Original University Commons Rental Agreement, the “University Commons Rental Agreement”), pursuant to which the Board of Regents leases University Commons from the Borrower. The current term of the University Commons Rental Agreement commenced on July 1, 2012 and will expire on June 30, 2013. The Board of Regents will have the option, in its sole discretion, to extend the term of the University Commons Rental Agreement on a year-to-year basis until November 1, 2027.

The Borrower, as landlord, and the Board of Regents, as tenant, entered into a Rental Agreement dated December 5, 2003 (the “Original University Courtyard Rental Agreement”) and will enter into a First Amendment to Rental Agreement to be dated on or prior to the date of issuance and delivery of the Series 2013 Bonds (the “First Amendment to University Courtyard Rental Agreement” and together with the Original University Courtyard Rental Agreement, the “University Courtyard Rental Agreement” and together with the University Commons Rental Agreement, the “Rental Agreements”), pursuant to which the Board of Regents leases University Courtyard from the Borrower. Pursuant to the Original University Courtyard Rental Agreement, the Board of Regents also leased Norton Hall and Howell Hall from the Borrower; however, the Board of Regents will no longer lease Norton Hall or Howell Hall pursuant to the University Courtyard Rental Agreement. The current term of the University Courtyard Rental Agreement commenced on July 1, 2012 and will expire on June 30, 2013. The Board of Regents will have the option, in its sole discretion, to extend the term of the University Courtyard Rental Agreement on a year-to-year basis until August 31, 2029.

The Board of Regents is required to pay fixed semi-annual rental payments for the Project in the amounts and on the dates described in the Rental Agreements. Assuming that the Board of Regents exercises each of its annual renewal options under each of the Rental Agreements, the Borrower expects that such semi-annual rental payments will be sufficient, in both time and amount, to pay the principal of and interest on the Series 2013 Bonds when due and to fund the Repair and Replacement Fund created under the Indenture in amounts equal to the Semiannual Repair and Replacement Deposit (as defined in the Loan Agreement and in Appendix A – “DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS”). A copy of the Original University Commons Rental Agreement and the Original University Courtyard Rental Agreement and the forms of the First Amendment to University Commons Rental Agreement and the First Amendment to University Courtyard Rental Agreement are attached to this Official Statement as Appendix D.

Pursuant to each of the Rental Agreements, the Board of Regents has agreed to pay insurance, taxes, maintenance and repair costs of the Project to the extent that funds on deposit in the Repair, Replacement and Maintenance Fund maintained by the Borrower are insufficient therefor; provided that the Board of Regents’ obligation to pay such costs is limited to the moneys budgeted by the University in each fiscal year for such purpose which budget is subject to annual review and modification.

If University Commons or University Courtyard is damaged, by any cause whatever, as to be rendered unfit for occupancy by the Board of Regents and the Borrower does not repair such Project 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 University Commons or University Courtyard is partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Board of Regents, then the Borrower, at its expense and with reasonable promptness and dispatch, must repair and restore such Project to substantially the same condition as before the damage. If

University Commons or University Courtyard is partially destroyed, there will 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 such Project. The decision as to whether or not such 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 Borrower is obligated under the Loan Agreement to maintain rental interruption insurance covering 24 months of rental payments.

THE PROJECT AND PLAN OF REFUNDING

The Project. A portion of the proceeds of the Series 2003 Bonds was used to finance the acquisition, construction, renovation and equipping of the Original Project. The Original Project consisted of (1) the acquisition of an existing 288-bed student housing complex known as University Commons that was originally constructed in 1998 and certain other land adjacent to the campus of the University, (2) the construction and equipping three three-story student housing buildings containing 417 beds and consisting of approximately 188,000 square feet known as University Courtyard that was completed in 2004 and (3) the renovation and equipping two existing residence halls known as Norton Hall and Howell Hall and containing 145 beds and 288 beds, respectively. The Original Project is located on the University's campus. University Commons and University Courtyard had occupancy rates of 94% and 95%, respectively, during the fall of 2012.

In addition, a portion of the proceeds of the Series 2013 Bonds in the amount of approximately \$2,000,000 will be used to finance certain capital expenditures relating to property to be owned by the Borrower or an affiliate of the Borrower for the benefit of the University and located in Marietta, Georgia.

Plan of Refunding. A portion of the proceeds of the Series 2013 Bonds will be used for the purpose of refunding all of the Series 2003 Bonds currently outstanding in the aggregate principal amount of \$27,965,000. The Series 2003 Bonds were issued on December 5, 2003 for the purpose of providing funds to finance the Original Project, pay capitalized interest, fund a debt service reserve fund and pay certain costs of issuance.

To defease and refund the Series 2003 Bonds, a portion of the proceeds of the Series 2013 Bonds, together with certain other moneys relating to the Series 2003 Bonds transferred from funds created under the Series 2003 Indenture, will be used to purchase certain Government Obligations as defined in Appendix A – “Definitions and Summaries of Principal Documents” (the “Defeasance Securities”). The principal of and interest on the Defeasance Securities, when due, will be sufficient to pay, when due, the principal of and interest on the Series 2003 Bonds when due through and including the redemption date. The Defeasance Securities will be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”) and will be held in trust and utilized by the Escrow Agent in accordance with the provisions of an Escrow Deposit Agreement (the “Escrow Agreement”) to be entered into among the Borrower, the Issuer and the Escrow Agent. Such deposits will be made into the Escrow Fund (the “Escrow Fund”) created under the Escrow Agreement. Upon such deposits, which will be made upon the delivery of the Series 2013 Bonds, the Series 2003 Bonds will be deemed paid and no longer outstanding under the Series 2003 Indenture. See “VERIFICATION” herein.

The Series 2003 Bonds will be called for redemption on March 15, 2014 at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

DESCRIPTION OF THE SERIES 2013 BONDS

General

The Series 2013 Bonds are being issued in the aggregate principal amount shown on the cover page of this Official Statement. The Series 2013 Bonds will bear interest (based on a 360 day year comprised of twelve 30 day months) payable on each June 15 and December 15 (each such date an “Interest Payment Date”) beginning on December 15, 2013 from the Interest Payment Date next preceding the date of authentication of such Series 2013 Bond to which interest has been paid or provided for, unless the date of authentication of such Series 2013 Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or unless no interest has been paid on such Series 2013 Bond, in which case from the date of issuance and delivery of such Bond or unless such authentication date is after the fifteenth day (whether or not a Business Day) of the calendar month that occurs in the calendar month immediately preceding an Interest Payment Date (a “Record Date”) and before the next succeeding Interest Payment Date in which case interest will be paid from the next succeeding Interest Payment Date. Subject to the redemption provisions set forth below, the Series 2013 Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement.

Denomination; Time and Place of Payment

The Series 2013 Bonds will be issued in book entry form in the denomination of \$5,000 or any integral multiple thereof and will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”). While the Series 2013 Bonds are in book-entry form, principal of, redemption premium (if any) and interest on the Series 2013 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2013 Bonds, and will be subsequently disbursed by Cede & Co. to DTC Participants and thereafter to Beneficial Owners of the Series 2013 Bonds. See “DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry System of Registration.”

When not in book-entry form, the following provisions will apply. Interest on each Bond will be payable on each Interest Payment Date by check or draft mailed by first class mail on the date on which due to the person in whose name such Bond is registered on the registration books of the Issuer maintained by the Trustee at the close of business on the Record Date, except that any interest not so timely paid or duly provided for will cease to be payable to the person who is the registered owner of such Bond as of the Record Date and will be payable to the person who is the registered owner of such Bond at the close of business on a special record date for the payment of such defaulted interest. Such special record date will be fixed by the Trustee whenever moneys become available for the payment of such defaulted interest, and notice of the special record date will be given by first class mail by the Trustee or by or on behalf of the Issuer to the registered owner thereof not less than 15 days prior thereto. Such interest will be mailed to the registered owner at his or her address as shown on the bond register maintained by the Trustee on the Record Date. In the event that any owner of Series 2013 Bonds in an aggregate principal amount of at least \$1,000,000 provides the Trustee on or prior to any Record Date with written wire transfer instructions, the interest on subsequent Interest Payment Dates will be paid in accordance with such instructions, or to such securities depository, as the case may be, until the Trustee receives written notice to the contrary.

The principal of and interest and redemption premium (if any) on the Series 2013 Bonds will be payable in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts. The principal of and redemption premium (if any) on the Series 2013 Bonds are payable only upon presentation and surrender thereof at the designated office of the Trustee.

Redemption Provisions

Optional Redemption. The Series 2013 Bonds maturing on and after June 15, 2024 will be subject to optional redemption prior to maturity by the Issuer upon the written request of the Borrower pursuant to the Loan Agreement in whole on any Business Day or in part (and if in part in an Authorized Denomination) on any Interest Payment Date, in either case on or after June 15, 2023, at the redemption price of 100% of the principal amount of Series 2013 Bonds called for redemption plus accrued interest to the redemption date.

Extraordinary Redemption. The Series 2013 Bonds are subject to extraordinary redemption prior to maturity (a) in the event of damage to or destruction of the Project or any part thereof or condemnation of or failure of title to the Project or any part thereof, to the same extent that the loan is prepaid pursuant to the Loan Agreement or (b) in the event that moneys are deposited in the redemption account in the event of the sale or other disposition of equipment or damage to or destruction of the Project or any part thereof or condemnation or failure of title to the Project or any part thereof or the release of certain or subordination of land or the granting of certain easements pursuant to the Loan Agreement or after the completion of any project financed with the proceeds of Additional Bonds, in the event that excess moneys remain in the related account of the Project Fund, to the extent of such moneys deposited in the redemption account. If called for redemption in any such event, the Series 2013 Bonds will be subject to redemption by the Issuer at any time in whole or in part (and if in part in an Authorized Denomination), in inverse order of maturities and ratably (to the extent practicable) among series, less than all of a single maturity to be selected by lot in such manner as may be determined by the Trustee, at the principal amount thereof plus accrued interest thereon to the redemption date and without premium.

Purchase in Lieu of Redemption. In lieu of redeeming Series 2013 Bonds pursuant to the Indenture, the Trustee will, at the written direction of the Issuer upon the written request of the Borrower pursuant to the Loan Agreement, use such funds otherwise available under the Indenture for redemption of Series 2013 Bonds to purchase Series 2013 Bonds in the open market on the redemption date then applicable under the Indenture at a price not exceeding the redemption price described above. Any Series 2013 Bonds so purchased in lieu of redemption will be delivered to the Trustee for cancellation and will be cancelled.

Selection of Series 2013 Bonds to be Redeemed. If less than all of the Series 2013 Bonds are to be called for redemption under any provision of the Indenture permitting such partial redemption, the particular Series 2013 Bonds or portions thereof to be redeemed will be selected by the Trustee, in the principal amount designated to the Trustee by the Borrower or otherwise as required by the Indenture; provided, however, that (i) in the case of the redemption of less than all Series 2013 Bonds of the same maturities, such redemption will be by lot in such manner as the Trustee may determine among such Series 2013 Bonds and (ii) subject to other applicable provisions of the Indenture, the portion of any Series 2013 Bond to be redeemed will be in a principal amount equal to an Authorized Denomination. In selecting Series 2013 Bonds for redemption, the Trustee will treat each Series 2013 Bond as representing that number of Series 2013 Bonds which is obtained by dividing the principal amount of such Series 2013 Bond by the minimum Authorized Denomination.

Notice of Redemption. While the Series 2013 Bonds are in book-entry form, notice of redemption of Series 2013 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2013 Bonds and will be subsequently disbursed by Cede & Co. to DTC Participants and thereafter to Beneficial Owners of the Series 2013 Bonds. See “DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry System of Registration.”

If the book-entry system is discontinued, the following provisions will apply.

A copy of the notice of the call for any redemption identifying the Series 2013 Bonds to be redeemed will be given by first class mail, postage prepaid, not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the registered owners of Series 2013 Bonds to be redeemed at their addresses as shown on the registration books. Such notice shall specify the redemption date, the redemption price, the place and manner of payment, and that from the redemption date interest will cease to accrue on the Series 2013 Bonds that are the subject of such notice and will include such other information as the Trustee deems appropriate or necessary at the time such notice is given to comply with any applicable law, regulation, or industry standard. If a redemption is a Conditional Redemption, the notice will so state. Except for Conditional Redemptions, prior to the date that the redemption notice is first given as aforesaid, funds will be placed with the Trustee to pay such Series 2013 Bonds and accrued interest thereon to the redemption date and premium, if any, thereon.

Effect of Redemption Call. Failure to give notice in the manner prescribed under the Indenture with respect to any Series 2013 Bond, or any defect in such notice, will not affect the validity of the proceedings for redemption for any Series 2013 Bond with respect to which notice was properly given. Upon the happening of the above described conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2013 Bonds thus called will not after the applicable redemption date bear interest, be protected by the Indenture, or be deemed to be outstanding under the provisions of the Indenture, whether or not such Series 2013 Bonds are presented and surrendered for payment on such date.

Registration of Transfer and Exchange

While the Series 2013 Bonds are in book-entry form, the Series 2013 Bonds held by DTC (or its nominee, Cede & Co.) on behalf of the Beneficial Owners thereof are transferable upon delivery to DTC (or its nominee, Cede & Co.) of an assignment executed by the Beneficial Owner or the Beneficial Owner's attorney (see "DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry System of Registration"). In the event the book-entry-only system is discontinued, the following provisions will apply. The Series 2013 Bonds may be transferred by the registered owner thereof or such owner's attorney or legal representative duly authorized in writing, upon presentation thereof accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by such owner's duly authorized attorney or legal representative. Any Series 2013 Bond may be exchanged at the designated corporate trust office of the Trustee for a like aggregate principal amount of Series 2013 Bonds of the same maturity and of other authorized denominations. The Trustee may charge a fee covering any taxes or other governmental charges required to be paid in connection with any exchange or registration of transfer of any Series 2013 Bond.

Book-Entry System of Registration

DTC will act as securities depository for the Series 2013 Bonds. The Series 2013 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 2013 Bond certificate will be issued for each maturity of the Series 2013 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 a Standard & Poor's rating of AA+. 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.

Purchases of the Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 2013 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 the Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 2013 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 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within an issue 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 the Series 2013 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 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2013 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 Borrower, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2013 Bond certificates are required to be printed and delivered.

The Issuer or the Borrower may decide to discontinue the use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2013 Bond certificates 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, the Trustee and the Borrower believe to be reliable, but none of the Issuer, the Trustee or the Borrower takes responsibility for the accuracy thereof.

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BOND DEBT SERVICE

The following table sets forth the scheduled annual debt service on the Series 2013 Bonds, which may be modified in the future if any portion of the Series 2013 Bonds are redeemed as described above under “-Redemption Provisions–Optional Redemption” or” –Extraordinary Redemption.”

Period Ending <u>June 15</u>	<u>Principal</u>	<u>Interest</u>	Annual <u>Debt Service</u>
2014	\$ 1,415,000	\$ 902,664.58	\$ 2,317,664.58
2015	1,440,000	881,950.00	2,321,950.00
2016	1,470,000	853,150.00	2,323,150.00
2017	1,510,000	809,050.00	2,319,050.00
2018	1,555,000	763,750.00	2,318,750.00
2019	1,620,000	701,550.00	2,321,550.00
2020	1,685,000	636,750.00	2,321,750.00
2021	1,750,000	569,350.00	2,319,350.00
2022	1,790,000	532,162.50	2,322,162.50
2023	1,840,000	478,462.50	2,318,462.50
2024	1,935,000	386,462.50	2,321,462.50
2025	2,030,000	289,712.50	2,319,712.50
2026	2,090,000	228,812.50	2,318,812.50
2027	2,155,000	166,112.50	2,321,112.50
2028	1,400,000	96,075.00	1,496,075.00
2029	<u>1,445,000</u>	<u>50,575.00</u>	<u>1,495,575.00</u>
TOTAL	<u>\$27,130,000</u>	<u>\$8,346,589.58</u>	<u>\$35,476,589.58</u>

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be derived from the sale of the Series 2013 Bonds are expected to be applied substantially as follows:

Sources:

Principal Amount of Series 2013 Bonds	\$27,130,000.00
Net Original Issue Premium	1,414,855.95
Certain Moneys Held Under Series 2003 Indenture	4,600,734.41
Other Funds Contributed by Borrower	<u>19,077.88</u>
Total	<u>\$33,164,668.24</u>

Uses:

Deposit to Escrow Fund for Series 2003 Bonds	\$29,325,691.42
Deposit to Series 2013 Account of Project Fund	2,082,530.43
Deposit to Debt Service Reserve Fund	1,161,575.00
Costs of Issuance ⁽¹⁾	<u>594,871.39</u>
Total	<u>\$33,164,668.24</u>

(1) Includes rating agency fees, legal and accounting fees, initial Trustee’s fees, printing and engraving costs, validation court costs, underwriting discount, and other costs of issuance.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2013 BONDS

Trust Estate

The Series 2013 Bonds are limited obligations of the Issuer payable solely from the Trust Estate which is assigned and pledged to the Trustee by the Issuer under 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 and to indemnification pursuant to the terms thereof), (b) the Borrower's promissory note relating to the Series 2013 Bonds, (c) the Deed, (d) the Security Agreement, (e) moneys and securities held in any and all funds created under the Indenture; and (f) any and all other property from time to time by delivery or by writing granted, conveyed, 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, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Limited Obligations

The Series 2013 Bonds are not a debt, liability or general obligation of the State or of any municipal corporation or political subdivision thereof, including the City of Marietta, Georgia, and neither the faith and credit nor the taxing power of the State or any municipal corporation or political subdivision thereof, including the City of Marietta, Georgia, is pledged to the payment of the principal of, redemption premium (if any) or interest on the Series 2013 Bonds. The Series 2013 Bonds are not general obligations of the Issuer, but are limited obligations of the Issuer payable solely from the Trust Estate. The Issuer has no taxing power.

The Loan Agreement

Under the Loan Agreement, the Borrower has agreed to make payments to the Issuer in such amounts and at such times as will be necessary to pay the principal of, premium, if any, and interest on the Series 2013 Bonds. Assuming that the Board of Regents continues to exercise each of its annual renewal options under each of the Rental Agreements, the Borrower expects that semi-annual rental payments received from the Board of Regents will be sufficient, in both time and amount, to pay the principal of and interest on the Series 2013 Bonds when due. Pursuant to the Loan Agreement, the Borrower has pledged and granted a lien upon and security interest in and assigned the Gross Revenues to the payment of all sums due under the Loan Agreement.

Debt Service Reserve Fund

Pursuant to the Indenture, the Trustee holds a Debt Service Reserve Fund. A portion of the proceeds of the Series 2013 Bonds will be deposited into the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Requirement, as shown under "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Debt Service Reserve Requirement for the Series 2013 Bonds equals \$1,161,575, which amount is 50% of the maximum annual debt service on the Series 2013 Bonds. In the future, the obligation to fund the Debt Service Reserve Fund may be fulfilled by depositing a surety bond or an irrevocable letter of credit which is rated by Fitch Ratings, Moody's Investors Service, Inc. or Standard & Poor's Rating Service, a Division of The McGraw-Hill Companies, not less than its third highest rating category without regard to pluses, minuses and numerical gradations (a "Debt Service Reserve Surety Bond") with the Trustee as provided in the Indenture. See Appendix A – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS-The Indenture-*Debt Service Reserve Fund*." The Trustee is to withdraw funds from 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 Series 2013 Bonds, and then all principal of and premium,

if any, then due on the Series 2013 Bonds if there are insufficient funds for said purposes in the Bond Fund on the date such interest, principal, and premium are due.

Deed and Security Agreement

To secure its payment obligations under the Loan Agreement, the Borrower will execute in favor of the Issuer the Deed relating to the Project. Under the terms of the Deed, the Borrower will pledge, grant and assign to the Issuer (which the Issuer will assign to the Trustee) security title in and a security interest in its leasehold interest in certain real property and the buildings thereon, including the real property on which the Project is located. The Project does not include parking; however, the Project includes a non-exclusive easement to allow access to certain parking located on the campus of the University. See “INVESTMENT CONSIDERATIONS-Proximity to Parking” herein.

To further secure its payment obligations under the Loan Agreement, the Borrower and the Issuer will into a Security Agreement dated as of June 1, 2013 (the “Security Agreement”) pursuant to which the Borrower will grant to the Issuer (which the Issuer will assign to the Trustee) a security interest and lien upon certain personal property of the Borrower.

Additional Bonds

If the Borrower is not in default under the Loan Agreement, the Issuer, at the request of the Borrower, may issue Additional Bonds on a parity with the lien of the Series 2013 Bonds for the purpose refunding all or a portion of the Series 2013 Bonds or financing the costs of acquiring, constructing and equipping any material additions or alterations to the Project.

Prior to the issuance of any Additional Bonds to finance the cost of any material alterations or additions to the Project, the Borrower must cause to be prepared and filed with the Trustee:

(1) (A) a written report or opinion of accountants to the effect that for each of the two fiscal years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio was greater than or equal to 1.00 while the Rental Agreements are in effect or 1.20 while the Rental Agreements are no longer in effect (the “Minimum Coverage Ratio”) and (B) a consultant’s report, based upon the Rental Agreements, to the effect that: (i) the forecasted Debt Service Coverage Ratio for each of the three fiscal years immediately following the expected completion date of such project will be not less than the Minimum Coverage Ratio (assuming that the Maximum Annual Debt Service Requirement on the proposed Additional Bonds is payable in each such fiscal year) and (ii) the forecasted Income Available for Debt Service for each fiscal year until the expected completion date of such project plus any funded interest will be sufficient to pay the Debt Service Requirement for each fiscal year until the expected completion date of such project; or

(2) a written report or opinion of accountants to the effect that for each of the three prior fiscal years immediately preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio, determined by the application of pro forma adjustments to the audited statement of support, revenues, and expenses of the Borrower that include the Maximum Annual Debt Service Requirement on the proposed Additional Bonds in the historical Debt Service Requirement for each such fiscal year, was greater than or equal to the Minimum Coverage Ratio.

Prior to the issuance of any Additional Bonds to refund any Series 2013 Bonds that results in the refunding of less than all of the then outstanding Series 2013 Bonds, the Borrower must cause to be prepared and filed with the Trustee:

(1) a written report or opinion of accountants to the effect that the Debt Service Requirement (assuming no more Additional Bonds are issued after the proposed refunding) for any fiscal year subsequent to the refunding, to and including the fiscal year of the final maturity of Series 2013 Bonds Outstanding prior to the refunding, will not, as a result of such refunding, exceed the Debt Service Requirement for any such fiscal year had such refunding not occurred; or

(2) (A) a written report or opinion of accountants to the effect that for each of the two fiscal years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio was greater than or equal to the Minimum Coverage Ratio and (B) a consultant's report, based upon the Rental Agreements, to the effect that the forecasted Debt Service Coverage Ratio for each of the three fiscal years immediately following such refunding will not be less than the Minimum Coverage Ratio (assuming that the Maximum Annual Debt Service Requirement on the proposed Additional Bonds is payable in each such Fiscal Year); or

(3) a written report or opinion of accountants to the effect that for each of the three fiscal years next preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio, determined by the application of pro forma adjustments to the Debt Service Requirement, as determined from the audited statement of support, revenues, and expenses of the Borrower, which substitute the Maximum Annual Debt Service Requirement on the proposed Additional Bonds for the actual Debt Service Requirement on the Series 2013 Bonds proposed to be refunded for each such fiscal year, was greater than or equal to the Minimum Coverage Ratio.

In connection with the issuance of any Additional Bonds, the Borrower must cause the Debt Service Reserve Fund is funded at balances required under the Indenture. Any Additional Bonds will be secured by the Trust Estate, and the liens and security interests created by the Indenture, the Security Deed and the Security Agreement will be equal, without preference or priority, to the liens and security interests provided for the Series 2013 Bonds. See Appendix A – "DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS."

INVESTMENT CONSIDERATIONS

Investment in the Series 2013 Bonds involves certain risks. The following is a discussion of certain risk factors which should be considered in evaluating the investment quality of the Series 2013 Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which the risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may be other risks associated with an investment in the Series 2013 Bonds in addition to those set forth herein.

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

The Board of Regents has the option to renew each of the Rental Agreements on a year-to-year basis through November 1, 2027 with respect to the University Commons Rental Agreement and through at least the final maturity of the Series 2013 Bonds with respect to the University Courtyard Rental Agreement. The Borrower believes that the Project will aid the University in fulfilling its educational mission and that it is likely that the Board of Regents will renew each of the Rental Agreements for successive renewal terms throughout the term of the Series 2013 Bonds; however, the renewal of each of the Rental Agreements 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 all or any portion of the Project for the entire term of the Series 2013 Bonds. There can also be no assurance that the Board of Regents will continue to renew each of the Rental Agreements for each renewal term throughout the term of the Series 2013 Bonds. The

likelihood that each of the Rental Agreements will be renewed will depend upon, among other things, the continuing need of the Board of Regents for the 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 each of the Rental Agreements and the Board of Regents not substituting more desirable rental space for all or any portion of the Project.

The Rental Agreements 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 2013 Bonds.

THE BOARD OF REGENTS HAS NOT PARTICIPATED IN THE ISSUANCE OF THE SERIES 2013 BONDS AND HAS NO MORAL OBLIGATION WITH RESPECT TO THE SERIES 2013 BONDS OR TO CONTINUE TO RENT THE PROJECT IN A MANNER SUPPORTIVE OF THE CREDITWORTHINESS OF THE SERIES 2013 BONDS OR THE FINANCING OF THE PROJECT.

If all or any of the Rental Agreements are not renewed by the Board of Regents and, as a result, the Borrower (which has no assets other than its interest in the Project) fails to continue to make the payments required by the Loan Agreement from other sources, the Trustee's sole remedy will be to recover and liquidate, relet or sell the Project as provided in the Deed. In the event of such nonrenewal, the Board of Regents' obligation to pay the rental will continue until the expiration of the annual term then in effect but not thereafter. The Borrower will then be entitled to relet or sell the Project; however, the Project constitutes a special purpose facility and may have limited suitability for other purposes and tenants. No assurance can be given that the Borrower could relet or sell the Project for an amount sufficient to pay debt service on the Series 2013 Bonds or that any amount realized upon a liquidation of the Project will be sufficient to provide for the payment of the Series 2013 Bonds on a timely basis.

State Budgetary Constraints

The State is required by law to operate under an annual balanced budget, in which expenditures may not exceed revenues collected by the State and any surplus revenues accrued by the State. Should the State's revenues and other sources of funds available to pay expenditures continue to decline, it may be necessary for the General Assembly in the future to reduce appropriations to the Board of Regents, which in turn may adversely affect the ability of the Board of Regents to renew all or any of the Rental Agreements.

Condemnation/Casualty Risk

The Board of Regents has the right to terminate each of the Rental Agreements or to reduce its semi-annual 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 Agreements will be sufficient to pay debt service on the Series 2013 Bonds, or in the case of a termination due to a condemnation of the Project in whole, that the proceeds will be sufficient to pay the Series 2013 Bonds.

Limited Operating History

Prior to 2003, the Borrower had never operated student housing facilities similar to the Project. The Borrower has no operating history and no net worth. The Borrower is relying upon the Board of Regents' agreement to rent the Project and the University to operate it as an integral part of the University's facilities. If the University is unable to perform its obligations, the Borrower has neither the staff nor the expertise needed to manage the Project. Neither the Board of Regents nor the University has any obligation to pay debt service on the Series 2013 Bonds.

Limited Assets of the Borrower

The Borrower's assets and revenues available to make the payments required by the Loan Agreement are limited to its interest in the Project and the rents and revenues from the Project, including rents payable under the Rental Agreements. The Borrower has no other assets or revenues available to make payments required by the Loan Agreement or to satisfy any liabilities incurred as a result of ownership of the Project.

Limited Obligations

The Issuer has no assets with which to pay debt service on the Series 2013 Bonds except its right to receive payments pursuant to the Loan Agreement from the Borrower. Neither the Series 2013 Bonds nor the Issuer's obligation under the Indenture constitute a general obligation or other indebtedness of the Issuer, the City of Marietta, Georgia or the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation.

Ad Valorem Property Taxes

The Borrower believes that the Project will be exempt from ad valorem property taxation because the Project is located on property owned by the Board of Regents which is exempt from ad valorem property taxation. Although the Borrower believes that it has a sound basis to assert that the Project will be exempt from ad valorem property taxation, no assurance can be given that the Borrower will not have to pay ad valorem property taxes on its leasehold estate in the Project, which would reduce the Borrower's revenues available to make payments under the Loan Agreement. The Board of Regents has agreed to pay the ad valorem taxes under the Rental Agreements should any such taxes be assessed.

Environmental Issues

There are potential risks relating to liabilities for environmental conditions with respect to the ownership of real property. If hazardous substances are found to be located on property, owners of such property may be held liable for costs and other liabilities related to the presence, migration or removal of such substances, which costs and liabilities could exceed the value of the property. The Borrower is not aware of any releases of pollutants or contaminants at the site of the Project that would give rise to enforcement actions under applicable State or federal environmental statutes. The Borrower is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of the Project. In 2003, the developer of the Project retained Geo-Hydro Engineers, Inc., Kennesaw, Georgia ("GHE") to conduct a phase I environmental site assessment (the "2003 ESA") for the site on which the Project is located. The objective of the 2003 ESA was to identify the presence of any "recognized environmental conditions" which previously existed or currently exist at the sites. The term "recognized environmental conditions" is defined as the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater or surface water of the property. In conducting the 2003 ESA, GHE reported that the University campus is listed as a Georgia Non-Hazardous Site Inventory facility based upon the detection of trichloroethylene ("TCE") in groundwater sampled from an abandoned irrigation well located approximately 1,350 feet from the Project site. Georgia Environmental Protection Division ("GEPD") attributed the detection of TCE to a Lockheed Martin Aeronautics Company ("LMAC") plant located approximately 2,700 feet from the Project site. GEPD issued a letter on January 24, 1997 stating that it had no reason to believe that a release exceeding a reportable quantity has occurred, and the University has not been listed on the Hazardous Site Inventory. In 1996, LMAC installed groundwater monitoring wells on the University campus. Samples collected from such groundwater monitoring wells from 1996 to 2003 either did not detect TCE in

groundwater or the detected amount was less than five micrograms per liter. Further monitoring in 2002 indicated that the TCE groundwater plume had not migrated to the Project site.

Because GHE determined that the likelihood of impacts to the soil and groundwater by TCE from the offsite LMAC plant were relatively low and the TCE plume had not migrated to the Project site, the 2003 ESA report concluded that the potential for past or present release of hazardous or petroleum substances leading to contamination of soil or groundwater at the Project site was relatively low. ***However, the Borrower has not obtained any environmental reports with respect to the site of the Project or received the results of any samples collected, if any, from the groundwater monitoring wells since 2003.*** There can be no assurance that an enforcement action, which could result in a lien on the Project and/or foreclosure of the Project, or actions will not be instituted under such environmental statutes at a future date. In addition, there can be no assurance given that the Borrower will not encounter environmental risks in the future.

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 the Project is limited to its special use for the Board of Regents; it will not be generally suitable for commercial or industrial uses. The Borrower owns a leasehold interest (not a fee interest) in the Project. Consequently, it may be difficult to find a buyer or tenant for the Project if it were necessary to foreclose on the Project. In addition, the same factors that lead to foreclosure may substantially reduce the value of the Project. If it becomes necessary to foreclose the lien of the Deed on the Project, net proceeds received from any foreclosure sale may be less than the aggregate principal amount of the Series 2013 Bonds outstanding.

Enforceability of Remedies

The remedies available to the Trustee or the owners of the Series 2013 Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Deed or the Rental Agreements are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Series 2013 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 constitutional and statutory law and judicial decisions, including specifically federal bankruptcy law, certain remedies specified by the Indenture, the Loan Agreement, the Deed and the Rental Agreements may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds, the Indenture, the Loan Agreement, the Deed and the Rental Agreements will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

While the Borrower has pledged its interest in the rental payments to be made under the Rental Agreements and has mortgaged its interest in the Project under the Deed to secure the payment of the Series 2013 Bonds, the Rental Agreements and the Project constitute property of the Borrower. If the Borrower 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 Borrower 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 Borrower's property, including its revenues, could be used for the benefit of the Borrower's bankruptcy estate, despite the claims of the Trustee with respect to the Indenture or the Deed, 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 or the Deed and (2) subordinate the lien of the Indenture or the Deed (a) to claims by persons supplying goods, services or credit to the Borrower after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. In addition, the bankruptcy laws permit wide latitude with respect to 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 Series 2013 Bonds, if such owners are provided with the value of their claim or the "indubitable equivalent" thereof. The amount realized by the Trustee might depend on a federal bankruptcy court's interpretation of "indubitable equivalent" and adequate protection under the existing circumstances.

Proximity to Parking

The Original Project financed with the proceeds of the Series 2003 Bonds includes a surface parking lot located adjacent to the Project. However, the Project that is subject to the Deed does not include parking; however, the Project does include a non-exclusive easement to allow access to certain parking located on the campus of the University. There can be no assurance that the current parking lot located adjacent to the Project will not be used by the Company or the Board of Regents for a different purpose in the future, including, but not limited to, as the location for future buildings. If in the future the Company or the Board of Regents decides to construct one or more buildings on the land where such parking lot is currently located, the students served by the Project may be required to walk a greater distance to reach the nearest available parking. In addition, available parking may be more limited in the future.

Ratings

The Series 2013 Bonds are rated by Standard & Poor's Rating Service, a Division of The McGraw-Hill Companies ("S&P") (see "RATINGS"). There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The Issuer and the Borrower undertake no responsibility to oppose any such revision or withdrawal.

LITIGATION

Neither the Issuer nor the Borrower has received notification regarding any controversy or litigation of any nature pending against the Issuer or the Borrower, or to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2013 Bonds, the execution or delivery of the Indenture or the Loan Agreement or in any way contesting or affecting the authority, validity, or enforceability of the Series 2013 Bonds, the Indenture or the Loan Agreement or any proceedings of the Issuer or the Borrower taken with respect to the issuance of the Series 2013 Bonds, the execution and delivery of the Indenture and the Loan Agreement or the use of the proceeds of the Series 2013 Bonds.

VALIDATION

The Issuer has caused proceedings to be instituted in the Superior Court of Cobb County, Georgia to validate the Series 2013 Bonds. Prior to the issuance and delivery of the Series 2013 Bonds, the Issuer

must obtain a final judgment confirming and validating the Series 2013 Bonds and the security therefor. Under Georgia law, a judgment of validation is final and conclusive with respect to the Series 2013 Bonds and the security therefor.

TAX EXEMPTION AND OTHER TAX MATTERS

Opinion of Bond Counsel

Certain legal matters incident to the authorization, validity, and issuance of the Series 2013 Bonds are subject to the approval of McKenna Long & Aldridge LLP, Atlanta, Georgia, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2013 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

Federal Income Taxation

The Internal Revenue Code of 1986, as amended (the “Code”), contains a number of requirements and restrictions that apply to the Series 2013 Bonds. These include restrictions on investments, requirements for periodic payment of arbitrage profits to the United States, requirements regarding the use of Series 2013 Bond proceeds, requirements regarding the nature and use of the facilities financed or refinanced with Series 2013 Bond proceeds, and other restrictions and requirements. The Issuer and the Borrower have covenanted to comply with all requirements and restrictions of the Code that must be satisfied in order for the interest on the Series 2013 Bonds to be excluded from gross income for federal income tax purposes, but the Board of Regents has not so covenanted. Failure to comply with certain of such requirements and restrictions may cause interest on the Series 2013 Bonds to become subject to federal income taxation, retroactive, in some cases, to the date of issuance of the Series 2013 Bonds.

In the opinion of Bond Counsel, under existing law, interest on the Series 2013 Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax (including the tax imposed by Chapter 2A of Subtitle A of the Code) purposes and is not an enumerated “item of tax preference” for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. See “-Collateral Federal Tax Consequences” below. For purposes of Chapter 2A of Subtitle A of the Code, interest on the Series 2013 Bonds, by virtue of being excluded from gross income under Chapter 1 of Subtitle A of the Code, is excluded from the modified adjusted gross income of individuals, from the adjusted gross income of estates and trusts, and from the net investment income of taxpayers that are subject to the 3.8% tax, which was enacted into law as part of the Patient Protection and Affordable Care Act and imposed pursuant to Section 1411 of the Code (the “Affordable Care Tax”). The foregoing opinions are subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2013 Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Borrower have covenanted to comply with all such requirements, but the Board of Regents has not so covenanted. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Series 2013 Bonds in gross income for federal income tax (including the tax imposed by Chapter 2A of Subtitle A of the Code) purposes to be retroactive to the date of issuance of the Series 2013 Bonds.

In concluding that interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes, Bond Counsel will rely, as to questions of fact material to its opinion, upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to it, (b) certifications furnished to it by

or on behalf of the Borrower and the Issuer (including certifications made in the tax certificate of the Borrower and the certificate as to arbitrage matters of the Issuer), and (c) representations of the Issuer and the Borrower contained in such proceedings and in documents delivered in connection with the issuance of the Series 2013 Bonds. If certain of these items are incorrect, interest on the Series 2013 Bonds may become included in gross income for federal income tax (including the Affordable Care Tax) purposes retroactive, in some cases, to the date of issuance of the Series 2013 Bonds.

Pursuant to Section 1411 of the Code (which is contained in Chapter 2A of Subtitle A of the Code), for taxable years beginning after December 31, 2012, a 3.8% tax is imposed on individuals on the lesser of (1) net investment income and (2) any excess of the modified adjusted gross income over the applicable threshold amount. For individuals filing joint federal tax returns or as surviving spouses, the applicable threshold is \$250,000; for married individuals filing separate returns, the applicable threshold is \$125,000; and for other individuals, the applicable threshold is \$200,000. This 3.8% tax is also imposed on estates and trusts on the lesser of (1) their undistributed net investment incomes and (2) any excess of their adjusted gross incomes over the dollar amount at which the highest tax bracket in Section 1(e) of the Code begins for the taxable year. Subject to the exceptions, conditions, and limitations set forth in the opinion of Bond Counsel, interest on the Series 2013 Bonds is excluded from modified adjusted gross income, adjusted gross income, and net investment income for purposes of the Affordable Care Tax. Gain, however, if any, from the sale or other disposition of Series 2013 Bonds will be taken into account in such calculations.

Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2013 Bonds. See “-Collateral Federal Tax Consequences” herein for a general discussion of other selected federal tax consequences associated with ownership of the Series 2013 Bonds.

State of Georgia Income Taxation

In the further opinion of Bond Counsel, under existing law, the interest on the Series 2013 Bonds is exempt from State of Georgia income taxation, although the Series 2013 Bonds and the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes. Bond Counsel has not opined as to whether interest on the Series 2013 Bonds is subject to state or local income taxation in jurisdictions other than Georgia; interest on the Series 2013 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each purchaser of Series 2013 Bonds should consult its own tax advisor regarding the tax-exempt status of the interest on the Series 2013 Bonds in a particular state or local jurisdiction other than Georgia.

Bond Premium

The Series 2013 Bonds maturing on June 15, 2014 through June 15, 2020 and June 15, 2022 through June 15, 2024 (the “Premium Bonds”) are being sold at prices in excess of the principal amount thereof. Under the Code, the excess of an owner’s cost basis of a bond over the principal amount of such bond (other than a bond held as inventory, stock in trade, or for sale to customers in the ordinary course of business) is generally characterized as “bond premium.” For federal income tax purposes, bond premium is amortized over the term of the related bond. An owner will therefore be required to decrease its basis in the Premium Bonds by the amount of amortizable bond premium attributable to each taxable year it holds the Premium Bonds. The amount of amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date, based on the yield to maturity of the Premium Bond. As bond premium is amortized, the owner’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such

Premium Bond prior to its maturity. Even though the owner's basis is reduced, the amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption, or other disposition of the Premium Bonds and with respect to state and local tax consequences of owning the Premium Bonds.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the Series 2013 Bonds maturing on June 15, 2021 and June 15, 2025 through June 15, 2029 (the "Discount Bonds"), to the extent properly allocable to each owner of such Discount Bond, is excluded from gross income for federal income tax (including the Affordable Care Tax) purposes with respect to such owner and is not an enumerated "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. Original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Discount Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield-to-maturity basis. For an owner of a Discount Bond who acquires such Discount Bond in this offering at its issue price, the amount of original issue discount that accrues to such owner during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax (including the Affordable Care Tax) purposes, will not be an enumerated "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations, and will increase the owner's tax basis in such Discount Bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond.

The foregoing discussion is directed at owners who purchased Discount Bonds in the initial offering at the issue price. Other owners should consult their own tax advisors to consider any additional tax consequences. Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds. Under the tax laws of certain state and local jurisdictions, the amount of interest considered to have accrued to an owner of a Discount Bond may also be deemed to be received in the year of such accrual, even though there will not be a corresponding cash payment, rather than upon the disposition, redemption, or maturity of such Discount Bond, for purposes of determining such owner's income tax liability under such state or local tax laws.

Collateral Federal Tax Consequences

Ownership of the Series 2013 Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, corporations, financial institutions and other taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2013 Bonds, property and casualty insurance companies, certain recipients of Social Security or railroad retirement benefits, foreign corporations with branches in the United States, certain Subchapter S corporations, and

taxpayers subject to backup withholding. The following is a general description of certain of these consequences:

1. Interest on the Series 2013 Bonds may be included in the adjusted current earnings of any entity owning Series 2013 Bonds that is treated as a corporation for federal income tax purposes (other than any S corporation, regulated investment company, real estate investment trust, or REMIC), and any such entity may therefore be required to include as an adjustment in its calculation of alternative minimum taxable income 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

2. No deduction is allowable for interest on indebtedness incurred or continued to purchase or carry the Series 2013 Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocated to interest on the Series 2013 Bonds; however, certain *de minimis* exceptions may be applicable for owners of Series 2013 Bonds other than financial institutions.

3. Property and casualty insurance companies are required to reduce the amount of their deductible underwriting losses by 15% of their amount of tax-exempt interest, including interest on the Series 2013 Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.

4. Certain recipients of Social Security benefits and railroad retirement benefits will be required to include a portion of such benefits within gross income by reason of receipt or accrual of interest on the Series 2013 Bonds.

5. A branch-level tax is imposed on certain earnings and profits of foreign corporations with branches in the United States, and interest on the Series 2013 Bonds may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

6. Passive investment income, including interest on the Series 2013 Bonds, may be subject to federal income taxation for any Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income.

7. Payments of interest on the Series 2013 Bonds are subject to reporting to the Internal Revenue Service (the "IRS") and to payees on Form 1099-INT (or successor form). In addition, the Trustee (or its agent) may be required to withhold federal tax (referred to as "backup withholding") from any such payment on a Series 2013 Bond, which will be imposed at the rate of 28% of the gross amount of any such payment, if (i) the owner fails to furnish the Trustee (or its agent) with his or her taxpayer identification number ("TIN"), the accuracy of which has been certified under the penalty of perjury, (ii) the Trustee (or its agent) has been notified by the IRS that the owner of the Series 2013 Bond has supplied an incorrect TIN, (iii) the IRS has notified the Trustee (or its agent) that the owner of the Series 2013 Bond has failed properly to report certain income to the IRS, or (iv) when required to do so, the owner of the Series 2013 Bond fails to certify under the penalty of perjury that he or she is not subject to backup withholding.

The foregoing is not intended as a detailed or comprehensive description of all possible federal tax consequences of purchasing or holding the Series 2013 Bonds. Persons considering the purchase of the Series 2013 Bonds should consult with their tax advisors as to the federal tax consequences of buying or holding the Series 2013 Bonds in their particular circumstances.

Changes in Federal and State Tax Law

From time to time, legislative proposals may be made to change federal or state law that, if enacted, would eliminate the exclusion of interest on tax-exempt bonds from gross income for federal income tax purposes or any state law exemption or would otherwise diminish the advantages of ownership of tax-exempt bonds for one or more categories of taxpayers for federal or state law purposes. Any such proposal could, in certain circumstances, even become effective with respect to tax-exempt bonds issued or purchased prior to enactment or announcement of the proposal. In addition, from time to time, administrative actions, including regulations, rulings, and other administrative authorities, may be announced or proposed and litigation may be commenced or threatened that, if they become a legal authority, could eliminate or diminish the advantages of ownership of tax-exempt bonds for one or more categories of taxpayers for federal or state law purposes. The mere existence or announcement of any such legislative proposal or commencement or threatening of any such administrative action or litigation could impair the marketability or market value of the Series 2013 Bonds, at least temporarily, whether or not it is ultimately enacted into law or become a legal authority.

As a recent example, on April 10, 2013, President Obama submitted to Congress his Administration's Fiscal Year 2014 Revenue Proposals. This included a proposal (the "28% Proposal") that would reduce the "tax value" of specified deductions and exclusions from the adjusted gross incomes of higher-income individual taxpayers to their relative "tax values," which would be determined as if the items related to such deductions and exclusions (collectively, the "Specified Modifications") had been incurred or received by a lower-income taxpayer, whose marginal rate of federal income tax is 28%. For this purpose, higher-income taxpayers would generally include those taxpayers who are subject to federal income tax at marginal tax rates of at least 33%. Interest on federally tax-exempt bonds, such as the Series 2013 Bonds, would constitute one of these Specified Modifications. To the extent that the marginal federal income tax rate on a higher-income taxpayer's taxable income as increased by the Specified Modifications (as so increased, "Modified Taxable Income") would be at least 33%, then the amount of the Specified Modifications would effectively be subject to separate federal income tax calculated at a rate equal to the excess of the applicable marginal tax rate (or rates) imposed on such a taxpayer, based on his or her Modified Taxable Income, over 28%.

If enacted into law, the 28% Proposal would be effective for taxable years beginning after December 31, 2013, and, as such, could adversely affect higher-income owners of federally tax-exempt bonds issued or purchased before that date, by preventing them from realizing the full current benefit of the tax status of interest on such bonds. The threat of enactment of the 28% Proposal, or any similar proposal, also could adversely affect the market price for and marketability of such bonds in the secondary market, whether or not such proposal is enacted into law. No assurance can be given as to whether the 28% Proposal or another proposal of a like nature will not be introduced in the current or a future session of Congress or be enacted into law, with adverse effects on owners of outstanding federally tax-exempt bonds that are similar to or greater than submission of the 28% Proposal to Congress.

The opinion expressed by Bond Counsel is based upon the U.S. Constitution and the State of Georgia Constitution, implemented by statutes enacted thereunder, and as interpreted by judicial, regulatory, and other administrative authorities existing as of the date of issuance and delivery of the Series 2013 Bonds. Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation or proposed, pending, or threatened administrative actions or litigation. Potential purchasers of the Series 2013 Bonds should consult their tax advisors regarding any pending or proposed legislation, administrative action, or litigation of the type referred to or characterized above as part of their investment decision and thereafter, as appropriate.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and delivery of the Series 2013 Bonds by the Issuer are subject to the approving opinion of McKenna Long & Aldridge LLP, Atlanta, Georgia, Bond Counsel. The form of opinion of Bond Counsel which will be delivered upon the initial delivery of the Series 2013 Bonds is attached to this Official Statement as Appendix E. Certain legal matters will be passed upon for the Issuer by Haynie, Litchfield & Crane, P.C., Marietta, Georgia; for the Borrower and the Foundation by McKenna Long & Aldridge LLP, Atlanta, Georgia; and for the Underwriter by Peck Shaffer & Williams, LLP, Atlanta, Georgia.

UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed to purchase the Series 2013 Bonds at a purchase price of \$28,341,380.95 (representing par plus a net original issue premium of \$1,414,855.95 and less an underwriter’s discount of \$203,475). The Underwriter is committed to purchase all of the Series 2013 Bonds, if any Series 2013 Bonds are purchased. The obligation of the Underwriter to purchase the Series 2013 Bonds is subject to a number of terms and conditions set forth in a Bond Purchase Agreement among the Issuer, the Borrower and the Underwriter. The Underwriter has advised the Issuer that it intends to make a public offering of the Series 2013 Bonds at the prices set forth on the inside front cover page hereof. The Underwriter may offer and sell the Series 2013 Bonds to certain dealers (including dealers depositing the Series 2013 Bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover page hereof.

RATINGS

S&P has its assigned municipal bond rating of “A+” to the Series 2013 Bonds. Such rating reflects only the views of S&P. An explanation of the significance of the ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2124. There is no assurance that such rating will be maintained for any given period of time or that such rating may not be revised upward, downward or withdrawn entirely by S&P if, in its judgment, circumstances warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of such Series 2013 Bonds.

FINANCIAL STATEMENTS

The basic financial statements of the University as of June 30, 2012 and for the year then ended, attached hereto as Appendix B, have been audited by the State of Georgia Department of Audits and Accounts, to the extent and for the period indicated in its report thereon dated March 8, 2013, which appears in Appendix B. The University has not made any representations regarding the accuracy or sufficiency of the information contained therein. The University’s financial Statements have been included herein in reliance upon the report of the State of Georgia Department of Audits and Accounts, given upon the authority of such agency as experts in accounting and auditing. The State of Georgia Department of Audits and Accounts stated in its audit report in Appendix B that it conducted its audit in accordance with auditing standards generally accepted in the United States. **The State of Georgia Department of Audits and Accounts has not and will not sign a written consent to the inclusion of its audit report in this Official Statement.** The State of Georgia Department of Audits and Accounts could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of the University’s general purpose financial statements.

VERIFICATION

The accuracy of the arithmetical computations of the adequacy of the maturing principal and interest earned on the Defeasance Securities in the Escrow Fund, together with certain other moneys provided by the Borrower as described in the Escrow Agreement, to pay the principal of and interest on the Series 2003 Bonds as set forth in the Escrow Agreement, and the arithmetical computations supporting the conclusion of Bond Counsel that the Series 2013 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code will be verified by Grant Thornton LLP, independent certified public accountants.

MISCELLANEOUS

All references in this Official Statement to the Indenture, the Loan Agreement or other documents or official acts do not purport to be complete and are qualified in their entirety by said documents. All references to the Series 2013 Bonds and information with respect thereto are qualified in their entirety by the exact terms of the Indenture, documents, or official acts, copies of which are available from the Issuer, upon request, for full and complete statements of their provisions.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. The agreements of the Issuer with the holders of the Series 2013 Bonds are fully set forth in the Indenture, and neither this Official Statement nor any statement which may have been made verbally or in writing is to be constructed as a contract with the holders of the Series 2013 Bonds.

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APPENDIX A

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

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APPENDIX A

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

DEFINITIONS

Certain words and terms used in this Official Statement are defined herein. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms in this Official Statement.

“2003 Project” means the initial acquisition, construction, and installation of the student housing facilities known as “University Courtyard,” “Howell Hall,” “Norton Hall,” and “University Commons.”

“Accountant” means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to the Company or its Affiliates (but who or which may be regularly retained by the Company or its Affiliates).

“Account Debtor” means any Person who is or may become obligated under or on account of an Account.

“Accounts” means all accounts, contract rights, chattel paper, instruments, and documents (excluding Contract Documents) received by or on behalf of the Company from or in connection with the ownership, operation, or leasing of any Property located at the Site and all rights to receive the same, in each case, whether now owned or existing or hereafter acquired, created, or arising and howsoever the Company’s interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise); excluding, however, all gifts, grants, bequests, donations, and contributions that are specifically designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payments due under the Obligations, and the income derived therefrom to the extent specifically required by such designation or restriction.

“Act” means Chapter 62 of Title 36 of the Official Code of Georgia Annotated, entitled “Development Authorities Law,” as amended and as the same may be from time to time additionally supplemented and amended.

“Additional Bonds” means the additional parity Bonds authorized to be issued by the Authority pursuant to the terms and conditions of the Indenture.

“Additional Loans” means any loan or loans made by the Authority to the Company in connection with the issuance of Additional Bonds, the repayment of which will be evidenced by the Additional Notes.

“Additional Notes” means the additional parity promissory notes made by the Company and payable to the Authority to evidence the Company’s obligation to pay Loan Repayments in order to repay the Additional Loans, and any promissory notes issued in substitution or exchange therefor.

“Additions or Alterations” means modifications, repairs, renewals, improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Facilities, including any and all machinery, furnishings, fixtures, and equipment therefor, and including the restoration, reconstruction, or replacement of buildings, equipment, or other property damaged or destroyed by fire or other casualty or taken by or under the threat of condemnation or for which title is lost.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, (i) “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of

voting securities, by contract, membership, or otherwise and (ii) the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Architect” means an Independent Person who is a registered architect in the State, who or which is appointed by the Company, the Developer, or the general contractor under a Construction Contract for the purpose of passing on questions relating to the design or construction of any particular Project, has all licenses and certifications necessary for the performance of such services, and, in the good faith opinion of the Company, the Developer, or such general contractor, has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature.

“Authority” means the Development Authority of the City of Marietta, a public body corporate and politic created and existing under the laws of the State, and its successors and assigns.

“Authority Contracts” means, collectively, the Loan Agreement, the Deed, the Security Agreement, and the Indenture.

“Authorized Authority Representative” means the person at the time designated to act on behalf of the Authority by written certificate furnished to the Company and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by the Chairman or Vice Chairman of the Authority. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Authorized Company Representative” means the person at the time designated to act on behalf of the Company by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the Company by the President of the Company. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Bond Counsel” means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the Company and reasonably acceptable to the Trustee.

“Bond Documents” means, collectively, the Company Contracts and the Indenture.

“Bond Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Bondholders” 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 Resolution” means the resolution or resolutions adopted by the governing body of the Authority authorizing the issuance and sale of the Bonds and the security therefor.

“Bonds” means the Series 2013 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.

“Business Day” means a day that is not (a) a Saturday, Sunday, or legal holiday on which banking institutions in the State of Georgia, the State of New York, or the state in which the Principal Office of the Trustee is located are required or authorized by law or other governmental action to close or (b) a day on which the New York Stock Exchange is closed.

“Company” means SPSU Student Housing I, LLC, a limited liability company duly formed and existing under the laws of the State of Georgia, and its successors and assigns.

“Company Contracts” means, collectively, the Loan Agreement, the Notes, the Deed, and the Security Agreement.

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Capitalized Interest Account” means the separate account so designated in the Bond Fund, which is created and established therein pursuant to the Indenture.

“Closing Date” means the date of the initial issuance and delivery of any series of Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder.

“Completion Bonds” means Bonds issued for the purpose of financing the completion of the acquisition, construction, or installation of any Project for which Bonds were previously issued; provided that the term “Completion Bonds” will only include that principal amount of Bonds which is necessary to (i) finance the completion of such acquisition, construction, or installation, to the extent necessary to provide completed and equipped Facilities of substantially the type and scope contemplated at the time that such Bonds previously issued were originally issued, and in accordance with the Plans and Specifications for such Project as originally prepared with only such changes as have been made in conformance with the Loan Agreement; (ii) pay any related issuance expenses, including any underwriting discount; (iii) fund any capitalized interest relating thereto; and (iv) fund the Debt Service Reserve Requirement with respect to such Bonds.

“Completion Date” means the date of completion of the acquisition, construction, and installation of any Project, as that date will be certified as provided in the Loan Agreement.

The term **“construction”** means, in addition to new construction, reconstruction, and renovation, and “constructing” and “construct” include references to reconstructing and renovating and reconstruct and renovate, as the case may be.

“Construction Contracts” means the contracts between the Company or the Developer and the general contractor for the construction of any Project.

“Consultant” means an Independent Person that is a nationally recognized professional management consultant having, in the good faith opinion of the Company, the skill and experience necessary to render the particular report required and that is reasonably acceptable to the Trustee.

“Consultant’s Report” means a written report of a Consultant delivered to the Trustee.

“Contract Documents” means any and all tenant contracts, rental agreements, franchise agreements, management contracts, Construction Contracts, renovation agreements, development agreements, project management agreements, architect’s agreements, plans and specifications, Hedge Agreements, and other contracts, licenses, and permits now or hereafter affecting any Property located at the Site, including, without limitation, the contracts described in the Security Agreement, together with all rights and privileges of any nature thereunder accruing, together with any changes, renewals, supplements, addenda, amendments, consolidations, extensions, revisions, modifications, or guarantees of performance of obligations to the Company under the foregoing contracts, all of the Company’s rights and title to modify, alter, or amend the foregoing contracts, to terminate the foregoing contracts, and to waive or release the performance or observance of any obligation or condition of the foregoing contracts, in each case, whether now owned or existing or hereafter acquired, created, or arising and howsoever the Company’s interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise).

“Counsel” means an attorney duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, or any law firm, who or which, as the case may be, is not unsatisfactory to any recipient of the opinion required to be rendered by such Counsel.

“Debt Service Coverage Ratio” means, for any particular period of time, the ratio (stated as a percentage) determined by dividing Income Available for Debt Service for such period by the Debt Service Requirement for such period.

“Debt Service Requirement” means the total principal and interest coming due on the Bonds, whether at maturity or upon mandatory redemption, in any specified period. With respect to any Hedged Bonds, the interest on such Hedged Bonds during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder must be calculated by adding (x) the amount of interest payable by the Authority on such Hedged Bonds pursuant to their terms and (y) the amount of Hedge Payments payable by the Company under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Authority on the related Hedged Bonds will be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) will be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables that were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period). The principal of and interest on Bonds and Hedge Payments will be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or Bond proceeds to be deposited on the date of issuance of proposed Bonds) in the Project Fund, the Capitalized Interest Account, or the Debt Service Reserve Fund. The Trustee may request and rely upon a certification of the Debt Service Requirement in an Officer's Certificate.

“Debt Service Reserve Credit Facility” means the letter of credit, insurance policy, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Loan Agreement, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

“Debt Service Reserve Credit Facility Provider” means any provider of a Debt Service Reserve Credit Facility.

“Debt Service Reserve Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Debt Service Reserve Requirement” means an amount equal to 100% of the Maximum Annual Debt Service Requirement.

“Deed” means the Deed to Secure Debt and Assignment of Rents and Leases, dated as of June 1, 2013, from the Company to the Authority, as the same may be amended from time to time in accordance with the terms thereof.

“Developer” means the developer for any Project.

“Development Agreement” means the development agreement for any Project between the Company and the Developer, as amended, modified, or replaced.

“Duration of the Rental Agreements” means any period of time that both Rental Agreements are in effect and contain terms and provisions not materially different from their original terms and provisions.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements, or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions, and discharges to waste or public systems.

“Escrow Agent” means The Bank of New York Mellon Trust Company, National Association, as trustee for the owners of the Refunded Bonds.

“Escrow Agreement” means the Escrow Deposit and Release Agreement, dated the Closing Date of the Series 2013 Bonds, among the Issuer, the Company, and the Escrow Agent.

“Equipment” means all machinery, apparatus, equipment, fittings, furniture, furnishings, fixtures (whether actually or constructively attached or affixed to the land located at the Site or to any buildings, structures, or other improvements located thereon and including all trade, domestic, and ornamental fixtures), and other articles of tangible personal property of every kind, description, and nature whatsoever now or hereafter located at, in, upon, or under the Site or the buildings, structures, or other improvements at the Site or used or usable in connection with any present or future operations conducted or to be conducted at the Site or the buildings, structures, or other improvements at the Site, and all parts, accessories, and special tools and all increases, additions, and accessions thereto and substitutions and replacements therefor, including, without limiting the generality of the foregoing, all building materials, supplies, goods, machinery, fixtures, and equipment now or hereafter delivered to the Site and placed on the land located at the Site for the purpose of being affixed to or installed or incorporated or otherwise used in the buildings, structures, or other improvements now or hereafter located at the Site or on any part or parcel of the land located at the Site, including but not limited to, lumber, plaster, cement, shingles, roofing, plumbing, pipe, lath, wallboard, cabinets, nails, sinks, toilets, furnaces, heaters, brick, tile, water heaters, screens, window frames, glass, doors, flooring, paint, lighting fixtures and unattached refrigerating, and cooking, heating, and ventilating appliances and equipment, in each case, whether now owned or existing or hereafter acquired, created, or arising and howsoever the Company’s interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise).

“Event of Default” means any one or more of those events set forth in the Loan Agreement.

“Expenses of Operation and Maintenance” means all expenses reasonably incurred in connection with the operation and maintenance of the Facilities, including salaries, wages, the cost of materials and supplies, rentals of leased property, if any, management fees, the cost of audits, Trustee’s, paying agent’s, and bond registrar’s fees and expenses, payment of premiums for insurance required by the Loan Agreement and other insurance that the Company deems prudent or obligates itself in Rental Agreements to carry on the Facilities and its operations, and, generally, all expenses, exclusive of debt service on Bonds, and depreciation or amortization, which under GAAP are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary or desirable for the proper operation and maintenance of the Facilities will be included.

“Extraordinary Services of the Trustee” and **“Extraordinary Expenses of the Trustee”** mean all services rendered and all expenses incurred by the Trustee under the Indenture, including reasonable counsel fees and expenses, other than Ordinary Services of the Trustee and Ordinary Expenses of the Trustee.

“Facilities” means student housing facility known as “University Courtyard” and “University Commons,” including any and all other facilities, buildings, improvements, fixtures, equipment, and personal property used or usable in connection therewith, and all related lands, land improvements, buildings, structures, fixtures, equipment, and personalty appurtenant or convenient thereto, located or to be located on the Site.

“Facilities Budget” means the Company’s budget (with detail provided on a month by month basis) for the Facilities for the applicable Fiscal Year including, without limitation, a budget of capital expenditures for such year, an annual cash flow analysis that itemizes Gross Receipts and Expenses of Operation and Maintenance on a monthly basis, the Monthly Repair and Replacement Deposit, and such other information as required by the Loan Agreement, as such budget will be revised from time to time as provided in the Loan Agreement.

“Fair Market Value” means (i) with respect to real property, the market value for such property as established by an independent real estate appraiser who is a member of the American Institute of Real Estate Appraisers selected by the Company and reasonably acceptable to the Trustee and (ii) with respect to property other than real property, the current market value of such property as established by a broker, appraiser, or other expert selected by the Company and reasonably acceptable to the Trustee. Whenever the Fair Market Value of property is required to be established pursuant to the Loan Agreement, such valuation must be made in writing and delivered to the Trustee.

“Fiscal Year” means the 12-month period ending on June 30 of each year, or such other 12-month period set forth in an Officer’s Certificate of the Company filed with the Trustee as the fiscal year of the Company for accounting purposes. Except as otherwise provided in the Loan Agreement, whenever reference is made in the Loan Agreement to a determination of revenues, expenses, debt coverage, or other accounting calculations to be made for, or with respect to, a Fiscal Year, such reference will be to that Fiscal Year immediately preceding the date of such determination or calculation for which audited financial statements have been prepared and are then available.

“Fitch” means Fitch Investors Service, L.P., or, if such limited partnership is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company. The notice address of Fitch will be One State Street Plaza, New York, New York 10004.

“Fund” means any of the funds established pursuant to the Indenture.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America.

“General Intangibles” means all general intangibles received by or on behalf of the Company from or in connection with the ownership, operation, or leasing of the Property located at the Site and all rights to receive the same, including, without limitation, all choses in action, causes of action, corporate or other business records, deposit accounts, inventions, designs, patents, patent applications, trademarks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, customer lists, tax refund claims, computer programs, software, all claims under guaranties, security interests or other security held by or granted to the Company to secure payment of any of the Accounts by an Account Debtor, all rights to indemnification, all supporting obligations, all letter of credit rights, and all other intangible property of every kind and nature (other than Accounts and Contract Documents), in each case, whether now owned or existing or hereafter acquired, created, or arising and howsoever the Company’s interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise); excluding, however, all gifts, grants, bequests, donations, and contributions that are specifically designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payments due under the Obligations, and the income derived therefrom to the extent specifically required by such designation or restriction.

“Government Obligations” means:

(a) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America;

(b) receipts or certificates that evidence an undivided ownership interest in the right to the payment of the principal of or interest on obligations described in clause (a) above, provided that such obligations are held in the custody of a bank or trust company acceptable to the Trustee, in a special account separate from the general assets of such custodian; and

(c) bonds, notes, or other obligations of any Governmental Authority the timely payment of the principal of and interest on which is fully provided for (without reinvestment) by the deposit in trust or escrow of cash or non-callable obligations described in clauses (a) or (b) above.

“Governmental Authority” means (a) the government of (i) the United States of America or any state or other political subdivision thereof, or (ii) any jurisdiction in which the Company conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company, or (b) any entity exercising executive, legislative, judicial, regulatory, or administrative functions of, or pertaining to, any such government.

“Governmental Issuer” means the State, any other state of the United States, any agency or instrumentality of the State, and any county, municipal corporation, or political subdivision of the State.

“Gross Receipts” means all the right, title, and interest of the Company in and to amounts received by or on behalf of the Company from the ownership and operation of the Facilities, including all revenues, rents, fees, charges, or other income of any kind from any source received by the Company from the Facilities, including without limitation: (1) gross rentals received with respect to land, buildings, equipment, or other personal property owned, leased, or used by the Company; (2) gross revenues received from any and all leases of any lands, buildings, structures, equipment, or other personal property, or any parts thereof or therein owned, leased, or controlled by the Company as part of the Facilities including facilities related or appurtenant thereto; (3) all rents or fees payable by tenants or licensees; and (4) all proceeds of business interruption insurance and temporary condemnation awards (excluding, however, proceeds of damage, destruction, and casualty insurance and permanent condemnation awards).

“Ground Leases” means the Amended and Restated Ground Lease, dated December 5, 2003, as supplemented and amended by the First Amendment to Amended and Restated Ground Lease, dated the date of its execution and delivery, and the Ground Lease, dated December 5, 2003, as supplemented and amended by the First Amendment to Ground Lease, dated the date of its execution and delivery, each between the Board of Regents of the University System of Georgia, as lessor, and the Company, as lessee, as the same may be amended from time to time in accordance with the terms thereof.

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing (whether by reason of being a general partner of a partnership or otherwise) any indebtedness, dividend, or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such indebtedness or obligation or any Property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty will be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes, or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or may be restricted, prohibited, or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation, and polychlorinated biphenyls).

“Hedge Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Company

determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

“Hedge Payments” means amounts payable by the Company pursuant to any Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

“Hedge Payments Account” means the separate account so designated in the Bond Fund, which is created and established therein pursuant to the Indenture.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Hedge Receipts” means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

“Hedged Bonds” means any Bonds for which the Company has entered into a Hedge Agreement.

“Home Office Allowances” means any home office expense allowance or any other distribution payable by the Company to any Affiliate of the Company.

“Impositions” means all governmental charges and taxes (including all ad valorem, sales, use, intangible, transaction, privilege, or license or similar taxes), assessments (including all assessments for public improvements or benefits), water and sewer charges, excises, levies, fees (including license, permit, inspection, authorization, and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Facilities (including all interest and penalties thereon), which at any time may be assessed or imposed on or in respect of or be a lien upon the Facilities, but excluding Permitted Encumbrances. Nothing contained in the Loan Agreement will be construed to require the Company to pay any tax, assessment, levy, or charge imposed on any tenant or other Person unless the failure to pay the same could result in a lien on the Facilities, and in all events, the Company will have the right to contest any Imposition as provided in the Loan Agreement.

“Income Available for Debt Service” means, for any period of calculation, (1) the excess of support and revenues over expenses, including nonoperating revenue (such as interest income) but excluding (i) gifts (whether restricted or unrestricted); (ii) extraordinary gains and losses; and (iii) unrealized gains and losses on investments, and (2) amounts deducted in arriving at such excess of support and revenues over expenses for (i) interest on Loans (including the current portion thereof); (ii) depreciation; (iii) amortization; and (iv) Home Office Allowances.

“Indebtedness” with respect to any Person means, at any time, without duplication:

- (a) its liabilities for borrowed money;
- (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);
- (c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;
- (d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);
- (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

- (f) Swaps of such Person; and
- (g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person will include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“Indenture” means the Trust Indenture and Security Agreement, dated as of June 1, 2013, between the Authority and the Trustee, as the same may be supplemented and amended from time to time in accordance with the provisions thereof.

“Independent,” when used with respect to any specified Person, means such a Person who (i) does not have any direct financial interest in the Company, other than the payment to be received under the contract for services to be performed by such Person; (ii) is not an officer, employee, underwriter, partner, Affiliate, subsidiary, or person performing similar functions for the Company; and (iii) when used with respect to any Person other than Counsel, is not a trustee or director of the Company.

“Insurance Consultant” means an Independent Person appointed by the Company and reasonably satisfactory to the Trustee, qualified to survey risks and to recommend insurance coverage for student housing facilities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations.

“Insurance Requirements” means all terms of any insurance policy required to be obtained under the Loan Agreement covering or applicable to the Facilities 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 Facilities or any part thereof or any use of the Facilities or any part thereof.

“Interest Account” means the separate account so designated in the Bond Fund, which is created and established therein pursuant to the Indenture.

“Interest Payment Date” means each June 15 and December 15, commencing December 15, 2013, in the case of Series 2013 Bonds, and the dates on which interest is scheduled to be paid, in the case of Additional Bonds.

“Issuance Cost Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Leasehold Estate” means all of the right, title, interest, powers, privileges, benefits, and options of the Company in, to, and under the Ground Leases, together with the leasehold estate created under and by virtue of the Ground Leases, including all renewals and extensions of the terms of the Ground Leases.

“Leases” means any and all leases, usufructs, tenant contracts, rental agreements, undertakings to lease, contracts to rent, and other agreements for use, occupancy, or possession now or hereafter affecting the Premises and any and all franchise agreements, agreements for the operation of or management of the Premises, Construction Contracts, concessions, and other agreements, Contracts, licenses, permits, and arrangements now or hereafter affecting or granting a possessory interest in the Premises or any part thereof, together with all security therefor and any and all renewals, extensions, and modifications thereof and any guarantees of the obligations thereunder, whether written or oral and whether now existing or hereafter made, executed, or delivered.

“Lien” means any interest in Property securing an obligation owed to, or a claim by, a person other than the owner of the Property, whether such interest is based on the common law, statute, or contract, and including, but not limited to, the security interest, security title, or lien arising from a security agreement, mortgage, deed of trust, security deed, Capital Lease, encumbrance, charge, pledge, conditional sale, or trust receipt or a lease, consignment, or bailment for security purposes. The term “Lien” will include reservations, exceptions, encroachments, easements,

rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property. For the purpose of the Loan Agreement, the Company will be deemed to be the owner of any Property that it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other person for security purposes.

“Loan Agreement” means the Loan Agreement dated as of June 1, 2013, between the Authority and the Company, as it may be supplemented and amended from time to time in accordance with the provisions of the Loan Agreement.

“Loan Repayments” means the payments of principal of, premium, if any, and interest on the Loans payable by the Company to the Authority, described under the subheadings “Loan Repayments related to Series 2011 Bonds” and “Loan Repayments related to Additional Bonds” in the Loan Agreement, and evidenced by the Notes.

“Loans” means the Series 2013 Loans and all Additional Loans from time to time made by the Authority to the Company.

“Loan Term” means the term of the Loan Agreement set forth in the Loan Agreement.

“Major Component” means any portion of the Facilities that has in excess of 125 student units.

“Material Additions or Alterations” means any Additions or Alterations having an aggregate construction cost in excess of \$250,000.

“Maximum Annual Debt Service Requirement” means the highest Debt Service Requirement for the then current or any succeeding Bond Year, as certified to the Trustee.

“Monthly Repair and Replacement Deposit” means the difference between (1) the sum of (A) the product of the Repair and Replacement Factor times the number of completed beds in the Facilities, plus (B) any amount previously withdrawn from the Repair and Replacement Fund to restore the Bond Fund or the Debt Service Reserve Fund or to pay Expenses of Operation and Maintenance and not previously restored by deposits made to the Repair and Replacement Fund, minus (2) any amounts certified by the Company in an Officer’s Certificate to have been expended on costs of Additions or Alterations within the 30-day period preceding the due date of such Monthly Repair and Replacement Deposit, from a source of funds other than proceeds of Bonds, Net Proceeds of insurance or condemnation awards with respect to the Facilities, or moneys withdrawn or to be withdrawn (for reimbursement purposes) from the Repair and Replacement Fund. The Monthly Repair and Replacement Deposit shall be certified by the Company to the Trustee upon the request of the Trustee from time to time.

“Moody’s” means Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company. The notice address of Moody’s will be 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

“Minimum Coverage Ratio” means (1) during the Duration of the Rental Agreements, 1.00, and (2) during any period of time other than the Duration of the Rental Agreements, 1.20.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorney’s fees, adjuster’s fees, and any other expenses) incurred in the collection of such gross proceeds.

“Notes” means the Series 2013 Note and all Additional Notes from time to time issued under the Loan Agreement.

“Obligations” means all obligations, liabilities, covenants, agreements, and duties owing, arising, due, or payable by the Company of any kind or nature arising from or in connection with the Company Contracts, present or future, whether or not evidenced by any note or other instrument, whether direct or indirect (including those acquired by assignment), absolute or contingent, primary or secondary, due or to become due, now existing or hereafter acquired, together with all renewals, extensions, replacements, consolidations, and modifications thereof, in each case whether for principal, interest, fees, expenses, or any and all additional advances made by the Trustee to protect or preserve the Security or the lien, security title, and security interest created by the Deed and the Security Agreement in the Security, for taxes, assessments, or insurance premiums, or for the performance of any of the Company’s obligations under the Company Contracts or otherwise.

“Officer’s Certificate” means a certificate in writing signed by the Authorized Company Representative.

“Operation and Maintenance Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Operation and Maintenance Requirement” means the estimated Expenses of Operation and Maintenance (that are not required to be paid or reimbursed by tenant pursuant to the Rental Agreements) for the succeeding three calendar months, as established in the current Facilities Budget on file with the Trustee.

“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 and expenses.

“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 cancelled or required to be cancelled by the Trustee;
- (b) Bonds that are deemed to have been paid in accordance with the defeasance provisions of the Indenture; and
- (c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture is discharged pursuant to the defeasance provisions thereof, no Bonds will be deemed to be Outstanding within the meaning of this provision.

“Permitted Encumbrance” means, with respect to the Security and the Facilities, any of the following:

- (i) The Lien on the Security created by any Bond Document;
- (ii) Any Lien arising by reason of good faith deposits with the Company in connection with leases of real estate or tangible personal property, bids, or contracts (other than contracts for the payment of money), deposits by the Company to secure public or statutory obligations, or to secure, or in lieu of, surety, stay, or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;
- (iii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance,

pension or profit sharing plans, or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

- (iv) Any judgment lien or notice of pending action against the Company so long as such judgment or pending action is being contested and execution thereon has been stayed or the period for responsive pleading or appeal has not lapsed, and neither the Lien of any Bond Document nor the Facilities will be materially impaired or subject to material loss or forfeiture;
- (v) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law affecting the Facilities, to (1) terminate such right, power, franchise, grant, license, or permit, provided that the exercise of such right would not, in the opinion of the Company, materially impair the use of the Facilities or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facilities; (B) any Liens (or deposits to obtain the release of such Liens) on the Facilities for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges, and any Liens of mechanics, materialmen, laborers, suppliers, or vendors for work or services performed or materials furnished in connection with the Facilities, which in the opinion of the Company, are not material in amount or which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested in good faith and execution thereon is stayed or, with respect to Liens of mechanics, materialmen, laborers, suppliers, or vendors, have been due for less than 90 days; (C) utility, access, and other easements, rights-of-way, servitudes, restrictions, and other minor defects, encumbrances, encroachments, and irregularities in the title to the Facilities that do not, in the opinion of the Company, materially impair the use of the Facilities or materially and adversely affect the value thereof; (D) rights reserved to or vested in any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not, in the opinion of the Company, materially impair the use of the Facilities or materially and adversely affect the value thereof; (E) to the extent that it affects title to the Facilities, any Bond Document; and (F) landlord's liens;
- (vi) Liens granted in Hedge Agreements on the Security securing Hedge Payments on a parity or subordinate basis with the Obligations;
- (vii) Liens that are junior and subordinate in lien and right of payment to the liens created by the Deed and the Security Agreement, securing obligations to any Debt Service Reserve Credit Facility Provider, upon such terms and conditions as are satisfactory to the Trustee; and
- (viii) Rights granted under the Rental Agreements and any Liens created thereby.

“Permitted Investments” means obligations in which the Authority is permitted to invest moneys of the Authority pursuant to applicable law, which have (or are collateralized by obligations which have) a Rating by any Rating Agency which is equal to or greater than the third highest long-term Rating of such Rating Agency, or which bears (or are collateralized by obligations which bear) the second highest short-term Rating of such Rating Agency, or which consist of negotiable or non-negotiable certificates of deposit issued by or interest-bearing time or demand deposits in banks, provided that any such deposits are (a) fully insured by the Federal Deposit Insurance Corporation or (b) fully secured by Government Obligations.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, a political subdivision or instrumentality thereof, or any other group or organization of individuals.

“Plans and Specifications” means the detailed plans and specifications for the construction of any of the Facilities prepared by an Architect or by architects and engineers acceptable to an Architect and approved by such

Architect, as amended from time to time by the Company, the Developer, or the general contractor under a Construction Contract, a copy of which is or will be on file with the Trustee.

“Premises” means the leasehold estate and all other estates, rights, title, and interest of the Company in, to, and under the Site, (1) together with all buildings, structures, additions, railroad spur tracks and sidings, and other improvements of every kind and description now or hereafter located on the Site or on any part or parcel thereof, and all extensions, betterments, and replacements thereof, with all and singular the tenements, hereditaments, servitudes, appurtenances, rights, powers, benefits, options, privileges, and immunities now or hereafter belonging or in anywise appertaining to the Site; (2) together with all and singular the easements and riparian and littoral rights now or hereafter thereunto belonging or in anywise appertaining, and including all rights of ingress and egress to and from adjoining property (whether such rights now exist or subsequently arise); (3) together with the reversion or reversions and remainder and remainders of the Site; (4) together with the minerals, soil, flowers, shrubs, crops, trees, timber, and other emblements now or hereafter located on, under, or above the Site or any part or parcel thereof; (5) together with all of the water, sanitary, and storm sewer systems that are now or hereafter located by, over, and upon the Site, or any part and parcel thereof, which water system includes all water mains, service laterals, hydrants, valves and appurtenances, and which sewer system includes all sanitary sewer lines, including mains, laterals, manholes, and appurtenances; and (6) together with all highways, roads, streets, alleys, and other public thoroughfares bordering on or adjacent to the property hereinbefore described, all land lying within such highways, roads, streets, alleys, and other public thoroughfares, all heretofore or hereafter vacated highways, roads, streets, alleys, and public thoroughfares and all strips and gores adjoining or within such property, and all paving for streets, roads, walkways, or entrance ways that are now or hereafter located on the Site or any part or parcel thereof, it being the intention of the Company and the Authority that, so far as may be permitted by law, all property of the character hereinabove described that is affixed or attached or annexed to the Site will be and remain or become and constitute a portion of the Site and the collateral encumbered by and subject to the security title of the Deed.

“Principal Account” means the separate account so designated in the Bond Fund, which is created and established therein pursuant to the Indenture.

“Principal Office” means, when used with respect to the Trustee, the corporate trust office of the Trustee located in Atlanta, Georgia.

“Prior Loan Agreement” means the Loan Agreement, dated as of December 1, 2003, between the Company and the Issuer.

“Prior Indenture” means the Trust Indenture and Security Agreement, dated as of December 1, 2003, between the Issuer and The Bank of New York Mellon Trust Company, National Association, as successor trustee.

“Project” means any Material Additions or Alterations.

“Project Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Property” means, with respect to any Person, any and all rights, titles, and interests of such Person in and to any and all property, whether real or personal, tangible or intangible, and wherever situated.

“Qualified Hedge Provider” means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the middle range of the third highest rating category of each Rating Agency, but in no event lower than any Rating on the related Hedged Bonds at the time of execution of the Hedge Agreement or (ii) in any such lower Rating that each Rating Agency indicates in writing to the Company will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Bonds that is in effect prior to entering into the Hedge Agreement. An entity’s status as a “Qualified Hedge Provider” is determined only at the time the Company enters into a Hedge Agreement with such entity and cannot be redetermined with respect to that Hedge Agreement and is certified by the Qualified Hedge Provider to the Trustee.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or **“Rating Agency”** means Fitch, Moody’s, and Standard & Poor’s or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the Company. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies will not include such Rating Agency.

“Real Estate Documents” means, collectively, the Ground Leases and the Rental Agreements.

“Rebate Amount” means the rebatable arbitrage in connection with any Tax-Exempt Bonds that is payable to the United States Treasury pursuant to Section 148(f) of the Code.

“Rebate Calculator” means any nationally recognized bond counsel, nationally recognized firm of certified public accountants, or other firm reasonably acceptable to the Trustee, which is expert in making the calculations required by Section 148(f) of the Code, appointed by the Company pursuant to the Loan Agreement to make the calculations required by Section 148(f) of the Code in connection with any Tax-Exempt Bonds.

“Rebate Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Redemption Account” means the separate account so designated in the Bond Fund, which is created and established therein pursuant to the Indenture.

“Refunded Bonds” means all of the Series 2003 Bonds.

“Regulatory Body” means any federal, state, or local government, department, agency, or instrumentality and other public or private body, including accrediting organizations, having regulatory jurisdiction and authority over the Company or its facilities or operations.

“Rental Agreements” means the Rental Agreement, dated December 5, 2003, as supplemented and amended by the First Amendment to Rental Agreement, dated the date of its execution and delivery, and the Rental Agreement, dated December 5, 2003, as supplemented and amended by the First Amendment to Rental Agreement, dated the date of its execution and delivery, each between the Company, as landlord, and the Board of Regents of the University System of Georgia, as tenant, as amended, modified, or replaced.

“Rents” means all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits now or hereafter accruing from the Premises and from and in connection with the Company’s ownership, occupancy, use, or enjoyment of the Premises, including, without limiting the generality of the foregoing, all rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits now or hereafter accruing from and under any and all Leases, and all security deposits, damage deposits, and other funds paid to the Company by any lessee, tenant, licensee, permittee, or other obligee under any of the Leases, whether paid in a lump sum or installments, and proceeds of the conversion, whether voluntary or involuntary, of the Premises into cash or liquidated claims, including without limitation proceeds of casualty and title insurance, condemnation awards, judgments, settlements, and performance, labor, and material payment bonds relating to the Premises.

“Repair and Replacement Factor” means (1) in the case of University Commons, \$13.79 per bed, and (2) in the case of University Courtyard, \$13.20 per bed, increased in each case by three percent per annum commencing on July 1, 2013 and subject to further adjustment pursuant to Section 4.08 of the Loan Agreement.

“Repair and Replacement Fund” means the trust fund designated Repair, Replacement, and Maintenance Fund which is created pursuant to the Indenture.

“Revenue Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Security” means any of the property subject to the operation of the granting clauses contained in the Deed and the Security Agreement.

“Security Agreement” means the Security Agreement, dated as of June 1, 2013, between the Company and the Authority, as the same may be amended from time to time in accordance with the terms thereof.

“Semiannual Repair and Replacement Deposit” means the product of (1) the product of the Repair and Replacement Factor times the number of beds contained in the Facilities, times (2) six (6).

“Series 2003 Bonds” means the Issuer’s Student Housing Facilities Revenue Bonds (SPSU Student Housing I, LLC Project), Series 2003, presently outstanding in the aggregate principal amount of \$27,965,000.

“Series 2013 Bonds” means the revenue bonds designated “Development Authority of the City of Marietta Student Housing Facilities Refunding Revenue Bonds (SPSU Student Housing I, LLC Project), Series 2013,” in the original aggregate principal amount of \$27,130,000, to be issued pursuant to the Indenture.

“Series 2013 Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date of the Series 2013 Bonds, of the Company, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2013 Loan” means the loan made by the Authority to the Company pursuant to the Loan Agreement, the repayment of which is evidenced by the Series 2013 Note.

“Series 2013 Note” means the Series 2013 Note of the Company, dated the date of the execution of the Loan Agreement, in the original principal amount of \$27,130,000, made by the Company and payable to the Authority, to evidence the Company’s obligation to pay Loan Repayments in order to repay the Series 2013 Loan, and any promissory note issued in substitution or exchange therefor.

“Site” means the real estate described in Exhibit A attached to the Loan Agreement, as the same may be amended or supplemented pursuant to the Loan Agreement.

“Standard and Poor’s” or “S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Company. The notice address of Standard & Poor’s will be 55 Water Street, New York, New York 10041.

“State” means the State of Georgia.

“Surety Bonds” means separate performance and labor and material payment bonds issued by a responsible surety bond company qualified to do business in the State, which (1) contains dual obligee riders in favor of the Trustee; (2) unconditionally guarantees performance of each applicable Construction Contract upon any default by the contractor thereunder, including payment by the contractor of all amounts due in respect thereof and the correction of defects developing within one year after substantial completion of construction under any Construction Contract; (3) has a maximum amount available of at least 100% of the price of each applicable Construction Contract including increases caused by change orders (except that the portion available thereunder for the correction of post-completion defects may be limited to 10% of the price of each applicable Construction Contract); (4) provides that coverage thereunder may not be reduced or cancelled except upon thirty days’ prior written notice to the Company and the Trustee; and (5) if cancellable by the surety under any circumstances, provides for full payment to the Trustee prior to any cancellation.

“Surplus Fund” means the trust fund so designated, which is created pursuant to the Indenture.

“Swaps” means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps, and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of the Loan Agreement, the amount of the obligation under any Swap

will be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation will be the net amount so determined.

“Tax-Exempt Bonds” means any Bonds the interest on which has been determined, in an unqualified opinion of Bond Counsel, to be excluded from gross income for federal income tax purposes.

“Trust Estate” means any and all property subject to the operation of the granting clauses of the Indenture.

“Trustee” means the trustee or the co-trustee at the time serving as such under the Indenture. Regions Bank, Atlanta, Georgia, is the initial Trustee.

“Unassigned Rights” means all of the rights of the Authority (1) to receive reimbursements and payments pursuant to the Loan Agreement and (2) to be held harmless and indemnified pursuant to the Loan Agreement.

“Underwriter” means, for purposes of the Series 2013 Bonds, Raymond James & Associates, Inc.

“Written Request” means with reference to the Authority, a request in writing signed by the Authorized Authority Representative, and with reference to the Company, a request in writing signed by the Authorized Company Representative.

SUMMARIES OF PRINCIPAL DOCUMENTS

THE LOAN AGREEMENT

Introduction

The Loan Agreement is a contract that provides for the loan of the proceeds of the Bonds by the Authority to the Company to finance the costs of acquiring, constructing, and installing the Facilities. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Loan Agreement. Reference is made to the Loan Agreement in its entirety for a complete recital of the detailed provisions thereof.

Agreement to Issue the Series 2013 Bonds; Application of Proceeds

The Authority has agreed to issue and sell the Series 2013 Bonds and to loan the proceeds from the sale of the Series 2013 Bonds to the Company to refund the Refunded Bonds and to finance related costs and will thereupon deposit for the account of the Company from the proceeds of the sale of the Series 2013 Bonds (i) with the Escrow Agent the amount specified in the Indenture, to be held under the Escrow Agreement to defease the Refunded Bonds, (ii) with the Trustee in the Issuance Cost Fund the amount specified in the Indenture, (iii) with the Trustee in the Debt Service Reserve Fund the amount specified in the Indenture, and (iv) with the Trustee in the Series 2013 Account of the Project Fund the amount specified in the Indenture. The Issuer also agrees that it will deposit for the account of the Company from the funds held under the Prior Indenture (i) with the Escrow Agent the amount specified in the Indenture, from the Bond Fund and the Debt Service Reserve Fund held under the Prior Indenture, to be held under the Escrow Agreement to defease the Refunded Bonds, (ii) with the Trustee in the Repair and Replacement Fund the amount specified in the Indenture, from the Repair, Replacement, and Maintenance Fund held under the Prior Indenture, and (iii) to the Company all amounts held in the Revenue Fund and the Surplus Fund under the Prior Indenture.

Loan Repayments

Loan Repayments Related to Series 2013 Bonds

The Loan Agreement requires the Company to repay the Series 2013 Loan in installments by paying to the Trustee, for the account of the Authority as repayments of the Series 2013 Loan, amounts sufficient to enable the Authority to pay, when due, the following amounts:

(1) during the Duration of the Rental Agreements, on or before the fifth (5th) Business Day prior to any Interest Payment Date or any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Series 2013 Bonds pursuant to the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in the Bond Fund, will enable the Trustee to pay the amount payable on such interest or principal payment date or redemption date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Series 2013 Bonds as provided in the Indenture; or

(2) during any period of time other than the Duration of the Rental Agreements:

(A) on or before the fifth (5th) day of each month, a sum equal to one sixth (1/6th) of the amount payable on the next succeeding June 15 or December 15, whichever is closer, as interest on the Series 2013 Bonds, as provided in the Indenture; and

(B) on or before the fifth (5th) day of each month to and including June 5, 2029, a sum equal to one-twelfth (1/12th) of the principal due on the maturity dates or mandatory sinking fund redemption dates of the Series 2013 Bonds, as provided in the Indenture.

The Company's obligation to make Loan Repayments related to the Series 2013 Bonds is evidenced by the Series 2013 Note. See **"THE PROMISSORY NOTE"** herein.

Loan Repayments Related to Additional Bonds

Until the principal of, premium, if any, and interest on Additional Bonds, if any, has been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the Company will repay Additional Loans and will pay to the Trustee for the account of the Authority as repayments of Additional Loans the amounts set forth in amendments to the Loan Agreement. See **"THE LOAN AGREEMENT - Additional Bonds"** herein.

Reserve Loan Payments

In the event any funds from the Debt Service Reserve Fund are withdrawn or if any losses result from the investment of amounts held in the Debt Service Reserve Fund, the Company is obligated under the Loan Agreement to, beginning on the fifth day of the month following notice of such withdrawal, diminution in value, or losses, and on the fifth day of each month thereafter, pay to the Trustee for deposit in the Debt Service Reserve Fund, 12 equal consecutive monthly loan payments as Reserve Loan Payments, each equal to 1/12th of the amount of such withdrawals, diminution in value, or losses, until the balance of the Debt Service Reserve Fund reaches the Debt Service Reserve Requirement, at which point the obligation to make Reserve Loan Payments will be suspended.

The Loan Agreement permits the Company, subject to certain restrictions in the Loan Agreement, to elect to satisfy the Debt Service Reserve Requirement, in whole or in part, by means of a Debt Service Reserve Credit Facility, subject to the following requirements: (A) the Debt Service Reserve Credit Facility Provider must have a credit rating issued by a Rating Agency not less than its third highest Rating, written evidence of which shall be provided by the Company to the Trustee; (B) the Company must be responsible for repaying the Debt Service Reserve Credit Facility Provider for any draw-down on the Debt Service Reserve Credit Facility and any interest or fees due the Debt Service Reserve Credit Facility Provider under such Debt Service Reserve Credit Facility, and the Company must not secure any obligation to the Debt Service Reserve Credit Facility Provider by a lien equal to or

superior to the lien granted to the Authority in the Security; (C) each Debt Service Reserve Credit Facility must have a term of at least one year (or, if less, the remaining term of the Bonds) and must entitle the Trustee to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (D) the Debt Service Reserve Credit Facility must permit a drawing by the Trustee for the full stated amount in the event (i) the Debt Service Reserve Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds and (ii) the Company fails to satisfy the Debt Service Reserve Requirement by the deposit to the Debt Service Reserve Fund of cash, securities, a substitute Debt Service Reserve Credit Facility, or any combination thereof, on or before the date of such expiration or termination; (E) if the Rating issued by the Rating Agency to the Debt Service Reserve Credit Facility Provider is withdrawn or reduced below its third highest Rating, the Company must provide a substitute Debt Service Reserve Credit Facility within 60 days after such rating change, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than twelve equal consecutive monthly loan payments as Reserve Loan Payments, commencing not later than the fifth day of the month immediately succeeding the date representing the end of such 60 day period; and (F) if the Debt Service Reserve Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Company must provide a substitute Debt Service Reserve Credit Facility within 60 days thereafter, and, if no substitute Debt Service Reserve Credit Facility is obtained by such date, must fund the Debt Service Reserve Requirement in not more than twelve equal consecutive monthly loan payments as Reserve Loan Payments, commencing not later than the fifth day of the month immediately succeeding the date representing the end of such 60 day period. If the events described in either clauses (E) or (F) above occur, the Trustee may not relinquish the Debt Service Reserve Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, securities, or a substitute Debt Service Reserve Credit Facility or any combination thereof. Any amount received from the Debt Service Reserve Credit Facility must be deposited directly into the Interest Account or the Principal Account, and such deposit will constitute the application of amounts in the Debt Service Reserve Fund.

Additional Loan Payments

The Loan Agreement requires the Company to pay the following when the same become due:

- (1) an amount equal to (a) the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and the Ordinary Expenses of the Trustee incurred under the Indenture; (b) the reasonable fees and charges of the Trustee, as bond registrar and paying agent, and of any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, and (c) all 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
- (2) all expenses reasonably incurred by the Authority in connection with the Loans.

Acquisition, Construction, and Installation

The Loan Agreement requires the Company to enter into, or will cause the Developer to enter into, Construction Contracts prior to the commencement of construction of any Project, that provide for a fixed cost or guaranteed maximum price for such Project and for a commercially reasonable retainage to be held until completion of construction of such Project. Prior to commencement of construction of any Project, the Company must designate, or will cause the Developer to designate, an Architect. Prior to the commencement of construction of any Project, the Company must file with the Trustee (1) an estimate of the costs thereof and the estimated schedule for the completion of each phase of such Project and for the payment of such costs, which estimates and schedules must be approved by the Architect, and (2) copies of (A) the applicable Construction Contracts, (B) the applicable Development Agreement, if any, (C) the Plans and Specifications, and (D) waivers of liens from the general contractor and from any significant subcontractors to the extent required in the applicable Construction Contract. The Company has agreed to construct each Project without material deviation from the Plans and Specifications as promptly as practicable pursuant to an estimated time schedule it delivers to the Trustee. The Company has also agreed to maintain or cause the general contractor to maintain Builder's Risk - Completed Value Form insurance insuring the Facilities related to such Project against fire, lightning, and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of such Facilities, general liability insurance, and workers' compensation insurance. The Company has further agreed that the Construction Contracts

must require the general contractor thereunder, at or prior to the commencement of construction of any Project, to deliver to the Trustee on behalf of the Company Surety Bonds. All Net Proceeds received under any Surety Bonds must be paid over to the Trustee and deposited into the related account of the Project Fund. Any amounts recovered by way of penalties or damages, whether liquidated or actual, for delays in completion by a contractor must be deposited in the Revenue Fund. The Company has further agreed that it will not permit any mechanics' or materialmen's or other liens to be perfected or remain against the Facilities for labor or materials furnished in connection with the construction of any Project, provided that it will not constitute an Event of Default under the Loan Agreement if such a lien is filed if the Company notifies the Trustee of the existence of such lien and if the Company in good faith promptly contests such lien. See **"THE LOAN AGREEMENT – Contest of Liens"** herein.

The Company may make changes to any Project, to any Construction Contract, to any Development Agreement, or to any estimate, schedule, or Plans and Specifications therefor, including any change orders under any Construction Contract; provided that prior to any such change becoming effective such change must be: (i) in writing, (ii) approved by the Architect, including a statement that any approvals of any Regulatory Body required in connection with the change have been obtained, (iii) approved by an Officer's Certificate, and (iv) filed with the Trustee. No changes causing costs under any Construction Contract to exceed the fixed cost or guaranteed maximum price for any Project may be made unless satisfactory evidence of coverage of the increase in the price under the related Surety Bond and an Officer's Certificate has been filed with the Trustee, approved by the Architect, that the total cost of the Project including the change can be paid from moneys available in the Project Fund (including, if necessary, additional deposits to the Project Fund by the Company).

Calculation and Payment of Rebate Amount

The Company must appoint and pay a Rebate Calculator to calculate and determine the Rebate Amount, if any, as required by Section 148(f) of the Code. All calculations and determinations made by a Rebate Calculator must be accompanied by the opinion of the Rebate Calculator that such calculations and determinations have been made in accordance with the requirements of Section 148(f) of the Code. The Company has agreed in the Loan Agreement timely to pay to the United States Treasury for and on behalf of the Authority the amount determined by the Rebate Calculator to be due to the United States Treasury before the due date specified by the Rebate Calculator, from amounts on deposit in the Rebate Fund or from other legally available funds.

Deposit of Gross Receipts and Hedge Receipts

In order to secure the Obligations, the Company has agreed in the Loan Agreement to collect or cause to be collected all Gross Receipts and, during any period of time other than the Duration of the Rental Agreement, to deposit, or cause to be deposited, into the Revenue Fund all Gross Receipts when and as received. The Company has further agreed that in order to secure the Obligations, the Company will collect or cause to be collected all Hedge Receipts, and to deposit into the Interest Account all Hedge Receipts when and as received. During any period of time other than the Duration of the Rental Agreements, the Company will deposit in the Surplus Fund all termination payments received under any Hedge Agreements.

Engineering Reports

On or before March 31 of every five-year period, commencing April 1, 2009 and ending March 31, 2014 (the first such report being due by March 31, 2014), the Company must provide to the Trustee an engineering report on the physical and mechanical condition of the Facilities, performed by a licensed professional engineer that is Independent. Such report must include a capital asset replacement analysis, an evaluation of the adequacy of the Repair and Replacement Factor, and a recommendation as to any required adjustment of the foregoing. The Company must implement any recommendations contained in the engineer's report.

Maintenance and Modification of Facilities by the Company

The Company has agreed in the Loan Agreement to, at its own expense (i) keep the Facilities in as reasonably safe condition as its operations permit; (ii) keep the buildings and all other improvements forming a part

of the Facilities in good repair and in good operating condition, making from time to time, subject to the provisions of the Loan Agreement, all necessary and proper repairs thereto and renewals and replacements thereof, including external and structural repairs, renewals, and replacements; and (iii) use the equipment constituting any part of the Facilities in the regular course of its business only, within the normal capacity of such equipment, without abuse, and in a manner contemplated by the manufacturer thereof, and cause such equipment to be maintained in accordance with the manufacturer's then currently published standard maintenance contract and recommendations. The Company may, also at its own expense, from time to time make any Additions or Alterations it may deem desirable for its business purposes that do not, in the opinion of an Architect filed with the Trustee, adversely affect the operation or value of the Facilities. Additions or Alterations so made by the Company must be on the Site, must become a part of the Facilities, and must become subject to the liens of the Deed and the Security Agreement.

Removal of Equipment

The Loan Agreement provides that the Company will not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary equipment owned by it and constituting any part of the Facilities, but if no Event of Default has happened or is continuing, in any instance where the Company in its discretion determines that any items of such equipment or parts thereof have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Company may, pursuant to certain conditions set forth in the Loan Agreement, remove such items of equipment or parts thereof from the Site and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Authority therefore; provided that the Company shall:

(a) substitute (by direct payment of the cost thereof) and install anywhere in the Facilities or on the Site items of replacement equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Facilities for the purpose for which they are intended, provided such removal and substitution shall not impair the nature of the Facilities, all of which replacement equipment or related property shall be free of all Liens (other than Permitted Encumbrances) and shall become the property of the Company, shall become subject to the security interest of the Security Agreement, and shall be held by the Company on the same terms and conditions as the Facilities; 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 subject to the security interest of the Security Agreement, or (iii) any other disposition thereof, the Company shall 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 Redemption Account. In the case of the sale, trade-in, or other disposition of any such equipment to the Company or an Affiliate, the Company shall 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 for deposit into the Redemption Account.

The removal from the Facilities of any portion of the equipment pursuant to the provisions of the preceding paragraphs shall not entitle the Company to any abatement or diminution of the amounts payable under Section 5.02 of the Loan Agreement.

Taxes and Utility Charges

The Company has agreed in the Loan Agreement to duly pay and discharge, as the same become due and payable, (i) all taxes, governmental charges, and other Impositions of any kind that may at any time be lawfully assessed or levied against or with respect to the Facilities; (ii) all utility and other charges incurred in the ownership, operation, maintenance, use, occupancy, and upkeep of the Facilities; and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Facilities; 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 must pay only such installments as are required to be paid during the Loan Term. If the Company first notifies the Trustee of its intention so to do, the Company may, at its own expense and in its own name and behalf and in good faith, contest any such taxes, assessments, Impositions, and other charges and, in the event of any such contest, may permit the taxes, assessments, Impositions, or other charges so contested to remain

unpaid during the period of such contest and any appeal therefrom. See “**THE LOAN AGREEMENT – Contest of Liens**” herein.

The Company must also file all federal, state, and local tax returns and other reports the Company is required by law to file and maintain adequate reserves for the payment of all taxes, assessments, governmental charges, Impositions, and levies imposed upon it, its income, or its revenues, or upon the Facilities.

The Company covenanted and agreed that it will, at its own cost and expense, obtain exemption from all taxes and other charges referred to in the preceding paragraphs to the extent permitted under applicable law.

Insurance

The Company has agreed in the Loan Agreement to keep the Facilities and its operations or cause the same to be kept continuously insured against such casualties, contingencies, and risks as are customarily insured against with respect to facilities of like size and type and entities engaged in the same or similar activities, as recommended by an Insurance Consultant, paying as the same become due all premiums in respect thereto, including but not limited to:

(1) Property Insurance. insurance upon the repair or replacement basis in an amount not less than 100% of the then actual cost of replacement (without taking into account any depreciation, and exclusive of excavations, footings, foundations, landscaping, and paving) of the Facilities (with deductible provisions not to exceed \$25,000 in any one casualty) against any peril included within the classification “All Risks of Physical Loss;”

(2) Business Interruption. all risk business interruption or equivalent insurance with respect to any casualty or loss that affects the use and occupancy of the Facilities, whether or not such casualty or loss relates to the Facilities or any other Property of the Company or an Affiliate physically connected to or adjacent to the Facilities in an amount sufficient to provide proceeds that will cover a period not less than two years from the date of casualty or loss, in an amount equal to the sum of (a) the Debt Service Requirement for such period and (b) the total of all other amounts payable by the Company to third parties for such period in connection with the Facilities, reduced to the extent such amounts would not be payable because of Expenses of Operation and Maintenance not incurred during a period of non-occupancy of that portion of the Facilities then not being occupied;

(3) Liability Insurance. comprehensive general liability insurance providing insurance (with deductible provisions not to exceed \$25,000 per occurrence) to the extent of not less than \$1,000,000 per occurrence against liability for personal and bodily injury including death resulting therefrom and \$1,000,000 per occurrence for damage to property, including loss of use thereof, occurring on or in any way related to the Facilities or any part thereof or the operation thereof, with excess coverage or “umbrella” insurance for claims under such coverage in the aggregate of not less than \$2,000,000 for any one occurrence;

(4) Crime and Fidelity Insurance. fidelity bonds or crime and fidelity insurance covering dishonest acts by employees of the Company, if any, who collect or have custody or access to revenues, receipts, or funds of the Facilities;

(5) Flood Insurance. insurance under the Federal Flood Insurance Program within the minimum requirements and amounts required for federally financed or assisted loans under the Flood Disaster Protection Act of 1973, as amended, if any portion of the Facilities is eligible under such program;

(6) Worker’s Compensation Insurance. statutory workers’ compensation insurance covering all employees of the Company employed at the Facilities in amounts required by law; and

(7) Boiler and Machinery Insurance. broad form boiler and machinery insurance (without exclusion for explosion) covering all boilers or other pressure vessels, machinery, and equipment

comprising part of the Facilities and insurance against loss of occupancy or use arising from any such breakdown in such amounts as are specified in paragraphs (1) and (2) above.

The Net Proceeds of the insurance carried pursuant to the provisions of paragraphs (1), (5), and (7) above will be deposited in a separate account of the Project Fund. See **“THE LOAN AGREEMENT – Damage and Destruction”** herein. The Net Proceeds of insurance carried pursuant to the provisions of paragraphs (3) and (6) above must 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 paragraphs (2) and (4) above must be deposited in the Revenue Fund. See **“THE INDENTURE – Revenue Fund”** herein.

All policies evidencing the insurance described above must be taken out and maintained in generally recognized responsible insurance companies rated not less than “A” by A.M. Best & Co., with a financial rating size of Class IX or larger, and qualified to write such policies in the State, selected by the Company and subject to the approval of the Trustee, which approval may not be unreasonably withheld. All policies evidencing the insurance described above must provide for payment to the Company, the Authority, and the Trustee, as their respective interests may appear, the policies required by paragraph (3) above must name the Authority and the Trustee as an additional insured, and the policies required by paragraphs (1), (5), and (7) above must name the Trustee as mortgagee and loss payee under the Standard New York Mortgage Endorsement providing that no act or omission by the named insured will in any way prejudice the rights of the Trustee under such policies and must require that all Net Proceeds of insurance for loss or damage covered thereby be paid to the Trustee for deposit in a separate account of the Project Fund; provided, however, that all claims regardless of amount may be adjusted by the Company with the insurers, subject to prior written approval of the Trustee, which approval will not be unreasonably withheld.

The Company is required under the Loan Agreement to procure a review of its insurance requirements not less than every three (3) years along with a written recommendation, if any, for changing any of the insurance or coverages described above, and must furnish a copy of such review to the Trustee. If any such review by an Insurance Consultant contains reasonable recommendations for changing any of such insurance or coverages, the Company must promptly change such insurance or coverages in accordance with the recommendations.

Contest of Liens

In the event the Company in good faith contests Liens pursuant to the provisions of the Loan Agreement, described under the captions **“THE LOAN AGREEMENT – Acquisition, Construction, and Installation”** and **“- Taxes and Utility Charges”** herein, the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, provided the Company must furnish the Trustee with a bond equal to at least the amount so contested and an opinion of Independent Counsel reasonably acceptable to the Trustee stating that by nonpayment of such items the liens of the Deed and the Security Agreement as to any material part of the Facilities will not be materially and imminently endangered and neither the Facilities nor any material part thereof will be subject to imminent loss or forfeiture. If the Company is unable or otherwise fails to obtain such a bond and an opinion of Independent Counsel, the Company must promptly cause to be satisfied and discharged all such unpaid items by payment thereof, by causing the lien to be transferred from the Facilities to other security as permitted by State law, or by payment of the amount so contested into a reserve held by the Trustee. Such reserve may be used by the Trustee to satisfy the items if action is taken to enforce the lien and such action is not stayed. Such reserve must be returned to the Company if the items are successfully contested. In the event the Company fails to pay any of the foregoing items required to be paid by the Company, the Trustee may (but will be under no obligation to) pay the same, and any amounts so advanced therefor by the Trustee will become an advance repayable as described under the caption in accordance with the Loan Agreement.

Advances by the Trustee

If the Company fails to maintain the insurance coverages required by the Loan Agreement or fails to pay the taxes, Impositions, and other charges required to be paid by the Loan Agreement or fails to keep the Facilities in as reasonably safe condition as its operation will permit or fails to keep the Facilities in good repair and good operating condition, the Trustee may, 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, Impositions, or other charges or make the

required repairs, renewals, and replacements. In addition, if the Company fails to make any payment or to perform or comply with any of the agreements, covenants, or obligations of the Company under the Company Contracts or the Real Estate documents, then the Trustee, at its option, may make such payment or perform such agreement, covenant, or obligation for the account and at the expense of the Company, but will not be obligated to do so. Any and all payments and expenses incurred or paid in so doing will become an additional obligation of the Company to the Trustee, which amounts, together with interest thereon from the date of payment at the floating rate charged prime corporate borrowers from time to time plus two percent per annum on demand loans by the commercial lending department of the Trustee, the Company has agreed in the Loan Agreement to pay on demand. Any remedy vested in the Authority or the Trustee in the Loan Agreement for the collection of amounts due as described under the caption **“THE LOAN AGREEMENT – Loan Repayments”** herein will also be available to the Trustee for the collection of all such amounts so advanced. The Trustee will be under no obligation to make any such payment unless it is required to do so by the owners of at least 25% in the aggregate principal amount of all Bonds then Outstanding and is provided with adequate funds paid in cash to the Trustee for the purpose of such payment.

Damage and Destruction

Unless the Facilities are destroyed or damaged to the extent prescribed by, and the Company is obligated to prepay, or elects to exercise its option to prepay, the Loans pursuant to, the provisions of the Loan Agreement described under the caption **“THE LOAN AGREEMENT - Option and Obligation to Prepay Loans”** herein, if the Facilities are destroyed or are damaged (in whole or in part) by fire or other casualty, all Net Proceeds recovered under the insurance policies will be deposited in (i) a separate account of the Project Fund, if such Net Proceeds exceed \$250,000, and (ii) the Repair and Replacement Fund, if such Net Proceeds do not exceed \$250,000 whereupon the Company must proceed promptly, but only after the requirements of the Loan Agreement are met, to repair, rebuild, restore, or re-equip the Facilities to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the nature of the Facilities.

Before the Trustee applies any Net Proceeds of insurance deposited in the Project Fund to pay the costs of repairing, rebuilding, restoring, or re-equipping the Facilities, the Company must furnish to the Trustee (i) a certificate of an Architect to the effect that the Facilities can be reasonably restored within a period of two years to substantially the condition thereof immediately preceding such damage or destruction, and (ii) a Consultant's Report to the effect that the forecasted Income Available for Debt Service (including any proceeds of business interruption insurance) until such repair, rebuilding, restoration, and re-equipping is expected to be completed will be sufficient to pay the Debt Service Requirement until such repair, rebuilding, restoration, and re-equipping is expected to be completed. Any balance of such Net Proceeds of insurance remaining after application as described in the immediately preceding paragraph or remaining because of the failure of the Company to furnish to the Trustee the items required by the immediately preceding sentence will be deposited into the Redemption Account and used to redeem Outstanding Bonds.

Condemnation and Failure of Title

Unless the Company is obligated to prepay, or elects to exercise its option to prepay, the Loans pursuant to the provisions of the Loan Agreement described under the caption **“THE LOAN AGREEMENT - Option and Obligation to Prepay Loans”** herein, upon the failure of title to a Major Component or upon the taking of title to or the temporary use of a Major Component in any condemnation proceeding, in the event that title to the Facilities fails or title to or the temporary use of the Facilities or any part thereof is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, except for Net Proceeds received by the Company pursuant to the provisions of the Loan Agreement, the Authority, the Company, and the Trustee must cause the Net Proceeds received by them or any of them from any title insurance policy or any award made in such eminent domain proceedings to be deposited in an account of the Project Fund, to be applied in one or more of the following ways as will be directed in writing by the Company:

- (1) If the requirements of paragraph (4) below are met, to the restoration of the Facilities to substantially the same condition thereof as existed prior to the failure of title or the exercise of the power of eminent domain.

(2) If the requirements of paragraph (4) below are met, to the acquisition of other suitable land and the acquisition, by construction or otherwise, in the name of the Company, to the extent permitted by applicable law, of improvements consisting of a building or buildings, facilities, furnishings, machinery, equipment, or other properties suitable for the Company's operations at the Facilities as conducted prior to such failure of title or taking (which improvements will be deemed a part of the Facilities without the payment of any loan payments other than as herein described to the same extent as if such improvements were specifically described herein and financed pursuant to the Loan Agreement); provided, that such improvements and properties must be acquired by the Company, in the name of the Company, subject to no Liens other than Permitted Encumbrances. Such improvements and properties must be approved in writing by the Trustee, which approval will not be unreasonably withheld. The Company and the Authority must enter into amendments to the Loan Agreement to identify such improvements and properties as part of the Facilities and must enter into amendments to the Deed and the Security Agreement to subject such improvements and properties to the lien and the security interest created by the Deed and the Security Agreement, and the Authority must enter into a supplemental indenture assigning and pledging, and granting a security interest in, the foregoing amendments to the Trustee.

(3) To the redemption of the principal of any of the Outstanding Bonds together with accrued interest thereon to the date of redemption, which will be not more than one hundred eighty (180) days after such event; provided, that no part of any such title insurance proceeds or condemnation award may be applied to such redemption unless (i) all of the Outstanding Bonds are to be redeemed in accordance with the Indenture and the requirements of the Loan Agreement described under the caption "**THE LOAN AGREEMENT - Option and Obligation to Prepay Loans**" herein have been met or (ii) in the event that less than all of the Outstanding Bonds are to be redeemed and the requirements of the Loan Agreement described under the caption "**THE LOAN AGREEMENT - Option and Obligation to Prepay Loans**" herein are not met, the Company must furnish to the Trustee a certificate of an Architect stating (A) that the property forming a part of the Facilities that was lost or that was taken by such condemnation proceedings is not essential to the Company's use or occupancy of the Facilities or (B) that the Facilities have been restored to a condition substantially equivalent to their condition prior to the failure of title or the taking by such condemnation proceedings or (C) that improvements have been acquired that are suitable for the Company's operations at the Facilities as contemplated by the foregoing paragraph (2).

(4) Before the Trustee applies any Net Proceeds of any title insurance policy or condemnation award as described in paragraphs (1) or (2) above to pay the costs of restoring or replacing the Facilities, the Company must furnish to the Trustee (i) a certificate of an Architect to the effect that the Facilities can be reasonably restored or replaced within a period of two (2) years to substantially the condition thereof immediately preceding such failure of title or condemnation, and (ii) a Consultant's Report to the effect that the forecasted Income Available for Debt Service (including any proceeds of business interruption insurance) until such restoration and replacement is expected to be completed will be sufficient to pay the Debt Service Requirement until such restoration and replacement is expected to be completed.

(5) Any balance of the Net Proceeds of the title insurance policy or the award in such eminent domain proceedings remaining after application as described in paragraphs (1), (2), and (3) above or remaining because of the failure of the Company to furnish to the Trustee the items described in paragraph (4) above must be deposited into the Redemption Account and used to redeem Outstanding Bonds.

Unless the Company is obligated to prepay, or has elected to exercise its option to prepay, the Loans pursuant to the provisions of the Loan Agreement within 60 days from the date of failure of title or the date of entry of a final order in any eminent domain proceedings granting condemnation, the Company must direct the Trustee in writing as to which of the ways described above the Company elects to have the title insurance proceeds or condemnation award applied.

Company to Maintain its Existence

The Company has agreed in the Loan Agreement that while the Loan Agreement is in effect it will maintain its legal existence as a Georgia limited liability company, will not merge into another entity or permit one

or more other entities to merge into it, and will not dissolve or otherwise dispose of all or substantially all of its assets.

Additional Bonds

Additional Bonds may be issued by the Authority to provide funds to pay any one or more of the following: (i) the costs of acquiring, constructing, and installing any Project as the Company may deem necessary or desirable and as will not impair the nature of the Facilities and as will be located on the Site; (ii) to refund any Bonds; and (iii) the costs of the issuance and sale of the Bonds, the cost of funding the Debt Service Reserve Requirement with respect to such Bonds, and capitalized or funded interest for such period and such other costs reasonably related to the financing as must be agreed upon by the Company and the Authority. If the Company is not in default under the Loan Agreement, the Authority may, on request of the Company, issue the amount of Additional Bonds specified by the Company; provided that the Company and the Authority must have entered into an amendment to the Loan Agreement to provide for additional Loan Repayments in an amount at least sufficient to pay principal of 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, and provided further that the Authority must have otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Bonds.

Prior to the issuance of any Additional Bonds to finance the cost of any Project, the Company must cause to be prepared and filed with the Trustee:

(1) (A) a written report or opinion of Accountants to the effect that for each of the two Fiscal Years next preceding the issuance of the proposed Additional Bonds the Debt Service Coverage Ratio, as determined from the audited statement of support, revenues, and expenses of the Company furnished to the Trustee pursuant to the Loan Agreement, was greater than or equal to the Minimum Coverage Ratio and (B) a Consultant's Report, based upon the Rental Agreements then in effect, to the effect that: (i) the forecasted Debt Service Coverage Ratio for each of the three Fiscal Years immediately following the expected Completion Date of such Project will be not less than the Minimum Coverage Ratio (assuming that the Maximum Annual Debt Service Requirement on the proposed Additional Bonds is payable in each such Fiscal Year) and (ii) the forecasted Income Available for Debt Service for each Fiscal Year until the expected Completion Date of such Project plus any funded interest will be sufficient to pay the Debt Service Requirement for each Fiscal Year until the expected Completion Date of such Project; or

(2) a written report or opinion of Accountants to the effect that for each of the three prior Fiscal Years immediately preceding the issuance of the proposed Additional Bonds, the Debt Service Coverage Ratio Requirement, determined by the application of pro forma adjustments to the audited statement of support, revenues, and expenses of the Company furnished to the Trustee pursuant to the Loan Agreement that include the Maximum Annual Debt Service Requirement on the proposed Additional Bonds in the historical Debt Service Requirement for each such Fiscal Year, was greater than or equal to the Minimum Coverage Ratio.

Prior to the issuance of any Additional Bonds to refund only a portion of the Bonds, there must be furnished to the Trustee:

(1) a written report or opinion of Accountants to the effect that the Debt Service Requirement (assuming no more Bonds are issued after the proposed refunding) for any Fiscal Year subsequent to the refunding, to and including the Fiscal Year of the final maturity of Bonds Outstanding prior to the refunding, will not, as a result of such refunding, exceed the Debt Service Requirement for any such Fiscal Year had such refunding not occurred; or

(2) (A) a written report or opinion of Accountants to the effect that for each of the two Fiscal Years next preceding the issuance of the proposed Additional Bonds the Debt Service Coverage Ratio, as determined from the audited statement of support, revenues, and expenses of the Company furnished to the Trustee pursuant to the Loan Agreement, was greater than or equal to the Minimum Coverage Ratio and (B) a Consultant's Report, based upon the Rental Agreements then in effect, to the effect that the forecasted Debt Service Coverage Ratio for each of the three Fiscal Years immediately following such refunding will

not be less than the Minimum Coverage Ratio (assuming that the Maximum Annual Debt Service Requirement on the proposed Additional Bonds is payable in each such Fiscal Year); or

(3) a written report or opinion of Accountants to the effect that for each of the three Fiscal Years next preceding the issuance of the proposed Additional Bonds the Debt Service Coverage Ratio, determined by the application of pro forma adjustments to the Debt Service Requirement, as determined from the audited statement of support, revenues, and expenses of the Company furnished to the Trustee pursuant to the Loan Agreement, which substitute the Maximum Annual Debt Service Requirement on the proposed Additional Bonds for the actual Debt Service Requirement on the Bonds proposed to be refunded for each such Fiscal Year, was greater than or equal to the Minimum Coverage Ratio.

The Company must cause to be deposited in the Debt Service Reserve Fund on or before the Closing Date of any Additional Bonds an amount sufficient to cause the balance therein to equal the Debt Service Reserve Requirement, taking into account the proposed Additional Bonds. Any Additional Bonds must be secured by the Security and the Trust Estate, and the liens and security interests created by the Indenture, the Deed, and the Security Agreement must be equal, without preference or priority, to the liens and security interests provided for the Series 2013 Bonds.

Completion Bonds in an amount not to exceed 10% of the original aggregate principal amount of any Bonds previously issued to finance any Project may be issued to provide funds to complete the construction of such Project without regard to the second preceding paragraph above.

Hedge Agreements

In connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the Company may enter into Hedge Agreements with Qualified Hedge Providers, with respect to any Bonds. The Company's obligation to pay Hedge Payments may be secured by a lien on and security interest in the Security on a parity with the lien and security interest created by the Deed and the Security Agreement to secure the Obligations, or may be subordinated in lien and right of payment to the payment of the Obligations, as determined by the Company. Prior to the execution and delivery of any Hedge Agreement, there must be furnished to the Trustee (i) written notice of the Company's intention to have specified Bonds constitute Hedged Bonds and (ii) copies of the Hedge Agreement and related collateral documents, not less than ten (10) days prior to the execution and delivery of such Hedge Agreement. Any Hedge Agreement must provide that an Event of Default under the Loan Agreement will constitute a default under such Hedge Agreement and will entitle the Trustee upon such default, to direct and control all remedies to realize upon the Security and the application of the proceeds thereof.

Financial Statements

The Company has agreed to provide the Trustee (1) annually, within 180 days after the end of each Fiscal Year, the basic financial statements of the Company, including the balance sheet, statement of support, revenues, and expenses and changes in fund balance, and statement of cash flows, for the year then ended, in comparative form with the preceding Fiscal Year, which basic financial statements must be accompanied by an audit report resulting from an audit conducted by Accountants in conformity with generally accepted auditing standards; (2) promptly upon receipt thereof, a copy of each other report submitted to the Company by its Accountants in connection with any annual, interim, or special audit made by them of the books of the Company (including, without limitation, any management report prepared in connection with such Accountants' annual audit of the Company); (3) promptly upon obtaining knowledge of an Event of Default, a certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto; (4) promptly after (i) the occurrence thereof, notice of the institution by any Person of any action, suit, or proceeding or any governmental investigation or any arbitration, before any court or arbitrator or any governmental or administrative body, agency, or official, against the Company or the Facilities, which could reasonably be expected to have a material adverse effect upon, or a material adverse change in, any of the business, results of operations, properties, prospects, or condition (financial or other) of the Company or the ability of the Company to perform its obligations under the Company Contracts or the Real Estate Documents or (ii) the receipt of actual knowledge thereof, notice of the threat of any such action, suit, proceeding, investigation, or arbitration, each such notice described in this paragraph to specify, if known, the amount of damages being claimed or other relief being sought, the nature of the claim, the

Person instituting the action, suit, proceeding, investigation, or arbitration, and any other significant features of the claim; (5) with reasonable promptness, such other information relating to the operations, management, business, properties, or condition (financial or other) of the Company as the Trustee may reasonably request in writing from time to time; and (6) immediate notice of non-renewal or amendment of either Rental Agreement (including a copy of any such amendment). The audited financial statements to be furnished to the Trustee annually described above must be prepared in accordance with GAAP applied on a consistent basis and must be accompanied by (a) a certificate of the Company to the effect that the Company is not in default under any provisions of the Company Contracts or the Real Estate Documents and has fully complied with all of the provisions thereof, or if the Company is in default or has failed to so comply, setting forth the nature of the default or failure to comply, and (b) a certificate of the Accountants reporting on the Company's financial statements stating the Debt Service Coverage Ratio for the Fiscal Year.

Continuing Disclosure

The Company must comply with and carry out all of the provisions of the Series 2013 Disclosure Certificate. Notwithstanding any other provision of the Loan Agreement, failure of the Company to comply with the Series 2013 Disclosure Certificate will not be considered an Event of Default; however, any beneficial owner of the Series 2013 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company to comply with and carry out all of the provisions of the Series 2013 Disclosure Certificate.

Facilities Budget

On or before the date that is 30 days prior to the commencement of each Fiscal Year, commencing with Fiscal Year 2014, the Company must prepare or cause to be prepared an annual Facilities Budget for such Fiscal Year and must file a copy of such Facilities Budget with the Trustee. As and when determined necessary or appropriate by the Company, the Facilities Budget must be revised and a copy of each revision must be promptly filed with the Trustee.

Permitted Indebtedness

The Company must not, directly or indirectly, incur, assume, or guarantee any Indebtedness, whether secured or unsecured, except for the Obligations (including Obligations relating to Additional Bonds) and Hedge Agreements relating to Hedged Bonds.

Related Party Transactions

The Company has agreed in the Loan Agreement that it will not enter into or be a party to or permit to exist directly or indirectly any transaction or material group of related transactions (including without limitation the purchase, lease, sale, or exchange of properties of any kind or the rendering of any service) with any Affiliate, except in the ordinary course and pursuant to the reasonable requirements of the Company's business and upon fair and reasonable terms no less favorable to the Company than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate and except for distributions from the Surplus Fund.

Tax Exempt Status of Tax Exempt Bonds and 501(c)(3) Status of the Company

The Company has covenanted that it will not take or omit to take any action nor permit any action to be taken or omitted that would cause the interest on any Tax-Exempt Bonds to become includable in the gross income of any owner thereof. The Company has also covenanted that the Facilities will be owned, for federal income tax purposes, by an organization described in Section 501(c)(3) of the Code and then the Company will not enter into any leases, subleases, management agreements, or other arrangements with any Person other than (i) a governmental unit or (ii) an organization described in Section 501(c)(3) with respect to the organization's activities that do not constitute unrelated trades or businesses, as determined under Section 513(a) of the Code, without furnishing the Trustee a favorable opinion of Bond Counsel or a ruling of the Internal Revenue Service. In addition, the Company has covenanted that (i) it will not take any action that would cause, or omit to take any action the omission of which

would cause, the Company to cease being an organization described in Section 501(c)(3) of the Code, and exempt from tax under Section 501(a) of the Code or by a governmental unit, and (ii) it will not carry on or permit to be carried on in the Facilities or permit the Facilities to be used in or for any activities that constitute unrelated trades or businesses, determined by applying Section 513(a) of the Code, of the Company.

Separate Legal Entity

The Company will be operated in such a manner that it will not be substantively consolidated in the trust estate of any Person in the event of a bankruptcy or insolvency of such Person and in such regard, the Company will:

- (a) not become involved in the day-to-day management of any other Person;
- (b) conduct all business correspondence of the Company and other communication in the Company's own name, in its own stationery, invoices, and checks, through a separately listed telephone number, and through its own authorized officers or agents;
- (c) not commingle any of its assets with the assets of any other entity and maintain its own deposit account or accounts, separate from those of any Affiliate, with commercial banking institutions, except to the extent, if any, permitted by any of the Bond Documents;
- (d) maintain its corporate records and books of account and its financial and accounting books and records separate from those of any other entity;
- (e) pay from its assets all obligations, liabilities, and indebtedness of any kind incurred by the Company, and not pay, assume, or guarantee from its assets any obligations, liabilities, or indebtedness of any other entity or hold itself or its credit out as being available to satisfy the obligations of any other entity, provided that the Company may reimburse its member for the Company's fair and reasonable allocable portion of shared expenses with its member in furtherance of the stated purposes of the Company, provided further, that the Company may enter into an employment-sharing agreement with its member whereby the Company may jointly employ any officer or employee of its member and the Company and its member will pay its fair and reasonable allocable portion of the salaries of and the expenses related to providing benefits to such officers and other employees for such joint employment, provided further, that the Company may pay for its obligations, liabilities, or indebtedness solely from funds available to the Company that are not otherwise needed to be applied to the payment of any amounts by the Company pursuant to any of the Bond Documents;
- (f) not engage in transactions with any other person except as expressly set forth herein and matters necessarily incident thereto, will observe all necessary, appropriate, and customary corporate formalities and will maintain accurate and separate books and accounts;
- (g) at all times maintain and conduct its business from an office or offices separate and apart from those of its member, provided that to the extent that such office or offices are located within the office or offices of its member, the Company must pay fair market rent and its fair share of any overhead costs with respect to such office or offices;
- (h) prepare separate tax returns, if applicable, and financial statements;
- (i) transact all business with Affiliates on an arm's length basis and pursuant to enforceable agreements;
- (j) maintain a sufficient number of employees in light of its contemplated business operations (which employees need not be full-time employees);

- (k) not acquire obligations or securities of its member or pledge its assets for the benefit of any other entity;
- (l) correct any known misunderstanding regarding its separate identity; and
- (m) maintain adequate capital in light of its contemplated business operations.

Assignment and Selling

The rights and obligations of the Company under the Loan Agreement may not be assigned or delegated, and the Facilities may not be sold, as a whole or in part, except as expressly provided in the Loan Agreement.

Restrictions on Encumbrance of the Facilities by the Company

The Company has agreed in the Loan Agreement that it will not permit any part of the Facilities, the Hedge Receipts, or the Gross Receipts to become subject to any mortgage, lien, claim of title, encumbrance, security interest, conditional sale contract, title retention arrangement, finance lease, servitude, easement, license, restriction, reservation, defect in or cloud on title, or other charge or lien of any kind, except for Permitted Encumbrances or except as otherwise permitted under the Loan Agreement. The Company has further agreed in the Loan Agreement that it will not assign, transfer, or hypothecate (other than to the Authority pursuant to the Deed and the Security Agreement) any rent (or analogous payment) then due or to accrue in the future under any lease of the Facilities, except for Permitted Encumbrances or except as otherwise permitted under the Loan Agreement.

Installation of Company's Machinery and Equipment Not Financed by Loans

The Loan Agreement provides that the Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment, furnishings, and other personal property in the Facilities or on the Site, which may be attached or affixed to the Facilities or the Site and which are not financed by Loans. All such machinery, equipment, furnishings, and other personal property will become subject to the provisions of the Loan Agreement, and the Company may not remove the same from the Facilities or the Site unless the removal is accomplished in accordance with the provisions of the Loan Agreement. The Company may not create any Lien on any such machinery, equipment, furnishings, and other personal property, except for Permitted Encumbrances. Such machinery, equipment, furnishings, or other personal property will also become part of the Facilities and will be subject to the lien and security interest of the Security Agreement.

Rate Covenant

The Company covenants and agrees, during any period of time other than the Duration of the Rental Agreements, to fix, charge, and collect, or cause to be fixed, charged, and collected, rents, rates, fees, and charges for the use of the Facilities and for the services furnished or to be furnished by the Facilities, sufficient to produce in each Fiscal Year a Debt Service Coverage Ratio equal to or in excess of the Minimum Coverage Ratio.

If in any Fiscal Year the Company fails to satisfy the covenant contained in the above paragraph, the Company at its expense must promptly retain a Consultant to make, within 90 days after being so retained, recommendations with respect to the Company's rents, rates, fees, and charges for the Facilities and the Company's methods of operation and other factors affecting the financial condition of the Company as the Consultant believes are appropriate to enable the Company to satisfy the Debt Service Coverage Ratio covenant contained in the above paragraph. If in the judgment of the Consultant it is not possible for the Company to satisfy the covenant contained in the above paragraph, the report of the Consultant must so indicate and must further indicate the anticipated Debt Service Coverage Ratio if the recommendations of the Consultant are followed, which will be substituted for the Minimum Coverage Ratio for the Fiscal Year in which the Consultant is retained and for the subsequent Fiscal Year.

A copy of the Consultant's report and recommendations, if any, must be filed with the Company, the Authority, and the Trustee. The Company must follow each recommendation of the Consultant unless the Company delivers to the Trustee an opinion of Counsel (which opinion as to form is reasonably acceptable to the Trustee) to

the effect that compliance with a particular recommendation would violate a provision of existing law or regulations, in which case the Company need not comply with that particular recommendation. So long as a Consultant has been retained and the Company has followed such Consultant's recommendations to the extent permitted by law, these covenants will be deemed to have been complied with even if the covenant contained in the second paragraph above for the following Fiscal Year is not satisfied; provided, however, that the gross revenues of the Company may not be less than the amount required to pay when due the total Expenses of Operation and Maintenance and the debt service on all Indebtedness of the Company for such Fiscal Year.

The Company may permit the rendering of service by it or the occupancy or use of the Facilities free of charge or at discounted or reduced rates (except as and incident to prepayment programs) to the extent necessary for retaining its eligibility for grants, loans, subsidies, or payments from the United States of America or any instrumentality thereof or from any state or any instrumentality thereof, or in compliance with any recommendation for free or discounted services that may be made by a Consultant, or to such further extent as may be consistent with the public, charitable, or other valid business purposes of the Company and will not prevent the Company from complying with the terms and provisions of the Loan Agreement.

Events of Default

The Loan Agreement provides that the occurrence of any one of the following will constitute an "Event of Default":

(1) The Company's failure to pay any of the Obligations (whether principal, interest, fees, or other amounts) when and as the same become due and payable (whether at maturity, on demand, or otherwise).

(2) The Company's breach in any material respect of any representation or warranty contained in the Company Contracts or the Company's failure in any material respect to observe, perform, or comply with any covenant, condition, or agreement in the Company Contracts on the part of the Company to be observed or performed, other than as described in subparagraphs (1) or (7) under this caption or under the caption "**THE LOAN AGREEMENT – Continuing Disclosure**" herein, 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 Authority or the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Authority, the Trustee, and the Bondholders, to be determined conclusively by the Trustee, 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 corrected in accordance with and subject to any directions or limitations of time established by the Trustee.

(3) 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 Facilities; (ii) fails to promptly lift, release, vacate, stay, or fully bond-off any execution, garnishment, or attachment of such consequence as will have a material adverse effect upon, or a material adverse change in, any of the business, results of operations, properties, prospects, or condition (financial or other) of the Company or the ability of the Company to perform its obligations under the Company Contracts or the Real Estate Documents; (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.

(4) A proceeding or case is 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 of the Facilities, 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 sixty (60) days, whether consecutive or not.

(5) The occurrence of an “event of default” under any of the Bond Documents (as defined in such Bond Documents).

(6) The occurrence of an “event of default” or a “termination event” under any Hedge Agreements or instruments securing any Hedge Agreements (as defined therein).

(7) Failure by the Company to deliver the Gross Receipts or the Hedge Receipts to the Trustee as required by the Loan Agreement.

Remedies on Default

Whenever any Event of Default occurs and is continuing, the Authority, in its discretion, may exercise any one or more of the following remedies:

(1) The Authority, with the prior written consent of the Trustee, or the Trustee, as provided in the Indenture, may at its option declare all unpaid installments of Loan Repayments (including accrued interest to the date of acceleration) and other amounts payable under the Loan Agreement for the remainder of the Loan Term to be immediately due and payable whereupon the same will become immediately due and payable. Upon a declaration by the Trustee under the Indenture, all unpaid installments of Loan Repayments and other amounts payable under the Loan Agreement will become immediately due and payable; provided, however, that if acceleration of the Bonds has been rescinded and annulled pursuant to the Indenture, acceleration of the Loan Repayments and other amounts payable under the Loan Agreement will similarly be rescinded and annulled and the Event of Default occasioning such acceleration will be waived, but no such waiver, rescission, and annulment will extend to or affect any subsequent default or impair or exhaust any right, power, or remedy consequent on any subsequent default.

(2) The Authority may from time to time take whatever action at law or in equity or under the terms of the Company Contracts may appear necessary or desirable to collect the Obligations then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Company under the Company Contracts.

Any amounts collected pursuant to action described in the immediately preceding paragraph will be paid to the Trustee and applied in accordance with the provisions of the Indenture. See **“THE INDENTURE – Application of Moneys After Default”** herein.

Release of Certain Land and Subordination

The Company has reserved the right at any time and from time to time to amend the Loan Agreement and the Deed for the purpose of effecting the release and removal from the Loan Agreement and the lien of the Deed of any part (or interest in such part) of the Site with respect to which the Company proposes to convey to the ground lessor pursuant to the Ground Lease relating to University Courtyard or with respect to which the Company proposes to lease to a public utility or public body in order that utility services or public services may be provided to the Facilities, or for the purpose of effecting the subordination of the lien of the Deed to rights granted to a public utility or public body in order that utility services or public services may be provided to the Facilities; provided the Company must deliver to the Trustee the following:

(a) a copy of the amendments as duly executed by the parties thereto;

(b) an Officer's Certificate giving an adequate legal description of that portion (together with the interest in such portion) of the Site to be released or subordinated and stating the purpose for which the Company desires the release or subordination and stating that the Company is not in default under any of the provisions of the Loan Agreement and that the Facilities are not located on any portion of the Site with respect to which the release or subordination is to be granted, accompanied by a plat of survey of the Site certified by a registered surveyor of the State depicting (i) the boundaries of the portion of the Site 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;

(c) a copy of the instrument leasing to, or subordinating the lien of the Deed in favor of, a public utility or public body or conveying to the ground lessor under the Ground Lease relating to "University Courtyard;" and

(d) a certificate of an Architect, dated not more than 60 days prior to the date of the release or subordination and stating that, in the opinion of the person signing such certificate, (i) the portion of the Site so proposed to be released or with respect to which the subordination is proposed is necessary or desirable in order to obtain utility services or public services to benefit the Facilities or is required to comply with the Ground Lease relating to "University Courtyard" and (ii) the release or subordination so proposed to be made will not impair the usefulness of the Facilities and will not destroy the means of ingress thereto and egress therefrom.

If such release or subordination relates to a part of the Site 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 Facilities. Any money consideration received in connection with the release of any portion of the Site or the subordination of the lien of the Deed will be deposited in the Redemption Account and used to redeem Bonds.

Option to Release Unimproved Land

If no Event of Default has happened and is continuing, the Company will have the option to release from the lien of the Deed any part of the Site on which none of the Facilities are situated (although transportation or utility facilities may be located thereon), at any time and from time to time, at and for a release price equal to the Fair Market Value thereof, provided that the Company furnishes the Authority with the following:

(a) a notice in writing containing (i) an adequate legal description of that portion of the Site with respect to which such option is to be exercised; (ii) a statement that the Company intends to exercise its option to release such portion of the Site on a date stated, which must not be less than 45 days nor more than 120 days from the date of such notice; and (iii) a statement that the use to which the Company intends to devote such portion of the Site will promote the purposes for which the Company was formed;

(b) a certificate of an Architect, dated not more than 90 days prior to the date of the release, stating that in the opinion of the person signing such certificate (i) the portion of the Site with respect to which the option is to be exercised is not needed for the operation of the Facilities and (ii) the release will not impair the usefulness of the Facilities and will not destroy the means of ingress thereto and egress therefrom;

(c) a certificate of an independent appraiser acceptable to the Trustee, dated not more than 90 days prior to the date of the release, stating that release from the lien of the Deed of that portion of the Site with respect to which the option is to be exercised will not materially impair the Fair Market Value of the Facilities;

(d) an Officer's Certificate to the effect that none of the Facilities are located on the portion of the Site with respect to which the option is to be exercised, accompanied by a plat of survey of the Site

certified by a registered surveyor of the State, depicting (i) the boundaries of the portion of the Site with respect to which the option is to be exercised, (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 option is to be exercised, and (iii) all easements and rights of way with recording data and instruments establishing the same; and

- (e) an amount of money equal to the release price computed as described under this caption.

The Authority agrees that upon receipt of the notice, certificates, and money to be furnished to it by the Company, the Authority will promptly deliver such money to the Trustee for deposit in the Redemption Account to be used to redeem Outstanding Bonds and secure from the Trustee a release from the lien of the Deed regarding such portion of the Site with respect to which the Company has exercised the option granted to it in the Loan Agreement. In the event the Company exercises the option described above, if such option relates to part of the Site 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 Facilities. The Company has covenanted that it will not construct or permit to be constructed on any such unimproved land any facility that would substitute for the Facilities.

Granting of Easements

If no Event of Default is continuing, the Company may grant easements, licenses, rights of way (including the dedication of public highways or roads), and other rights or privileges in the nature of easements with respect to any portion of the Site, free from the lien of the Deed, or the Company may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the Authority agrees that it will direct the Trustee to 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 upon receipt of (i) a copy of the instrument of grant or release; (ii) a written application signed by the Authorized Company Representative requesting such instrument; and (iii) a certificate of an Architect, dated not more than sixty (60) days prior to the date of such grant or release, stating (A) that such grant or release is not detrimental to the proper conduct of the activities of the Company and (B) that such grant or release will not impair the effective use or interfere with the operation of the Facilities and will not weaken, diminish, or impair the security intended to be given by or under the Deed. Any monetary consideration received in connection with the granting or release of an easement will be deposited in the Redemption Account and used to redeem Outstanding Bonds. Any other consideration received will be subject to the lien of the Indenture.

Option and Obligation to Prepay Loans in Certain Events

The Company may prepay the Loans in whole or in part prior to the full payment of all of the Bonds (or make provision for payment thereof in accordance with provisions of the Indenture), if:

- (1) a Major Component is damaged or destroyed by fire or other casualty to such extent that, in the opinion of an Architect expressed in a certificate filed with the Authority and the Trustee, (i) such Major Component cannot be reasonably restored within a period of six consecutive months to substantially the condition thereof immediately preceding such damage or destruction or (ii) such Major Component is unfit for occupancy for a period of six consecutive months or (iii) the cost of reconstruction would exceed the total amount of Net Proceeds of insurance carried thereon by more than \$250,000; or

- (2) title to a substantial portion of any Major Component fails or title to, or the temporary use of, a substantial portion of any Major Component is taken under the exercise of the power of eminent domain by any governmental authority or person, firm, or corporation acting under governmental authority and such a failure of title or taking or takings result in such Major Component being unfit for occupancy for a period of six consecutive months.

Notwithstanding the foregoing, the Company must prepay the Loans in whole or in part prior to the full payment of all of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture), if the events stated in subparagraphs (1) or (2) above have occurred, or in the event the Company

fails to furnish to the Trustee the items described in the second paragraph under the caption **“THE LOAN AGREEMENT – Damage and Destruction”** and in subparagraph (4) under the caption **“THE LOAN AGREEMENT - Condemnation and Failure of Title”** herein.

In the case of any of the events described above in subparagraphs (1) and (2) under this caption, the Company, if it is obligated to prepay the Loans or if it exercises its option to prepay the Loans, must prepay the Loans within 180 days after such event, and any Net Proceeds of insurance or of any condemnation award must be paid into the Redemption Account.

To exercise such option, the Company must, within 60 days following the event authorizing the exercise of such option, give written notice of the exercise of such option to the Authority and the Trustee and must specify therein the date of tender of such prepayment price, which date will not be less than 45 nor more than 120 days from the date such notice is mailed, and must make arrangements satisfactory to the Trustee for the giving of the required notice of redemption of Outstanding Bonds. The prepayment price payable by the Company in the event Net Proceeds are sufficient to enable the Loans to be prepaid in whole will be the sum of: (a) an amount of money that, when added to the amount then on deposit and available in the Bond Fund and the Debt Service Reserve Fund, will be sufficient to retire and redeem all the then Outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to the redemption date, and redemption expense, but without premium, plus (2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus (3) an amount of money equal to the Authority's expenses under the Loan Agreement accrued and to accrue until such final payment and redemption of the Bonds. The prepayment price in the event the Net Proceeds are not sufficient to enable the Loans to be prepaid in whole shall be equal to the Net Proceeds.

Amendments

The Loan Agreement may be amended only as provided in the Indenture. See **“THE INDENTURE – Amendment of Other Bond Documents”** herein.

THE PROMISSORY NOTE

Introduction

The Series 2013 Note of the Company, dated as of June 1, 2013, executed and delivered by the Company to the Authority and endorsed without recourse or warranty by the Authority to the order of the Trustee as security for the payment of the Series 2013 Bonds, evidences the Company's obligation under the Loan Agreement to pay the Loan Repayments related to the Series 2013 Bonds in order to repay the loan to it by the Authority of the proceeds of the Series 2013 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Series 2013 Note. Reference is made to the Series 2013 Note in its entirety for a complete recital of the detailed provisions thereof.

Payment Terms

The Series 2013 Note is in the original principal amount of \$27,130,000 and bears interest at the same rates as the Series 2013 Bonds. The Series 2013 Note bears interest at the rates per annum and matures on the dates as in the principal installments set forth in the Series 2013 Bonds. Payments required under the Series 2013 Note will in all events be sufficient to pay the total amount of interest, principal, redemption requirement, and premium, if any, payable on the Series 2013 Bonds on the next succeeding principal or interest payment date or on the next succeeding mandatory sinking fund redemption date for Series 2013 Bonds. Any amount at any time held by the Trustee in the Principal Account, Interest Account, and Redemption Account of the Bond Fund will, in the manner prescribed in and to the extent permitted by the Loan Agreement, be credited against the next succeeding payment under the Series 2013 Note and will reduce the payment to be made by the Company under the Series 2013 Note.

Prepayment Terms

The Series 2013 Note is subject to prepayment in whole or in part under the same circumstances that subject the Series 2013 Bonds to extraordinary or optional redemption. See **“THE BONDS – Redemption of Bonds”** in the Official Statement and **“THE LOAN AGREEMENT – Option and Obligation to Prepay Loans in Certain Events”** herein.

THE DEED

Introduction

The Deed to Secure Debt and Assignment of Rents and Leases, dated as of June 1, 2013, from the Company to the Authority, provides security for the Obligations. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Deed. Reference is made to the Deed in its entirety for a complete recital of the detailed provisions thereof.

Security

The Company, in order to secure the payment and performance of the Obligations, has granted, bargained, conveyed, transferred, assigned, and sold unto the Authority the following property, rights, titles, interests, and estates in the Deed:

- (1) the Premises;
- (2) the Leases;
- (3) the Rents; and
- (4) the Leasehold Estate.

The Loan Agreement requires the Deed to be recorded in Cobb County, Georgia.

Assignment

The Authority has unconditionally and absolutely assigned and pledged all of its right, title and interest in the Deed to the Trustee pursuant to the Indenture. The Loan Agreement requires an assignment, restating the granting clauses of the Indenture, to be recorded in Cobb County, Georgia.

Remedies

Upon the occurrence of any event of default under the Loan Agreement, the Authority is entitled under the Deed to take possession of and manage the Premises, without the appointment of a receiver, to sell the Premises by exercising the power of sale granted in the Deed, to collect the Rents and secure possession of the Leases, to appoint a receiver to take possession of and manage the Premises, and to exercise all other remedies allowed at law or in equity. The Authority is required by the Deed to pay the proceeds of any disposition of the collateral encumbered by the Deed to the Trustee for deposit and use as provided in the Indenture. See **“THE INDENTURE – Application of Moneys After Default”** herein.

Amendments

The Deed may be amended only as provided in the Indenture. See **“THE INDENTURE - Amendment of Other Bond Documents”** herein.

THE SECURITY AGREEMENT

Introduction

The Security Agreement, dated as of June 1, 2013, between the Company and the Authority, provides security for the Obligations. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Security Agreement. Reference is made to the Security Agreement its entirety for a complete recital of the detailed provisions thereof.

Security

To secure the prompt payment and performance of the Obligations, the Company has granted to the Authority pursuant to the Security Agreement a continuing security interest in and Lien upon the following Property and interests in Property of the Company:

- (1) Equipment;
- (2) Accounts;
- (3) General Intangibles;
- (4) Contract Documents;
- (5) Gross Receipts and Hedge Receipts,

(6) all accessions to, substitutions and replacements for, and products and cash and non-cash proceeds of any or all of the foregoing collateral described in (1), (2), (3), (4), or (5) above, including, without limitation, all payments of insurance (whether or not the Authority is the loss payee thereof) and any indemnity, condemnation award, performance, labor, and material payment bond, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to, any of the collateral described in (1), (2), (3), (4), or (5) above; and

(7) all books and records (including, without limitation, customer lists, credit files, computer programs, print-outs, and other computer materials and records) of the Company pertaining to any of the collateral described in (1), (2), (3), (4), (5), or (6) above.

Assignment

The Authority has unconditionally and absolutely assigned and pledged all of its right, title and interest in the Security Agreement to the Trustee pursuant to the Indenture.

Remedies

Upon the occurrence of any event of default under the Loan Agreement, the Authority is entitled under the Security Agreement to:

- (1) exercise in respect of the collateral encumbered by the Security Agreement all rights and remedies permitted under the Loan Agreement or otherwise permitted at law or in equity and all of the rights and remedies of a secured party under the applicable Uniform Commercial Code (the "UCC") (whether or not the UCC applies to the affected collateral encumbered by the Security Agreement);
- (2) take immediate possession of the collateral encumbered by the Security Agreement, which the Company has agreed to assemble at its own expense upon the request of the Authority;

(3) with such notice as may be required by law, sell or otherwise dispose of the collateral encumbered by the Security Agreement or any part thereof in one or more parcels, with respect to any collateral constituting personal property by public or private sale or sales, at any of the Authority's offices or elsewhere, in lots or in bulk for cash, or credit, or for future delivery, and at such price or prices and upon such other terms as the Authority, in its sole discretion, may deem commercially reasonable;

(4) use, without charge, the Company's labels, patents, copyrights, rights of use of any name, trade secrets, tradenames, trademarks, and advertising matter, or any Property of a similar nature, as it pertains to the collateral encumbered by the Security Agreement, in advertising for sale and selling any such collateral encumbered by the Security Agreement;

(5) to the extent permitted by law, impound books and records evidencing the Accounts and General Intangibles and other similar claims for the payment of money and take possession of all notes and other documents that evidence the Accounts and General Intangibles and such claims for money and give notice to obligors thereunder of its interest therein and make direct collections of the Accounts and General Intangibles and such claims for money;

(6) perform any and all obligations of the Company contained in any of the Contract Documents and exercise any and all rights of the Company therein as fully as the Company itself could, without regard to the adequacy of security for the Obligations and with or without the bringing of any legal action, including, without limiting the generality of the foregoing, enforcing, modifying, extending, or terminating the Contract Documents, or assign the Company's rights under the Contract Documents to any purchaser of any portion of the Facilities; and

(7) assert and sue for any rights, privileges, or claims the Company may from time to time have under the Contract Documents as the Authority may deem proper and to collect and receive any and all moneys, damages, awards, issues, and profits from the Contract Documents, including those past due and unpaid, and apply the same as provided in the Indenture.

(8) apply, as described under the caption **"THE INDENTURE - Application of Moneys After Default"** herein, any cash held by the Authority as collateral encumbered by the Security Agreement and all cash proceeds received by the Authority in respect of any sale of, collection from, or other realization upon all or any part of such collateral encumbered by the Security Agreement.

Amendments

The Security Agreement may be amended only as provided in the Indenture. See **"THE INDENTURE -- Amendment of Other Bond Documents"** herein.

THE INDENTURE

Introduction

The Trust Indenture and Security Agreement, dated as of June 1, 2013, between the Authority and the Trustee, is a contract for the benefit of the Bondholders that specifies the terms and details of the Series 2013 Bonds and which defines the security for the Series 2013 Bonds. The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture. Reference is made to the Indenture in its entirety for a complete recital of the detailed provisions thereof.

Pledge and Assignment

Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee, and granted a security interest in, its right, title, interest, and remedies in and to the Loan Agreement (except Unassigned Rights), the Series

2013 Note, the Deed, and the Security Agreement and certain funds established and held under the Indenture, as security for the obligations of the Authority under the Indenture and the Bonds.

Payment of Principal and Interest

The Authority covenanted that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Series 2013 Bond issued under the Indenture at the place, on the dates, and in the manner provided therein and in the Series 2013 Bonds according to the true intent and meaning thereof, but solely from the amounts pledged therefore, which are from time to time held by the Trustee in the various accounts of the Bond Fund. The principal of, premium, if any, and interest on the Series 2013 Bonds are payable solely from the sources provided in the Indenture, which sources are specifically pledged to the payment of the Series 2013 in the manner and to the extent specified in the Indenture, and nothing in the Series 2013 Bonds or in the Indenture will be construed as pledging any other funds or assets of the Authority.

Rights Under and Possession of the Company Contracts

The Company Contracts, duly executed originals or counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Authority and the Company, including provisions that subsequent to the initial issuance of the Series 2013 Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Company Contracts may not be effectively amended, changed, modified, altered, or terminated (other than as provided in the Indenture) without the written consent of the Trustee, and reference is made to the Company Contracts for a detailed statement of such covenants and obligations of the Company under the Company Contracts, and the Trustee in its own name or in the name of the Authority may enforce all rights of the Authority and all obligations of the Company under and pursuant to the Company Contracts and may enforce all rights of the Authority for and on behalf of the Bondholders, whether or not the Authority is in default under the Indenture.

Establishment of Funds

Under the terms of the Indenture, the Authority created and established with the Trustee the following trust funds:

- (1) the Revenue Fund;
- (2) the Bond Fund and therein the following five accounts:
 - (a) the Interest Account,
 - (b) the Hedge Payments Account,
 - (c) the Principal Account,
 - (d) the Redemption Account, and
 - (e) the Capitalized Interest Account;
- (3) the Debt Service Reserve Fund;
- (4) the Rebate Fund;
- (5) the Operation and Maintenance Fund;
- (6) the Repair and Replacement Fund;
- (7) the Surplus Fund;
- (8) the Issuance Cost Fund; and
- (9) the Project Fund.

Application of Series 2013 Bond Proceeds

The Trustee has agreed to apply the proceeds received from the sale of the Series 2013 Bonds as follows:

- (a) \$367,422.11 will be deposited into the Issuance Cost Fund;
- (b) \$1,161,575.00 will be deposited into the Debt Service Reserve Fund;
- (c) \$2,082,530.43 will be deposited into the Series 2013 Account of the Project Fund; and
- (d) the balance of the proceeds received from the sale of the Series 2013 Bonds will be deposited with the Escrow Agent to be held under the Escrow Agreement.

The Issuer will apply the moneys held under the Prior Indenture as follows:

- (a) all amounts held in the Bond Fund and \$3,244,105.43 held in the Debt Service Reserve Fund under the Prior Indenture will be deposited with the Escrow Agent to be held under the Escrow Agreement;
- (b) all amounts held in the Repair, Replacement, and Maintenance Fund under the Prior Indenture will be deposited into the Repair and Replacement Fund; and
- (c) all amounts held in the Revenue Fund and the Surplus Fund under the Prior Indenture will be deposited with the Company.

Revenue Fund

All Gross Receipts, as and when received by the Trustee from the Company pursuant to the Loan Agreement, must be deposited into the Revenue Fund and must be held therein until disbursed as described below. The Company must also, at its election, deposit other moneys into the Revenue Fund from time to time. The Trustee, without further direction from the Authority or the Company, must transfer moneys held in the Revenue Fund on or before the 5th day of each calendar month to the following Funds and accounts therein and in the following order of priority:

- (1) First, to the deposit into the Interest Account the amount described under the caption **“THE LOAN AGREEMENT - Loan Repayments -- *Loan Repayments Related to the Series 2013 Bonds*”** herein;
- (2) Second, to the deposit into the Hedge Payments Account the amount described under the caption **“THE INDENTURE - Bond Fund – *Hedge Payments Account*”** herein;
- (3) Third, to the deposit into the Principal Account the amount described under the caption **“THE LOAN AGREEMENT – Loan Repayments -- *Loan Repayments Related to the Series 2013 Bonds*”** herein;
- (4) Fourth, on a pro rata basis, (a) to the deposit into the Debt Service Reserve Fund the amount described under the caption **“THE LOAN AGREEMENT – Loan Repayments -- *Reserve Loan Payments*”** herein, and (b) to any Debt Service Reserve Credit Facility Provider the amount necessary to reinstate any Debt Service Reserve Credit Facility that has been drawn down, as certified to the Trustee by the Debt Service Reserve Credit Facility Provider;
- (5) Fifth, to any Debt Service Reserve Credit Facility Provider monthly repayments of any draw-down on any Debt Service Reserve Credit Facility (other than repayments that reinstate the Debt Service Reserve Credit Facility) and any interest or fees due the Debt Service Reserve Credit Facility

Provider under such Debt Service Reserve Credit Facility, all as certified to the Trustee by the Debt Service Reserve Credit Facility Provider;

(6) Sixth, to the deposit into the Rebate Fund the amount described under the caption “**THE INDENTURE - Rebate Fund**” herein;

(7) Seventh, to the deposit into the Operation and Maintenance Fund the amount described under the caption “**THE INDENTURE - Operation and Maintenance Fund**” herein;

(8) Eighth, to the deposit into the Repair and Replacement Fund the amount described under the caption “**THE INDENTURE - Repair and Replacement Fund**” herein; and

(9) Ninth, to the deposit into the Surplus Fund the amount described under the caption “**THE INDENTURE - Surplus Fund**” herein.

Bond Fund

General

The Bond Fund is a trust fund used as a sinking fund to pay when due the principal of, premium, if any, and interest on the Bonds. There are five accounts within the Bond Fund to be designated the “Interest Account,” the “Hedge Payments Account,” the “Principal Account,” the “Redemption Account,” and the “Capitalized Interest Account.”

Interest Account

The Trustee must promptly deposit into the Interest Account from moneys in the Revenue Fund or, as and when received, (i) all Loan Repayments corresponding to interest on the Bonds and (ii) all Hedge Receipts. Moneys in the Interest Account must be used solely to pay interest on the Bonds when due.

Hedge Payments Account

On or before each payment date for Hedge Payments, the Trustee must deposit in the Hedge Payments Account from moneys in the Revenue Fund an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date, as certified in writing by the Qualified Hedge Provider(s). In addition, on or before the 5th day of each month, the Trustee must deposit in the Hedge Payments Account from moneys in the Revenue Fund an amount which, together with an equal amount to be deposited in each such month, if any, occurring prior to the next succeeding payment date for Hedge Payments, will not be less than the amount of such Hedge Payments to become due on such next succeeding payment date for such Hedge Payments, as certified in writing by the Qualified Hedge Provider(s). No deposit described in this paragraph need be made to the extent that there is a sufficient amount already on deposit in the Hedge Payments Account to pay such Hedge Payments on each such payment date, as certified in writing by the Qualified Hedge Provider(s). Moneys in the Hedge Payments Account must be used solely to pay Hedge Payments when due.

Principal Account

The Trustee must promptly deposit into the Principal Account from moneys in the Revenue Fund or, as and when received, all Loan Repayments described under the caption “**THE LOAN AGREEMENT - Loan Repayments**” herein, corresponding to principal of the Bonds. Moneys in the Principal Account must be used solely (i) for the payment of principal of the Bonds as the same become due and payable at maturity and (ii) to redeem the Bonds in accordance with the mandatory sinking fund redemption schedule set forth in the Indenture.

Redemption Account

In the event of (i) receipt by the Trustee of condemnation awards or insurance proceeds for purposes of redeeming Bonds or (ii) deposit with the Trustee by the Authority or the Company of moneys from any other source for redeeming Bonds (other than mandatory sinking fund redemptions), such moneys must be deposited in the Redemption Account. Moneys on deposit in the Redemption Account must be used first to make up any deficiencies existing in the Interest Account or the Principal Account (in the order listed), and then for the purchase or redemption (other than mandatory sinking fund redemptions) of Bonds in accordance with the provisions of the Indenture.

Capitalized Interest Account

Moneys in the Capitalized Interest Account must be transferred to the Interest Account at the written request of the Company and used solely to pay interest on the Bonds when due.

Debt Service Reserve Fund

Upon the delivery of any series of Bonds, there must be credited to the Debt Service Reserve Fund, in cash and investments or Debt Service Reserve Credit Facilities, an amount equal to the Debt Service Reserve Requirement. The Trustee must 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. Funds held in the Debt Service Reserve Fund must be used for payment of principal of, premium, if any, and interest on the Bonds in the event there should be insufficient funds for such purpose in the Bond Fund, unless provision for their payment in full has been duly made, and for payment of fees, charges, and expenses of the Trustee upon the occurrence of an Event of Default under the Indenture.

The Trustee will credit to the Debt Service Reserve Fund any Debt Service Reserve Credit Facility delivered to the Trustee as described under the caption **“THE LOAN AGREEMENT - Option and Obligation to Prepay Loans in Certain Events”** herein.

Rebate Fund

On or before the 5th day of each month, after making the required deposits to the Bond Fund and the Debt Service Reserve Fund, to the extent that there are sufficient funds in the Revenue Fund, after making required deposits into the Bond Fund and the Debt Service Reserve Fund as required by the Indenture, there will be deposited in the Rebate Fund an amount sufficient to cause the balance held in the Rebate Fund to equal or exceed the Rebate Amount most recently calculated by the Rebate Calculator, which has not been previously paid to the United States Treasury. The Trustee, upon the written direction of the Company and the Rebate Calculator (specifying the date, amount, address, and method of payment), will withdraw funds from the Rebate Fund for the purpose of making rebate payments (including penalties) to the United States as required by Section 148(f) of the Code. If the Company delivers to the Trustee a properly executed certificate regarding compliance with Section 148(f) of the Code, then the Trustee will transfer to the Company all moneys or investments remaining in the Rebate Fund, and such moneys and investments may be used by the Company for any lawful purpose.

Operation and Maintenance Fund

Monthly transfers to the Operation and Maintenance Fund will be made, on or before the 5th day of each month, after making the required deposits to the Bond Fund, the Debt Service Reserve Fund, and the Rebate Fund, to the extent that there are sufficient funds in the Revenue Fund, in an amount equal to the amount necessary to accumulate the balance to the credit of the Operation and Maintenance Fund to the Operation and Maintenance Requirement, which transfers must be made at any time that the balance held in the Operation and Maintenance Fund is less than the Operation and Maintenance Requirement. Any excess in the Operation and Maintenance Fund over the amount of the Operation and Maintenance Requirement will be transferred to the Revenue Fund.

Amounts on deposit in the Operation and Maintenance Fund will be used first to restore the Bond Fund and the Debt Service Reserve Fund (including the reinstatement of any Debt Service Reserve Credit Facility) to the respective amounts required at that time to be held therein, and then to pay, upon the written request of the Company, Expenses of Operation and Maintenance payable to Persons other than Affiliates of the Company, but only if the Company first delivers to the Trustee an Officer's Certificate to the effect that (1) the Company has insufficient unrestricted cash (whether held in the Funds or elsewhere) to pay such Expenses of Operation and Maintenance, and (2) no payee is an Affiliate of the Company.

Repair and Replacement Fund

Monthly transfers to the Repair and Replacement Fund will be made, on or before the 5th day of each month, after making the required deposits to the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, and the Operation and Maintenance Fund, to the extent that there are sufficient funds in the Revenue Fund, in an amount equal to the Monthly Repair and Replacement Deposit. During the Duration of the Rental Agreements, the deposits made by the Company pursuant to Section 5.02(g) of the Loan Agreement shall be deposited in the Repair and Replacement Fund.

Amounts on deposit in the Repair and Replacement Fund will be used first to restore the Bond Fund and the Debt Service Reserve Fund (including the reinstatement of any Debt Service Reserve Credit Facility) to the respective amounts required at that time to be held therein, and then to pay, upon the written request of the Company, (1) the costs of Additions or Alterations and (2) Expenses of Operation and Maintenance payable to Persons other than Affiliates of the Company, but only if the Company first delivers to the Trustee an Officer's Certificate to the effect that (1) the Company has insufficient unrestricted cash (whether held in the Funds or elsewhere) to pay such Expenses of Operation and Maintenance and (2) no payee is an Affiliate of the Company. Moneys on deposit in the Repair and Replacement Fund to be used to pay the costs of Material Additions or Alterations will be transferred to a separate account of the Project Fund.

Surplus Fund

All remaining moneys held in the Revenue Fund, after all of the other transfers described under the five immediately preceding captions have been made, will be transferred on or before the 5th day of each calendar month to the Surplus Fund. All sums thus accumulated and retained in the Surplus Fund will be used first to prevent default in the payment of interest and premium on or principal of the Bonds when due and then will be applied to the following purposes and in the following order of priority:

- (1) First, to the restoration of the Bond Fund and the Debt Service Reserve Fund (including the reinstatement of any Debt Service Reserve Credit Facility) to the respective amounts required at that time to be held therein;
- (2) Second, to the payment of any and all amounts that may then be due and owing to any Debt Service Reserve Credit Facility Provider;
- (3) Third, to the deposit into the Rebate Fund the amount described under the caption "**THE INDENTURE - Rebate Fund**" herein;
- (4) Fourth, to the payment of such Expenses of Operation and Maintenance as are specified in a Written Request of the Company;
- (5) Fifth, to the payment of any and all Impositions against the Facilities or any part thereof that may then be due and owing and to the payment of any and all amounts that may then be due and owing under the Real Estate Documents;
- (6) Sixth, to the deposit into the Operation and Maintenance Fund the amount described under the caption "**THE INDENTURE -- Operation and Maintenance Fund**" herein;

(7) Seventh, to the payment of any and all amounts that may then be due and owing under any Hedge Agreement (including termination payments, fees, expenses, and indemnity payments);

(8) Eighth, to the payment of Home Office Allowances not exceeding in any month \$3,000, upon the Written Request of the Company;

(9) Ninth, upon the Written Request of the Company, to the payment of costs of Additions or Alterations or to the deposit into the Repair and Replacement Fund; provided, however, that moneys on deposit in the Surplus Fund to be used to pay the costs of Material Additions or Alterations will be transferred to a separate account of the Project Fund and disbursed as described under the caption “**THE INDENTURE - Project Fund**” herein; and

(10) Tenth, upon the Written Request by the Company, to the optional acquisition of Bonds by redemption or by purchase in the open market at a price not exceeding the callable price as provided and in accordance with the terms and conditions of the Indenture, prior to their respective maturities, and when so used for such purposes the moneys will be withdrawn from the Surplus Fund and deposited into the Redemption Account.

If all amounts previously withdrawn from the Repair and Replacement Fund to pay Expenses of Operation and Maintenance have been previously restored by deposits made to the Repair and Replacement Fund and if no Event of Default has occurred that is then continuing, any moneys in the Surplus Fund in excess of \$10,000 may be withdrawn from the Surplus Fund upon the written request of the Company and used for any lawful corporate purpose of the Company.

Issuance Cost Fund

Any moneys received by the Trustee from any series of Bonds for the purpose of paying the costs of issuing any Bonds will be deposited in the Issuance Cost Fund. The moneys in the Issuance Cost Fund will be held in trust by the Trustee and will be applied to the payment of the costs of issuing the Bonds or transferred to the related account of the Project Fund, upon the Written Request of the Company.

Project Fund

The Authority will establish within the Project Fund a separate account for each Project. Any moneys received by the Trustee from any series of Bonds, from the Net Proceeds of insurance or condemnation awards, or from the Company from any other source (including, without limitation, transfers from the Repair and Replacement Fund or the Surplus Fund) for the purpose of paying the costs of acquiring, constructing, and installing any Project will be deposited in the related account of the Project Fund. The moneys in each account of the Project Fund must be held in trust by the Trustee, must be applied to the payment of the costs of the Project for which such account was established, and, pending such application, must be held as trust funds under the Indenture until paid out or transferred as provided under this caption.

Moneys deposited in the Project Fund will be paid out from time to time by the Trustee on the Written Request of the Company, in order to pay, or as reimbursement for payment made, for the costs of any Project other than the costs that are properly payable to the appropriate contractors pursuant to the Construction Contracts (referred to under this caption as “non-construction costs”), in each case within three banking days after receipt by the Trustee of a Written Request described in the Indenture 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.

Moneys deposited in the Project Fund must be paid out from time to time by the Trustee in order to pay, or as reimbursement for payment made, for the costs of any Project that constitute costs which are properly payable to the appropriate contractors pursuant to the Construction Contracts (referred to under this caption as “construction costs”), in each case within five banking days after receipt by the Trustee of a disbursement request described below, in accordance with the following procedures:

(1) Not more frequently than monthly and in an amount not less than \$10,000, the Company must submit to the Trustee an application for payment in the form of American Institute of Architects Document G702, Application and Certificate for Payment (“Application and Certificate for Payment”), and American Institute of Architects Form G703 Continuation Sheets, showing by trade the cost of work on the Project and the cost of materials incorporated into the Project or stored on the Site, all to the date stated in the Application and Certificate for Payment.

(2) The completed construction on the Project must be reviewed (at the time each Application and Certificate for Payment is submitted) by the Architect, and the Architect must certify, to the best of its knowledge, information, and belief, to the Trustee as to (A) the cost of completed construction; (B) the percentage of completion; and (C) compliance with the Plans and Specifications.

(3) The Developer or Architect must determine the “maximum allowable disbursement” by adding to the cost of completed construction to date (as determined by the Architect on the basis of its review of the Application and Certificate for Payment and cost break-down) any allowable non-construction disbursements related to the Project.

(4) The disbursement to be made by the Trustee must be the “maximum allowable disbursement” as determined under (3) above less: (A) the percentage of the cost of completed construction specified in the Construction Contracts to be retained (hereinafter referred to as the “Retainage”), which must be certified in writing to the Trustee by the Developer or Architect, and (B) the amounts previously disbursed by the Trustee. The Retainage (but in no event more than the balance in the related account of the Project Fund less amounts retained or set aside to meet costs not then due and payable or which are being contested) under the general Construction Contract or under any other Construction Contract will be disbursed by the Trustee only after (A) such contract has been performed to the satisfaction of the Company or the Developer, as evidenced by the Trustee’s receipt of the final Application and Certificate for Payment; (B) the Trustee has received a certificate and report or endorsement of the title insurance; (C) the Trustee has received from the contractor under such Construction Contract a lien waiver or an affidavit to the effect that such contractor and all of its subcontractors and suppliers of labor and materials have been paid in full (which lien waiver or affidavit must be in form and substance sufficient as a matter of law, in the opinion of Counsel, to dissolve all liens or claims of lien for labor or service performed or rendered and materials supplied or furnished, in connection with the construction and installation of the Project); (D) with respect to the general Construction Contract, the Company, the Developer, or the general contractor has provided to the Trustee copies of the final certificates of approval from the various governmental authorities having jurisdiction over the construction of the Project, including a final certificate of occupancy or a temporary certificate of occupancy for any buildings constituting the Project, and other necessary operating permits, and the certificate of the board of fire underwriters acting in and for the locality in which the Project is situated along with a certificate of the Company or the Developer that the same constitute all the certificates of approval necessary for operation of the portion of the Facilities resulting from such Project; and (E) with respect to the general Construction Contract, the Company has delivered to the Trustee the certificate of completion described in the Loan Agreement.

As a condition to the Trustee making any disbursement from the Project Fund, the Company must submit to the Trustee monthly progress reports concerning each Project, including an Officer’s Certificate and certificates of the Developer (if any), the Architect, or any contractor as the Trustee may reasonably require, showing:

- (1) the value of construction existing at that time;
- (2) that all outstanding claims for labor, materials, fixtures, furnishings, equipment, and other work have been paid or provided for in accordance with the requirements of the Loan Agreement;
- (3) that there are no Liens outstanding or unpaid prior to the Deed other than Permitted Encumbrances;

(4) that all construction has been done without material deviation from the Plans and Specifications; and

(5) that the Surety Bonds described under the caption **“THE LOAN AGREEMENT – Acquisition, Construction, and Installation”** herein are in full force and effect.

Except for Liens constituting Permitted Encumbrances, if any notice of lien is filed against the Facilities or any part thereof or if any interim title examination discloses any intervening Lien, the Trustee may, upon receiving actual knowledge of such Lien, suspend further disbursements from the Project Fund until such Lien has been discharged of record or proceedings to contest such Lien described under the caption **“THE LOAN AGREEMENT – Contest of Liens”** herein have been instituted.

The Trustee must not make any disbursements from the Project Fund for any personal property with respect to which a security interest under the Uniform Commercial Code of the State may be perfected unless the Trustee has first received the following:

(1) an opinion of Counsel (which specifies the filings made) to the effect that all steps requisite to the perfection of the security interest of the Trustee in and to such property have been duly taken and that the official records disclose no security interests in such property that take priority over the security interest of the Trustee;

(2) copies of the financing statements and any other document filed in favor of the Trustee covering the personal property with respect to which a disbursement is requested; and

(3) an Officer’s Certificate stating that title to such property has been taken in the name of the Company with copies of the bills of sale or other title documentation attached.

If after the Completion Date of any Project there remains any moneys in the related account of the Project Fund in excess of amounts retained or set aside to meet costs not then due and payable or which are being contested, the Trustee must (1) deposit such moneys in the Redemption Account to be used to redeem Bonds on the first available redemption date or (2) if the Company delivers to the Trustee an opinion of Bond Counsel to the effect that, under existing law, the application of such moneys to pay interest on the Bonds would not, by itself and without more, adversely affect the exclusion from gross income for federal income tax purposes of interest payable on any Tax-Exempt Bonds, deposit such moneys in the Capitalized Interest Account.

Notwithstanding anything contained in the Indenture, moneys may be disbursed from time to time from the Series 2013 Account of the Project Fund to an Affiliate of the Company, without meeting the disbursement requirements of the Indenture, for the purpose of paying capital expenditures relating to property owned by an Affiliate of the Company for the benefit of Southern Polytechnic State University and located within the City of Marietta. Such disbursements will be paid out from time to time by the Trustee on the Written Request of the Company, 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 together with 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 an Affiliate of the Company. The provisions described in the immediately preceding paragraph will not apply to amounts held in the Series 2013 Account of the Project Fund.

Investments

Any moneys held as part of the Funds or other special trust funds created under the Indenture, or other accounts or funds held by the Trustee under the Indenture, to the extent permitted by law, will be invested and reinvested by the Trustee in such Permitted Investments as may be designated by the Company. Such Permitted Investments will be valued by the Trustee at fair market value on each Interest Payment Date. Such investments will be made only as follows:

(1) moneys in the Bond Fund and all accounts of the Bond Fund, other than the Capitalized Interest Account, only in Permitted Investments 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;

(2) moneys in the Debt Service Reserve Fund only in Permitted Investments maturing or redeemable at the option of the holder not later than five (5) years from the date of purchase thereof; and

(3) moneys in any other Funds or accounts, including the Capitalized Interest Account, only in Permitted Investments 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 or account.

All interest accruing from investments of moneys in the Funds and other funds and accounts and any profit realized therefrom must be allocated as follows:

(a) interest and profits from the investment of moneys of each account (except the Capitalized Interest Account) held in the Bond Fund must be retained in the account of the Bond Fund to which such investments relate;

(b) interest and profits from the investment of moneys in the Capitalized Interest Account must be deposited in the Interest Account;

(c) interest and profits from the investment of moneys of each account held in the Project Fund must be retained in the account of the Project Fund to which such investments relate;

(d) interest and profits from the investment of moneys in the Issuance Cost Fund must be retained in the Issuance Cost Fund;

(e) interest and profits from the investment of moneys in the Debt Service Reserve Fund must be retained in the Debt Service Reserve Fund at all times the balance is less than the Debt Service Reserve Requirement; thereafter and at all times the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Requirement, such interest and profits must be deposited (i) in the Capitalized Interest Account until the Completion Date of the related Project and (ii) thereafter in the Interest Account;

(f) interest and profits from the investment of moneys in the Rebate Fund must be retained in the Rebate Fund;

(g) interest and profits from the investment of moneys in the Repair and Replacement Fund, the Operation and Maintenance Fund, and the Surplus Fund must be deposited in the Revenue Fund;

(h) interest and profits from the investment of moneys in the Revenue Fund must be retained in the Revenue Fund; and

(i) interest and profits from the investment of moneys in any other funds must, upon written request of the Company, be retained in the respective funds or deposited in the Revenue Fund.

Issuance of Additional Bonds

So long as no Event of Default under the Indenture is then in existence, the Authority may, as described under the caption **“THE LOAN AGREEMENT - Additional Bonds”** herein, issue Additional Bonds on a parity with the Series 2013 Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund from time to time.

Events of Default

Each of the following is an Event of Default within the meaning of the Indenture:

- (1) default in the due and punctual payment of any interest on any Bond;
- (2) 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;
- (3) any material breach by the Authority 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 Authority in the Indenture or in the Bonds contained, provided, however, that no default described in this paragraph (3) will constitute an Event of Default until actual written notice of such default by registered or certified mail is given by the Trustee or by the owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding to the Company and the Authority, and the Company and Authority have had 30 days after receipt of such notice to correct such default or cause such default to be corrected and have not corrected such default or caused such default to be corrected within the applicable period; provided, further, if such default be such that it cannot with due diligence be cured within the applicable period but can be wholly cured within a period of time not materially detrimental to the rights of the Trustee and the Bondholders, to be determined conclusively by the Trustee, it will not constitute an Event of Default if corrective action is instituted by the Company or the Authority, as the case may be, within the applicable period and diligently pursued until the default is corrected in accordance with and subject to any directions or limitations of time established by the Trustee;
- (4) the issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Authority relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Authority or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order is unstayed and in effect for a period of sixty consecutive days;
- (5) the consent by the Authority to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Authority or of any substantial part of its property, affairs, or assets; or
- (6) the occurrence of an Event of Default under the Loan Agreement.

Remedies

If an Event of Default under the Indenture occurs and is continuing, the Trustee may, and must at the written request of the owners of not less than 25% in aggregate principal amount of Outstanding Bonds, by notice in writing delivered to the Authority, declare the principal of all Bonds Outstanding and the interest accrued thereon to the date specified therein immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable without further action. Upon any declaration of acceleration under the Indenture the Authority and the Trustee must immediately declare all installments of Loan Repayments due under the Loan Agreement to become immediately due and payable in accordance with the Loan Agreement.

The above provisions of the Indenture, however, are subject to the condition that if, after the principal of all Bonds then Outstanding have been so declared to be due and payable, all arrears of interest upon such Bonds and the principal and premium, if any, on all Bonds then Outstanding that have become due and payable otherwise than by acceleration, and all other sums payable under the Indenture, except the principal of and interest on the Bonds that by such declaration will have become due and payable, will have been paid by or on behalf of the Authority,

together with the reasonable expenses of the Trustee and the owners of such Bonds, including reasonable attorneys' fees or expenses paid or incurred, and the Loan Agreement will be in full force and effect, then and in every such case, but if the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will have made the written request specified in the immediately preceding paragraph, only upon the written approval of the owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee may annul such declaration of maturity and its consequences, which waiver and annulment will be binding upon all Bondholders; but no such waiver, rescission, and annulment will extend to or affect any subsequent default or impair or exhaust any right, power, or remedy consequent thereon.

Upon the occurrence of an Event of Default under the Indenture, the Trustee may, in addition to the right or obligation to accelerate the Bonds, exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and has the power to proceed with any available right or remedy granted by the Bond Documents or the laws of the State, as it may deem best. The Trustee, as the assignee of all of the right, title, and interest of the Authority in and to the Company Contracts (except for the Unassigned Rights), will enforce each and every right granted to the Authority under the Company Contracts (except for the Unassigned Rights). See **"THE LOAN AGREEMENT – Remedies," "THE DEED – Remedies,"** and **"THE SECURITY AGREEMENT – Remedies"** herein.

If an Event of Default under the Indenture occurs and is continuing, and if requested so to do by the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, will deem most expedient in the interests of the Bondholders.

No Bondholder will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture unless: (i) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice under the Indenture; (ii) such default has become an Event of Default under the Indenture; (iii) the owners of at least 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and provided the indemnity required by the Indenture and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name; and (iv) the Trustee fails or refuse to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name.

Anything in the Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding 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 under the Indenture; provided, that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys After Default

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 and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds has become or has been declared due and payable, all such moneys must be applied:

FIRST - to the payment of the fees for Ordinary Services of the Trustee and Extraordinary Services of the Trustee and the Ordinary Expenses and Extraordinary Expenses of the Trustee and the costs and compensation of any advances made by the Trustee and any receiver and the reasonable attorneys' fees and expenses of the Trustee or any receiver;

SECOND - to the payment of Rebate Amount then due or to establish a reserve for Rebate Amount then accrued;

THIRD - to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - to the payment of the Hedge Payments then due under any Hedge Agreements pursuant to their terms;

FIFTH - to the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that will 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 is not sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

SIXTH - to the payment of reasonable and necessary Expenses of Operation and Maintenance and for reasonable renewals, repairs, and replacements of the Facilities necessary to prevent impairment of the Facilities; and

SEVENTH - to be held for the payment to the Bondholders entitled thereto as the same become due of the principal of, premium, if any, and interest on the Bonds that may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment will 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.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys will be applied first to the items described in paragraph FIRST of the preceding part (a), second to the items described in paragraph SECOND of the preceding part (a), and then to the payment to the persons entitled thereto of the principal, premium, if any, and interest then due and unpaid upon the Bonds and due and unpaid Hedge Payments under Hedge Agreements, without preference or priority of principal over interest or Hedge Payments or of interest over principal or Hedge Payments, or of Hedge Payments over principal or interest, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, or of any such Hedge Payment over any other such Hedge Payment, ratably, according to the amounts due respectively for principal, premium, if any, interest, and Hedge Payments, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds has been declared due and payable and if such declaration is thereafter rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of part (b) above, in the event that the principal of all the Bonds later become due or are declared due and payable, the moneys must be applied in accordance with the provisions of part (a) above.

Trustee Qualifications

The Indenture provides that there must at all times be a trustee under the Indenture which is a corporation or association with trust powers duly organized and existing under the laws of the United States of America or any state or territory thereof and authorized by law to perform all the duties imposed upon it by the Indenture and is (1) a

bank or trust company; (2) a wholly-owned subsidiary of a bank or trust company; or (3) a wholly-owned subsidiary of a bank holding company the principal banking subsidiary of which is a bank or trust company, which bank or trust company, in case of (1), (2), or (3) of this paragraph, is subject to examination by federal or state authority and has a reported capital and surplus of not less than \$75,000,000, if there be such an institution willing, qualified, and able to accept the trusts imposed under the Indenture upon reasonable or customary terms.

Resignation by the Trustee

The Trustee may at any time resign from the trusts created by the Indenture by executing an instrument in writing resigning such trusts and specifying the date when such resignation will take effect, and filing the same with the Authority and the Company not less than 45 days before the date specified in such instrument when such resignation will take effect, and by giving notice of such resignation by first class mail, postage prepaid, not less than 20 days prior to such resignation date, to each Bondholder shown on the registration records maintained pursuant to the Indenture, and such resignation will only 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.

Removal of the Trustee

The Trustee may be removed at any time by the Authority, by an instrument in writing delivered to the Trustee, for any breach of the trusts set forth in the Indenture or for failure or refusal to act as trustee, or by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority, and the Company and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that no such removal will be effective until a successor trustee has been appointed and qualified.

Amendment of the Indenture

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, but with the consent of the Company, enter into an indenture or indentures supplemental to the Indenture as will not be inconsistent with the terms and provisions thereof for any one or more of the following purposes:

- (1) to cure any ambiguity or formal defect or omission in, or to correct or supplement any defective provision of, the Indenture;
- (2) to add to the covenants and agreements of, and limitations and restrictions upon, the Authority in the Indenture other covenants, agreements, limitations, and restrictions to be observed by the Authority for the protection of the Bondholders;
- (3) 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;
- (4) to grant to or confer upon the Trustee for the benefit of the 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;
- (5) to subject to the lien and security interest of the Indenture additional revenues, properties, or collateral;
- (6) to modify, amend, or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or any similar federal statute;

(7) 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;

(8) to reflect a change in applicable law provided that the Trustee determines that such supplemental indenture does not materially prejudice the rights of Bondholders;

(9) in connection with any other change in the Indenture which, in the judgment of the Trustee, does not materially prejudice or materially adversely affect the Bondholders or impair the Trust Estate; or

(10) to provide for certificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, if permitted by law.

Exclusive of indentures supplemental to the Indenture described above and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding with the prior written consent of the Company, 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 Authority and the Trustee of such indenture or indentures supplemental to the Indenture as are deemed necessary and desirable by the Authority 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 described above will 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 or the deprivation of any Bondholders of the lien created by the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that 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 sinking fund redemption provisions of the Indenture, without the consent of the owners of all the Bonds at the time Outstanding that 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 supplemental indenture, without the consent of the owners of all the Bonds at the time Outstanding that 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 the Bonds at the time Outstanding which would be affected by the action to be taken.

Amendments of Other Bond Documents

The Authority and the Trustee are required, without the consent of or notice to the Bondholders, to 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 Indenture and the Loan Agreement; (ii) for the purpose of curing any ambiguity or formal defect or omission therein; (iii) so as to add rights acquired in accordance with the provisions of the Bond Documents; (iv) in connection with the issuance of Additional Bonds as provided in the Indenture; (v) in connection with the land and interests in land, buildings, machinery, equipment, and other real or personal property described in Exhibit A to the Loan Agreement so as to identify more precisely the same or to substitute, release, or add additional land or interests in land, buildings, machinery, equipment, or other real or personal property, as permitted by the Loan Agreement; or (vi) in connection with any other change therein that, in the judgment of the Trustee, does not prejudice the Trustee or materially adversely affect the owners of the Bonds.

Except for the amendments, changes, or modifications as described in the preceding paragraph, neither the Authority nor the Trustee may 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 the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that nothing described above may permit or may 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 the Bonds at the time Outstanding that would be affected by the action to be taken.

Defeasance

Any Bond will be deemed to be paid for all purposes of the Indenture when (a) payment of the principal of, premium, if any, and interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture) has been (i) made or caused to be made in accordance with the terms thereof or (ii) provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) non-callable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure, without further investment or reinvestment thereof, in the written opinion of an independent certified public accounting firm of national reputation in form and substance satisfactory to the Trustee, the availability of sufficient moneys to make such payment and (b) all necessary and proper fees, compensation, and expenses of the Trustee pertaining to such Bond have been paid or the payment thereof have been provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

APPENDIX B

**FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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SOUTHERN POLYTECHNIC STATE UNIVERSITY MARIETTA, GEORGIA

**REPORT ON AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**



**Georgia Department of
Audits and Accounts**

**Greg S. Griffin
State Auditor**

SOUTHERN POLYTECHNIC STATE UNIVERSITY

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

March 8, 2013

Honorable Nathan Deal, Governor
Members of the General Assembly of Georgia
Members of the Board of Regents of the
University System of Georgia
and
Honorable Lisa A. Rossbacher, President
Southern Polytechnic State University

INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ladies and Gentlemen:

We have audited the accompanying basic financial statements (Exhibits A through D) of Southern Polytechnic State University, a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Southern Polytechnic State University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southern Polytechnic State University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with section 50-6-1(c) of the Official Code of Georgia Annotated, Greg S. Griffin was appointed State Auditor on July 1, 2012. During the year under review, Mr. Griffin served as the State Accounting Officer. As the State Accounting Officer, Mr. Griffin was responsible for the State's accounting and financial reporting practices.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Southern Polytechnic State University as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements of Southern Polytechnic State University are intended to present the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State of Georgia that is attributable to the transactions of Southern Polytechnic State University. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2012, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Southern Polytechnic State University taken as a whole. The accompanying supplementary information (Schedules 1 through 6) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,



Greg S. Griffin
State Auditor

GSG:as
12ARL-62

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN POLYTECHNIC STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

Southern Polytechnic State University is one of the 35 institutions of higher education of the University System of Georgia. The University, located in Marietta, Georgia, was founded in 1948 as a two-year division of Georgia Institute of Technology. The University became accredited as a four-year college in 1970, and was one of the first colleges in the nation to offer the Bachelor of Engineering Technology degree. In the summer of 1980, Southern Polytechnic State University became the 14th senior college and the 33rd independent unit of the University System of Georgia. The campus currently encompasses approximately 198 acres and contains 46 buildings.

Southern Polytechnic State University offers baccalaureate and master's degrees that contain a balance of technical, professional, and liberal arts courses with an emphasis on relevant, application-oriented teaching. The University's unique mission attracts a highly qualified faculty and student body that has had the fourth highest SAT average amongst System institutions. The University continues to grow as shown by the comparison numbers below:

	<u>Faculty</u>	<u>Students (Headcount)</u>	<u>Students (FTE)</u>
Fiscal Year 2012	214	5,799	5,065
Fiscal Year 2011	220	5,514	4,814
Fiscal Year 2010	178	5,183	4,533

Overview of the Financial Statements and Financial Analysis

Southern Polytechnic State University is proud to present its financial statements for fiscal year 2012. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2012 and fiscal year 2011.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Southern Polytechnic State University. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities). The difference between current and noncurrent assets will be discussed in the Notes to the Financial Statements.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors.

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

Statement of Net Assets, Condensed

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets		
Current Assets	\$ 16,362,869	\$ 17,342,362
Capital Assets, Net	177,383,781	178,540,064
Other Assets	<u>3,369,365</u>	<u>3,397,392</u>
Total Assets	<u>\$ 197,116,015</u>	<u>\$ 199,279,818</u>
Liabilities		
Current Liabilities	\$ 9,272,484	\$ 11,824,815
Noncurrent Liabilities	<u>87,734,060</u>	<u>89,505,680</u>
Total Liabilities	<u>\$ 97,006,544</u>	<u>\$ 101,330,495</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 88,375,933	\$ 87,932,812
Restricted - Nonexpendable	1,437,397	1,437,397
Restricted - Expendable	1,827,359	1,809,689
Unrestricted	<u>8,468,782</u>	<u>6,769,425</u>
Total Net Assets	<u>\$ 100,109,471</u>	<u>\$ 97,949,323</u>

The total assets decreased by \$2,163,803. A review of the Statement of Net Assets will reveal that the decrease was primarily due to a decrease of \$2,117,324 in the category of Prepaid Items. The balance of the decrease is mainly in current assets category. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction, research and public service missions of the institution.

The total liabilities decreased for the year by \$4,323,951. The combination of the decrease in total assets of \$2,163,803 and the decrease in total liabilities of \$4,323,951 yields an increase in total net assets of \$2,160,148. The increase in total net assets is primarily in the category of unrestricted net assets, in the amount of \$1,699,357.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution. Generally speaking operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses and Changes in Net Assets, Condensed

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating Revenues	\$ 45,750,105	\$ 42,294,838
Operating Expenses	<u>74,495,692</u>	<u>72,305,687</u>
Operating Loss	\$ -28,745,587	\$ -30,010,849
Nonoperating Revenues and Expenses	<u>25,319,919</u>	<u>26,884,692</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$ -3,425,668	\$ -3,126,157
Other Revenues, Expenses, Gains or Losses	<u>2,796,847</u>	<u>36,245,101</u>
Increase (Decrease) in Net Assets	\$ <u>-628,821</u>	\$ <u>33,118,944</u>
Net Assets at Beginning of Year, as Originally Reported	\$ 97,949,323	\$ 64,830,379
Prior Year Adjustments	<u>2,788,969</u>	<u></u>
Net Assets at Beginning of Year, Restated	\$ <u>100,738,292</u>	\$ <u>64,830,379</u>
Net Assets at End of Year	\$ <u><u>100,109,471</u></u>	\$ <u><u>97,949,323</u></u>

The Statement of Revenues, Expenses and Changes in Net Assets reflect a positive year with an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Assets are as follows:

Revenue by Source
For the Years Ended June 30, 2012 and June 30, 2011

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating Revenue		
Tuition and Fees	\$ 28,723,247	\$ 26,320,329
Grants and Contracts	1,414,455	976,120
Sales and Services of Educational Departments	618,586	1,228,391
Auxiliary	14,569,559	13,543,542
Other	<u>424,258</u>	<u>226,456</u>
Total Operating Revenue	\$ <u>45,750,105</u>	\$ <u>42,294,838</u>
Nonoperating Revenue		
State Appropriations	\$ 19,023,434	\$ 20,256,974
Grants and Contracts	9,585,876	9,776,228
Gifts	1,037,953	297,396
Investment Income	264,902	648,260
Other	<u>363,621</u>	<u>878,072</u>
Total Nonoperating Revenue	\$ <u>30,275,786</u>	\$ <u>31,856,930</u>
Capital Grants and Gifts		
State	\$ <u>2,796,847</u>	\$ <u>36,245,101</u>
Total Revenues	\$ <u><u>78,822,738</u></u>	\$ <u><u>110,396,869</u></u>

Expenses (By Functional Classification)
For the Years Ended June 30, 2012 and June 30, 2011

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating Expenses		
Instruction	\$ 24,102,171	\$ 20,279,868
Research	655,184	399,784
Public Service	220,598	232,280
Academic Support	7,120,757	6,789,785
Student Services	4,170,951	4,314,517
Institutional Support	10,380,624	9,000,496
Plant Operations and Maintenance	10,948,257	12,469,570
Scholarships and Fellowships	5,260,319	9,778,538
Auxiliary Enterprises	<u>11,636,831</u>	<u>9,040,849</u>
Total Operating Expenses	\$ 74,495,692	\$ 72,305,687
Nonoperating Expenses		
Interest Expense (Capital Assets)	<u>4,955,867</u>	<u>4,972,238</u>
Total Expenses	\$ <u><u>79,451,559</u></u>	\$ <u><u>77,277,925</u></u>

Operating revenues increased by \$3,455,267 in fiscal year 2012. Although Tuition and Fees included a 9% increase, revenues decreased in the Sales and Services category.

The Auxiliary revenue increase of \$1,026,017 is a result of an increase in student fee revenue in support of new housing and dining facilities. The net effect to the campus is that the students actually have more on-campus residential life availability.

Nonoperating revenues decreased by \$1,581,144 for the year primarily due to a decrease of \$1,233,540 in State Appropriations.

The compensation and employee benefits category increased by \$3,463,065 and primarily affected the Instruction, Research and Academic Support categories. The increase reflects an increased cost of health insurance for the employees of the institution.

Utilities decreased by \$242,728 during the past year. The decrease was primarily associated with the warmer than normal winter months.

Statement of Cash Flows

The final statement presented by the Southern Polytechnic State University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Cash Flows for the Years Ended June 30, 2012 and 2011, Condensed

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Cash Provided (Used) By:		
Operating Activities	\$ -24,067,771	\$ -27,029,384
Noncapital Financing Activities	30,123,623	30,566,831
Capital and Related Financing Activities	-9,611,613	-6,502,216
Investing Activities	<u>290,004</u>	<u>210,420</u>
Net Change in Cash	\$ -3,265,757	\$ -2,754,349
Cash, Beginning of Year	<u>12,371,861</u>	<u>15,126,210</u>
Cash, End of Year	<u><u>\$ 9,106,104</u></u>	<u><u>\$ 12,371,861</u></u>

Capital Assets

For additional information concerning Capital Assets, see Notes 1, 5 and 8 in the Notes to the Financial Statements.

Long-Term Liabilities

Southern Polytechnic State University had Long-Term Liabilities of \$90,451,112 of which \$2,717,052 was reflected as a current liability at June 30, 2012.

For additional information concerning Long-Term Liabilities, see Notes 1 and 7 in the Notes to the Financial Statements.

Economic Outlook

The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong. Even with a relatively flat funded year, the University was able to generate a modest increase in Net Assets. The University anticipates the current fiscal year will be much like last and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

Dr. Lisa A. Rossbacher, President
Southern Polytechnic State University

BASIC FINANCIAL STATEMENTS

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SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

EXHIBIT "A"

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 9,106,104
Accounts Receivable, Net (Note 3)	
Federal Financial Assistance	293,375
Other	3,933,608
Due From Affiliated Organizations	2,937,485
Prepaid Items	<u>92,297</u>
Total Current Assets	<u>\$ 16,362,869</u>
Noncurrent Assets	
Investments (Externally Restricted)	\$ 3,167,286
Investments	36,847
Notes Receivable	165,232
Capital Assets, Net (Note 5)	<u>\$ 177,383,781</u>
Total Noncurrent Assets	<u>\$ 180,753,146</u>
Total Assets	<u>\$ 197,116,015</u>

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 1,495,363
Salaries Payable	319,521
Contracts Payable	152,095
Deposits	-17,380
Deferred Revenue (Note 6)	3,908,931
Deposits Held for Other Organizations	696,902
Lease Purchase Obligations	1,720,478
Compensated Absences	<u>996,574</u>
Total Current Liabilities	<u>\$ 9,272,484</u>
Noncurrent Liabilities	
Lease Purchase Obligations	\$ 87,287,370
Compensated Absences	<u>446,690</u>
Total Noncurrent Liabilities	<u>\$ 87,734,060</u>
Total Liabilities	<u>\$ 97,006,544</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 88,375,933
Restricted for	
Nonexpendable	1,437,397
Expendable	1,827,359
Unrestricted	<u>8,468,782</u>
Total Net Assets	<u>\$ 100,109,471</u>

The notes to the basic financial statements are an integral part of this statement.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

EXHIBIT "B"

OPERATING REVENUES

Student Tuition and Fees	\$ 35,193,294
Less: Scholarship Allowances	-6,470,047
Grants and Contracts	
Federal	1,056,743
State	318,217
Other	39,495
Sales and Services of Educational Departments	618,586
Auxiliary Enterprises	
Residence Halls	8,129,442
Bookstore	114,459
Food Services	2,454,075
Parking/Transportation	1,873,638
Health Services	302,314
Intercollegiate Athletics	1,426,786
Other Organizations	268,845
Other Operating Revenues	<u>424,258</u>
 Total Operating Revenues	 \$ <u>45,750,105</u>

OPERATING EXPENSES

Salaries	
Faculty	\$ 17,590,612
Staff	15,727,294
Employee Benefits	9,435,250
Other Personal Services	155,072
Travel	441,938
Scholarships and Fellowships	5,631,208
Utilities	2,702,683
Supplies and Other Services	15,552,322
Depreciation	<u>7,259,313</u>
 Total Operating Expenses	 \$ <u>74,495,692</u>
 Operating Income (Loss)	 \$ <u>-28,745,587</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	\$ 19,023,434
Grants and Contracts	
Federal	9,100,682
Federal - Stimulus	271,788
State	213,406
Gifts	1,037,953
Interest and Other Investment Income	264,902
Interest Expense	-4,955,867
Other Nonoperating Revenues/Expenses	<u>363,621</u>
 Net Nonoperating Revenues (Expenses)	 \$ <u>25,319,919</u>
 Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	 \$ -3,425,668
 Capital Grants and Gifts	
State	<u>2,796,847</u>
 Increase (Decrease) in Net Assets	 \$ -628,821
 Net Assets - Beginning of Year, Restated	 <u>100,738,292</u>
 Net Assets - End of Year	 \$ <u><u>100,109,471</u></u>

The notes to the basic financial statements are an integral part of this statement.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 28,807,120
Grants and Contracts	531,178
Sales and Services of Educational Departments	618,586
Payments to Suppliers	-28,704,630
Payments to Employees	-33,064,129
Payments for Scholarships and Fellowships	-5,631,208
Loans Issued to Students and Employees	2,923
Auxiliary Enterprise Charges:	
Residence Halls	5,922,668
Bookstore	118,668
Food Services	2,492,647
Parking/Transportation	1,694,151
Health Services	263,480
Intercollegiate Athletics	1,246,666
Other Organizations	324,789
Other Receipts (Payments)	<u>1,309,320</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -24,067,771</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	\$ 19,023,434
Agency Funds Transactions	207,240
Gifts and Grants Received for Other than Capital Purposes	<u>10,892,949</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>\$ 30,123,623</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	\$ 80,947
Purchases of Capital Assets	-3,137,289
Principal Paid on Capital Debt and Leases	-1,645,537
Interest Paid on Capital Debt and Leases	<u>-4,909,734</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -9,611,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Maturities of Investments	\$ 25,102
Interest on Investments	<u>264,902</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 290,004</u>
Net Increase (Decrease) in Cash	\$ -3,265,757
Cash and Cash Equivalents - Beginning of Year	<u>12,371,861</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,106,104</u>

SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

EXHIBIT "C"

RECONCILIATION OF OPERATING LOSS TO NET CASH

PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ -28,745,587
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Depreciation	7,259,313
Change in Assets and Liabilities:	
Accounts Receivable	-3,859,763
Prepaid Items	1,058,092
Notes Receivable	2,923
Accounts Payable	-159,197
Deferred Revenue	192,980
Other Liabilities	201,834
Compensated Absences	<u>-18,366</u>

Net Cash Provided (Used) by Operating Activities	\$ <u>-24,067,771</u>
--	-----------------------

NONCASH ACTIVITY

Change in Accrued Interest Payable Affecting Interest Paid	\$ <u>-46,133</u>
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	\$ <u>2,715,900</u>

The notes to the basic financial statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Southern Polytechnic State University serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge, and by disseminating knowledge to the people of Georgia and throughout the country.

Reporting Entity

Southern Polytechnic State University is one of thirty-five (35) State supported member institutions of higher education in Georgia which comprise the University System of Georgia, an organizational unit of the State of Georgia. The accompanying financial statements reflect the operations of Southern Polytechnic State University as a separate reporting entity.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. Southern Polytechnic State University does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, Southern Polytechnic State University is considered an organizational unit of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

Legally separate, tax exempt Affiliated Organizations whose activities primarily support units of the University System of Georgia, which are organizational units of the State of Georgia, are considered potential Component Units of the State. See Note 16 for additional information.

Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

Change in Application of Accounting Principle

During fiscal year 2012, Southern Polytechnic State University changed its method of accounting for summer school revenues and expenses to more accurately reflect periodic results of operations between fiscal years. The effects of the change resulted in a net decrease of revenues over expenses of \$2.2 million for current year activity. Prior period net assets have been restated by \$2,245,144 to properly reflect the effect of this change on beginning balances.

Generally Accepted Accounting Principles (GAAP) requires that the reporting of summer school revenues and expenses be between fiscal years rather than one fiscal year. For fiscal year 2012, the calculation used to determine this split was based on the academic calendar of days taught. For consistency and transparency, this will be the basis used for this calculation by Southern Polytechnic State University.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting, except as noted in the preceding paragraph. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-University transactions have been eliminated.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool and the Board of Regents Short-Term Investment Pool.

Short-Term Investments

Short-Term Investments consist of investments of 90 days - 13 months. This would include certificates of deposits or other time restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal.

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Georgia Extended Asset Pool are included under Investments.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Georgia. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Noncurrent Cash and Investments

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Assets.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was

incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To obtain the total picture of plant additions in the University System, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the System. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For projects managed by GSFIC, the GSFIC retains construction in progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction in progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2012, GSFIC transferred capital additions valued at \$2,715,900 to Southern Polytechnic State University.

Deposits

Deposits represent good faith deposits from students to reserve housing assignments in a University residence hall.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses and Changes in Net Assets. Southern Polytechnic State University had accrued liability for compensated absences in the amount of \$1,461,630 as of July 1, 2011. For fiscal year 2012, \$1,053,518 was earned in compensated absences and employees were paid \$1,071,884 for a net decrease of \$18,366. The ending balance as of June 30, 2012, in accrued liability for compensated absences was \$1,443,264.

Noncurrent Liabilities

Noncurrent liabilities include (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a

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component of invested in capital assets, net of related debt. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 - Capital Assets section.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Expendable Restricted Net Assets include the following:

Restricted - E&G and Other Organized Activities	\$ 1,655,042
Federal Loans	1,756
Institutional Loans	144,619
Quasi-Endowments	<u>25,942</u>
Total Restricted Expendable	<u>\$ 1,827,359</u>

Restricted net assets - expendable - Capital Projects: This represents resources for which the University is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus) of \$402,338.03. Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Unrestricted Net Assets includes the following items which are quasi-restricted by management.

Reserve for Encumbrances	\$ 6,612,966
Other Unrestricted	<u>1,855,816</u>
Total Unrestricted Net Assets	<u>\$ 8,468,782</u>

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes

Southern Polytechnic State University, as a political subdivision of the State of Georgia, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

The Statement of Revenues, Expenses and Changes in Net Assets classify fiscal year activity as operating and nonoperating according to the following criteria:

Operating Revenues: Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain Federal, state and local grants and contracts, and (3) sales and services.

Nonoperating revenues: Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenue by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Operating Expenses: Operating expense includes activities that have the characteristics of exchange transactions.

Nonoperating Expenses: Nonoperating expense includes activities that have the characteristics of nonexchange transactions, such as capital financing costs and costs related to investment activity.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded contra revenue for scholarship allowances.

Restatement of Prior Year Net Assets

For fiscal year 2012, the University made a variety of prior year adjustments due to various errors or omissions, which require restatement of net assets. The result is an increase in Net Assets at July 1, 2011, of \$2,788,969. These changes are in accordance with generally accepted accounting principles.

Net Assets, July 1, 2011, as Previously Reported	\$ 97,949,323
Adjust the Reporting of Summer School	
Revenues Between Fiscal Years (See Note 1)	2,245,144
Housing Profits Sent to the Foundation in Error	<u>543,825</u>
Net Assets, July 1, 2011, as Restated	<u><u>\$ 100,738,292</u></u>

Note 2. Deposits and Investments

Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2012, the carrying value of deposits was \$7,499,957 and the bank balance was \$7,785,385. Of the University's deposits, \$7,785,385 was uninsured. Of these uninsured deposits, \$7,785,385 was collateralized with securities held by the financial institution, by its trust department or agency, but not in the University's name.

Investments

Southern Polytechnic State University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy, and applicable Federal and state laws.

The University's investments as of June 30, 2012, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

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Other Investments		
Equity Securities - Domestic	\$	10,904
Investment Pools		
Board of Regents		
Short-Term Fund		1,600,507
Balanced Income Fund		1,027,113
Total Return Fund		<u>2,106,546</u>
Total Investments	\$	<u>4,745,070</u>

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their web site at <http://www.audits.ga.gov>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University does not have a formal policy for managing interest rate risk.

The Effective Duration of the Short-Term Fund is .48 years. Of the University total investment of \$1,600,507 in the Short-Term Fund, \$1,467,521 is invested in debt securities.

The Effective Duration of the Total Return Fund is 2.93 years. Of the University total investment of \$2,106,546 in the Total Return Fund, \$645,762 is invested in debt securities.

The Effective Duration of the Balanced Income Fund is 2.79 years. Of the University total investment of \$1,027,113 in the Balanced Income Fund, \$622,174 is invested in debt securities.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

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Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2012:

Student Tuition and Fees	\$ 2,147,806
Auxiliary Enterprises and Other Operating Activities	1,911,157
Federal Financial Assistance	293,375
Due from Affiliated Organizations	2,937,485
Other	<u>3,368,355</u>
	\$ 10,658,178
Less Allowance for Doubtful Accounts	<u>3,493,710</u>
Net Accounts Receivable	<u>\$ 7,164,468</u>

Note 4. Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2012. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts cancelled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off.

At June 30, 2012, the University did not have a balance in the allowance for uncollectible notes receivable.

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Note 5. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2012:

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012
Capital Assets, Not Being Depreciated:				
Land	\$ 1,700,397		\$ 0	\$ 1,700,397
Construction Work-In-Progress	6,443,552	\$ 1,492,595		7,936,147
Total Capital Assets, Not Being Depreciated	\$ 8,143,949	\$ 1,492,595	\$ 0	\$ 9,636,544
Capital Assets, Being Depreciated:				
Infrastructure	\$ 1,823,654			\$ 1,823,654
Building and Building Improvements	95,346,869	\$ 1,469,611		96,816,480
Facilities and Other Improvements	343,319			343,319
Equipment	11,905,947	2,860,997	\$ 42,251	14,724,693
Capital Leases	95,116,873			95,116,873
Library Collections	7,077,437	211,783	90,891	7,198,329
Capitalized Collections	30,500			30,500
Total Assets Being Depreciated	\$ 211,644,599	\$ 4,542,391	\$ 133,142	\$ 216,053,848
Less: Accumulated Depreciation:				
Infrastructure	\$ 1,079,752	\$ 70,938		\$ 1,150,690
Building and Building Improvements	21,723,672	2,691,970		24,415,642
Facilities and Other Improvements	250,695	-1,297		249,398
Equipment	7,102,885	1,416,778	\$ 110,295	8,409,368
Capital Leases	5,328,270	2,819,739		8,148,009
Library Collections	5,745,625	260,422	90,891	5,915,156
Capitalized Collections	17,585	763		18,348
Total Accumulated Depreciation	\$ 41,248,484	\$ 7,259,313	\$ 201,186	\$ 48,306,611
Total Capital Assets, Being Depreciated, Net	\$ 170,396,115	\$ -2,716,922	\$ -68,044	\$ 167,747,237
Capital Assets, Net	\$ 178,540,064	\$ -1,224,327	\$ -68,044	\$ 177,383,781

Note 6. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2012:

Prepaid Tuition and Fees	\$ 2,779,270
Other Deferred Revenue	1,129,661
Total Deferred Revenue	\$ 3,908,931

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Note 7. Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Current Portion
Leases					
Lease Obligations	\$ 90,607,252	\$ 46,133	\$ 1,645,537	\$ 89,007,848	\$ 1,720,478
Other Liabilities					
Compensated Absences	1,461,630	1,053,518	1,071,884	1,443,264	996,574
Total Long-Term Obligations	<u>\$ 92,068,882</u>	<u>\$ 1,099,651</u>	<u>\$ 2,717,421</u>	<u>\$ 90,451,112</u>	<u>\$ 2,717,052</u>

Note 8. Lease Obligations

Southern Polytechnic State University is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property.

CAPITAL LEASES

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2012 and 2040. Expenditures for fiscal year 2012 were \$7.0 million of which \$4.9 million represented interest and \$434,079 represented executory costs. Total principal paid on capital leases was \$1.6 million for the fiscal year ended June 30, 2012. Interest rates range from 5.50 percent to 6.07 percent. The following is a summary of the carrying values of assets held under capital lease at June 30, 2012:

Description	Gross Amount (+)	Accumulated Depreciation (-)	Net Assets Held Under Capital Lease at June 30, 2012 (=)	Outstanding Balances per Lease Schedules at June 30, 2012
Buildings	\$ 95,116,873	\$ 8,148,009	\$ 86,968,864	\$ 89,007,848

In July 2005, Southern Polytechnic State University entered into a capital lease of \$11,643,862 at 5 percent with the Southern Polytechnic State University Foundation, Inc., a discretely presented component unit, whereby the University leases the University Common Housing building for a twenty-two year period that began July 2005 and expires June 2027. The outstanding balance at June 30, 2012, on this capital lease was \$9,206,796.

In July 2005, Southern Polytechnic State University also entered into a capital lease of \$22,148,456 at 5 percent with the Southern Polytechnic State University Foundation, Inc., whereby the University leases the University Courtyard Housing, the Norton Hall and Howell Hall student housing buildings for a twenty-four year period that began July 2005 and expires June 2029. The University at its option may terminate the lease and purchase the Foundation's interest for the unamortized principal balance and the payment of \$1. The outstanding balance at June 30, 2012, on this capital lease was \$18,143,477.

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In August 2009 Southern Polytechnic State University also entered into a capital lease of \$18,261,734 at 6.07 percent with the Georgia Higher Education Facilities Authority, whereby the University leases a parking deck for a thirty year period that begins July 2010 and expires June 2040. The outstanding balance at June 30, 2012, on this capital lease was \$18,351,291.

In July 2010 Southern Polytechnic State University also entered into a capital lease of \$43,062,821 at 5.558 percent with the Georgia Higher Education Facilities Authority, whereby the University leases the Hornet Village, Special Interest student housing, and the student dining buildings for a twenty-nine year period that begins July 2010 and expires June 2039. The outstanding balance at June 30, 2012 on this capital lease was \$43,306,284.

FUTURE COMMITMENTS

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) having remaining terms in excess of one year as of June 30, 2012, were as follows:

	Real Property and Equipment <hr/> Capital Leases <hr/>
Year Ending June 30:	
2013	\$ 6,879,393
2014	7,067,560
2015	7,123,329
2016	7,182,931
2017	7,243,035
2018 - 2022	37,151,961
2023 - 2027	38,724,143
2028 - 2032	29,238,985
2033 - 2037	26,111,913
2038 - 2040	<u>10,608,014</u>
Total Minimum Lease Payments	\$ 177,331,264
Less: Interest	75,055,802
Less: Executory Costs (if paid)	<u>13,267,614</u>
Principal Outstanding	<u>\$ 89,007,848</u>

Southern Polytechnic State University had no expense for rental of real property and equipment under operating leases in fiscal year 2012.

Note 9. Retirement Plans

Southern Polytechnic State University participates in a retirement plan administered by the State of Georgia under the Teachers Retirement System of Georgia. The system issues separate publicly available financial reports that include the applicable financial statements and required

supplementary information. The reports may be obtained from the system office. More detailed information can be found in the plan agreements and related legislation. The plan, including benefit and contribution provisions, was established and can be amended by State law.

Teachers Retirement System of Georgia

The Teachers Retirement System of Georgia (TRS) is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation.

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The following table summarizes the Southern Polytechnic State University contributions by defined benefit plan for the years ending June 30, 2012, June 30, 2011, and June 30, 2010 (dollars in thousands):

Fiscal Year	TRS	
	Required Contribution	Percent Contributed
2012	\$ 1,507,432	100%
2011	\$ 1,417,703	100%
2010	\$ 1,272,593	100%

Regents Retirement Plan

Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. 47-21-1 et.seq. and administered by the Board of Regents of the University System of Georgia. O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or a principal administrator, as designated by the regulations of the Board of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy

Southern Polytechnic State University makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2012, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and nonforfeitable at all times.

Southern Polytechnic State University and the covered employees made the required contributions of \$1,308,800 (9.24%) and \$708,226 (5%), respectively.

AIG-VALIC, American Century, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

Georgia Defined Contribution Plan

Plan Description

Southern Polytechnic State University participates in the Georgia Defined Contribution Plan (GDGP) which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement coverage for State employees who are temporary, seasonal, and part-time and are not members of a public retirement or pension system. GDGP is administered by the Board of Trustees of the Employees' Retirement System of Georgia.

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than \$3,500 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

Contributions

Member contributions are seven and one-half percent (7.5%) of gross salary. There are no employer contributions. Contribution rates are established by State statute. Earnings are credited to each member's account in a manner established by the Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Total contributions made by employees during fiscal year 2012 amounted to \$68,682 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

The Georgia Defined Contribution Plan issues a financial report each fiscal year, which may be obtained from the ERS offices.

Note 10. Risk Management

The University System of Georgia offers its employees and retirees access to three different self-insured healthcare plan options. Effective January 1, 2012, The Blue Cross Blue Shield of Georgia PPO and HDHP plan names were changed to BCBS Open Access PPO and HAS/HDHP Open Access POS, respectively; both plans will use the Blue Cross Blue Shield Open Access POS network. Also effective January 1, 2012, the Consumer Choice Option was eliminated and the Blue Cross Blue Shield of Georgia HMO and the Kaiser Permanente HMO were frozen for new enrollment for active employees only; the Senior Advantage Plan 65+ remained open for new enrollment.

Southern Polytechnic State University and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia - University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these plans are considered to be a self-sustaining risk fund. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the self-insured healthcare plan products. In addition to the self-insured healthcare plan options offered to the employees of the University System of Georgia, a fully insured HMO healthcare plan option is also offered to System employees through Kaiser.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Southern Polytechnic State University, as an organizational

unit of the Board of Regents of the University System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 45-9-1. The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 11. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although Southern Polytechnic State University expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against Southern Polytechnic State University (an organizational unit of the Board of Regents of the University System of Georgia), if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

Note 12. Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the employee.

The Board of Regents Retiree Health Benefit Plan is a single employer defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The University pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2012 plan year, the employer rate was between 70-75% of the total health insurance cost for eligible retirees and the retiree rate was between 25-30%.

As of June 30, 2012, there were 194 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2012, Southern Polytechnic State University recognized as incurred \$1,001,998 of expenditures, which was net of \$457,595 of participant contributions.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

EXHIBIT "D"

Note 13. Natural Classifications with Functional Classifications

The University's operating expenses by functional classification for fiscal year 2012 are shown below:

<u>Natural Classification</u>	<u>Functional Classification</u>				
	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>
Salaries					
Faculty	\$ 15,373,233	\$ 119,279	\$ 3,000	\$ 1,989,916	
Staff	1,974,941	120,154	155,870	2,930,104	\$ 2,391,871
Employee Benefits	4,376,645	31,809	56,189	1,125,423	566,743
Other Personal Services					
Travel	136,117	13,885	3,693	99,226	55,596
Scholarships and Fellowships		138,445		6,114	
Utilities	56,347			19,568	17,092
Supplies and Other Services	1,553,037	191,378	380	779,443	1,119,476
Depreciation	631,851	40,234	1,466	170,963	20,173
Total Operating Expenses	<u>\$ 24,102,171</u>	<u>\$ 655,184</u>	<u>\$ 220,598</u>	<u>\$ 7,120,757</u>	<u>\$ 4,170,951</u>

<u>Natural Classification</u>	<u>Functional Classification</u>				
	<u>Institutional Support</u>	<u>Plant Operations and Maintenance</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Total Operating Expenses</u>
Salaries					
Faculty	\$ 105,184				\$ 17,590,612
Staff	4,459,020	\$ 2,181,797	\$ 537	\$ 1,513,000	15,727,294
Employee Benefits	2,181,034	712,059		385,348	9,435,250
Other Personal Services	36,988	-126,046	118,084	126,046	155,072
Travel	70,996	3,763		58,662	441,938
Scholarships and Fellowships	8,400		5,141,134	337,115	5,631,208
Utilities	24,422	2,036,720		548,534	2,702,683
Supplies and Other Services	3,272,617	2,775,264	564	5,860,163	15,552,322
Depreciation	221,963	3,364,700		2,807,963	7,259,313
Total Operating Expenses	<u>\$ 10,380,624</u>	<u>\$ 10,948,257</u>	<u>\$ 5,260,319</u>	<u>\$ 11,636,831</u>	<u>\$ 74,495,692</u>

Note 14. Affiliated Organizations

In accordance with GASB Statement No. 39, ***Determining Whether Certain Organizations are Component Units***, an amendment of GASB Statement No. 14, ***The Reporting Entity*** which became effective for the year ended June 30, 2004, Southern Polytechnic State University Foundation and Southern Polytechnic State University Applied Research Foundation, are legally separate tax exempt organizations whose activities primarily support Southern Polytechnic State University, a unit of the University System of Georgia (an organizational unit of the State of Georgia). The State Accounting Office determined Component Units of the State of Georgia, as required by GASB Statement No. 39 should not be assessed in relation to their significance to Southern Polytechnic State University, but instead based on their significance to the State of Georgia.

Therefore, the financial statements of this affiliated organization are not included in these financial statements. Copies of the financial statements for the affiliated organization may be obtained from Southern Polytechnic State University.

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SUPPLEMENTARY INFORMATION

SOUTHERN POLYTECHNIC STATE UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUND
JUNE 30, 2012

SCHEDULE "1"

ASSETS

Cash and Cash Equivalents	\$ 7,512,975.68
Investments	59,570.26
Accounts Receivable	
Federal Financial Assistance	293,374.64
Other	<u>4,617,917.23</u>

Total Assets	\$ <u>12,483,837.81</u>
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LIABILITIES AND FUND EQUITY

Liabilities	
Accrued Payroll	\$ 332,004.66
Encumbrances Payable	6,322,360.44
Accounts Payable	329,587.80
Deferred Revenue	<u>3,228,039.71</u>

Total Liabilities	\$ <u>10,211,992.61</u>
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Fund Balances

Reserved	
Department Sales and Services	\$ 22,916.42
Indirect Cost Recoveries	181,350.26
Technology Fees	289,534.66
Restricted/Sponsored Funds	-49,782.01
Uncollectible Accounts Receivable	1,351,588.53
Excess State Appropriations to be Remitted in Fiscal Year 2013	73,899.31
Unreserved	
Surplus	<u>402,338.03</u>

Total Fund Balances	\$ <u>2,271,845.20</u>
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Total Liabilities and Fund Balances	\$ <u>12,483,837.81</u>
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Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUND
YEAR ENDED JUNE 30, 2012

SCHEDULE "2"

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 19,124,425.00	\$ 19,124,425.00	\$ 0.00
Other Funds	61,739,113.00	47,822,464.04	-13,916,648.96
Total Revenues	\$ 80,863,538.00	\$ 66,946,889.04	\$ -13,916,648.96
<u>ADJUSTMENTS AND PROGRAMS TRANSFERS</u>	0.00	0.00	0.00
<u>CARRY-OVER FROM PRIOR YEARS</u>			
Transfers from Reserved Fund Balance	0.00	1,224,260.50	1,224,260.50
Total Funds Available	\$ 80,863,538.00	\$ 68,171,149.54	\$ -12,692,388.46
<u>EXPENDITURES</u>			
Teaching	\$ 80,863,538.00	\$ 67,836,475.61	\$ 13,027,062.39
Excess of Funds Available over Expenditures	\$ 0.00	\$ 334,673.93	\$ 334,673.93
<u>FUND BALANCE JULY 1</u>			
Reserved		2,575,849.03	
Unreserved		100,990.72	
<u>ADJUSTMENTS</u>			
Prior Year Payables/Expenditures		585,582.74	
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2011		-100,990.72	
Prior Year Reserved Fund Balance Included in Funds Available		-1,224,260.50	
<u>FUND BALANCE JUNE 30</u>		\$ 2,271,845.20	
<u>SUMMARY OF FUND BALANCE</u>			
Reserved			
Department Sales and Services	\$	22,916.42	
Indirect Cost Recoveries		181,350.26	
Technology Fees		289,534.66	
Restricted/Sponsored Funds		-49,782.01	
Uncollectible Accounts Receivable		1,351,588.53	
Excess State Appropriations to be Remitted in Fiscal Year 2013		73,899.31	
Total Reserved	\$	1,869,507.17	
Unreserved			
Surplus		402,338.03	
Total Fund Balance	\$	2,271,845.20	

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2012

	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues
Teaching				
State Appropriation				
State General Funds	\$ 19,514,719.00	\$ 19,514,719.00	\$ 19,124,425.00	\$ 19,124,425.00
Other Funds	40,475,640.00	40,475,640.00	61,739,113.00	47,822,464.04
Total Teaching	\$ 59,990,359.00	\$ 59,990,359.00	\$ 80,863,538.00	\$ 66,946,889.04

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
\$ 0.00	\$ 0.00	\$ 19,124,425.00	\$ 0.00	\$ 19,124,425.00	\$ 0.00	\$ 0.00
<u>1,224,260.50</u>	<u>0.00</u>	<u>49,046,724.54</u>	<u>-12,692,388.46</u>	<u>48,712,050.61</u>	<u>13,027,062.39</u>	<u>334,673.93</u>
\$ <u>1,224,260.50</u>	\$ <u>0.00</u>	\$ <u>68,171,149.54</u>	\$ <u>-12,692,388.46</u>	\$ <u>67,836,475.61</u>	\$ <u>13,027,062.39</u>	\$ <u>334,673.93</u>

SOUTHERN POLYTECHNIC STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2012

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Period as Funds Available	Return of Fiscal Year 2011 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	\$ 100,990.72	\$ 0.00	\$ -100,990.72	\$ 0.00
Other Funds	<u>1,224,260.50</u>	<u>-1,224,260.50</u>	<u>0.00</u>	<u>585,582.74</u>
Total Teaching	\$ 1,325,251.22	\$ -1,224,260.50	\$ -100,990.72	\$ 585,582.74
Prior Year Reserves				
Not Available for Expenditure				
Uncollectible Accounts Receivable	<u>1,351,588.53</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Budget Unit Totals	<u>\$ 2,676,839.75</u>	<u>\$ -1,224,260.50</u>	<u>\$ -100,990.72</u>	<u>\$ 585,582.74</u>

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Other Adjustments	Early Return Fiscal Year 2012 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<u>0.00</u>	<u>0.00</u>	<u>334,673.93</u>	<u>920,256.67</u>	<u>517,918.64</u>	<u>402,338.03</u>	<u>920,256.67</u>
\$ 0.00	\$ 0.00	\$ 334,673.93	\$ 920,256.67	\$ 517,918.64	\$ 402,338.03	\$ 920,256.67
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,351,588.53</u>	<u>1,351,588.53</u>	<u>0.00</u>	<u>1,351,588.53</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 334,673.93</u>	<u>\$ 2,271,845.20</u>	<u>\$ 1,869,507.17</u>	<u>\$ 402,338.03</u>	<u>\$ 2,271,845.20</u>

Summary of Ending Fund Balance

Reserved		
Department Sales and Services	\$ 22,916.42	\$ 22,916.42
Indirect Cost Recoveries	181,350.26	181,350.26
Technology Fees	289,534.66	289,534.66
Restricted/Sponsored Funds	-49,782.01	-49,782.01
Uncollectible Accounts Receivable	1,351,588.53	1,351,588.53
Excess State Appropriations to be Remitted in Fiscal Year 2013	73,899.31	73,899.31
Unreserved		
Surplus	<u>\$ 402,338.03</u>	<u>402,338.03</u>
Total Ending Fund Balance - June 30	<u>\$ 1,869,507.17</u>	<u>\$ 2,271,845.20</u>

SOUTHERN POLYTECHNIC STATE UNIVERSITY
BUDGET TO GAAP RECONCILIATION
JUNE 30, 2012

SCHEDULE "5"

Total Fund Balances - Budget Fund - Non-GAAP Basis (Schedule "1")	\$	2,271,845.20
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Amounts reported for Business-Type Activities in the Statement of Net Assets are different because:

Capital Assets used in Business-Type Activities are not reported in the Budget Fund.		177,383,781.00
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Uncollectible accounts receivable are reported as an asset and reserved fund balance in the Budget Fund and as a contra-asset account on the Statement of Net Assets.		-1,351,588.53
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Changes in the Fair Market Value of Investments are recognized on the Statement of Net Assets, but are not reported in the Budget Fund.		1,691,594.66
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Agency Fund activities are not reported as a component of the Budget Fund.		
Assets	\$ 1,674,035	
Liabilities	-1,674,035	
Total Net Effect of Agency Fund Activity		0.00

Auxiliary Enterprises Fund activities are not reported as a component of the Budget Fund.		
Assets	\$ 4,227,311.57	
Liabilities	-726,732.57	
Total Net Effect of Auxiliary Enterprises Fund Activity		3,500,579.00

Endowment Fund activities are not reported as a component of the Budget Fund.		
Assets	\$ 1,463,339.85	
Liabilities	0.00	
Total Net Effect of Endowment Fund Activity		1,463,339.85

Loan Fund activities are not reported as a component of the Budget Fund.		
Assets	\$ 146,374.38	
Liabilities	0.00	
Total Net Effect of Loan Fund Activity		146,374.38

Student Activities Fund activities are not reported as a component of the Budget Fund.		
Assets	\$ 306,553.88	
Liabilities	-121,940.18	
Total Net Effect of Student Activity Fund Activity		184,613.70

The budgetary basis of accounting implemented by the State of Georgia recognizes expenditures when encumbered. The following adjustments were made to eliminate this activity for reporting on the Statement of Net Assets.		
Payables reported in the Budget Fund that are based on encumbrances are eliminated for GAAP reporting.	\$ 6,322,360.44	
Reimbursement from grantors reported as revenues in the Budget Fund that are for expenditures based on encumbrances are deferred for GAAP reporting.	-900,221.57	
Total Net Effect of Encumbrance Activity		5,422,138.87

Certain Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Budget Fund.		
Capital Leases Payable	-89,007,848.00	
Compensated Absences Payable	-1,443,264.00	
Contracts Payable	-152,095.32	
Total Liabilities		-90,603,207.32

Rounding		0.19
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Net Assets of Business-Type Activities (Exhibit "A")	\$	100,109,471.00
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The supplementary information presented on Schedules 1, 2, 3, and 4 was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information was derived from, and relates directly to, the same information used to prepare the financial statements. However, the budgetary statutes and regulations of the State of Georgia require reporting of certain information that is not in accordance with generally accepted accounting principles. Presented on this schedule is a reconciliation of the fund balance of the Budget Fund, as reported on Schedule 1, to Net Assets of business-type activities, as reported on Exhibit A.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
RECONCILIATION OF SALARIES AND TRAVEL
YEAR ENDED JUNE 30, 2012

SCHEDULE "6"

	<u>SALARIES</u>	<u>TRAVEL</u>
Totals per Annual Supplement	\$ 33,220,092.64	\$ 441,938.29
Accruals		
June 30, 2012	319,520.74	
June 30, 2011	-221,909.24	
Compensated Absences		
June 30, 2012	1,340,700.67	
June 30, 2011	-1,357,761.26	
Adjustments		
Lagerstrom, Albert	-1,125.00	
Vitty, Jennie	-87.50	
Zhang, Chi	3,000.00	
Shared Services on Jointly Staffed Personnel		
Georgia Gwinnett College		
Snively, Vanessa	750.00	
Georgia Highlands College		
Morris, Douglas	-2,050.00	
Smith, Eric	-3,000.00	
Franklin, Cedric	-6,330.50	
Georgia Institute of Technology		
Choi, Seungkeun	15,750.00	
Dawn, Debasis	9,000.00	
Kim, Yoon Duk	4,500.00	
Georgia State University		
King, Kimberly	355.08	
Kennesaw State University		
Stickel, George	-3,500.00	
Rounding	<u>0.37</u>	<u>-0.29</u>
	<u>\$ 33,317,906.00</u>	<u>\$ 441,938.00</u>

SECTION II

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

SOUTHERN POLYTECHNIC STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

COMMUNICATION OF INTERNAL CONTROL DEFICIENCIES

The auditor is required to communicate to management and those charged with governance deficiencies in internal control identified during the course of the financial statement audit that, in the auditor's judgment, constitute significant deficiencies or material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Southern Polytechnic State University's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Any identified deficiencies in internal controls that we did not consider to be significant deficiencies and/or material weaknesses have been communicated to management and those charged with governance within a separate management letter dated March 8, 2013. Internal control deficiencies identified during the course of this engagement that were considered to be significant deficiencies and/or material weaknesses are presented below:

CAPITAL ASSETS

Inadequate Controls

Material Weakness

Finding Control Number: FS-550-12-01

Condition: Accounting procedures of the University were insufficient to provide adequate controls over Capital Assets.

Criteria: The University should maintain capital asset records in accordance with capitalization guidelines and Instructions provided in Chapter 7 of the Board of Regents' Business Procedures Manual.

Questioned Cost: N/A

Information: The following deficiencies were noted relating to Capital Assets:

1. The University made manual entries to the financial statements to record Georgia State Financing and Investment Commission capital asset activity, however detailed listings of these additions were not provided to the auditor. Buildings were adjusted by \$1,469,612 and Equipment was adjusted by \$1,246,289.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2. An unknown variance was noted between the current year additions and current year deletions for Equipment in the amount of \$26,989.
3. Assets totaling \$69,128 reported as Equipment did not meet the capitalization threshold according to the University's Capital Asset Policy.
4. Two assets were not depreciated correctly, resulting in a net overstatement of depreciation expense of \$497,476.
 - a. One building was depreciated for only eleven months during the fiscal year which resulted in depreciation expense being understated by \$120,769.
 - b. One building is currently being depreciated with an estimated useful life of thirty years. According to the University's capital asset policy, the useful life should be sixty years. The effect of this error in the current fiscal year is an overstatement of depreciation expense of \$618,245.

Cause: The University's management failed to implement appropriate internal controls and procedures necessary to properly record, maintain, and monitor capital assets.

Effect: Failure to accurately record, maintain and monitor capital assets could result in potential misappropriation of assets and misrepresentation of the University's financial position and results of operations could occur.

Recommendation: The University should establish appropriate procedures and controls to ensure that adjustments are made in a timely manner to the Capital Assets Module and the related subsidiary records to ensure proper reporting by category in the future. In addition, controls should be implemented to ensure that depreciation expense is properly recorded.

FINANCIAL REPORTING

Inadequate Controls

Material Weakness

Finding Control Number: FS-550-12-02

Condition: The University's accounting procedures were insufficient to provide for adequate controls over the financial statement preparation process.

Criteria: A system of internal control over financial reporting does not stop at the general ledger. Management is responsible for implementing a system of internal control over the preparation of financial statements prepared in accordance with generally accepted accounting principles (GAAP). Additionally, the University is required to annually submit GAAP basis financial statements for inclusion in the State of Georgia's Comprehensive Annual Financial Report (CAFR) and the State of Georgia's Single Audit Report.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Questioned Cost: N/A

Information: During the audit the following deficiencies were noted in the University's GAAP basis financial statements.

1. The University did not restate their beginning net assets for a change in its method of reporting Summer Tuition and Fees and associated expenses. Adjustments to Tuition and Fees in the amount of (\$3,304,376), Salaries and Benefits expenses of \$1,059,232 and the net change to beginning net assets of (\$2,245,144) were proposed and accepted to correct the error.
2. Activity between the University and Foundation was not reported properly. Funds due to the University and held by the Foundation at June 30, 2012, were reported as an Investment instead of as Accounts Receivable. A reclassification entry of \$1,808,625 was proposed and accepted to correct the error.
3. During the fiscal year, it was determined that past Housing Revenues were improperly distributed to the University's Foundation. The University performed an analysis and recouped the funds from the Foundation. The recoup of funds associated with prior periods totaled \$543,825, which were recorded as revenue in the current fiscal year. An adjustment to auxiliary enterprises revenue and beginning net assets was proposed and accepted to correct the error.
4. Various errors were noted for correction by the auditors in the Notes to the Financial Statements related to Note 2: Deposits and Investments and Note 8: Lease Obligations.
5. Entries made during the fiscal year to record the activity of an investment account resulted in the investment being reported on the Statement of Net Assets as both an Investment and also within Cash and Cash Equivalents. This resulted in an overstatement of assets of \$59,570.
6. Accounts Payable in the amount of \$1,277,121 could not be documented by the University.

Cause: The University's management failed to adequately review the year-end financial statements to ensure that the statements as presented for audit were accurate and properly supported by underlying accounting records.

Effect: Significant and material misstatements were included in the financial statements presented for audit. In addition, the lack of controls and monitoring could impact the reporting of the University's financial position and results of operations.

Recommendation: The University should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the preparation of the financial statements.

SOUTHERN POLYTECHNIC STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

APPENDIX C

COPY AND FORM OF GROUND LEASES

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STATE OF GEORGIA;
COUNTY OF COBB:

**AMENDED AND RESTATED GROUND LEASE
(University Commons)**

THIS AMENDED AND RESTATED GROUND LEASE (hereinafter referred to as the "Lease"), which amends and restates in its entirety that certain Ground Lease Agreement (defined herein) dated as of November 1, 1997, is made and entered as of the 54 day of December, 2003, 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 **SPSU STUDENT HOUSING I, LLC** whose address for purposes of this Lease is 1100 South Marietta Parkway, Marietta, Georgia 30060 (hereinafter referred to as "Lessee"), for the use of certain real property located on the campus of **SOUTHERN POLYTECHNIC STATE UNIVERSITY**, a unit of the University System of Georgia (hereinafter referred to as the "Institution").

W I T N E S S E T H T H A T:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately 6.660 acres situated in Land Lots 502, 503, 506 and 507 in the 17th District, 2nd Section, Cobb County, Georgia, located on the campus of the Institution (hereinafter referred to as the "Premises"), more particularly described in Exhibit "A" attached hereto; and

WHEREAS, Lessor has previously entered into that certain Ground Lease Agreement ("Ground Lease Agreement") dated as of November 1, 1997 with The Piedmont Foundation, Inc. ("Original Lessee") for student housing facilities on the Premises at the Institution known as "University Commons"; and

WHEREAS, the Ground Lease Agreement was entered subsequent to a declaration by the Lessor at its meeting on July 9, 1997, that the Premises were no longer advantageous or useful, except and for the purposes of allowing the Premises to be leased to Original Lessee for the purpose of constructing and operating a student housing facility for the use and benefit of the students of the University System of Georgia; and

WHEREAS, Original Lessee has assigned all of its right, title and interest in the Ground Lease Agreement to Lessee pursuant to that certain Assignment dated as of December 5, 2003 and Lessor accepted such assignment; and

WHEREAS, the parties desire to amend and restate the Ground Lease Agreement as set forth herein.

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 operating and maintaining student housing facilities and related amenities (hereinafter the "Improvements") for the use and benefit of the Institution.

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.

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.

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 AND NO/HUNDREDTHS 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.

4.
TERM AND TERMINATION

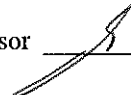
4.1 [Intentionally omitted]

4.2 The Primary Term of this Lease shall commence on the date hereof (the "Commencement Date") and end at twelve (12:00) o'clock noon, prevailing legal time in Atlanta, Georgia, on November 1, 2027, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days' written notice to Lessor, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed, including its consent to the cancellation of any security interest held upon the leasehold interest and conveyance of all right and title to all improvements then existing on the Premises to the Lessor.

4.3 Upon expiration of the Primary Term (including any renewals or extensions thereof), 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.

4.4 Subject to Paragraph 4.3 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.

4.5 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 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 4.4 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 Primary 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 [Intentionally omitted]

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 the 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 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 this 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 the Improvements to the extent of its leasehold interest only. Lessor hereby consents to the encumbrance of the Premises during the Primary Term, for the purpose of permanent financing of the Improvements to the Premises. Lessor agrees to give any lender written notice of any default by Lessee under this Lease and a period of time (thirty (30) days in the case of a default in the payment of any sum due hereunder and 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 that in the case of defaults not involving the failure to pay any sum due hereunder, Lessee shall have an additional period of 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.

10.

INDEMNIFICATION AND HOLD HARMLESS

10.1 In consideration of the benefits to be derived herefrom, Lessee shall be responsible to the Lessor from the time of the signing 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 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 reimburse the Funds for such monies paid out by the Funds; provided, however, that in no event shall the Lessee fail to fully reimburse the DOAS within one (1) year from the date of any payment made from the Funds (with payments to be made at such intervals as reasonably determined by the Lessor and the DOAS); provided, further, that any such amounts owing hereunder shall bear interest at a simple interest rate of six percent based on the actual number of days outstanding.

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 hereunder. 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 expressly provided by the Lessor, the Lessee shall 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 IX 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) The policy shall acknowledge and agree that the Attorney General of Georgia 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 Attorneys General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement of behalf of the Indemnitees must be expressly approved by the Attorney General; provided, however, if the Attorney General withholds approval of any settlement proposed by the insurance company that is acceptable in writing to any claimant, the terms of which do not violate applicable law, the insurance coverage under the policy for the Indemnitees with respect to the claim proposed to be settled shall be reduced to the amount at which the claim could have been settled.

(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 Primary Term of this Lease. The minimum required coverages and liability limits 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 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 Primary 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 employer's 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 the term of any construction.		

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 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.

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 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 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.

(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 period of construction 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.

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 4.4 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.

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, designee 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 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 to 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.

GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

25.

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.

26.

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.

27.

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.

28.

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.

29.

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.

30.
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.

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 agreement 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.

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.

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

LESSOR:

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

Unofficial Witness

Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:

Notary Public, Clayton County, Georgia
My Commission Expires March 16, 2007

APPROVAL OF INSTITUTION:

By: Lisa A. Rosbach
President

By: Thomas C. Meredith L.S.
THOMAS C. MEREDITH
Chancellor

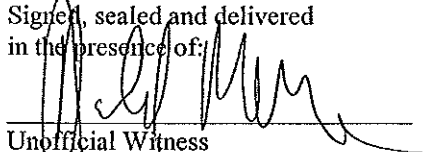
Attest: Gail S. Weber L.S.
GAIL S. WEBER
Secretary to the Board

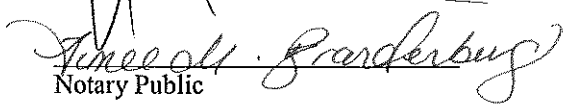
(Seal Affixed Here)

(Signatures continued Next Page)

(Signatures continued from Previous Page)

Signed, sealed and delivered
in the presence of:


Unofficial Witness

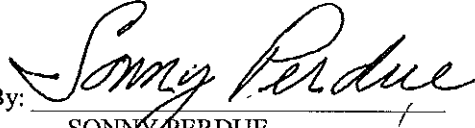

Notary Public

[NOTARIAL SEAL]


Commission Expiration Date:

1/23/07

APPROVED:

By: 
SONNY PERDUE
Governor

Attest: 
CATHY COX
Secretary of State


Notary Public, Fayette County, Georgia
My Commission Expires January 23rd, 2007

(Great Seal of the State of Georgia)

(Signatures continued Next Page)

(Signatures continued from Previous Page)

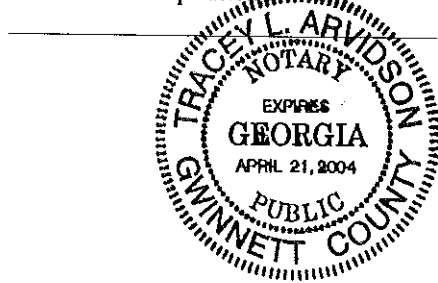
Signed, sealed and delivered as to
Lessee in the presence of:

Jaime Boulay
Unofficial Witness

Tracey Arvidson
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:



LESSEE:

SPSU STUDENT HOUSING I, LLC

By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC., its
sole member and manager

By: J. Mark Graham L.S.
Name: J. Mark Graham
Title: Chairman

(Seal Affixed Here)

JA

AK

EXHIBIT "A"

GROUND LEASE
(UNIVERSITY COMMONS)


ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 80°12'01" EAST, 4.57 FEET FROM THE APPARENT SOUTHWESTERN CORNER OF LAND LOT 506; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT ON THE EDGE OF A CONCRETE FLUME; THENCE ALONG SAID FLUME NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 45.14 FEET TO A POINT; THENCE NORTH 13°42'30" WEST, 27.59 FEET TO A POINT; THENCE NORTH 11°44'46" WEST, 50.22 FEET TO A POINT; THENCE NORTH 10°06'51" WEST, 52.16 FEET TO A POINT; THENCE NORTH 09°46'04" WEST, 48.03 FEET TO A POINT; THENCE NORTH 11°51'50" WEST, 56.96 FEET TO A POINT; THENCE LEAVING SAID FLUME NORTH 57°54'40" EAST, 125.17 FEET TO A 1/2" REBAR ON THE WESTERN EDGE OF A GEORGIA POWER COMPANY TRANSMISSION LINE RIGHT OF WAY; THENCE ALONG SAID RIGHT OF WAY SOUTH 32°05'20" EAST, 231.64 FEET TO A POINT; THENCE SOUTH 73°34'25" EAST, 150.96 FEET TO A POINT ON THE EASTERN EDGE OF SAID RIGHT OF WAY; THENCE ALONG SAID EDGE OF RIGHT OF WAY SOUTH 32°05'20" EAST, 512.24 FEET TO A POINT ON THE NORTHERN EDGE OF HORNET DRIVE; THENCE ALONG HORNET DRIVE SOUTH 22°45'37" WEST, 14.27 FEET TO A POINT; THENCE 186.91 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 172.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 53°52'38" WEST 177.86 FEET TO A 1/2" REBAR; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE LEAVING HORNET DRIVE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 6.660 ACRES. Said tract being the same tract as shown on that certain ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Existing Lease to Piedmont Foundation containing 6.660 acres prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003.

EXHIBIT "B"

Special Stipulations

1. ***Amendment and Restatement:*** That the within and foregoing Agreement is intended to be an amendment and restatement of the Ground Lease Agreement in its entirety, and to the extent that the terms, covenants or provisions of this instrument conflict with those of the Ground Lease Agreement, the Ground Lease Agreement is modified and amended hereby. Except as modified or amended hereby, the Ground Lease Agreement is hereby ratified and affirmed, it being acknowledged and agreed, however, that the Lessee has succeeded to the rights and obligations of the Original Lessee under the Ground Lease Agreement, as amended and restated hereby.


Jay C. Stephenson
Clerk of Superior Court Cobb Cty. Ga.

PREPARED BY AND WHEN RECORDED RETURN TO:

RR
4
20
Robert F. Cook, Esq.
Womble Carlyle Sandridge & Rice, PLLC
3500 One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309

**SHORT FORM LEASE
(University Commons)**

THIS SHORT FORM LEASE made and entered into as of the 5th day of December, 2003, by and between the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA** (hereinafter referred to as "Lessor"), having a principal office at 270 Washington Street, S.W., Atlanta, Georgia 30334-9007, and **SPSU STUDENT HOUSING I, LLC** (hereinafter referred to as "Lessee"), having a principal office at 1100 South Marietta Parkway, Marietta, Georgia 30060.

WITNESSETH:

WHEREAS, Lessor and Lessee have entered into that certain Ground Lease Agreement dated as of December 5, 2003 (the "Lease"); and

WHEREAS, the parties hereto desire to file this Short Form Lease for record in the real property records of Cobb County, Georgia to provide record notice of the Lease and the terms and conditions contained therein with respect to the Premises (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and the Lease, Lessor and Lessee hereby agree as follows:

1. Demise. Lessor hereby demises and leases to Lessee and Lessee hereby rents and hires from Lessor, subject to and with the benefit of the terms, covenants, conditions and provisions of the Lease, those certain premises (the "Premises") consisting of approximately 6.660 acres and being more particularly described on Exhibit "A" attached hereto and by reference made a part hereof, subject, however, to the terms and conditions of the Lease.

2. Term of Lease. The initial term of the Lease shall be for the period commencing on December 5, 2003 and unless sooner terminated or extended under the terms and

conditions contained in the Lease, shall continue thereafter until 12:00 noon on November 1, 2027.

3. Incorporation of Lease. The provisions set forth in the Lease are hereby incorporated into this Short Form Lease as if set out in full herein. Nothing contained herein is intended to or does change or modify any of the terms or provisions of the Lease or the rights, duties, obligations, conditions and agreements created thereby, all of which shall remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Short Form Lease and the terms of the Lease, the terms of the Lease shall govern and control for all purposes.

4. Cancellation of Short Form Lease. Upon the request of Lessor following the expiration or termination of the Lease, Lessee shall promptly execute and deliver to Lessor an appropriate release and/or cancellation acknowledging the expiration or termination of the Lease and releasing any and all right, title and interest of Lessee in and to the Premises under the Lease and this Short Form Lease. The release and/or cancellation instrument contemplated herein shall be executed in proper form for recordation in the Cobb County, Georgia records.


[Signatures appear on following pages]

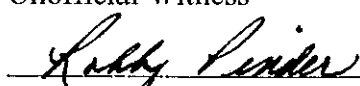
IN WITNESS WHEREOF, the parties hereto have caused this Short Form Lease to be executed the day, month and year first above written.

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

LESSOR:

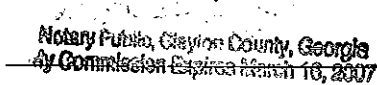
BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA


Unofficial Witness

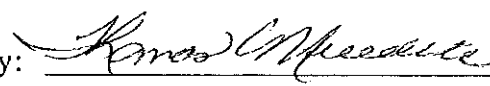

Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:


Notary Public, Clayton County, Georgia
My Commission Expires March 10, 2007



N.P.
SEAL

By:  L.S.

THOMAS C. MEREDITH
Chancellor

(Seal Affixed Here)

APPROVAL OF INSTITUTION:

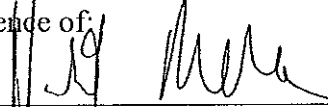
By: 
President

(Signatures Continued Next Page)


SEAL

(Signatures continued from Previous Page)

Signed, sealed and delivered in the
presence of:


Unofficial Witness


Notary Public


[NOTARIAL SEAL]

Commission Expiration Date:

N.P.
SEAL

Aimee M. Brandenburg
Notary Public, Fayette County, Georgia
My Commission Expires January 23rd, 2007

APPROVED:

By:  L.S.
SONNY PERDUE
Governor

Attest: 
CATHY COX
Secretary of State

(Great Seal of the State of Georgia)

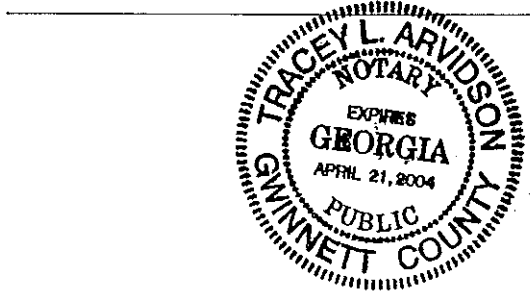
(Signatures continued from Previous Page)

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

Joyce L. Boulay
Unofficial Witness
Tracey Arvidson
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:



LESSEE:

SPSU STUDENT HOUSING I, LLC

By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC., its
sole member and manager

By: J. Mark Grehan L.S.
Name: J. Mark Grehan Chairman

(Seal Affixed Here)

EXHIBIT "A"

GROUND LEASE
(UNIVERSITY COMMONS)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 80°12'01" EAST, 4.57 FEET FROM THE APPARENT SOUTHWESTERN CORNER OF LAND LOT 506; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT ON THE EDGE OF A CONCRETE FLUME; THENCE ALONG SAID FLUME NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 45.14 FEET TO A POINT; THENCE NORTH 13°42'30" WEST, 27.59 FEET TO A POINT; THENCE NORTH 11°44'46" WEST, 50.22 FEET TO A POINT; THENCE NORTH 10°06'51" WEST, 52.16 FEET TO A POINT; THENCE NORTH 09°46'04" WEST, 48.03 FEET TO A POINT; THENCE NORTH 11°51'50" WEST, 56.96 FEET TO A POINT; THENCE LEAVING SAID FLUME NORTH 57°54'40" EAST, 125.17 FEET TO A 1/2" REBAR ON THE WESTERN EDGE OF A GEORGIA POWER COMPANY TRANSMISSION LINE RIGHT OF WAY; THENCE ALONG SAID RIGHT OF WAY SOUTH 32°05'20" EAST, 231.64 FEET TO A POINT; THENCE SOUTH 73°34'25" EAST, 150.96 FEET TO A POINT ON THE EASTERN EDGE OF SAID RIGHT OF WAY; THENCE ALONG SAID EDGE OF RIGHT OF WAY SOUTH 32°05'20" EAST, 512.24 FEET TO A POINT ON THE NORTHERN EDGE OF HORNET DRIVE; THENCE ALONG HORNET DRIVE SOUTH 22°45'37" WEST, 14.27 FEET TO A POINT; THENCE 186.91 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 172.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 53°52'38" WEST 177.86 FEET TO A 1/2" REBAR; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE LEAVING HORNET DRIVE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 6.660 ACRES. Said tract being the same tract as shown on that certain ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Existing Lease to Piedmont Foundation containing 6.660 acres prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003.

Counterpart No. ____ of Two Original Executed Counterparts
Counterpart of the First Amendment to Amended and Restated
Ground Lease

**FIRST AMENDMENT TO AMENDED AND RESTATED GROUND LEASE
(UNIVERSITY COMMONS)**

This First Amendment to Ground Lease ("Amendment") made and entered into this _____ day of May, 2013 (the "Effective Date"), by and between the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA**, whose address for the purpose of this Amendment 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 **SPSU STUDENT HOUSING I, LLC**, whose address for purposes of this Amendment is 1100 South Marietta Parkway, Marietta, Georgia 30060 (hereinafter referred to as "Lessee"), for the use of certain real property located on the campus of **Southern Polytechnic State University**, a unit of the University System of Georgia (hereinafter referred to as the "Institution").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Amended and Restated Ground Lease (University Commons) dated as of December 5, 2003 (the "Ground Lease"), pursuant to which Lessor has leased to Lessee certain property in Cobb County, Georgia located on the campus of the Institution, as specifically described in the Ground Lease.

WHEREAS, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein.

NOW THEREFORE, FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

1. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified by deleting the figures and characters "6.660" and inserting in lieu thereof the figures and characters "2.591".
2. The Exhibit "A" attached to the Ground Lease is hereby deleted in its entirety and substituted in lieu thereof is the Exhibit "A" attached to this Amendment and made a part hereof.
3. All capitalized terms contained herein shall have the meanings ascribed to them in the Ground Lease.

4. Except as provided herein, all of the terms, conditions, provisions, obligations and responsibilities of the parties in and to the Ground Lease shall remain in full force and effect and are hereby ratified and confirmed by the parties hereto.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by the duly authorized representatives under seal on the day and year first above written.

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires:_____

[NOTARY SEAL]

LESSOR:

**BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA**

By:_____

Name: Jim James

Title: Vice Chancellor for Facilities

Attest:_____

Name: J. Burns Newsome

Title: Secretary to the Board

(SEAL)

APPROVAL OF INSTITUTION:

By:_____

Name: Dr. Lisa A. Rossbacher

Title: President

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires:_____

[NOTARY SEAL]

APPROVED:

By:_____
J. NATHAN DEAL
Governor

Attest:_____
BRIAN P. KEMP
Secretary of State

(Great Seal of the State of Georgia)

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: _____

[NOTARY SEAL]

LESSEE:

SPSU STUDENT HOUSING I, LLC

By: _____

Name: _____

Title: _____

(SEAL)

EXHIBIT "A"
Ground Lease
(University Commons)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A TRUE POINT OF BEGINNING BEING NORTH 45°46'37" WEST 394.39 FEET FROM A 1/2" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE SOUTH 32°01'48" WEST, A DISTANCE OF 105.55 FEET TO A POINT ON THE NORTHERN RIGHT-OF-WAY OF HORNET DRIVE; THENCE ALONG SAID RIGHT-OF-WAY SOUTH 84°59'40" WEST, A DISTANCE OF 158.06 FEET TO A POINT; THENCE 44.65 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 84°27'58" WEST 44.65 FEET TO A POINT; THENCE LEAVING SAID RIGHT-OF-WAY NORTH 07°53'46" WEST, A DISTANCE OF 55.65 FEET TO A POINT; THENCE NORTH 08°49'38" WEST, A DISTANCE OF 34.78 FEET TO A POINT; THENCE NORTH 14°58'19" WEST, A DISTANCE OF 18.69 FEET TO A POINT; THENCE, NORTH 21°14'57" WEST, A DISTANCE OF 184.92 FEET TO A POINT; THENCE NORTH 27°20'31" WEST, A DISTANCE OF 9.28 FEET TO A POINT; THENCE NORTH 09°30'24" WEST, A DISTANCE OF 39.17 FEET TO A POINT; THENCE NORTH 03°29'17" WEST, A DISTANCE OF 164.07 FEET TO A POINT; THENCE NORTH 06°41'06" WEST, A DISTANCE OF 52.22 FEET TO A POINT; THENCE NORTH 59°43'38" EAST, A DISTANCE OF 63.09 FEET TO A POINT; THENCE SOUTH 42°28'20" EAST, A DISTANCE OF 144.90 FEET TO A POINT; THENCE SOUTH 27°49'42" EAST, A DISTANCE OF 90.83 FEET TO A POINT; THENCE SOUTH 32°01'31" EAST, A DISTANCE OF 329.58 FEET TO THE TRUE POINT OF BEGINNING.

SAID TRACT CONTAINS 2.591 ACRES.

TOGETHER WITH:

UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Ground Lease Parcel 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 Ground Lease Parcel so long as Lessee pays to Lessor when due all of Lessor's costs for extending any such utility lines to the Ground Lease Parcel 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 Ground Lease Parcel 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 easements shall expire automatically upon the expiration or earlier termination of the Ground Lease.

AND TOGETHER WITH:

INGRESS/EGRESS AND PARKING EASEMENTS:

Lessor grants to Lessee a non-exclusive easement over and across all existing and future sidewalks, walkways, roads and drives between Hornet Drive (private) and East Drive (private) and the Ground Lease Parcel for vehicular and pedestrian ingress and egress to and from the Ground Lease Parcel and Hornet Drive (private) and East Drive (private) for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose. The non-exclusive easement shall expire automatically upon the expiration or earlier termination of the Ground Lease.

**STATE OF GEORGIA;
COUNTY OF COBB:**

**GROUND LEASE
(University Courtyard, Howell Hall and Norton Hall)**

THIS GROUND LEASE (hereinafter referred to as the "Lease") is made and entered as of the 54 day of December, 2003, 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 **SPSU STUDENT HOUSING I, LLC** whose address for purposes of this Lease is 1100 South Marietta Parkway, Marietta, Georgia 30060 (hereinafter referred to as "Lessee"), for the use of certain real property located on the campus of **SOUTHERN POLYTECHNIC STATE UNIVERSITY**, a unit of the University System of Georgia (hereinafter referred to as the "Institution").

WITNESSETH THAT:

WHEREAS, Lessor is the owner of certain Premises consisting of approximately 13.211 acres situated in Land Lots 502, 503, 506 and 507, 17th District, 2nd Section, Cobb County, Georgia located on the campus of the Institution, (hereinafter referred to as the "Premises"), more particularly described in Exhibit "A" attached hereto; and

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

WHEREAS, at its meeting of September 9, 2003, 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 and/or renovating student housing and related amenities to be ultimately owned by Lessor; 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 and renovating student housing and related amenities for 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 erecting, renovating, operating and maintaining student housing facilities and related amenities (hereinafter the "Improvements") for the use and benefit of the Institution. The Improvements shall be erected pursuant to the program, plans and specifications 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.

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.

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 AND NO/HUNDREDTHS 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.

4.
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 twelve (12:00) o'clock midnight, 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 three (3) calendar years.

4.2 The Primary Term of this Lease shall be for twenty-five (25) years beginning upon the first day of the first month after issuance of a certificate of occupancy for a portion of the Improvements to be known as "University Courtyard" (the "Commencement Date") and ending at twelve (12:00) o'clock noon, prevailing legal time in Atlanta, Georgia, on the day before the twenty-fifth (25th) anniversary of the Commencement Date, unless sooner terminated as hereinafter provided. Lessee may terminate this Lease during the Primary Term only upon thirty (30) days' written notice to Lessor, providing that so long as any leasehold security deed exists (as specifically permitted under this Lease), Lessee may not terminate this Lease without the written consent and concurrence of the holder of such security deed including its consent to the cancellation of any security interest held upon the leasehold interest and conveyance of all right and title to all improvements then existing on the Premises to the Lessor. Such termination date shall be subject to extension by the Lessee for one (1) extension period not to exceed five (5) years (the original or extended termination date then in effect being the "Scheduled Termination Date"), upon the provision of notice of the exercise of such extension option by Lessee to the Lessor not more than eighteen (18) months nor less than (90) days prior to the then Scheduled Termination Date; provided, however, that this extension option may only be exercised if and to the extent that on any such Scheduled Termination Date there is still outstanding any obligation of the Lessee to pay any amount secured directly or indirectly by any leasehold security deed permitted under this Lease. Unless earlier terminated pursuant to the provisions of this Ground Lease, such extension period shall terminate on the earlier to occur of (a) the Scheduled Termination Date at the end of such extension period, or (b) the repayment in full of the secured indebtedness and release of the leasehold security deed.

4.3 Upon expiration of the Primary Term (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.

4.4 Subject to Paragraph 4.3 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.

4.5 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 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 4.4 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 Primary 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 and renovate the buildings specified and described in that certain contract dated as of October 1, 2003, entitled "Southern Polytechnic State University Student Housing Facilities Project Development Agreement," including such temporary or permanent improvements, erections, additions and alterations as are necessary to adapt the Premises and the Improvements for use as student housing and related amenities. 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 the 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 this 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 the 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, 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 and a period of time (thirty (30) days in the case of a default in the payment of any sum due hereunder and 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 that in the case of defaults not involving the failure to pay any sum due hereunder, Lessee shall have an additional period of 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 from the time of the signing 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 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 reimburse the Funds for such monies paid out by the Funds; provided, however, that in no event shall the Lessee fail to fully reimburse the DOAS within one (1) year from the date of any payment made from the Funds (with payments to be made at such intervals as reasonably determined by the Lessor and the DOAS); provided, further, that any such amounts owing hereunder shall bear interest at a simple interest rate of six (6.0%) percent based on the actual number of days outstanding.

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 hereunder. 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 expressly 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 IX 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) The policy shall acknowledge and agree that the Attorney General of Georgia 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 Attorneys General to represent and defend the Indemnitees. The insurance company shall have the right to participate in the defense of the Indemnitees. In the event of litigation, any settlement of behalf of the Indemnitees must be expressly approved by the Attorney General; provided, however, if the Attorney General withholds approval of any settlement proposed by the insurance company that is acceptable in writing to any claimant, the terms of which do not violate applicable law, the insurance coverage under the policy for the Indemnitees with respect to the claim proposed to be settled shall be reduced to the amount at which the claim could have been settled.

(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 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 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 Employer's 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:

Coverage	Limit
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 Construction Term Only, and during any subsequent 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 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.

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 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 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.

(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 the Construction Term and any subsequent 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 Construction Term and 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.

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 untenantable 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 4.4 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.

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, designee 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 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 to 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.
GEORGIA AGREEMENT

This Lease shall be governed by, construed under, performed and enforced in accordance with the laws of the State of Georgia.

25.
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.

26.
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.

27.
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.

28.
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.

29.
INTERPRETATION

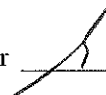
Should any provision of this Lease require judicial interpretation, it is agreed and stipulated by and between the parties that the court interpreting or construing the same shall not apply the presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party who prepared the same.

30.
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.

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 agreement 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.

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.

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

LESSOR:

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

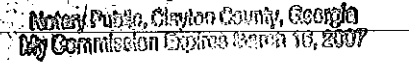
Unofficial Witness

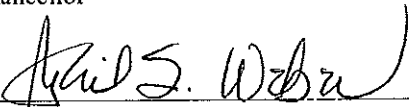

Notary Public

By:  L.S.
THOMAS C. MEREDITH
Chancellor

[NOTARIAL SEAL]

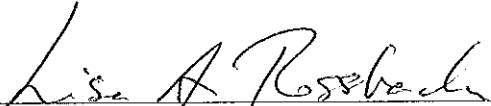
Commission Expiration Date:


Notary Public, Clayton County, Georgia
My Commission Expires March 16, 2007

Attest:  L.S.
GAIL S. WEBER
Secretary to the Board

(Seal Affixed Here)

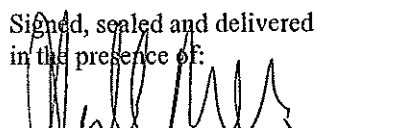
APPROVAL OF INSTITUTION:

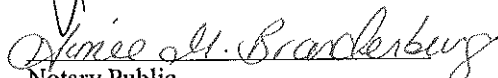
By: 
President

(Signatures continued Next Page)

(Signatures continued from Previous Page)

Signed, sealed and delivered
in the presence of:

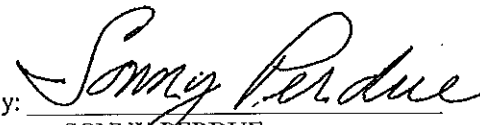

Unofficial Witness



Notary Public

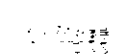
[NOTARIAL SEAL]

Commission Expiration Date:

APPROVED:

By: 
SONNY PERDUE
Governor

Attest: 
CATHY COX
Secretary of State

 **Aimee M. Brandenburg**
Notary Public, Fayette County, Georgia
My Commission Expires January 23rd, 2007

(Great Seal of the State of Georgia)

(Signatures continued Next Page)

(Signatures continued from Previous Page)

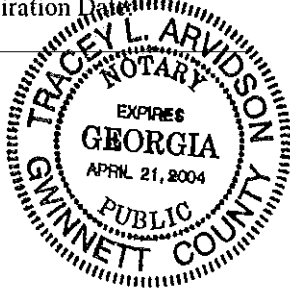
Signed, sealed and delivered as to
Lessee in the presence of:

Jaime Boulay
Unofficial Witness

Tracey Arvidson
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date



LESSEE:

SPSU STUDENT HOUSING I, LLC

By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC., its
sole member and manager

By: J. Mark Graham L.S.
Name: J. Mark Graham
Title: Chairman

(Seal Affixed Here)

[Signature]

[Signature]

EXHIBIT "A"
Ground Lease
(University Courtyard, Howell Hall and Norton Hall)

LEASE TRACT "A"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 75°29'25" WEST 129.37 FEET FROM A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 57°54'13" WEST, 146.07 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 281.13 FEET TO A POINT; THENCE NORTH 73°34'25" WEST, 150.96 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 231.64 FEET TO A POINT; THENCE SOUTH 57°54'40" WEST, 125.17 FEET TO A POINT; THENCE SOUTH 11°51'50" EAST, 56.96 FEET TO A POINT; THENCE SOUTH 09°46'04" EAST, 48.03 FEET TO A POINT; THENCE SOUTH 10°06'51" EAST, 52.16 FEET TO A POINT; THENCE SOUTH 11°44'46" EAST, 50.22 FEET TO A POINT; THENCE SOUTH 13°42'30" EAST, 27.59 FEET TO A POINT; THENCE SOUTH 13°14'27" EAST, 30.78 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 72°58'05" EAST, 399.72 FEET TO A POINT; THENCE NORTH 13°46'37" WEST, 220.68 FEET TO A POINT; THENCE SOUTH 71°55'50" WEST, 409.97 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 72°48'06" EAST, 304.02 FEET TO A POINT; THENCE NORTH 76°11'01" EAST, 272.70 FEET TO A POINT; THENCE NORTH 72°37'04" EAST, 405.99 FEET TO A POINT; THENCE NORTH 88°11'04" EAST, 34.27 FEET TO A POINT; THENCE 327.57 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 196.55 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 47°22'19" EAST 290.95 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 383.50 FEET TO A POINT; THENCE 79.94 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 225.00 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 10°45'15" WEST 79.52 FEET TO A POINT; THENCE 121.84 FEET ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2798.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 14°21'07" WEST 121.83 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 12.344 ACRES.

LEASE TRACT "B"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 506, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT BEING NORTH 22°22'43" WEST 921.57 FEET FROM ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE SOUTH 72°37'04" WEST, 83.85 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 188.30 FEET TO A POINT; THENCE NORTH 88°46'17" WEST, 60.00 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 171.00 FEET TO A POINT; THENCE SOUTH 88°46'17" EAST, 139.47 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 332.54 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 0.867 ACRE.

EXHIBIT "A" (CONTINUED)

The above described Premises (the "Premises") is shown on the ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Lease Tract "A" and Lease Tract "B" containing 12.344 acres and 0.867 acres, respectively prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003 the "(Survey)".

In addition to the Premises leased to Lessee hereby, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below. The easements, rights and privileges granted hereby shall run with the land and are for the benefit of Lessee, its permitted successors and assigns, as well as its subtenants, contractors, employees, agents, guests and invitees.

ACCESS EASEMENT

Lessor grants to Lessee a non-exclusive easement on, over, across and through all of Lessor's private roads, walks and drives located within the boundaries of the Southern Polytechnic State University ("SPSU") Campus for all forms of pedestrian and vehicular ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus. Lessor reserves the right to relocate its private roads, walks and drives so long as ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus is not impeded thereby. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

UTILITY EASEMENTS

Lessor grants to Lessee a non-exclusive easement over Lessor's property adjacent to the Premises to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, 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. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease. Notwithstanding the foregoing, Lessor agrees to join in and execute any additional easements required by any governmental authority or utility provider as a condition to providing such utility or service to the Premises.

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. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. 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:

CONSTRUCTION LIMITS:

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 89°27'11" EAST, 152.84 FEET TO A POINT; THENCE SOUTH



EXHIBIT "A" (CONTINUED)

18°34'23" EAST, 195.00 FEET TO A POINT; THENCE SOUTH 66°33'52" WEST, 112.09 FEET TO A POINT; THENCE SOUTH 59°33'24" WEST, 212.12 FEET TO A POINT; THENCE SOUTH 84°14'10" WEST, 205.66 FEET TO A POINT; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT; THENCE NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 14.36 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 16°24'05" WEST, 212.92 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 16°39'10" WEST, 82.70 FEET TO A POINT; THENCE NORTH 59°29'01" EAST, 673.44 FEET TO A POINT; THENCE NORTH 1°38'23" EAST, 277.34 FEET TO A POINT; THENCE SOUTH 87°04'39" EAST, 360.27 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 318.16 FEET TO A POINT; THENCE SOUTH 88°28'03" EAST, 359.00 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 884.11 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 32.202 ACRES.

EXHIBIT "B"

Special Stipulations

None

Lessor  Lessee 

Jay C. Stephenson

Jay C. Stephenson
Clerk of Superior Court Cobb Cty. Ga.

9
24
PREPARED BY AND WHEN RECORDED RETURN TO:

Robert F. Cook, Esq.
Womble Carlyle Sandridge & Rice, PLLC
3500 One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309

SHORT FORM LEASE
(University Courtyard, Howell Hall and Norton Hall)

THIS SHORT FORM LEASE made and entered into as of the 5th day of December, 2003, by and between the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA** (hereinafter referred to as "Lessor"), having a principal office at 270 Washington Street, S.W., Atlanta, Georgia 30334-9007, and **SPSU STUDENT HOUSING I, LLC** (hereinafter referred to as "Lessee"), having a principal office at 1100 South Marietta Parkway, Marietta, Georgia 30060.

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have entered into that certain Ground Lease Agreement dated as of December 5, 2003 (the "Lease"); and

WHEREAS, the parties hereto desire to file this Short Form Lease for record in the real property records of Cobb County, Georgia to provide record notice of the Lease and the terms and conditions contained therein with respect to the Premises (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and the Lease, Lessor and Lessee hereby agree as follows:

1. Demise. Lessor hereby demises and leases to Lessee and Lessee hereby rents and hires from Lessor, subject to and with the benefit of the terms, covenants, conditions and provisions of the Lease, those certain premises (the "Premises") consisting of approximately 13.211 acres and being more particularly described on Exhibit "A" attached hereto and by reference made a part hereof, subject, however, to the terms and conditions of the Lease.

2. Term of Lease. The initial term of the Lease shall be for the period commencing on December 5, 2003 and unless sooner terminated or extended under the terms and

conditions contained in the Lease, shall continue thereafter until 12:00 noon on the twenty-fifth (25th) anniversary of the Commencement Date, as defined in the Lease.

3. Incorporation of Lease. The provisions set forth in the Lease are hereby incorporated into this Short Form Lease as if set out in full herein. Nothing contained herein is intended to or does change or modify any of the terms or provisions of the Lease or the rights, duties, obligations, conditions and agreements created thereby, all of which shall remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Short Form Lease and the terms of the Lease, the terms of the Lease shall govern and control for all purposes.

4. Cancellation of Short Form Lease. Upon the request of Lessor following the expiration or termination of the Lease, Lessee shall promptly execute and deliver to Lessor an appropriate release and/or cancellation acknowledging the expiration or termination of the Lease and releasing any and all right, title and interest of Lessee in and to the Premises under the Lease and this Short Form Lease. The release and/or cancellation instrument contemplated herein shall be executed in proper form for recordation in the Cobb County, Georgia records.

[Signatures appear on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Short Form Lease to be executed the day, month and year first above written.

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

LESSOR:

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

Unofficial Witness


Notary Public

By:  L.S.
THOMAS C. MEREDITH
Chancellor

[NOTARIAL SEAL]

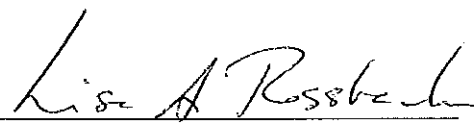
Commission Expiration Date:

N.P.
SEAL

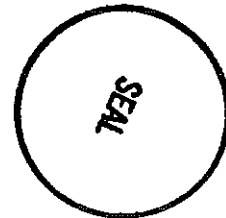
Notary Public, Clayton County, Georgia
My Commission Expires March 10, 2007

(Seal Affixed Here)

APPROVAL OF INSTITUTION:

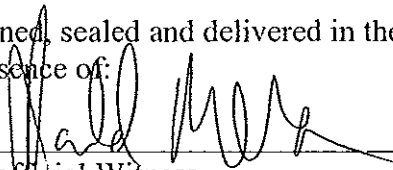
By: 
President

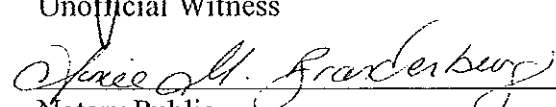
(Signatures Continued Next Page)



(Signatures continued from Previous Page)

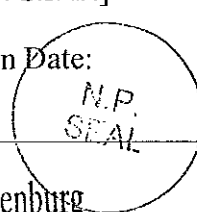
Signed, sealed and delivered in the
presence of:


Unofficial Witness


Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:




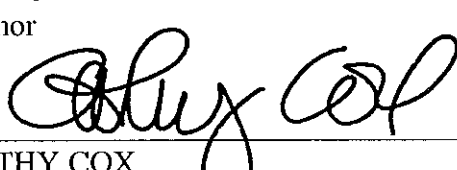
Aimee M. Brandenburg

Notary Public, Fayette County, Georgia

My Commission Expires January 23rd, 2007

APPROVED:

By:  L.S.
SONNY PERDUE
Governor

Attest: 
CATHY COX
Secretary of State

(Great Seal of the State of Georgia)

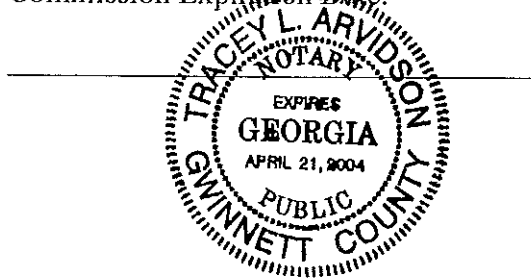
(Signatures continued from Previous Page)

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

Joyce Boulay
Unofficial Witness
Tracey Arvidson
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:



LESSEE:

SPSU STUDENT HOUSING I, LLC

By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC., its
sole member and manager

By: J. Mark Graham L.S.
Name: J. Mark Graham Chairman

(Seal Affixed Here)

EXHIBIT "A"
Ground Lease
(University Courtyard, Howell Hall and Norton Hall)

LEASE TRACT "A"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 75°29'25" WEST 129.37 FEET FROM A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 57°54'13" WEST, 146.07 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 281.13 FEET TO A POINT; THENCE NORTH 73°34'25" WEST, 150.96 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 231.64 FEET TO A POINT; THENCE SOUTH 57°54'40" WEST, 125.17 FEET TO A POINT; THENCE SOUTH 11°51'50" EAST, 56.96 FEET TO A POINT; THENCE SOUTH 09°46'04" EAST, 48.03 FEET TO A POINT; THENCE SOUTH 10°06'51" EAST, 52.16 FEET TO A POINT; THENCE SOUTH 11°44'46" EAST, 50.22 FEET TO A POINT; THENCE SOUTH 13°42'30" EAST, 27.59 FEET TO A POINT; THENCE SOUTH 13°14'27" EAST, 30.78 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 72°58'05" EAST, 399.72 FEET TO A POINT; THENCE NORTH 13°46'37" WEST, 220.68 FEET TO A POINT; THENCE SOUTH 71°55'50" WEST, 409.97 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 72°48'06" EAST, 304.02 FEET TO A POINT; THENCE NORTH 76°11'01" EAST, 272.70 FEET TO A POINT; THENCE NORTH 72°37'04" EAST, 405.99 FEET TO A POINT; THENCE NORTH 88°11'04" EAST, 34.27 FEET TO A POINT; THENCE 327.57 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 196.55 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 47°22'19" EAST 290.95 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 383.50 FEET TO A POINT; THENCE 79.94 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 225.00 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 10°45'15" WEST 79.52 FEET TO A POINT; THENCE 121.84 FEET ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2798.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 14°21'07" WEST 121.83 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 12.344 ACRES.

LEASE TRACT "B"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 506, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE

PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT BEING NORTH 22°22'43" WEST 921.57 FEET FROM ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE SOUTH 72°37'04" WEST, 83.85 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 188.30 FEET TO A POINT; THENCE NORTH 88°46'17" WEST, 60.00 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 171.00 FEET TO A POINT; THENCE SOUTH 88°46'17" EAST, 139.47 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 332.54 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 0.867 ACRE.

EXHIBIT "A" (CONTINUED)

The above described Premises (the "Premises") is shown on the ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Lease Tract "A" and Lease Tract "B" containing 12.344 acres and 0.867 acres, respectively prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003 the "(Survey)".

In addition to the Premises leased to Lessee hereby, Lessor hereby grants to Lessee the following easements, rights and privileges subject to the limitations set forth below. The easements, rights and privileges granted hereby shall run with the land and are for the benefit of Lessee, its permitted successors and assigns, as well as its subtenants, contractors, employees, agents, guests and invitees.

ACCESS EASEMENT

Lessor grants to Lessee a non-exclusive easement on, over, across and through all of Lessor's private roads, walks and drives located within the boundaries of the Southern Polytechnic State University ("SPSU") Campus for all forms of pedestrian and vehicular ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus. Lessor reserves the right to relocate its private roads, walks and drives so long as ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus is not impeded thereby. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

UTILITY EASEMENTS

Lessor grants to Lessee a non-exclusive easement over Lessor's property adjacent to the Premises to connect to and use Lessee's water, sewer (both storm and sanitary), electrical, telephone, 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. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease. Notwithstanding the foregoing, Lessor agrees to join in and execute any additional easements required by any governmental authority or utility provider as a condition to providing such utility or service to the Premises.

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. Lessee agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. 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:

CONSTRUCTION LIMITS:

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 89°27'11" EAST, 152.84 FEET TO A POINT; THENCE SOUTH 18°34'23" EAST, 195.00 FEET TO A POINT; THENCE SOUTH 66°33'52" WEST, 112.09 FEET TO A POINT; THENCE SOUTH 59°33'24" WEST, 212.12 FEET TO A POINT; THENCE SOUTH 84°14'10" WEST, 205.66 FEET TO A POINT; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT; THENCE NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 14.36 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 16°24'05" WEST, 212.92 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 16°39'10" WEST, 82.70 FEET TO A POINT; THENCE NORTH 59°29'01" EAST, 673.44 FEET TO A POINT; THENCE NORTH 1°38'23" EAST, 277.34 FEET TO A POINT; THENCE SOUTH 87°04'39" EAST, 360.27 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 318.16 FEET TO A POINT; THENCE SOUTH 88°28'03" EAST, 359.00 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 884.11 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 32.202 ACRES.

Counterpart No. ____ of Two Original Executed Counterparts
Counterpart of the First Amendment to Ground Lease

**FIRST AMENDMENT TO GROUND LEASE
(UNIVERSITY COURTYARD)**

This First Amendment to Ground Lease ("Amendment") made and entered into this _____ day of May, 2013 (the "Effective Date"), by and between the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA**, whose address for purposes of this Amendment 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 **SPSU STUDENT HOUSING I, LLC**, whose address for purposes of this Amendment is 1100 South Marietta Parkway, Marietta, Georgia 30060 (hereinafter referred to as "Lessee"), for the use of certain real property located on the campus of **Southern Polytechnic State University**, a unit of the University System of Georgia (hereinafter referred to as the "Institution").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee are parties to that certain Ground Lease (University Courtyard, Howell Hall and Norton Hall) dated as of December 5, 2003 (the "Ground Lease"), pursuant to which Lessor has leased to Lessee certain property in Cobb County, Georgia located on the campus of the Institution, as specifically described in the Ground Lease.

WHEREAS, Lessor and Lessee now desire to amend certain provisions of the Ground Lease as provided herein;

NOW THEREFORE, FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Ground Lease is hereby amended, changed and modified as follows:

1. The heading of the Ground Lease, which appears on the first page thereof, is hereby modified by deleting the characters and words " , Howell Hall and Norton Hall".
2. The first recital of the Ground Lease, which appears on the first page thereof, is hereby modified by deleting the figures and characters "13.211" and inserting in lieu thereof the figures and characters "3.010".
3. The Exhibit "A" attached to the Ground Lease is hereby deleted in its entirety and substituted in lieu thereof is the Exhibit "A" attached to this Amendment and made a part hereof.
4. All capitalized terms contained herein shall have the meanings ascribed to them in the Ground Lease.

5. Except as provided herein, all of the terms, conditions, provisions, obligations and responsibilities of the parties in and to the Ground Lease shall remain in full force and effect and are hereby ratified and confirmed by the parties hereto.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by the duly authorized representatives under seal on the day and year first above written.

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: _____

[NOTARY SEAL]

LESSOR:

**BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA**

By: _____

Name: Jim James

Title: Vice Chancellor for Facilities

Attest: _____

Name: J. Burns Newsome

Title: Secretary to the Board

(SEAL)

APPROVAL OF INSTITUTION:

By: _____

Name: Dr. Lisa A. Rossbacher

Title: President

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires:_____

[NOTARY SEAL]

APPROVED:

By:_____

Name: J. NATHAN DEAL

Title: Governor

Attest:_____

Name: BRIAN P. KEMP

Title: Secretary of State

(Great Seal of the State of Georgia)

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: _____

[NOTARY SEAL]

LESSEE:

SPSU STUDENT HOUSING I, LLC

By: _____

Name: _____

Title: _____

(SEAL)

EXHIBIT "A"
Ground Lease
(University Courtyard)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 506, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A TRUE POINT OF BEGINNING BEING NORTH 43°19'40" WEST 482.91 FEET FROM A 1/2" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE NORTH 14°37'50" WEST, A DISTANCE OF 94.49 FEET TO A POINT; THENCE SOUTH 73°54'49" WEST, A DISTANCE OF 166.03 FEET TO A POINT; THENCE NORTH 15°00'35" WEST, A DISTANCE OF 116.26 FEET TO A POINT; THENCE SOUTH 74°16'39" WEST, A DISTANCE OF 39.95 FEET TO A POINT; THENCE NORTH 15°57'22" WEST, A DISTANCE OF 114.38 FEET TO A POINT; THENCE NORTH 75°15'27" EAST, A DISTANCE OF 196.03 FEET TO A POINT; THENCE NORTH 17°57'08" WEST, A DISTANCE OF 89.40 FEET TO A POINT; THENCE NORTH 73°50'59" EAST, A DISTANCE OF 115.12 FEET TO A POINT; THENCE SOUTH 14°54'16" EAST, A DISTANCE OF 85.84 FEET TO A POINT; THENCE NORTH 74°37'04" EAST, A DISTANCE OF 190.01 FEET TO A POINT; THENCE SOUTH 15°22'56", A DISTANCE OF 224.63 FEET TO A POINT; THENCE SOUTH 73°26'40" WEST, A DISTANCE OF 152.23 FEET TO A POINT; THENCE SOUTH 15°11'15" EAST, A DISTANCE OF 94.27 FEET TO A POINT; THENCE SOUTH 73°07'01" WEST, A DISTANCE OF 138.83 FEET TO THE TRUE POINT OF BEGINNING.

SAID TRACT CONTAINS 3.010 ACRES.

TOGETHER WITH:

UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Ground Lease Parcel 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 Ground Lease Parcel so long as Lessee pays to Lessor when due all of Lessor's costs for extending any such utility lines to the Ground Lease Parcel 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 Ground Lease Parcel 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 easements shall expire automatically upon the expiration or earlier termination of the Ground Lease.

AND TOGETHER WITH:

INGRESS/EGRESS AND PARKING EASEMENTS:

Lessor grants to Lessee a non-exclusive easement over and across all existing and future sidewalks, walkways, roads and drives between East Drive (private) and Hornet Drive (private) and the Ground Lease Parcel for vehicular and pedestrian ingress and egress to and from the Ground Lease Parcel and East Drive (private) and Hornet Drive (private) for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose. The non-exclusive easement shall expire automatically upon the expiration or earlier termination of the Ground Lease.

APPENDIX D

COPY AND FORM OF RENTAL AGREEMENTS

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

ARTICLE III

FIXED RENTAL

The Tenant agrees to pay the Landlord, at its above-stated address, or at such other address or addresses as may be designated in writing from time to time by the Landlord, the total fixed monthly rental on the first day of each and every calendar month following the Rental Commencement Date, as defined below, during the said term as follows:

University Commons: SEVENTY-SIX THOUSAND SIX DOLLARS AND EIGHT-THREE CENTS (\$76,006.83) (the "University Commons Initial Rent"), plus on or after the dates set forth in the Rent Schedule, attached hereto as Exhibit D and incorporated herein by this reference, the monthly rental amounts set forth on Exhibit D (the "University Commons Periodic Rent" together with the University Commons Initial Rent being collectively referred to as rent or rents.) The Rental Commencement Date for University Commons shall be the first day of January, 2004.

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 aforementioned term on a year to year basis for twenty four (24) consecutive years; provided, however, that the last renewal shall extend the term hereof through November 1, 2027. Said renewal or extension shall be upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the same monthly rate of rental herein stipulated; provided, however, that notice of Tenant's desire, through the President or Vice President for Business and Finance, of Southern Polytechnic State University, 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 original term of this Agreement or of any renewal or extension term thereof. It is further provided that this option may be exercised by the Tenant only in the event all rents have been fully paid and that all material covenants, agreements, provisions, stipulations, terms and conditions of this Agreement on the part of the Tenant to be performed, kept and observed, have been fully and faithfully performed, kept and observed. Notwithstanding anything in this Article IV to the contrary, if the Landlord shall have extended the term of that certain Ground Lease by and between SPSU STUDENT HOUSING I, LLC (as lessee), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA (as lessor) dated as of even date herewith (the "Ground Lease"), the Tenant shall have the option, exercised in its sole discretion, to further extend the term of this Agreement on a year to year basis until the end of the term of the Ground Lease (as so extended) on the same terms and conditions as set forth herein.

ARTICLE V

STIPULATIONS

The following stipulations, provisions, covenants, agreements, terms and conditions, marked Exhibit "A" and attached to this Rental Agreement, are expressly understood and are

mutually agreed to by the parties hereto. The said stipulations, provisions, covenants, agreements, terms and conditions attached hereto and marked Exhibit "A", are hereby incorporated herein and made a part of Article V of this Rental Agreement by reference. In addition, any special stipulations are attached to this Rental Agreement as Exhibit "B" and likewise incorporated herein and made a part of Article V of this Rental Agreement by reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Rental Agreement or in Exhibit "A".

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.

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

Robert F. Cook
Unofficial Witness

LANDLORD:

SPSU STUDENT HOUSING I, LLC

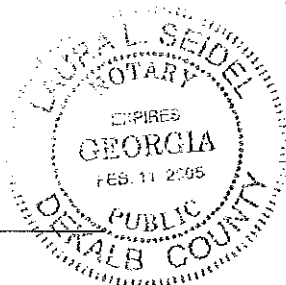
By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC.,
Its sole member and manager

By: *J. Mark Graham* L.S.
J. Mark Graham, Chairman

[Signature]
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:



(Seal Affixed Here)

Landlord *[Signature]* Tenant *[Signature]*

Signed, sealed and delivered as to
Board of Regents of the University
System of Georgia in the presence of:

Randall K. Reed
Unofficial Witness

Goddy Linder
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:

Notary Public, Clayton County, Georgia
My Commission Expires March 10, 2007

TENANT:

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

By: Linda M. Daniels
Name: Linda M. Daniels
Title: Vice Chancellor for Facilities

Attest: Eleanor C. Harleston
Name: Administrative Assistant
Title: Assistant Vice Chancellor for
Facilities

(Seal)

Received for Inventory:

By: _____
Name: _____
Title: Space Management, D.O.A.S.

Date: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

Reviewed and Approved By:

SOUTHERN POLYTECHNIC STATE
UNIVERSITY

By: Lisa A. Rossbacher
Lisa A. Rossbacher, President

EXHIBIT "A"

Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement

PURPOSE OF PARAGRAPH IDENTIFICATION REFERENCES

1. The brief, captioned, paragraph-identification references which appear as headings in this Exhibit "A" are for the purpose of convenience only and shall be completely disregarded in construing this Rental Agreement.

DEFINITIONS

2. a. The word "Landlord" as used in this Rental Agreement shall be construed to mean Landlords in all cases where there is more than one Landlord, and the necessary grammatical changes required to make the provision hereof apply either to male or female, corporations, limited liability companies, partnerships or individuals, shall in all cases be assumed as though in each case fully expressed.

b. The word "Premises" as used in this Rental Agreement shall include not only the particularly above-described property but also all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining.

c. Any and all references to the "Term" of the Agreement contained within this Rental Agreement shall include not only the original term but also any renewal or extension of the original term.

TIME OF ESSENCE

3. Time is of the essence in this Agreement.

SERVICE OF NOTICE

4. 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 as follows: To Tenant, the same shall be addressed to the President of the Institution set forth in the Agreement and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia. 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.

COVENANTS OF TITLE AND QUIET ENJOYMENT

5. Landlord covenants that it holds a leasehold estate in the said demised Premises. Landlord agrees that the Tenant, paying the rents and keeping the stipulations, provisions, covenants, terms, agreements, and conditions herein contained, shall lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy said Premises hereby rented, with all the improvements, tenements, appurtenances, and each and every part and parcel thereof for and during said term hereby granted, without any suit, hindrance, interruption,

inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If for any reason whatever, Tenant is deprived of its right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy said Premises hereby rented, with all the improvements, tenements, appurtenances, and each and every part and parcel thereof, for and during said term hereby granted, without any suit, hindrance, interruption, inconvenience, eviction, ejection or molestation by the Landlord or by any other person or persons whatsoever, then this Agreement may be immediately canceled and terminated at the option of the Tenant by giving the Landlord notice thereof. If the Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant may withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation.

NOTICE OF APPOINTMENT OF AGENT

6. 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 demised 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.

CHANGE IN OWNERSHIP OF PREMISES

7. No change or division in the ownership of the rented 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.

BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

8. Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Rental 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 aforesaid during the term of this Rental 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.

LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

9. Should the Landlord, for any reason whatever, be unable to deliver possession of the said rental Premises to the Tenant at the commencement of said terms hereinbefore specified, this Agreement may be immediately cancelled, terminated and declared null and void at the option of the Tenant by giving the Landlord notice thereof. Shall the Tenant elect not to exercise the aforesaid option then it is agreed by the parties hereto that there shall be a total abatement of rent during the period between the commencement of said term and the time the Landlord delivers possession of the Premises to the Tenant.

DESTRUCTION OF OR DAMAGE TO PREMISES

10. In the event the said demised Premises, either prior to the commencement date of this Rental Agreement or during the term thereof shall be so damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the said Premises shall not thereafter be repaired by the Landlord at his expense with reasonable promptness and dispatch, then this Rental Agreement may be immediately canceled and terminated at the option of the Tenant by giving the Landlord notice thereof, and rent (if any) shall be payable only to the date of such damage. Shall said Premises, either prior to the commencement date of this Rental Agreement or during the term thereof, be partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord agrees that the Premises, at the Landlord's expense and with reasonable promptness and dispatch, shall be repaired and restored to substantially the same condition as before the damage. In the event of a partial destruction of the Premises there shall be a fair abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent to be based upon the extent to which the making of such repairs or rebuilding shall interfere with the business carried on by the Tenant in said Premises. Full rental shall again commence after completion of the repairs and restoration of the Premises by the Landlord. In connection with the foregoing, it is agreed by the parties hereto that the Tenant, after making a reasonable assessment of damages, shall make the decision as to whether or not the Premises are fit or unfit for occupancy by the Tenant.

LANDLORD'S INSURANCE

11. (a) Insurance Certificates. Subject to the provisions of Exhibit "B," Landlord shall procure the insurance coverage identified below and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. 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 Rental 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 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 shall 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; provided, however, if the Attorney General withholds approval of any settlement proposed by the insurance company that is acceptable in writing to any claimant, the terms of which do not violate applicable law, the insurance coverage under the policy for the Indemnitees with respect to the claim proposed to be settled shall be reduced to the amount at which the claim could have been settled.

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

(c) Insurance Coverages. The Landlord agrees to have the 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 Tenant, during the term of this Rental 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:

<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	\$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 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.

(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 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.

(v) Commercial Umbrella Liability Insurance. The Tenant 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 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.

(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 other wise 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 the 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 the 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 in part).

(d) 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 Rental Agreement and shall not terminate until the Rental Agreement has been terminated.

(e) 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.

See Exhibit "B."

USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

12. a. Tenant shall use said Premises for any purpose within the powers of the University System for its student housing, educational and administrative functions for which the said Premises are hereby rented; and no use shall be made of said 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 said Premises, without first consulting with Landlord and obtaining appropriate insurance endorsements, including the payment of the increase in premium for such endorsements. The Tenant further agrees not to sell, or permit to be kept for

use in or about said 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.

CANCELLATION OF RENTAL AGREEMENT BY LANDLORD

13. Shall the Tenant at any time be in default in the payment of rent, or in the performance of any of the material stipulations, covenants, terms, conditions, agreements, or provisions of this Rental Agreement, and fail to remedy such default within thirty (30) days after receipt of notice thereof from the Landlord (or, in the case any such default (other than a default of its obligation to pay rent), if the Tenant fails to remedy such default within up to an additional sixty (60) days of notice thereof if the Tenant is taking reasonable efforts, in good faith, to remedy such default), then the Landlord may pursue all remedies available to Landlord at law or in equity, including dispossessory proceedings in a court of competent jurisdiction, but not including any right of Landlord himself or any representative of Landlord to enter and repossess the Premises.

HOLDING OVER

14. Any holding over, or continued use and/or occupancy by the Tenant, of the rented Premises after the expiration of this Rental Agreement shall operate and be construed as a tenancy at will at the same monthly rate set out above and under the same terms and conditions in force at the expiration of this Agreement.

CONDEMNATION

15. In the event, during the term of this Rental Agreement, the whole of the Premises hereby rented shall be 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 hereinabove referred to shall be prohibited; the Tenant shall have the right to immediately terminate this Rental Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises. When only a portion of the demised Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the remaining monthly rental payments 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. In the event that only a portion of the demised 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 demised 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 Rental 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.

REPAIRS BY LANDLORD

16. Subject to the provisions of Exhibit "B," during the term of this Rental Agreement, Landlord, shall, at his sole cost, service, replace, keep and maintain in good order and repair each and every part and portion of the existing demised Premises together with any improvements or additions the Landlord might install in or place upon the demised Premises in the course of the term of this Rental Agreement. Landlord agrees that any services, replacements, or repairs by the Tenant, to the existing Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. In the event that Tenant constructs or erects any additions and/or improvements to or on the demised Premises, Landlord shall have no obligation whatsoever to service, replace, keep and maintain the same in good order and repair. 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 hereinbelow defined) and to remit such proceeds to Tenant to the extent funds are available therefor. 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 D 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, commencing April 1, 2009, 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 Rental Agreement is renewed. See Exhibit "B."

NOTICE TO LANDLORD OF DAMAGE OR DEFECTS

17. Subject to the provisions of Exhibit "B," Tenant shall give to Landlord prompt written notice of any accident to or any defects in the said Premises and such damage or defects shall be remedied with due diligence by the Landlord at his own expense; provided, however, that the Landlord must perform all repair or corrective work relating to any such damage or defects in a commercially reasonable manner. See Exhibit "B."

ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR ADDITIONS; JANITORIAL SERVICES; RUBBISH REMOVAL

18. Tenant shall permit Landlord, his agents or employees, to enter into and upon said Premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises.

19. Subject to the provisions of Exhibit "B," 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 rented by the Tenant. See Exhibit "B."

20. Subject to the provisions of Exhibit "B," Landlord shall keep the Premises clean, both inside and outside at his own expense, and shall see that all garbage, trash, and all other refuse is removed from the said Premises. See Exhibit "B."

TERMITES, RODENTS, AND PESTS

21. Subject to the provisions of Exhibit "B," Landlord shall at his own expense, keep the demised Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the demised Premises by the same during the term of this Rental Agreement. See Exhibit "B."

UTILITIES

22. Subject to the provisions of Exhibit "B," Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the said 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. See Exhibit "B."

TAXES AND ASSESSMENTS

23. Subject to the provisions of Exhibit "B," Landlord, during the said term of this Rental Agreement, agrees and 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. See Exhibit "B."

REMOVAL OF IMPROVEMENTS, ERECTIONS AND ADDITIONS BY TENANT

24. 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 demised 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 any time before the expiration or 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 demised 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, fair wear and tear excepted.

REMOVAL OF FIXTURES BY TENANT

25. At any time before the expiration or 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 which it has placed in or upon the demised Premises.

WAIVER OF RIGHTS

26. 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.

ENTRY FOR CARDING, ETC.

27. In the event the Tenant does not exercise the renewal or extension option provided above, then it is agreed that the Landlord may, within thirty (30) days next preceding the expiration of the term of this Agreement, card Premises advertising the said Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to exhibit the same to prospective purchasers or tenants.

ABANDONMENT OF RENTED PREMISES

28. During the term of this Agreement Tenant agrees not to abandon or vacate the Premises without cause.

WASTE AND NUISANCE

29. Tenant shall not commit, or suffer to be committed any waste upon the said Premises, or any nuisance, or other act or thing which may disturb the enjoyment of any other Tenant, if there be any, in the building in which demised Premises may be located.

ASSIGNMENT AND SUBLETTING

30. Tenant shall not assign this Rental Agreement, or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the said 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; provided, however, that Tenant may sublet the Premises without first obtaining the consent of Landlord for arrangements concerning student residential housing and any other use that will not adversely affect the tax exempt status of any debt instrument of Landlord relating to the Premises. 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 Rental 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.

***EFFECT ON ASSIGNMENT AND SUBLETTING
WHEN TENANT SURRENDERS RENTAL PROPERTY***

31. The voluntary or other surrender of this Rental 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 him of any or all such sublets or subtenancies.

SURRENDER OF PREMISES

32. Tenant shall at the termination of this Agreement surrender up said rented Premises in good order and condition; reasonable use and ordinary wear and tear thereof, 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.

HAZARDOUS MATERIALS

33. (a) As used in this Rental 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 Rental 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 Rental 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 Rental Agreement.

COMPLIANCE WITH LAWS, ORDINANCES AND REGULATIONS

34. (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.

SUBORDINATION

35. This Rental 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 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.

FINANCING

36. 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.

PROHIBITION OF PURCHASE OF BONDS

37. Tenant shall exercise reasonable efforts to not purchase any bonds or other debt instrument issued to finance or refinance the Premises.

INVALIDITY OF PROVISION OR PORTION OF PROVISION

38. Shall any provision or portion of such provision of this Rental Agreement be held invalid, the remainder of this Rental Agreement or the remainder of such provision shall not be affected thereby.

ENTIRE AGREEMENT

39. This Rental Agreement, including the attached Exhibits "A", "B", and "C", embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the demised 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. It is further understood and agreed that no subsequent alteration, amendment, change or addition to this Rental Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Rental 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, Stipulations 19, 20, 21, and 22, and such responsibility shall be paid directly by the Tenant.

2. ***Tenant Responsibility for Insurance:*** Notwithstanding any other provision of this Agreement, during the term of this Rental Agreement, Tenant, as sole occupant of the Premises, shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 11; such responsibility shall be 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 11, which 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 Rental 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 23. 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.

4. ***Tenant Responsible for Maintenance and Repairs:*** Notwithstanding any other provision of this Rental Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit A, Stipulations 16, 17 and 34, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 16 and 17, 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 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.

5. ***Cap on Tenant's Obligations in this Exhibit "B" Paragraphs 2, 3 and 4 hereinabove:*** Tenant's maximum obligation pursuant to Exhibit "B", Paragraphs 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by such amounts held in the Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by Southern Polytechnic State University 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 the Tenant.

END OF EXHIBIT "B"

EXHIBIT "C"

GROUND LEASE
(UNIVERSITY COMMONS)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 80°12'01" EAST, 4.57 FEET FROM THE APPARENT SOUTHWESTERN CORNER OF LAND LOT 506; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT ON THE EDGE OF A CONCRETE FLUME; THENCE ALONG SAID FLUME NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 45.14 FEET TO A POINT; THENCE NORTH 13°42'30" WEST, 27.59 FEET TO A POINT; THENCE NORTH 11°44'46" WEST, 50.22 FEET TO A POINT; THENCE NORTH 10°06'51" WEST, 52.16 FEET TO A POINT; THENCE NORTH 09°46'04" WEST, 48.03 FEET TO A POINT; THENCE NORTH 11°51'50" WEST, 56.96 FEET TO A POINT; THENCE LEAVING SAID FLUME NORTH 57°54'40" EAST, 125.17 FEET TO A 1/2" REBAR ON THE WESTERN EDGE OF A GEORGIA POWER COMPANY TRANSMISSION LINE RIGHT OF WAY; THENCE ALONG SAID RIGHT OF WAY SOUTH 32°05'20" EAST, 231.64 FEET TO A POINT; THENCE SOUTH 73°34'25" EAST, 150.96 FEET TO A POINT ON THE EASTERN EDGE OF SAID RIGHT OF WAY; THENCE ALONG SAID EDGE OF RIGHT OF WAY SOUTH 32°05'20" EAST, 512.24 FEET TO A POINT ON THE NORTHERN EDGE OF HORNET DRIVE; THENCE ALONG HORNET DRIVE SOUTH 22°45'37" WEST, 14.27 FEET TO A POINT; THENCE 186.91 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 172.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 53°52'38" WEST 177.86 FEET TO A 1/2" REBAR; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE LEAVING HORNET DRIVE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 6.660 ACRES. Said tract being the same tract as shown on that certain ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Existing Lease to Piedmont Foundation containing 6.660 acres prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003.

EXHIBIT "D"

RENT SCHEDULE

University Commons

Rent Schedule

				Base Rent	Repair, Replacement and Maintenance Fund	Total Monthly Rent
Upon Commencement Date:				\$72,806.83	\$3,200.00	\$76,006.83
Periodic Monthly Rent Thereafter:						
From	July 1, 2004	To	June 30, 2005	\$72,806.83	\$3,200.00	\$76,006.83
From	July 1, 2005	To	June 30, 2006	\$72,806.83	\$3,296.00	\$76,102.83
From	July 1, 2006	To	June 30, 2007	\$72,806.83	\$3,394.92	\$76,201.75
From	July 1, 2007	To	June 30, 2008	\$72,806.83	\$3,496.75	\$76,303.58
From	July 1, 2008	To	June 30, 2009	\$72,806.83	\$3,601.65	\$76,408.49
From	July 1, 2009	To	June 30, 2010	\$72,806.83	\$3,709.70	\$76,516.54
From	July 1, 2010	To	June 30, 2011	\$72,806.83	\$3,820.99	\$76,627.83
From	July 1, 2011	To	June 30, 2012	\$72,806.83	\$3,935.62	\$76,742.46
From	July 1, 2012	To	June 30, 2013	\$72,806.83	\$4,053.69	\$76,860.52
From	July 1, 2013	To	June 30, 2014	\$72,806.83	\$4,175.30	\$76,982.14
From	July 1, 2014	To	June 30, 2015	\$72,806.83	\$4,300.56	\$77,107.39
From	July 1, 2015	To	June 30, 2016	\$72,806.83	\$4,429.58	\$77,236.41
From	July 1, 2016	To	June 30, 2017	\$72,806.83	\$4,562.47	\$77,369.30
From	July 1, 2017	To	June 30, 2018	\$72,806.83	\$4,699.34	\$77,506.17
From	July 1, 2018	To	June 30, 2019	\$72,806.83	\$4,840.32	\$77,647.15
From	July 1, 2019	To	June 30, 2020	\$72,806.83	\$4,985.53	\$77,792.36
From	July 1, 2020	To	June 30, 2021	\$72,806.83	\$5,135.10	\$77,941.93
From	July 1, 2021	To	June 30, 2022	\$72,806.83	\$5,289.15	\$78,095.98
From	July 1, 2022	To	June 30, 2023	\$72,806.83	\$5,447.82	\$78,254.66
From	July 1, 2023	To	June 30, 2024	\$72,806.83	\$5,611.26	\$78,418.09
From	July 1, 2024	To	June 30, 2025	\$72,806.83	\$5,779.59	\$78,586.43
From	July 1, 2025	To	June 30, 2026	\$72,806.83	\$5,952.98	\$78,759.82
From	July 1, 2026	To	June 30, 2027	\$72,806.83	\$6,131.57	\$78,938.41

STATE OF GEORGIA:
COUNTY OF COBB:

FIRST AMENDMENT TO RENTAL AGREEMENT
(UNIVERSITY COMMONS)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this ____ day of May, 2013, (the "Effective Date") by and between **SPSU STUDENT HOUSING I, LLC**, whose address is 1100 South Marietta Parkway, Marietta, Georgia 30060, party of the first part (hereinafter referred to as "Landlord"), and the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA**, whose address is 270 Washington Street, S.W., Sixth Floor, Atlanta, Georgia 30334, party of the second part (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Rental Agreement dated December 5, 2003 (the "Rental Agreement"), whereby Landlord rented to Tenant certain Premises (as defined in the Rental Agreement) described therein, more commonly known as "University Commons";

WHEREAS, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided herein;

NOW, THEREFORE, FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:

1. Modifications and Amendments. Landlord and Tenant hereby amend and modify the Rental Agreement as follows:

(a) Amendment of Article III. ARTICLE III (Fixed Rental) of the Rental Agreement is hereby deleted in its entirety and inserted in lieu thereof is the following:

ARTICLE III

FIXED RENTAL

The Tenant agrees to pay the Landlord, at its above-stated address, or at such other address or addresses as may be designated in writing from time to time by the Landlord, the total fixed periodic rental on the dates set forth on Exhibit D in the amounts set forth on Exhibit D for the use and rent of the said Premises.

(b) Replacement of Exhibit "C". Exhibit "C" that is attached to and referenced in ARTICLE I (Premises Rented and Use of Premises) of the Rental Agreement is hereby deleted in its entirety and replaced by the new Exhibit "C" attached hereto.

(c) Replacement of Exhibit "D". Exhibit "D" that is attached to and referenced in ARTICLE II (Fixed Rental) of the Rental Agreement is hereby deleted in its entirety and replaced by the new Exhibit "D" attached hereto.

2. Effect of Amendment. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, sealed and delivered this Amendment, effective as of the date first above written.

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

LANDLORD:

Unofficial Witness

SPSU STUDENT HOUSING I, LLC

By: _____

Name: _____

Notary Public

Title: _____

(SEAL)

(NOTARY SEAL)

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

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

Unofficial Witness

Notary Public

(NOTARY SEAL)

TENANT:

BOARD OF REGENTS OF THE UNIVERSITY
SYSTEM OF GEORGIA

By: _____
Name: Jim James
Title: Vice Chancellor for Facilities

Attest: _____
Name: J. Burns Newsome
Title: Associate Vice Chancellor for Facilities

(SEAL)

APPROVAL OF INSTITUTION:

By: _____
Name: Dr. Lisa A. Rossbacher
Title: President

Exhibit "C"

GROUND LEASE
(UNIVERSITY COMMONS)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A TRUE POINT OF BEGINNING BEING NORTH 45°46'37" WEST 394.39 FEET FROM A 1/2" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE SOUTH 32°01'48" WEST, A DISTANCE OF 105.55 FEET TO A POINT ON THE NORTHERN RIGHT-OF-WAY OF HORNET DRIVE; THENCE ALONG SAID RIGHT-OF-WAY SOUTH 84°59'40" WEST, A DISTANCE OF 158.06 FEET TO A POINT; THENCE 44.65 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 84°27'58" WEST 44.65 FEET TO A POINT; THENCE LEAVING SAID RIGHT-OF-WAY NORTH 07°53'46" WEST, A DISTANCE OF 55.65 FEET TO A POINT; THENCE NORTH 08°49'38" WEST, A DISTANCE OF 34.78 FEET TO A POINT; THENCE NORTH 14°58'19" WEST, A DISTANCE OF 18.69 FEET TO A POINT; THENCE, NORTH 21°14'57" WEST, A DISTANCE OF 184.92 FEET TO A POINT; THENCE NORTH 27°20'31" WEST, A DISTANCE OF 9.28 FEET TO A POINT; THENCE NORTH 09°30'24" WEST, A DISTANCE OF 39.17 FEET TO A POINT; THENCE NORTH 03°29'17" WEST, A DISTANCE OF 164.07 FEET TO A POINT; THENCE NORTH 06°41'06" WEST, A DISTANCE OF 52.22 FEET TO A POINT; THENCE NORTH 59°43'38" EAST, A DISTANCE OF 63.09 FEET TO A POINT; THENCE SOUTH 42°28'20" EAST, A DISTANCE OF 144.90 FEET TO A POINT; THENCE SOUTH 27°49'42" EAST, A DISTANCE OF 90.83 FEET TO A POINT; THENCE SOUTH 32°01'31" EAST, A DISTANCE OF 329.58 FEET TO THE TRUE POINT OF BEGINNING.

SAID TRACT CONTAINS 2.591 ACRES.

TOGETHER WITH:

UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Ground Lease Parcel 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 Ground Lease Parcel so long as Lessee pays to Lessor when due all of Lessor's costs for extending any such utility lines to the Ground Lease Parcel 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 Ground Lease Parcel 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 easements shall expire automatically upon the expiration or earlier termination of the Ground Lease.

AND TOGETHER WITH:

INGRESS/EGRESS AND PARKING EASEMENTS:

Lessor grants to Lessee a non-exclusive easement over and across all existing and future sidewalks, walkways, roads and drives between Horner Drive (private) and East Drive (private) and the Ground Lease Parcel for vehicular and pedestrian ingress and egress to and from the Ground Lease Parcel and Horner Drive (private) and East Drive (private) for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose. The non-exclusive easement shall expire automatically upon the expiration or earlier termination of the Ground Lease.

Exhibit "D"

RENT SCHEDULE

Counterpart No. 2 Of Two Original Executed
Counterparts.
Counterpart Of The Rental Agreement

STATE OF GEORGIA;
COUNTY OF COBB:

RENTAL AGREEMENT

(University Courtyard, Howell Hall and Norton Hall)

THIS RENTAL AGREEMENT (hereinafter "Rental Agreement" or "Agreement"), made and entered into as of the 5th day of December, 2003, by and between **SPSU STUDENT HOUSING I, LLC**, whose address is 1100 South Marietta Parkway, Marietta, Georgia 30060, party of the first part, hereinafter called Landlord, and the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA**, For The Use Of **SOUTHERN POLYTECHNIC STATE UNIVERSITY**, 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 called Tenant:

W I T N E S S E T H:

ARTICLE I PREMISES RENTED AND USE OF PREMISES

The Landlord, in consideration of the rents agreed to be paid by the 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 the Tenant those certain Premises situated in Cobb County, Georgia, and more particularly described as follows, *to wit*:

See Exhibit C attached hereto and incorporated herein by this reference

and known as "**Howell Hall and Norton Hall**" (the "**Residence Halls**"), and "**University Courtyard**," and 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. The Tenant does hereby this day rent and take from the Landlord, upon the terms and conditions herein stated, for the use of educational functions and facilities, those certain Premises, more fully described above, 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.

ARTICLE II

TERM

This Rental Agreement shall be for a term commencing on December 5, 2003, and ending at 12 o'clock P.M. on June 30, 2004, unless terminated earlier as hereinafter provided.

ARTICLE III

FIXED RENTAL

The Tenant agrees to pay the Landlord, at its above-stated address, or at such other address or addresses as may be designated in writing from time to time by the Landlord, the total fixed monthly rental for each component of the Premises on the applicable Rental Commencement Date (as described below) for each component of the Premises and on the first day of each and every calendar month thereafter during the said term as follows:

Residence Halls: Initially, as base rent for the Residence Halls, commencing on January 1, 2004 (the "Base Rent Commencement Date") TWENTY-ONE THOUSAND TWO HUNDRED SEVENTY DOLLARS AND SEVENTEEN CENTS (\$21,270.17) (the "Base Residence Hall Rent"); **then**, on and after the first day of the first month following substantial completion of planned renovations in accordance with plans and specification to be approved by the parties and issuance of a Certificate of Occupancy with respect to **Norton Hall** (the "**Norton Hall Adjusted Rent Commencement Date**") TWENTY-TWO THOUSAND FORTY-EIGHT DOLLARS AND SEVENTY-FIVE CENTS (\$22,048.75) (the "Norton Hall Adjusted Rent"); **then**, on and after the first day of the first month following substantial completion of planned renovations in accordance with plans and specification to be approved by the parties and issuance of a Certificate of Occupancy with respect to **Howell Hall** (the "**Howell Hall Adjusted Rent Commencement Date**") TWENTY-THREE THOUSAND ONE HUNDRED EIGHT-FOUR DOLLARS AND FIFTY-TWO CENTS (\$23,184.52) (the "Howell Hall Adjusted Rent,") **then** on and after the dates set forth on the Rent Schedule, attached hereto as Exhibit D and incorporated herein by this reference, the monthly rental amounts set forth on Exhibit D (the "Residence Hall Periodic Rent"), together with the Base Residence Hall Rent, the Norton Hall Adjusted Rent and Howell Hall Adjusted Rent, being collectively, the "Residence Hall Rent").

University Courtyard: In addition to the rents set forth above, on and after the first day of the first month following substantial completion of the University Courtyard facility in accordance with the plans and specifications to be approved by the parties and issuance of a Certificate of Occupancy with respect thereto (the "**University Courtyard Adjusted Rent Commencement Date**"), ONE HUNDRED SIXTEEN THOUSAND FOUR HUNDRED THIRTY-TWO DOLLARS AND NINETY-TWO CENTS (\$116,432.92) (the "University Courtyard Initial Rent"), **then** on and after the dates set forth on Exhibit D the monthly rental amounts set forth on Exhibit D (the "University Courtyard Periodic Rent,") together with the University Courtyard Initial Rent being collectively referred to herein as the "University Courtyard Rent" (the "University Courtyard Rent," together with the Residence Hall Rent (or applicable portion thereof as provided above), being collectively referred to herein as the "rent" or the "rents").

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 aforementioned term for renewal terms of one year on a consecutive year to year basis until the date that is the day before the 25th anniversary of the first day of the first month after issuance of a certificate of occupancy for the student residential facility to be known as "University Courtyard," upon which date the final renewal term shall terminate. Said renewal or extension shall be upon the same terms, conditions, covenants, provisions, stipulations and agreements as herein set forth and at the same monthly rate of rental herein stipulated; provided, however, that notice of Tenant's desire, through the President or Vice President for Business and Finance, of Southern Polytechnic State University, 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 original term of this Agreement or of any renewal or extension term thereof. It is further provided that this option may be exercised by the Tenant only in the event all rents have been fully paid and that all material covenants, agreements, provisions, stipulations, terms and conditions of this Agreement on the part of the Tenant to be performed, kept and observed, have been fully and faithfully performed, kept and observed. Notwithstanding anything in this Article IV to the contrary, if the Landlord shall have extended the term of that certain Ground Lease by and between SPSU STUDENT HOUSING I, LLC (as lessee), and the BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA (as lessor) dated as of even date herewith (the "Ground Lease"), the Tenant shall have the option, exercised in its sole discretion, to further extend the term of this Agreement on a year to year basis until the end of the term of the Ground Lease (as so extended) on the same terms and conditions as set forth herein.

ARTICLE V

STIPULATIONS

The following stipulations, provisions, covenants, agreements, terms and conditions, marked Exhibit "A" and attached to this Rental Agreement, are expressly understood and are mutually agreed to by the parties hereto. The said stipulations, provisions, covenants, agreements, terms and conditions attached hereto and marked Exhibit "A", are hereby incorporated herein and made a part of Article V of this Rental Agreement by reference. In addition, any special stipulations are attached to this Rental Agreement as Exhibit "B" and likewise incorporated herein and made a part of Article V of this Rental Agreement by reference. In the event of conflict, the special stipulations in Exhibit "B" shall take precedence over any conflicting terms in this Rental Agreement or in Exhibit "A".

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.

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

Robert F. Cook
Unofficial Witness

LANDLORD:

SPSU STUDENT HOUSING I, LLC

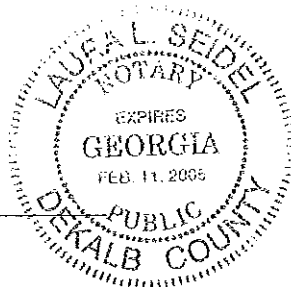
By: SOUTHERN POLYTECHNIC STATE
UNIVERSITY FOUNDATION, INC.,
Its sole member and manager

By: J. Mark Graham L.S.
Mark Graham, Chairman

[Signature]
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:



(Seal Affixed Here)

Landlord [Signature] Tenant [Signature]

Signed, sealed and delivered as to
Board of Regents of the University
System of Georgia in the presence of:

Randy K. Raul
Unofficial Witness

Randy Raul
Notary Public

[NOTARIAL SEAL]

Commission Expiration Date:

Notary Public, Clayton County, Georgia
My Commission Expires March 18, 2007

TENANT:

BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA

By: Linda M. Daniels
Name: Linda M. Daniels
Title: Vice Chancellor for Facilities

Attest: Eleanor C. Harkstrom
Name: Administrative Assistant
Title: Assistant Vice Chancellor for
Facilities

(Seal)

Received for Inventory:

By: _____
Name: _____
Title: Space Management, D.O.A.S.

Date: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

Reviewed and Approved By:

SOUTHERN POLYTECHNIC STATE
UNIVERSITY

By: Lisa A. Rossbacher
Lisa A. Rossbacher, President

EXHIBIT "A"

Stipulations, Provisions, Covenants, Agreements, Terms and Conditions of Rental Agreement

PURPOSE OF PARAGRAPH IDENTIFICATION REFERENCES

1. The brief, captioned, paragraph-identification references which appear as headings in this Exhibit "A" are for the purpose of convenience only and shall be completely disregarded in construing this Rental Agreement.

DEFINITIONS

2. a. The word "Landlord" as used in this Rental Agreement shall be construed to mean Landlords in all cases where there is more than one Landlord, and the necessary grammatical changes required to make the provision hereof apply either to male or female, corporations, limited liability companies, partnerships or individuals, shall in all cases be assumed as though in each case fully expressed.

b. The word "Premises" as used in this Rental Agreement shall include not only the particularly above-described property but also all the improvements, tenements and appurtenances, thereunto belonging or in any wise appertaining.

c. Any and all references to the "Term" of the Agreement contained within this Rental Agreement shall include not only the original term but also any renewal or extension of the original term.

TIME OF ESSENCE

3. Time is of the essence in this Agreement.

SERVICE OF NOTICE

4. 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 as follows: To Tenant, the same shall be addressed to the President of the Institution set forth in the Agreement and to the Vice Chancellor for Facilities, Board of Regents of the University System of Georgia. 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.

COVENANTS OF TITLE AND QUIET ENJOYMENT

5. Landlord covenants that it holds a leasehold estate in the said demised Premises. Landlord agrees that the Tenant, paying the rents and keeping the stipulations, provisions, covenants, terms, agreements, and conditions herein contained, shall lawfully, quietly and peacefully have, hold, use, possess, enjoy, and occupy said Premises hereby rented, with all the improvements, tenements, appurtenances, and each and every part and parcel thereof for and during said term hereby granted, without any suit, hindrance, interruption,

inconvenience, eviction, ejection, or molestation by the Landlord or by any other person or persons whatsoever. If for any reason whatever, Tenant is deprived of its right to lawfully, quietly and peacefully have, hold, use, possess, enjoy and occupy said Premises hereby rented, with all the improvements, tenements, appurtenances, and each and every part and parcel thereof, for and during said term hereby granted, without any suit, hindrance, interruption, inconvenience, eviction, ejection or molestation by the Landlord or by any other person or persons whatsoever, then this Agreement may be immediately canceled and terminated at the option of the Tenant by giving the Landlord notice thereof. If the Landlord's title shall come into dispute or litigation and Tenant is deprived of possession and use of the Premises, the Tenant may withhold payment of rents (without interest) until final adjudication or other settlement of such dispute or litigation.

NOTICE OF APPOINTMENT OF AGENT

6. 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 demised 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.

CHANGE IN OWNERSHIP OF PREMISES

7. No change or division in the ownership of the rented 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.

BINDING EFFECT ON HEIRS, ASSIGNS, ETC.

8. Each of the stipulations, provisions, terms, conditions, covenants, agreements and obligations contained in this Rental 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 aforesaid during the term of this Rental 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.

LANDLORD'S FAILURE TO DELIVER PREMISES AT COMMENCEMENT OF TERM

9. Should the Landlord, for any reason whatever, be unable to deliver possession of the said rental Premises to the Tenant at the commencement of said terms hereinbefore specified, this Agreement may be immediately cancelled, terminated and declared null and void at the option of the Tenant by giving the Landlord notice thereof. Shall the Tenant elect not to exercise the aforesaid option then it is agreed by the parties hereto that there shall be a total abatement of rent during the period between the commencement of said term and the time the Landlord delivers possession of the Premises to the Tenant.

DESTRUCTION OF OR DAMAGE TO PREMISES

10. In the event the said demised Premises, either prior to the commencement date of this Rental Agreement or during the term thereof shall be so damaged, by any cause whatever, as to be rendered unfit for occupancy by the Tenant, and the said Premises shall not thereafter be repaired by the Landlord at his expense with reasonable promptness and dispatch, then this Rental Agreement may be immediately canceled and terminated at the option of the Tenant by giving the Landlord notice thereof, and rent (if any) shall be payable only to the date of such damage. Shall said Premises, either prior to the commencement date of this Rental Agreement or during the term thereof, be partially destroyed, by any cause whatever, but not rendered unfit for occupancy by Tenant, then the Landlord agrees that the Premises, at the Landlord's expense and with reasonable promptness and dispatch, shall be repaired and restored to substantially the same condition as before the damage. In the event of a partial destruction of the Premises there shall be a fair abatement in the rent payable during the time such repairs or rebuilding are being made. Such proportionate deduction of rent to be based upon the extent to which the making of such repairs or rebuilding shall interfere with the business carried on by the Tenant in said Premises. Full rental shall again commence after completion of the repairs and restoration of the Premises by the Landlord. In connection with the foregoing, it is agreed by the parties hereto that the Tenant, after making a reasonable assessment of damages, shall make the decision as to whether or not the Premises are fit or unfit for occupancy by the Tenant.

LANDLORD'S INSURANCE

11. (a) Insurance Certificates. Subject to the provisions of Exhibit "B," Landlord shall procure the insurance coverage identified below and shall furnish the Tenant an insurance certificate listing the Tenant as the certificate holder. 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 Rental 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 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 shall 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; provided, however, if the Attorney General withholds approval of any settlement proposed by the insurance company that is acceptable in writing to any claimant, the terms of which do not violate applicable law, the insurance coverage under the policy for the Indemnitees with respect to the claim proposed to be settled shall be reduced to the amount at which the claim could have been settled.

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

(c) Insurance Coverages. The Landlord agrees to have the 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 Tenant, during the term of this Rental 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:

<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	\$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	\$2,000,000 per Project
9. General Aggregate	

*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 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.

(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 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.

(v) Commercial Umbrella Liability Insurance. The Tenant 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 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.

(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 other wise 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 the 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 the 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 in part).

(d) 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 Rental Agreement and shall not terminate until the Rental Agreement has been terminated.

(e) 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.

See Exhibit "B."

USE OF PREMISES AND TENANT'S INSURANCE REQUIREMENTS

12. a. Tenant shall use said Premises for any purpose within the powers of the University System for its student housing, educational and administrative functions for which the said Premises are hereby rented; and no use shall be made of said 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 said Premises, without first consulting with Landlord and obtaining appropriate insurance endorsements, including the payment of the increase in premium for such endorsements. The Tenant further agrees not to sell, or permit to be kept for

use in or about said 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.

CANCELLATION OF RENTAL AGREEMENT BY LANDLORD

13. Shall the Tenant at any time be in default in the payment of rent, or in the performance of any of the material stipulations, covenants, terms, conditions, agreements, or provisions of this Rental Agreement, and fail to remedy such default within thirty (30) days after receipt of notice thereof from the Landlord (or, in the case any such default (other than a default of its obligation to pay rent), if the Tenant fails to remedy such default within up to an additional sixty (60) days of notice thereof if the Tenant is taking reasonable efforts, in good faith, to remedy such default), then the Landlord may pursue all remedies available to Landlord at law or in equity, including dispossessory proceedings in a court of competent jurisdiction, but not including any right of Landlord himself or any representative of Landlord to enter and repossess the Premises.

HOLDING OVER

14. Any holding over, or continued use and/or occupancy by the Tenant, of the rented Premises after the expiration of this Rental Agreement shall operate and be construed as a tenancy at will at the same monthly rate set out above and under the same terms and conditions in force at the expiration of this Agreement.

CONDEMNATION

15. In the event, during the term of this Rental Agreement, the whole of the Premises hereby rented shall be 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 hereinabove referred to shall be prohibited; the Tenant shall have the right to immediately terminate this Rental Agreement upon notice to the Landlord and the rent shall be paid only to the time when the Tenant surrenders possession of the Premises. When only a portion of the demised Premises are acquired for public or quasi-public use through the exercise of or under the threat of eminent domain or condemnation proceedings, the remaining monthly rental payments 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. In the event that only a portion of the demised 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 demised 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 Rental 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.

REPAIRS BY LANDLORD

16. Subject to the provisions of Exhibit "B," during the term of this Rental Agreement, Landlord, shall, at his sole cost, service, replace, keep and maintain in good order and repair each and every part and portion of the existing demised Premises together with any improvements or additions the Landlord might install in or place upon the demised Premises in the course of the term of this Rental Agreement. Landlord agrees that any services, replacements, or repairs by the Tenant, to the existing Premises or to any improvements or additions made by the Landlord, shall not be construed as a waiver by the Tenant of this provision. In the event that Tenant constructs or erects any additions and/or improvements to or on the demised Premises, Landlord shall have no obligation whatsoever to service, replace, keep and maintain the same in good order and repair. 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 hereinbelow defined) and to remit such proceeds to Tenant to the extent funds are available therefor. 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 D 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, commencing April 1, 2009, 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 Rental Agreement is renewed. See Exhibit "B."

NOTICE TO LANDLORD OF DAMAGE OR DEFECTS

17. Subject to the provisions of Exhibit "B," Tenant shall give to Landlord prompt written notice of any accident to or any defects in the said Premises and such damage or defects shall be remedied with due diligence by the Landlord at his own expense; provided, however, that the Landlord must perform all repair or corrective work relating to any such damage or defects in a commercially reasonable manner. See Exhibit "B."

***ENTRY FOR INSPECTION AND REPAIRS, ALTERATIONS OR
ADDITIONS; JANITORIAL SERVICES; RUBBISH REMOVAL***

18. Tenant shall permit Landlord, his agents or employees, to enter into and upon said Premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining or making repairs alterations or additions to any portion of the Premises.

19. Subject to the provisions of Exhibit "B," 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 rented by the Tenant. See Exhibit "B."

20. Subject to the provisions of Exhibit "B," Landlord shall keep the Premises clean, both inside and outside at his own expense, and shall see that all garbage, trash, and all other refuse is removed from the said Premises. See Exhibit "B."

TERMITES, RODENTS, AND PESTS

21. Subject to the provisions of Exhibit "B," Landlord shall at his own expense, keep the demised Premises free from infestation by termites, rodents, and other pests and shall repair all damage caused to the demised Premises by the same during the term of this Rental Agreement. See Exhibit "B."

UTILITIES

22. Subject to the provisions of Exhibit "B," Landlord shall furnish all water, electricity, gas, fuel, oil, light, heat and power or any other utility used by the Tenant while occupying the said 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. See Exhibit "B."

TAXES AND ASSESSMENTS

23. Subject to the provisions of Exhibit "B," Landlord, during the said term of this Rental Agreement, agrees and 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. See Exhibit "B."

REMOVAL OF IMPROVEMENTS, ERECTIONS AND ADDITIONS BY TENANT

24. 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 demised 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 any time before the expiration or 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 demised 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, fair wear and tear excepted.

REMOVAL OF FIXTURES BY TENANT

25. At any time before the expiration or 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 which it has placed in or upon the demised Premises.

WAIVER OF RIGHTS

26. 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.

ENTRY FOR CARDING, ETC.

27. In the event the Tenant does not exercise the renewal or extension option provided above, then it is agreed that the Landlord may, within thirty (30) days next preceding the expiration of the term of this Agreement, card Premises advertising the said Premises "For Sale" or "For Rent". Landlord may enter the Premises at reasonable hours to exhibit the same to prospective purchasers or tenants.

ABANDONMENT OF RENTED PREMISES

28. During the term of this Agreement Tenant agrees not to abandon or vacate the Premises without cause.

WASTE AND NUISANCE

29. Tenant shall not commit, or suffer to be committed any waste upon the said Premises, or any nuisance, or other act or thing which may disturb the enjoyment of any other Tenant, if there be any, in the building in which demised Premises may be located.

ASSIGNMENT AND SUBLETTING

30. Tenant shall not assign this Rental Agreement, or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy or use the said 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; provided, however, that Tenant may sublet the Premises without first obtaining the consent of Landlord for arrangements

concerning student residential housing and any other use that will not adversely affect the tax exempt status of any debt instrument of Landlord relating to the Premises. 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 Rental 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.

***EFFECT ON ASSIGNMENT AND SUBLETTING
WHEN TENANT SURRENDERS RENTAL PROPERTY***

31. The voluntary or other surrender of this Rental 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 him of any or all such sublets or subtenancies.

SURRENDER OF PREMISES

32. Tenant shall at the termination of this Agreement surrender up said rented Premises in good order and condition; reasonable use and ordinary wear and tear thereof, 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.

HAZARDOUS MATERIALS

33. (a) As used in this Rental 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 Rental 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 Rental 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 Rental Agreement.

COMPLIANCE WITH LAWS, ORDINANCES AND REGULATIONS

34. (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.

SUBORDINATION

35. This Rental 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 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.

FINANCING

36. 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.

PROHIBITION OF PURCHASE OF BONDS

37. Tenant shall exercise reasonable efforts to not purchase any bonds or other debt instrument issued to finance or refinance the Premises.

INVALIDITY OF PROVISION OR PORTION OF PROVISION

38. Shall any provision or portion of such provision of this Rental Agreement be held invalid, the remainder of this Rental Agreement or the remainder of such provision shall not be affected thereby.

ENTIRE AGREEMENT

39. This Rental Agreement, including the attached Exhibits "A", "B", and "C", embodies and sets forth all the provisions, agreements, conditions, covenants, terms and understandings between the parties relative to the demised 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. It is further understood and agreed that no subsequent alteration, amendment, change or addition to this Rental Agreement shall be binding upon the parties herein unless reduced to writing and signed by all the parties to this Rental 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, Stipulations 19, 20, 21, and 22, and such responsibility shall be paid directly by Tenant.

2. ***Tenant Responsibility for Insurance:*** Notwithstanding any other provision of this Agreement, during the term of this Rental Agreement, Tenant, as sole occupant of the Premises, shall be responsible for the payment of all insurance coverages set forth in Exhibit "A" Stipulation 11 and such responsibility shall be 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 11, which 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 Rental 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 23. 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.

4. ***Tenant Responsible for Maintenance and Repairs:*** Notwithstanding any other provision of this Rental Agreement, Tenant shall pay Landlord as additional rent an amount equal to the costs incurred by Landlord pursuant to Exhibit A, Stipulations 16, 17 and 34, to the extent insufficient funds are on deposit in Landlord's Repair, Replacement and Maintenance Fund to pay such costs. With respect to Stipulations 16 and 17, 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 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.

5. ***Cap on Tenant's Obligations in this Exhibit "B" Paragraphs 2, 3 and 4 hereinabove:*** Tenant's maximum obligation pursuant to Exhibit "B", Paragraphs 2, 3 and 4 (and with respect to Stipulation 4 above, to the extent not covered by such amounts held in the Landlord's Repair, Replacement and Maintenance Fund), collectively shall not exceed the moneys budgeted by Southern Polytechnic State University 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 the Tenant.

END OF EXHIBIT "B"

EXHIBIT "C"

Legal Description, Plats and Drawings

LEASE TRACT "A"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT BEING NORTH 75°29'25" WEST 129.37 FEET FROM A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 57°54'13" WEST, 146.07 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 281.13 FEET TO A POINT; THENCE NORTH 73°34'25" WEST, 150.96 FEET TO A POINT; THENCE NORTH 32°05'20" WEST, 231.64 FEET TO A POINT; THENCE SOUTH 57°54'40" WEST, 125.17 FEET TO A POINT; THENCE SOUTH 11°51'50" EAST, 56.96 FEET TO A POINT; THENCE SOUTH 09°46'04" EAST, 48.03 FEET TO A POINT; THENCE SOUTH 10°06'51" EAST, 52.16 FEET TO A POINT; THENCE SOUTH 11°44'46" EAST, 50.22 FEET TO A POINT; THENCE SOUTH 13°42'30" EAST, 27.59 FEET TO A POINT; THENCE SOUTH 13°14'27" EAST, 30.78 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 72°58'05" EAST, 399.72 FEET TO A POINT; THENCE NORTH 13°46'37" WEST, 220.68 FEET TO A POINT; THENCE SOUTH 71°55'50" WEST, 409.97 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 72°48'06" EAST, 304.02 FEET TO A POINT; THENCE NORTH 76°11'01" EAST, 272.70 FEET TO A POINT; THENCE NORTH 72°37'04" EAST, 405.99 FEET TO A POINT; THENCE NORTH 88°11'04" EAST, 34.27 FEET TO A POINT; THENCE 327.57 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 196.55 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 47°22'19" EAST 290.95 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 383.50 FEET TO A POINT; THENCE 79.94 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 225.00 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 10°45'15" WEST 79.52 FEET TO A POINT; THENCE 121.84 FEET ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2798.08 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 14°21'07" WEST 121.83 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 12.344 ACRES.

LEASE TRACT "B"

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 506, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT BEING NORTH 22°22'43" WEST 921.57 FEET FROM ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE SOUTH 72°37'04" WEST, 83.85 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 188.30 FEET TO A POINT; THENCE NORTH 88°46'17" WEST, 60.00 FEET TO A POINT; THENCE NORTH 01°13'43" EAST, 171.00 FEET TO A POINT; THENCE SOUTH 88°46'17" EAST, 139.47 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 332.54 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 0.867 ACRE.

The above described Premises (the "Premises") is shown on the ALTA/ACSM Land Title Survey for Board of Regents of the University System of Georgia, SPSU Student Housing I, LLC, Development Authority of the City of Marietta, Stewart Title Guaranty Company as Lease Tract "A" and Lease Tract "B" containing 12.344 acres and 0.867 acres, respectively prepared by Rochester & Associates, Inc., dated August 12, 2003 and last revised on September 8, 2003 the "(Survey)".

In addition to the Premises leased to Tenant hereby, Landlord hereby grants to Tenant the following easements, rights and privileges subject to the limitations set forth below. The easements, rights and privileges granted hereby shall run with the land and are for the benefit of Tenant, its permitted successors and assigns, as well as its subtenants, contractors, employees, agents, guests and invitees.

ACCESS EASEMENT

Landlord grants to Tenant a non-exclusive easement on, over, across and through all of Landlord's private roads, walks and drives located within the boundaries of the Southern Polytechnic State University ("SPSU") Campus for all forms of pedestrian and vehicular ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus. Landlord reserves the right to relocate its private roads, walks and drives so long as ingress, egress and access between the improvements located on the Premises and between the Premises and the public streets and roadways abutting the SPSU Campus is not impeded thereby. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease.

UTILITY EASEMENTS

Landlord grants to Tenant a non-exclusive easement over Landlord's property adjacent to the Premises to connect to and use Tenant's water, sewer (both storm and sanitary), electrical, telephone, television, internet, chilled water and other such utility lines and services to those of

Landlord or those of any governmental authority or utility provider currently available or available in the future to the Premises so long as Tenant pays to Landlord when due all of Landlord's cost for extending any such utility lines to the Premises and Landlord's cost of Tenant's usage of any such utility services. The non-exclusive easement herein granted shall expire automatically upon the expiration or earlier termination of this Ground Lease. Notwithstanding the foregoing, Landlord agrees to join in and execute any additional easements required by any governmental authority or utility provider as a condition to providing such utility or service to the Premises.

TEMPORARY CONSTRUCTION EASEMENT

Landlord hereby grants to Tenant 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. Tenant agrees that it will utilize this temporary construction easement only to the extent reasonably necessary to initially construct said improvements. 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:

CONSTRUCTION LIMITS:

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 502, 503, 506, AND 507, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ½" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE PROCEED SOUTH 89°27'11" EAST, 152.84 FEET TO A POINT; THENCE SOUTH 18°34'23" EAST, 195.00 FEET TO A POINT; THENCE SOUTH 66°33'52" WEST, 112.09 FEET TO A POINT; THENCE SOUTH 59°33'24" WEST, 212.12 FEET TO A POINT; THENCE SOUTH 84°14'10" WEST, 205.66 FEET TO A POINT; THENCE SOUTH 84°59'40" WEST, 221.52 FEET TO A POINT; THENCE 117.59 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2421.64 FEET AND A CHORD BEARING AND DISTANCE OF SOUTH 83°36'12" WEST 117.58 FEET TO A POINT; THENCE NORTH 13°54'50" WEST, 44.26 FEET TO A POINT; THENCE NORTH 07°32'02" WEST, 58.39 FEET TO A POINT; THENCE NORTH 16°24'00" WEST, 26.52 FEET TO A POINT; THENCE NORTH 21°06'33" WEST, 82.27 FEET TO A POINT; THENCE NORTH 20°56'13" WEST, 53.89 FEET TO A POINT; THENCE NORTH 18°29'31" WEST, 47.52 FEET TO A POINT; THENCE NORTH 06°51'28" WEST, 48.68 FEET TO A POINT; THENCE NORTH 00°38'25" WEST, 50.72 FEET TO A POINT; THENCE NORTH 03°01'12" WEST, 41.46 FEET TO A POINT; THENCE NORTH 06°23'04" WEST, 43.91 FEET TO A POINT; THENCE NORTH 13°14'27" WEST, 14.36 FEET TO A POINT; THENCE SOUTH 76°13'23" WEST, 202.38 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 60.61 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 16.50 FEET TO A POINT; THENCE NORTH 16°38'54"

WEST, 13.84 FEET TO A POINT; THENCE SOUTH 73°21'06" WEST, 184.13 FEET TO A POINT; THENCE NORTH 17°00'00" WEST, 149.41 FEET TO A POINT; THENCE NORTH 16°24'05" WEST, 212.92 FEET TO A POINT; THENCE NORTH 16°38'54" WEST, 118.83 FEET TO A POINT; THENCE NORTH 16°39'10" WEST, 82.70 FEET TO A POINT; THENCE NORTH 59°29'01" EAST, 673.44 FEET TO A POINT; THENCE NORTH 1°38'23" EAST, 277.34 FEET TO A POINT; THENCE SOUTH 87°04'39" EAST, 360.27 FEET TO A POINT; THENCE SOUTH 01°13'43" WEST, 318.16 FEET TO A POINT; THENCE SOUTH 88°28'03" EAST, 359.00 FEET TO A POINT; THENCE SOUTH 00°34'36" WEST, 884.11 FEET TO A POINT, BEING THE POINT OF BEGINNING. SAID TRACT CONTAINS 32.202 ACRES.

EXHIBIT "D"

RENT SCHEDULE

University Courtyard
Rent Schedule

				Base Rent	Repair, Replacement and Maintenance Fund	Total Monthly Rent
Upon University Courtyard						
Adjusted Rent Commencement Date :				\$112,104.00	\$4,292.00	\$116,396.00
Periodic Monthly Rent Thereafter:						
From	July 1, 2005	To	June 30, 2006	\$112,003.17	\$4,420.75	\$116,423.92
From	July 1, 2006	To	June 30, 2007	\$112,104.00	\$4,553.33	\$116,657.33
From	July 1, 2007	To	June 30, 2008	\$114,372.58	\$4,689.92	\$119,062.50
From	July 1, 2008	To	June 30, 2009	\$114,372.58	\$4,830.61	\$119,203.20
From	July 1, 2009	To	June 30, 2010	\$114,372.58	\$4,975.53	\$119,348.12
From	July 1, 2010	To	June 30, 2011	\$114,372.58	\$5,124.80	\$119,497.38
From	July 1, 2011	To	June 30, 2012	\$114,372.58	\$5,278.54	\$119,651.13
From	July 1, 2012	To	June 30, 2013	\$114,372.58	\$5,436.90	\$119,809.48
From	July 1, 2013	To	June 30, 2014	\$114,372.58	\$5,600.01	\$119,972.59
From	July 1, 2014	To	June 30, 2015	\$114,372.58	\$5,768.01	\$120,140.59
From	July 1, 2015	To	June 30, 2016	\$114,372.58	\$5,941.05	\$120,313.63
From	July 1, 2016	To	June 30, 2017	\$114,372.58	\$6,119.28	\$120,491.86
From	July 1, 2017	To	June 30, 2018	\$114,372.58	\$6,302.86	\$120,675.44
From	July 1, 2018	To	June 30, 2019	\$114,372.58	\$6,491.94	\$120,864.52
From	July 1, 2019	To	June 30, 2020	\$114,372.58	\$6,686.70	\$121,059.28
From	July 1, 2020	To	June 30, 2021	\$114,372.58	\$6,887.30	\$121,259.88
From	July 1, 2021	To	June 30, 2022	\$114,372.58	\$7,093.92	\$121,466.50
From	July 1, 2022	To	June 30, 2023	\$114,372.58	\$7,306.74	\$121,679.32
From	July 1, 2023	To	June 30, 2024	\$114,372.58	\$7,525.94	\$121,898.52
From	July 1, 2024	To	June 30, 2025	\$114,372.58	\$7,751.72	\$122,124.30
From	July 1, 2025	To	June 30, 2026	\$114,372.58	\$7,984.27	\$122,356.85
From	July 1, 2026	To	June 30, 2027	\$114,372.58	\$8,223.80	\$122,596.38
From	July 1, 2027	To	June 30, 2028	\$114,372.58	\$8,470.51	\$122,843.09
From	July 1, 2028	To	June 30, 2029	\$114,372.58	\$8,724.63	\$123,097.21

Residence Halls
Rent Schedule

				Base Rent	Repair, Replacement and Maintenance Fund	Total Monthly Rent
Upon Commencement Date:				\$15,655.17	\$5,615.00	\$21,270.17
Upon Norton Hall Adjusted Rent Commencement Date:				\$16,259.17	\$5,789.58	\$22,048.75
Upon Howell Hall Adjusted Rent Commencement Date:				\$16,680.52	\$6,504.00	\$23,184.52
Periodic Monthly Rent Thereafter:						
From	July 1, 2006	To	June 30, 2007	\$17,532.17	\$6,699.08	\$24,231.25
From	July 1, 2007	To	June 30, 2008	\$17,831.00	\$6,900.08	\$24,731.08
From	July 1, 2008	To	June 30, 2009	\$17,831.00	\$7,107.09	\$24,938.09
From	July 1, 2009	To	June 30, 2010	\$17,831.00	\$7,320.30	\$25,151.30
From	July 1, 2010	To	June 30, 2011	\$17,831.00	\$7,539.91	\$25,370.91
From	July 1, 2011	To	June 30, 2012	\$17,831.00	\$7,766.10	\$25,597.10
From	July 1, 2012	To	June 30, 2013	\$17,831.00	\$7,999.09	\$25,830.09
From	July 1, 2013	To	June 30, 2014	\$17,831.00	\$8,239.06	\$26,070.06
From	July 1, 2014	To	June 30, 2015	\$17,831.00	\$8,486.23	\$26,317.23
From	July 1, 2015	To	June 30, 2016	\$17,831.00	\$8,740.82	\$26,571.82
From	July 1, 2016	To	June 30, 2017	\$17,831.00	\$9,003.04	\$26,834.04
From	July 1, 2017	To	June 30, 2018	\$17,831.00	\$9,273.14	\$27,104.14
From	July 1, 2018	To	June 30, 2019	\$17,831.00	\$9,551.33	\$27,382.33
From	July 1, 2019	To	June 30, 2020	\$17,831.00	\$9,837.87	\$27,668.87
From	July 1, 2020	To	June 30, 2021	\$17,831.00	\$10,133.01	\$27,964.01
From	July 1, 2021	To	June 30, 2022	\$17,831.00	\$10,437.00	\$28,268.00
From	July 1, 2022	To	June 30, 2023	\$17,831.00	\$10,750.11	\$28,581.11
From	July 1, 2023	To	June 30, 2024	\$17,831.00	\$11,072.61	\$28,903.61
From	July 1, 2024	To	June 30, 2025	\$17,831.00	\$11,404.79	\$29,235.79
From	July 1, 2025	To	June 30, 2026	\$17,831.00	\$11,746.93	\$29,577.93
From	July 1, 2026	To	June 30, 2027	\$17,831.00	\$12,099.34	\$29,930.34
From	July 1, 2027	To	June 30, 2028	\$17,831.00	\$12,462.32	\$30,293.32
From	July 1, 2028	To	June 30, 2029	\$17,831.00	\$12,836.19	\$30,667.19

STATE OF GEORGIA:
COUNTY OF COBB:

FIRST AMENDMENT TO RENTAL AGREEMENT
(UNIVERSITY COURTYARD)

THIS FIRST AMENDMENT TO RENTAL AGREEMENT (this "Amendment") is made and entered into this ____ day of May, 2013, (the "Effective Date") by and between **SPSU STUDENT HOUSING I, LLC**, whose address is 1100 South Marietta Parkway, Marietta, Georgia 30060, party of the first part (hereinafter referred to as "Landlord"), and the **BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA**, whose address is 270 Washington Street, S.W., 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:

WHEREAS, Landlord and Tenant are parties to that certain Rental Agreement dated December 5, 2003 (the "Rental Agreement"), whereby Landlord rented to Tenant certain Premises (as defined in the Rental Agreement) described therein, more commonly known as "Howell Hall, Norton Hall and University Commons";

WHEREAS, Landlord and Tenant now desire to amend certain provisions of the Rental Agreement as provided herein;

NOW, THEREFORE, FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) in hand paid, the mutual promises and recitals contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Rental Agreement is hereby amended, changed and modified as follows:

1. Modifications and Amendments. Landlord and Tenant hereby amend and modify the Rental Agreement as follows:

(a) Amendment of Heading. The heading of the Rental Agreement, appearing on the first page thereof, is hereby amended by deleting the words and characters " , Howell Hall and Norton Hall".

(b) Amendment of Article I. ARTICLE I (Premises Rented and Use of Premises) of the Rental Agreement is hereby amended by deleting the words and characters "Howell Hall and Norton Hall" (the "Residence Halls"), and".

(c) Amendment of Article III. ARTICLE III (Fixed Rental) of the Rental Agreement is hereby deleted in its entirety and inserted in lieu thereof is the following:

ARTICLE III

FIXED RENTAL

The Tenant agrees to pay the Landlord, at its above-stated address, or at such other address or addresses as may be designated in writing from time to time by the Landlord, the total fixed periodic rental on the dates set forth on Exhibit D in the amounts set forth on Exhibit D for the use and rent of the said Premises.

(d) Replacement of Exhibit "C". Exhibit "C" that is attached to and referenced in ARTICLE I (Premises Rented and Use of Premises) of the Rental Agreement is hereby deleted in its entirety and replaced by the new Exhibit "C" attached hereto.

(e) Replacement of Exhibit "D". Exhibit "D" that is attached to and referenced in ARTICLE II (Fixed Rental) of the Rental Agreement is hereby deleted in its entirety and replaced by the new Exhibit "D" attached hereto.

2. Effect of Amendment. Except as herein modified, all terms, covenants and conditions of the Rental Agreement, as amended by this Amendment, are hereby reaffirmed and shall remain in full force and effect.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, Landlord and Tenant, by and through their authorized representatives, have hereunto executed, signed, sealed and delivered this Amendment, effective as of the date first above written.

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

LANDLORD:

Unofficial Witness

SPSU STUDENT HOUSING I, LLC

By: _____

Name: _____

Notary Public

Title: _____

(SEAL)

(NOTARY SEAL)

(SIGNATURES CONTINUED ON THE FOLLOWING PAGE)

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

Unofficial Witness

Notary Public

(NOTARY SEAL)

TENANT:

BOARD OF REGENTS OF THE UNIVERSITY
SYSTEM OF GEORGIA

By: _____
Name: Jim James
Title: Vice Chancellor for Facilities

Attest: _____
Name: J. Burns Newsome
Title: Associate Vice Chancellor for Facilities

(SEAL)

APPROVAL OF INSTITUTION:

By: _____
Name: Dr. Lisa A. Rossbacher
Title: President

Exhibit "C"

GROUND LEASE
(UNIVERSITY COURTYARD)

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 506, 17TH DISTRICT, 2ND SECTION OF COBB COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A TRUE POINT OF BEGINNING BEING NORTH 43°19'40" WEST 482.91 FEET FROM A 1/2" REBAR ON THE APPARENT COMMON LINE BETWEEN LAND LOTS 506 AND 507; SAID REBAR BEING NORTH 89°26'39" EAST 704.65 FEET FROM THE SOUTH WESTERN CORNER OF LAND LOT 506; THENCE NORTH 14°37'50" WEST, A DISTANCE OF 94.49 FEET TO A POINT; THENCE SOUTH 73°54'49" WEST, A DISTANCE OF 166.03 FEET TO A POINT; THENCE NORTH 15°00'35" WEST, A DISTANCE OF 116.26 FEET TO A POINT; THENCE SOUTH 74°16'39" WEST, A DISTANCE OF 39.95 FEET TO A POINT; THENCE NORTH 15°57'22" WEST, A DISTANCE OF 114.38 FEET TO A POINT; THENCE NORTH 75°15'27" EAST, A DISTANCE OF 196.03 FEET TO A POINT; THENCE NORTH 17°57'08" WEST, A DISTANCE OF 89.40 FEET TO A POINT; THENCE NORTH 73°50'59" EAST, A DISTANCE OF 115.12 FEET TO A POINT; THENCE SOUTH 14°54'16" EAST, A DISTANCE OF 85.84 FEET TO A POINT; THENCE NORTH 74°37'04" EAST, A DISTANCE OF 190.01 FEET TO A POINT; THENCE SOUTH 15°22'56", A DISTANCE OF OF 224.63 FEET TO A POINT; THENCE SOUTH 73°26'40" WEST, A DISTANCE OF 152.23 FEET TO A POINT; THENCE SOUTH 15°11'15" EAST, A DISTANCE OF 94.27 FEET TO A POINT; THENCE SOUTH 73°07'01" WEST, A DISTANCE OF 138.83 FEET TO THE TRUE POINT OF BEGINNING.

SAID TRACT CONTAINS 3.010 ACRES.

TOGETHER WITH:

UTILITY AND COMMUNICATION EASEMENTS:

Lessor grants to Lessee a non-exclusive easement on, over, across and through Lessor's property adjacent to the Ground Lease Parcel 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 Ground Lease Parcel so long as Lessee pays to Lessor when due all of Lessor's costs for extending any such utility lines to the Ground Lease Parcel 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 Ground Lease Parcel 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 easements shall expire automatically upon the expiration or earlier termination of the Ground Lease.

AND TOGETHER WITH:

INGRESS/EGRESS AND PARKING EASEMENTS:

Lessor grants to Lessee a non-exclusive easement over and across all existing and future sidewalks, walkways, roads and drives between East Drive (private) and Hornet Drive (private) and the Ground Lease Parcel for vehicular and pedestrian ingress and egress to and from the Ground Lease Parcel and East Drive (private) and Hornet Drive (private) for access to adjacent public roads, as well as a non-exclusive easement to use Lessor's parking facilities that Lessor reasonably designates for the intended use of the Improvements and subject to such reasonable fees and regulations as Lessor may impose. The non-exclusive easement shall expire automatically upon the expiration or earlier termination of the Ground Lease.

Exhibit "D"

RENT SCHEDULE

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

_____, 2013

Development Authority of the City of Marietta
Marietta, Georgia

Re: \$27,130,000 Development Authority of the City of Marietta
Student Housing Facilities Refunding Revenue Bonds (SPSU
Student Housing I, LLC Project), Series 2013

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Development Authority of the City of Marietta (the “Issuer”) of \$27,130,000 in original aggregate principal amount of revenue bonds designated “Development Authority of the City of Marietta Student Housing Facilities Refunding Revenue Bonds (SPSU Student Housing I, LLC Project), Series 2013,” dated the date hereof (the “Bonds”).

We have examined the law and such certified proceedings and other papers authorizing and relating to the Bonds as we deem necessary to render this opinion, including the following:

1. Chapter 62 of Title 36 of the Official Code of Georgia Annotated, known as the “Development Authorities Law” (the “Development Authorities Law”), and Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the “Revenue Bond Law” (the “Revenue Bond Law”).
2. Certified copy of a Series 2013 Bond Resolution of the Issuer adopted on May 22, 2013 (the “Bond Resolution”).
3. Certified transcript of validation proceedings in the Superior Court of Cobb County, Georgia, resulting in a final judgment validating and confirming the Bonds and the security therefor.
4. Fully executed counterpart of the Trust Indenture and Security Agreement, dated as of June 1, 2013 (the “Indenture”), between the Issuer and Regions Bank, as trustee (the “Trustee”).

5. Fully executed counterpart of the Loan Agreement, dated as of June 1, 2013 (the “Loan Agreement”), between SPSU Student Housing I, LLC (the “Borrower”) and the Issuer.

6. Fully executed original of the Series 2013 Promissory Note, dated as of June 1, 2013 (the “Note”), from the Borrower to the Issuer, in the original principal amount of \$27,130,000, endorsed without recourse by the Issuer to the order of the Trustee.

7. Fully executed counterpart of the Deed to Secure Debt and Assignment of Rents and Leases, dated as of June 1, 2013 (the “Security Deed”), from the Borrower to the Issuer.

8. Fully executed counterpart of the Security Agreement, dated as of June 1, 2013 (the “Security Agreement”), between the Borrower and the Issuer.

9. Fully executed counterpart of the Borrower’s Tax Certificate, dated the date hereof (the “Tax Certificate”).

10. Fully executed counterpart of the Certificate As To Arbitrage Matters of the Issuer, dated the date hereof (the “Non-Arbitrage Certificate”).

The Bonds are being issued under and pursuant to the Development Authorities Law, the Revenue Bond Law, and the Bond Resolution for the purpose of refunding all of the Issuer’s Student Housing Facilities Revenue Bonds (SPSU Student Housing I, LLC Project), Series 2003, presently outstanding in the aggregate principal amount of \$27,965,000, by loaning the proceeds thereof to the Borrower to enable the Borrower to refinance the costs of acquiring, constructing, and installing student housing facilities known as “University Commons,” “University Courtyard,” “Howell Hall,” and “Norton Hall.” The Borrower will rent “University Commons” and “University Courtyard” to the Board of Regents of the University System of Georgia (the “Regents”). The Regents will own Howell Hall and Norton Hall unencumbered.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Borrower and the Issuer (including certifications made in the Tax Certificate and in the Non-Arbitrage Certificate), and (c) representations of the Issuer and the Borrower contained in such proceedings and in documents delivered in connection with the issuance of the Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Reference is made to a title insurance policy to be issued by Stewart Title Guaranty Company with respect, among other matters, to all matters relating to the Borrower’s title to the

real property encumbered by the Security Deed and to the existence and priority of the liens and matters of record relating to the Security Deed on such real property.

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Issuer was duly created and is validly existing as a public body corporate and politic under the Constitution and statutes of the State of Georgia, including particularly the Development Authorities Law, and has all requisite power and authority (i) to adopt the Bond Resolution; (ii) to issue, sell, and deliver the Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Loan Agreement and the Indenture; (iii) to enter into and perform its obligations under the Loan Agreement, the Security Deed, the Security Agreement, and the Indenture; and (iv) to endorse the Note without recourse to the order of the Trustee.

(2) The Loan Agreement, the Security Deed, the Security Agreement, and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute the legal, valid, and binding obligations of the Issuer enforceable upon the Issuer. The Issuer has duly endorsed the Note without recourse to the order of the Trustee. The Indenture creates a valid lien on the Trust Estate (as defined in the Indenture).

(3) The Bonds have been duly authorized, executed, issued, and delivered by the Issuer and are the legal, valid, and binding special limited obligations of the Issuer, payable solely from the amounts pledged under the Indenture.

(4) The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax (including the tax imposed by Chapter 2A of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code")) purposes and is not an enumerated "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the immediately preceding sentence are subject to the condition that the Issuer, the Borrower, and the Regents comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Borrower have covenanted to comply with all such requirements, but the Regents have not so covenanted. Failure to comply with certain of such requirements may cause the inclusion of the interest on the Bonds in gross income for federal income tax (including the tax imposed by Chapter 2A of Subtitle A of the Code) purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(5) The Bonds are exempt from local property taxes in the State of Georgia and the interest on the Bonds is exempt from State of Georgia income taxation, although the Bonds and

the interest thereon may be included in the measure of State of Georgia estate and inheritance taxes and of certain State of Georgia corporate excise and franchise taxes.

(6) The Bonds are exempt from registration under the Securities Act of 1933, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

In giving the foregoing opinions in paragraphs (4) and (5), we have relied on the mathematical computation on behalf of the Issuer of the yields on the Bonds and on certain obligations acquired with the proceeds thereof, the mathematical accuracy of which has been verified by Grant Thornton LLP, independent certified public accountants.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Security Deed, the Security Agreement, and the Loan Agreement (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights; (ii) may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

McKENNA LONG & ALDRIDGE LLP

By: _____
Earle R. Taylor, III, Partner

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by SPSU Student Housing I, LLC (the “Company”) in connection with the issuance by the Development Authority of the City of Marietta (the “Issuer”) of its Student Housing Facilities Refunding Revenue Bonds (SPSU Student Housing I, LLC Project) Series 2013 in the aggregate principal amount of \$27,130,000 (the “Series 2013 Bonds”), which are to be issued and delivered pursuant to a Trust Indenture and Security Agreement dated as of June 1, 2013 (the “Indenture”) between the Issuer and Regions Bank. The Company covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Company for the benefit of the Beneficial Owners of the Series 2013 Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the Company pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

“Beneficial Owner” of Series 2013 Bonds shall be determined pursuant to Rule 13d-3 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

- (1) voting power, which includes the power to vote, or to direct the voting of, any Bond; or
- (2) investment power, which includes the power to dispose, or to direct the disposition of, any Bond.

“Bondholder” shall mean the registered owner of any Series 2013 Bond.

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

“EMMA” shall mean the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

“Fiscal Year” shall mean any period of twelve 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.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor thereto for purposes of the Rule.

“Official Statement” shall mean the Official Statement dated May 22, 2013 prepared by the Company in connection with the issuance of the Series 2013 Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Series 2013 Bonds required to comply with the Rule in connection with the offering of the Series 2013 Bonds.

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

“SEC” shall mean the United States Securities and Exchange Commission.

“Third Party Beneficiary” shall have the meaning specified in Section 13 hereof.

“University” shall mean Southern Polytechnic State University in Marietta, Georgia.

SECTION 3. Means of Dissemination. All information disseminated pursuant to this Disclosure Certificate shall be provided to the MSRB in an electronic format as prescribed by the MSRB. As of the date hereof, EMMA is the electronic format prescribed by the MSRB. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Provision of Annual Reports.

(a) The Company shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each Fiscal Year, commencing with Fiscal Year 2013, provide to the MSRB an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date, the Company shall provide the Annual Report to the Dissemination Agent (if other than the Company). 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 5 of this Disclosure Certificate; provided that the financial statements of the Company and the University may be submitted separately from the balance of the Annual Report.

(b) If the Company is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Company shall, in a timely manner, send a notice of such failure to the MSRB, in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(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, the proper form for such filing, and the proper identifying information prescribed by the MSRB to accompany such filing; and

(ii) if the Dissemination Agent is other than the Company, file a report with the Company certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information prescribed by the MSRB, and stating the date it was provided.

(d) The Company shall promptly file a notice of any change in its Fiscal Year with the MSRB.

(e) If the audit report or the agreed upon procedures report specified in clause (1) of Section 5 hereof is not submitted as part of the Annual Report to the MSRB pursuant to Section 4(a) hereof, the Company shall, or shall cause the Dissemination Agent to, provide to the MSRB such audit report or agreed upon procedures report, together with the basic financial statements of the Company to which such audit report or agreed upon procedures relates, when and if they are available to the Company.

SECTION 5. Content of Annual Reports. The Company's Annual Report shall contain or incorporate by reference the following:

(1) the Company's and the University's basic financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which shall be accompanied by an audit report or agreed upon procedures report, if available at the time of submission of the Annual Report to the MSRB pursuant to Section 4(a) hereof, resulting from an audit conducted or agreed upon procedures performed by the State of Georgia Department of Audits and Accounts or an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 4(a) hereof and if such changes are material to the Company, a narrative explanation describing the impact of such changes on the Company or the University, as applicable; and

(3) An update of the information for the preceding Fiscal Year of the type contained in the tables under the captions "THE UNIVERSITY—Enrollment" and "THE BOARD OF REGENTS—State of Georgia Funding" in the Official Statement.

Any or all of the items listed above may be incorporated by specific reference from other documents, including official statements of debt issues of the Company or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Company shall clearly identify each such other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2013 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Company;
- (13) The consummation of a merger, consolidation, or acquisition involving the Company or the sale of all or substantially all of the assets of the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) For the purposes of the event identified in subsection (a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Company in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Company, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Company.

(c) If the Company obtains knowledge of the occurrence of a Listed Event, the Company shall file in a timely manner, not in excess of ten business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) (other than tender offers) and (9) need not be given under this Disclosure Certificate any earlier than the notice (if any) of the underlying event is given to the Bondholders pursuant to the Indenture.

SECTION 7. Termination of Reporting Obligation. The Company's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in full, prior redemption in full, or payment in full of all of the Series 2013 Bonds.

SECTION 8. Dissemination Agent. The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Company may, from time to time, discharge any such 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 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Company may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) such amendment or waiver 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 the obligor on the Series 2013 Bonds, or type of business conducted by such obligor;

(b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Company or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2013 Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of Section 5 hereof is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information 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.

If the provisions of Section 5 hereof specifying the accounting principles to be followed in preparing the Company's financial statements are amended or waived, the Annual Report for the Fiscal 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 the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners 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. The Company shall file a notice of the change in the accounting principles with the MSRB on or before the effective date of any such amendment or waiver.

SECTION 10. 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 11. Default. In the event of a failure of the Company to comply with any provision of this Disclosure Certificate, any Third Party Beneficiary may take such actions as may be necessary and appropriate, including seeking mandamus or 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 an "event of default" or "default" under the Indenture or the Loan Agreement (as defined in the Indenture), and the sole remedy under this Disclosure Certificate in the event of any failure of the Company to comply with this Disclosure Certificate shall be an action to

compel performance. The cost to the Company of performing its obligations under this Disclosure Certificate shall be paid solely from funds lawfully available to the Company for such purpose.

SECTION 12. 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, to the extent allowed by applicable law, the Company agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, and agents harmless against any loss, expense, and liabilities that they may incur arising out of or in the exercise or performance of the Dissemination Agent's 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 obligations of the Company under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2013 Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Company, the Dissemination Agent, the Participating Underwriters, and the Beneficial Owners, and shall create no rights in any other person or entity.

Neither this Disclosure Certificate nor the performance by the Company of its obligations hereunder shall create any third party beneficiary rights, shall be directly enforceable by any third party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Participating Underwriters and the Beneficial Owners are hereby made express third party beneficiaries of this Disclosure Certificate (collectively, and each respectively, a "Third Party Beneficiary") and shall have the right to enforce the obligations of the Company hereunder pursuant to Section 11 hereof.

Dated: June __, 2013

SPSU STUDENT HOUSING I, LLC

By: _____

Name:

Title:

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Development Authority of the City of Marietta

Name of Obligor: SPSU Student Housing I, LLC

Name of Bond Issues: Development Authority of the City of Marietta Student Housing Facilities
Refunding Revenue Bonds (SPSU Student Housing I, LLC Project) Series 2013

Date of Issuance: June __, 2013

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Certificate dated June __, 2013. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

SPSU STUDENT HOUSING I, LLC

By: _____

Name:

Title: