

## SECOND PARTY OPINION

### SUMMARY

Kestrel Verifiers is of the opinion that the Refunding Revenue Bonds (Albany State University Projects), Series 2020 (Social Bonds) conform with the four pillars of the Social Bond Principles 2020 as follows:

### Use of Proceeds

Albany-Dougherty Inner City Authority intends to issue Social Bonds to refund two outstanding bonds which financed facility improvements on Albany State University's two campuses. The facilities consist of two student housing complexes that provide affordable housing and a student center that provides services for a student body consisting of a historically underserved target population. The bonds align with three eligible project categories under the Social Bond Principles.

### Process for Project Evaluation and Selection

The Board of Regents, which manages the University System of Georgia, approved a comprehensive student housing plan that aligns with the student housing projects.

### Management of Proceeds

Bond proceeds shall be allocated to refunding the two outstanding bonds issued in 2010.

### Reporting

The USG Real Estate Foundation XI, LLC commits to posting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) annually through the Electronic Municipal Market Access (EMMA) system.



### ISSUER

Albany-Dougherty Inner City  
Authority

### OPINION ON

Refunding Revenue Bonds  
(Albany State University Projects),  
Series 2020 (Social Bonds)

### SOCIAL CATEGORY

Access to Essential Services  
Affordable Housing  
Socioeconomic Advancement and  
Empowerment

### TARGET POPULATIONS

Low-income  
Underserved

### EVALUATION DATE

October 2020

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# SECOND PARTY OPINION

<b>Issuer:</b>	Albany-Dougherty Inner City Authority
<b>Borrower:</b>	USG Real Estate Foundation XI, LLC
<b>Issue Description:</b>	Refunding Revenue Bonds (Albany State University Projects), Series 2020 (Social Bonds)
<b>Project:</b>	Student Housing and Student Center Facilities
<b>Social Category:</b>	Access to Essential Services Socioeconomic Advancement and Empowerment Affordable Housing
<b>Evaluation Date:</b>	October 5, 2020

## SOCIAL BONDS SECOND PARTY OPINION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of these bonds to evaluate conformance with the Social Bond Principles (June 2020) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses of proceeds and conformance of the bonds with the Social Bond Principles. In our opinion, the Refunding Revenue Bonds, Series 2020 Bonds are aligned with the four pillars of the Social Bond Principles and qualify for social bonds designation.

## ABOUT THE ISSUER

Albany-Dougherty Inner City Authority (the “Authority”) is a conduit issuer which supports public projects and redevelopment projects in Albany-Dougherty County, Georgia. Proceeds from the Series 2020 Bonds will be loaned to the USG Real Estate Foundation XI, LLC (the “Company”). The Company was formed for the primary purpose of acquiring, constructing, and developing facilities projects on Albany State University’s (“ASU”) campus. The University System of Georgia Foundation, Inc., is the sole member of the Company. Each entity involved is dedicated to supporting Georgia’s education mission.

ASU is a 4-year bachelor and master’s degree granting institution located in Albany-Dougherty County, Georgia, on the banks of the Flint River. ASU was founded as the Albany Bible and Manual Training Institute in 1903. Today, ASU has 14 degrees at the associate’s level, 29 degrees at the bachelor’s level, 11 degrees at the master’s level and one degree at the specialist level. In fall of 2019, ASU employed 185 faculty and had 6,122 students.

Darton State College, originally founded in 1963 as a two-year state college, was consolidated with ASU in 2017. ASU is located 150 miles southeast of Atlanta, Georgia and consists of these two campuses which are approximately five miles apart.

## ALIGNMENT TO SOCIAL STANDARDS

*Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bond Principles (International Capital Market Association definition).*

### Use of Proceeds

The Series 2020 bond proceeds will be allocated to refund two outstanding bonds which financed facility improvements on two of Albany State University's campuses. The two refunded bonds include (i) Albany-Dougherty Inner City Authority Revenue Bonds (Albany State University Projects) Series 2010 (hereafter referred to as "ASU 2010 Bonds"), and (ii) Albany Dougherty Payroll Development Authority's Revenue Bonds (Darton College Projects), Series 2010 (hereafter referred to as "DC 2010 Bonds").

The ASU 2010 Bonds financed construction of a student housing facility and a student center on the University of Albany, Georgia campus. The facility has 626 student housing beds. The student center is approximately 60,000 square feet and includes a bookstore, ballroom, student space, post office, food court and other amenities. Construction was completed in October 2010 and these facilities opened in September 2011. The DC 2010 Bonds financed construction of a 461-bed student housing facility which opened in 2011 on the Darton College campus.



**Target Populations:** Albany State University generally has a student population that comes from lower-income backgrounds and underserved populations. According to a study by the non-partisan, not-for-profit research institute Opportunity Insights, Albany State University ranked 372<sup>nd</sup> out of 377 schools for median parent income at the time of student enrollment at the University. Furthermore, ASU ranked 360<sup>th</sup> out of schools for students coming from families who earned more than \$110,000 per year with only 6.3% of enrolled students meeting this threshold. However, to demonstrate the power of education, ASU ranked 32<sup>nd</sup> out of 369 schools in overall mobility index, measuring the likelihood a student would move up two income quintiles. This demonstrates the need for quality education, its power on upward economic mobility, and on investment in these areas.<sup>1</sup>

**Eligible Project Categories:** Albany State University's mission for student housing is to provide "an affordable, comfortable, and secure living environment that fosters academic success, personal development, and community engagement." This mission and the bond-financed activities conform with the Social Bond Principles by advancing the social objective of affordable housing, as well as access to the essential service of education for a student population that is generally underserved and low-income. These activities conform with three eligible project categories described in the Social Bonds Principles (2020).

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<sup>1</sup> "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility", by Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner and Danny Yagan, [The Equality of Opportunity Project](#)

STANDARD	ELIGIBLE PROJECT CATEGORIES
	<ol style="list-style-type: none"> <li>1. Access to Essential Services – Education</li> <li>2. Affordable Housing</li> <li>3. Socioeconomic Advancement and Empowerment</li> </ol>

## Social Benefits of Student Housing Projects

### Academic Impact

Research shows that students who live on campus are more likely to graduate, and students living in residence halls are more likely to participate in campus learning communities and more likely to have interaction with faculty. Furthermore, students living on campus tend to earn better grades and have retention rates at their institutions which are higher than students in off-campus housing.<sup>2</sup>

### Social Development

On-campus housing helps to integrate learning and social development by giving students a sense of community within the institution. Students who live on campus generally participate in more campus activities, take advantage of campus resources, and are more involved in leadership activities further enhancing their educational experience.<sup>3</sup>

### Housing Security

According to the U.S. Department of Housing and Urban Development, adequate, affordable housing options near campus are difficult to find for many college students, and at least 56,000 college students are homeless nationwide. Research suggests that student performance is connected directly to housing quality and location. By making more student housing accessible for students, ASU is helping more students achieve quality education.<sup>4</sup>

## Process for Project Evaluation and Selection

ASU’s Guiding Principles direct the University’s operations and planning processes. The Principles include:

- Aspire to Excellence
- Embrace Diversity
- Expand Access to Higher Education
- Elevate Historically Underserved Populations
- Promote Economic Development

ASU has several planning documents which guide decision-making and establish targets for educational success. Campus Master Planning efforts and Strategic Plans are critical to the internal project evaluation process. The 2010 housing projects are aligned with ASU’s comprehensive student housing plan. The Board of Regents determined the housing plan to be consistent with required housing planning policies and authorized the housing and student center projects in September 2009.

<sup>2</sup> Pascarella, Ernest T., and Patrick T. Terenzini. 2005. *How College Affects Students: A Third Decade of Research*. San Francisco: Jossey-Bass

<sup>3</sup> <https://www.wtamu.edu/student-life/residential-living/housing/benefits-of-on-campus-housing.html>

<sup>4</sup> U.S. Department of Housing and Urban Development, Office of Policy Development and Research. 2014. “Housing and Neighborhood Contexts Affect Children’s Outcomes.” PD&R Edge. [http://www.huduser.org/portal/pdredge/pdr\\_edge\\_featd\\_article\\_111714.html](http://www.huduser.org/portal/pdredge/pdr_edge_featd_article_111714.html).

Furthermore, there is a sustainability component to this Social Bond. Albany State University is located adjacent to the Flint River, which has a long history of periodic flooding. Multiple Master Plans, most recently updated in 2018, have directed the University to locate all new facilities on higher ground and out of the floodplain. The residence halls and student center financed with the 2010 bonds were among the first buildings to be constructed under the 2009 Master Plan.

## Management of Proceeds

Proceeds from the Series 2020 bond will be solely allocated to refund the DC 2010 Bonds (\$20,310,000 outstanding) and the ASU 2010 Bonds (\$36,905,000 outstanding). Bond proceeds will be loaned by the Authority to USG Real Estate Foundation (the “Company”) and will be used to refund the two 2010 bonds and pay the costs of issuing the Series 2020 bonds.

## Reporting

The Company has committed to submitting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) so long as the Series 2020 bonds are outstanding. The Company will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access (EMMA) system operated by the MSRB. The facilities projects financed by the 2010 bonds to be refunded were completed in 2011 and no additional project progress updates should be expected.

Albany State College is especially transparent with the information it makes publicly available on its website. Relevant metrics that are voluntarily provided on a regular basis include: student demographics, student retention, and achievement in the Albany State University Fact Book.

## CONCLUSION

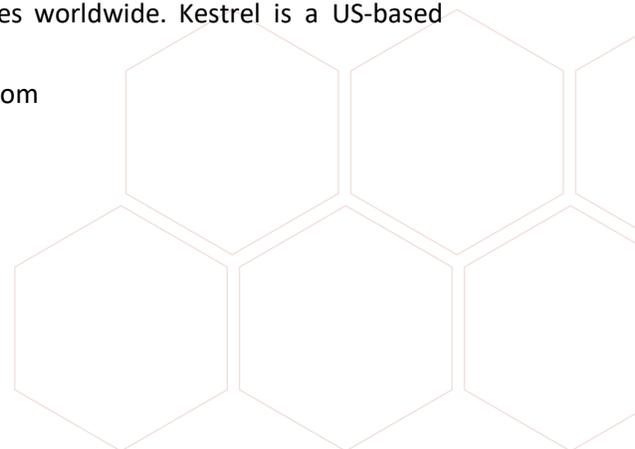
Based on our independent verification, the Series 2020 Refunding Revenue Bonds (Social Bonds) conform, in all material respects, with the Social Bond Principles (2020) and are in complete alignment with three eligible project categories: Access to Essential Services, Affordable Housing, and Socioeconomic Advancement and Empowerment.

## ABOUT KESTREL VERIFIERS



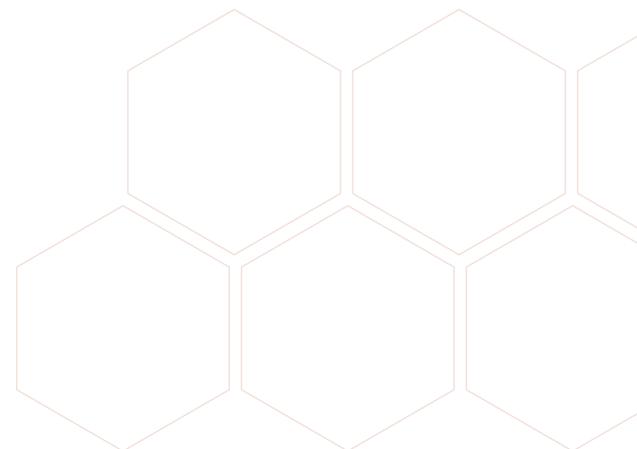
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For more information, visit [www.kestrelverifiers.com](http://www.kestrelverifiers.com)



## DISCLAIMER

This opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information which was available to us during the time of this engagement (October 2020) only. By providing this opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Social Bonds. It was beyond Kestrel Verifiers' scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the Borrower and publicly available information. The opinion delivered by Kestrel Verifiers does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This opinion does not make any assessment of the creditworthiness of the Issuer, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the issuer or the projects discussed. Language in the offering disclosure supersedes any language included in this Second Party Opinion.





# SOCIAL BOND

## INDEPENDENT EXTERNAL REVIEW FORM

### SECTION 1. BASIC INFORMATION

**Issuer name:** Albany-Dougherty Inner City Authority  
**Independent External Review provider's name:** Kestrel Verifiers  
**Completion date of this form:** October 5, 2020  
**Publication date of review publication:** October 2020

### SECTION 2. REVIEW OVERVIEW

#### Scope of Review

The review assessed the following elements and confirmed their alignment with the SBPs:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

#### Role(s) of Independent External Review Provider

- Second Party Opinion

#### Executive Summary of Review

Based on our independent verification, the Series 2020 Refunding Revenue Bonds (Social Bonds) conform, in all material respects, with the Social Bond Principles (2020) and are in complete alignment with three eligible project categories: Access to Essential Services, Affordable Housing, and Socioeconomic Advancement and Empowerment.

### SECTION 3. DETAILED REVIEW

#### 1. Use of Proceeds

Overall comment on section:

The Refunding Revenue Bonds will be used to refund bonds which financed Student Housing and Student Center Facilities exclusively. The facilities consist of two student housing complexes that provide affordable housing and a student center that provides services for a student body consisting of a historically underserved target population.

The Student Housing and Student Center Facilities have not been nominated for other social bonds.

*Use of proceeds categories as per SBP:*

- Affordable housing
- Access to essential services
- Socioeconomic advancement and empowerment

## **2. Process for Project Evaluation and Selection**

Overall comment on section (if applicable):

ASU's Guiding Principles direct the University's operations and planning processes. The Principles include:

- Aspire to Excellence
- Embrace Diversity
- Expand Access to Higher Education
- Elevate Historically Underserved Populations
- Promote Economic Development

The 2010 housing projects are aligned with ASU's comprehensive student housing plan. The Board of Regents determined the housing plan to be consistent with required housing planning policies and authorized the housing and student center projects in September 2009.

*Evaluation and selection*

- Credentials on the issuer's social objectives
- Summary criteria for project evaluation and selection publicly available

*Information on Responsibilities and Accountability*

- In-house assessment
- Other (please specify): ASU's policies, budget, and facilities projects are reviewed or overseen by the Board of Regents in Georgia.

## **3. Management of Proceeds**

Overall comment on section (if applicable):

Proceeds from the Series 2020 bond will be solely allocated to refund the DC 2010 Bonds (\$20,310,000 outstanding) and the ASU 2010 Bonds (\$36,905,000 outstanding).

*Tracking of proceeds:*

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds

*Additional disclosure:*

- Other (please specify): management of bond proceeds for refundings to be made available on the Electronic Municipal Market Access (EMMA) system operated by the MSRB

## **4. Reporting**

Overall comment on section:

USG Real Estate Foundation XI, LLC commits to posting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) annually through the Electronic Municipal Market Access (EMMA) system. Albany State College is especially transparent with the information it makes publicly available on its website. Relevant metrics that are voluntarily provided on a regular basis include: student demographics, student retention, and achievement in the Albany State University Fact Book.

*Use of proceeds reporting:*

- Linkage to individual bond(s)
- Other (please specify): refunding details to be made available on the Electronic Municipal Market Access (EMMA) system operated by the MSRB

*Information reported:*

- Allocated amounts (Annually)

*Impact reporting:*

- Project-by-project
- Other (please specify): Benefitting student body

*Frequency:*

- Annual

*Information reported (expected or ex-post):*

- Number of beneficiaries
- Target population
- Other ESG indicators (please specify): Tracked and reported metrics include but are not limited to student demographics, degrees obtained, student retention, and achievement

*Means of Disclosure*

- Information published in financial report
- Information published in ad hoc documents

**Useful Links**

[www.kestrelverifiers.com](http://www.kestrelverifiers.com)

[https://www.asurams.edu/docs/institutional-effectiveness/2019-2020\\_Fact\\_Book\\_final.pdf](https://www.asurams.edu/docs/institutional-effectiveness/2019-2020_Fact_Book_final.pdf)

**Review provider(s):**

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**About Kestrel Verifiers**

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