

A CALLED MEETING

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

March 10, 2011

The Georgia State Financing and Investment Commission held its Called Meeting in the Office of the Governor, Room Number 203 of the State Capitol, Atlanta, Georgia. The following persons were present: Governor Nathan Deal, Chairman and Chief Executive Officer, presiding; Lt. Governor Casey Cagle, Vice Chairman; State Auditor Russell W. Hinton, Secretary and Treasurer; Attorney General Samuel S. Olens; Commissioner of Agriculture Gary W. Black and State Treasurer Director Tommy Hills, Members; Chief of Staff Chris Riley, Executive Counsel Todd Markle, Press Secretary Stephanie Mayfield, Assistant to the Governor Tom Willis and Executive Assistant to the Governor Carrie Ashbee for the Office of the Governor; Debbie Dlugolenski, Chief Financial Officer for the Office of the Governor and Director of the Office of Planning and Budget; Dan Ebersole, Special Advisor to the Lt. Governor; Wright Banks, Lisa Javorka and Nancy Gallagher of the Attorney General's Office; Treasurer Kate Pfirman and Matt Cline of the Georgia Department of Transportation; Executive Director Gena Evans, Chris Tomlinson, Malika Wilkins and Adrian Carver of the State Road and Tollway Authority; Matt Nichols and Alice Mabry of Sutherland Asbill & Brennan LLP, Bond Counsel for SRTA; Earle R. Taylor III of McKenna Long & Aldridge LLP, Disclosure Counsel for SRTA; Director Susan Hart Ridley, Lee McElhannon and Kelly Zurbrugg of the Financing and Investment Division of the Commission; Angela Gunter, Katy Pando and Linda Eidson of the Construction Division of the Commission; Steven L. Stancil, Construction Division Director and Executive Secretary of the Commission; and others.

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CALL TO ORDER AND MINUTES OF PREVIOUS MEETING

2. Chairman and Chief Executive Officer Governor Nathan Deal called the meeting to order at approximately 9:07 A.M. Attorney General Olens joined the meeting after the vote on the resolutions for the Jekyll Island Authority request, the Financing and Investment Division of the Commission's Recovery Zone request and the State Road and Tollway Authority's request. It was noted that a quorum was present. Each member present was provided with a briefing book. The minutes of the previous Commission meeting held on November 19, 2010 were approved without reading pursuant to an announcement that distribution of the minutes were provided to all members of the Commission prior to the current meeting.

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REQUEST OF THE JEKYLL ISLAND AUTHORITY SEEKING APPROVAL BY RESOLUTION TO ENTER INTO A THREE YEAR FINANCING AGREEMENT FOR EQUIPMENT IN THE TOTAL AMOUNT OF \$455,562

3. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Hart Ridley to present the request on behalf of the Jekyll Island Authority.

4. Ms. Ridley informed the Commission that the present item was on the agenda of the November 19, 2010 meeting and was tabled for further review. The Authority's original request was to enter into two finance leases for purposes of financing equipment. However, the Authority has now opted to enter into only one of the two leases. The current request is to enter into a three year finance agreement to purchase golf carts in the amount of \$455,562. The Authority will come back before the Commission to seek approval of a renewal of the lease at the end of the original term.

5. A motion was made, seconded and passed unanimously by all members present; the Commission adopted the following resolution:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of March 10, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 3X10-1/11.

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REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION REGARDING WAIVERS AND RE-ALLOCATIONS OF RECOVERY ZONE BOND AUTHORIZATIONS

6. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Hart Ridley to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

7. Ms. Ridley informed the Commission that this agenda item recognizes and affirms the waiver actions that occurred between November 19, 2010 and December 31, 2010; the waiver of four bond allocations and the subsequent award of seven reallocations of both economic development bonds as well as facility bonds. Georgia had good utilization of this bond program which expired December 31, 2010 that was authorized under the federal stimulus bill. It is expected that this will be the Commission's last act on this particular program.

8. A motion was made, seconded and passed unanimously by all members present, the Commission adopted the following resolution:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of March 10, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 3X10-2/11.

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REQUEST OF THE STATE ROAD AND TOLLWAY AUTHORITY (SRTA) SEEKING APPROVAL BY RESOLUTION TO APPROVE FINAL PRICING OF THE 2011 GUARANTEED REVENUE REFUNDING SERIES A AND B BONDS AND TO AUTHORIZE THE BOND PURCHASE AGREEMENT.

9. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Hart Ridley to present the request on behalf of the State Road and Tollway Authority.

10. Ms. Ridley referred to Tab "G" of the briefing book which consists of the executive summary and pricing information pertaining to the request of the State Road and Tollway Authority's seeking approval of the sale of \$344,420,000 in Guaranteed Revenue Refunding Bonds, Series 2011A/B. She commended Governor Deal's finance team on an excellent job in presenting the state's credit with respect to the Refunding Guaranteed Revenue Bonds to the rating agencies.

11. The original bonds were issued by the State Road and Tollway Authority in 2001 and 2003 for the purposes of funding road projects. The State Road and Tollway Authority entered the market yesterday with a competitive offering to take advantage of interest rate savings. The sale was very successful, in most part, due to the Triple A ratings received from all three rating agencies. Bids were received at 10:30 A.M. Eight bids were received with Citigroup Global Markets having the lowest bid with a TIC of 2.57%.

12. The savings of appropriations of motor fuel to the Georgia Department of Transportation towards the debt service for these bonds is \$34,691,019 over the life of the bonds. The executive summary provides a breakdown of the annual cash flow savings by fiscal year. The State Road and Tollway Authority and the Financing and Investment Division of the Georgia State Financing and Investment Commission worked closely with the Georgia Department of Transportation to structure the refunding to optimize the savings in the first four years to give them greater flexibility over the next several years as they move forward with the implementation of their P3 Program.

13. Lt. Governor Casey Cagle, Vice Chairman, asked who the second lowest bidder was. Ms. Ridley responded that Goldman, Sachs & Co. was 5 basis points behind Citigroup Global Markets. There were eight bidders which is very good in this market.

14. In accordance with Commission policy, three alternative scenarios for refunding the bonds are listed on the second page of the executive summary. The State Road and Tollway Authority board met prior to this meeting. The State Road and Tollway Authority approved the sale of these bonds and the award to Citigroup Global Markets. At this time, the State Road and Tollway Authority seeks the approval of the Commission. Ms. Ridley's recommendation to the Commission is to approve their request so they may move forward.

15. A motion was made, seconded and passed unanimously by all members present, the Commission adopted the following resolution:

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of March 10, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 3X10-3/11.

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REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING AUTHORIZATION BY RESOLUTION TO ISSUE REQUESTS FOR PROPOSALS FOR A NEW LIQUIDITY PROVIDER AND FOR STRUCTURING OPTIONS FOR VARIABLE RATE GENERAL OBLIGATION BOND SERIES 2006H AND FOR OTHER PURPOSES.

16. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Hart Ridley to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

17. Ms. Ridley informed the Commission that in 2006, the state issued variable rate demand bonds in the amount of \$300,000,000. The bonds have a Dexia Credit Local liquidity facility which expires on December 21, 2011.

18. The Financing and Investment Division of the Georgia State Financing and Investment Commission seeks approval of the Commission to seek proposals from banks to replace Dexia. Dexia is exiting the liquidity business as many banks have after the financial crisis in 2008.

19. At the same time, the Financing and Investment Division of the Georgia State Financing and Investment Commission requests authorization to seek proposals from underwriters for structuring options for perhaps fixing out a portion of these variable rate bonds since the short term interest rates are currently low. The proposals may also suggest we consider a new variable rate product which may not have been available when the bonds were issued in 2006.

20. There have been some new products developed since the financial crisis in 2008, specifically index floaters. We would like to see what the pricing might be and if that will be an efficient way to have a very small amount of variable rate debt in the state's debt portfolio. The variable rate debt is less than 3% of

our overall general obligation debt outstanding. The state has very limited exposure to interest rate risk and the rating agencies have a positive view of the conservative approach to variable rate debt. We believe going forward we would at least like to explore the option of continuing to have some variable rate outstanding.

21. State Treasurer Tommy Hills provided the Commission with a background of how the variable rate bond came to be authorized and issued. The previous administration believed that issuing a limited amount of variable rate bonds was more beneficial to the state than issuing only fixed rate bonds.

22. Chairman and Chief Executive Officer Governor Nathan Deal asked if there would be a committee appointed to oversee the process. Ms. Ridley informed that there would be.

23. Chairman and Chief Executive Officer Governor Nathan Deal asked State Auditor Russell W. Hinton, Secretary and Treasurer, State Treasurer Tommy Hills and Susan Hart Ridley to serve on the committee and bring the findings back to the Commission.

24. A motion was made, seconded and passed unanimously by all members present, the Commission adopted the following resolution:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of March 10, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 3X10-4/11.

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NEW BUSINESS

25. Chairman and Chief Executive Officer Governor Nathan Deal welcomed the new members to the board. Dan Ebersole, a former member of the Commission, was also welcomed as the Special Advisor to the Lt. Governor.

26. Lt. Governor Casey Cagle, Vice Chairman asked about the Georgia Higher Education Facilities Authority. He stated they are seeking to increase bond authorization from \$300,000,000 to \$500,000,000 and asked if there has been a position taken on this expansion. Ms. Ridley stated the staff of the Authority has not taken a position.

27. State Treasurer Tommy Hills provided the Commission with a brief summary of the background of the development and purpose of the Georgia Higher Education Facilities Authority.

28. Chairman and Chief Executive Officer Governor Nathan Deal asked how this would affect the Commission. Ms. Ridley informed that the Georgia Higher Education Facilities Authority is required to seek approval of the Commission prior to issuing debt.

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ADJOURNMENT

29. With no further business and upon a motion made, seconded, and unanimously adopted, the Chairman and Chief Executive Officer declared the meeting adjourned at approximately 9:23 A.M.



STEVEN L. STANCIL, EXECUTIVE SECRETARY



GOVERNOR