

**GEORGIA STATE FINANCING AND INVESTMENT COMMISSION
(GSFIC)**

Policy and Procedures Owner: Commission

Policy Title/Number
General Obligation Bond Proceeds Redirection Request
CO-12-01

Effective Date: October 4, 2012

References:

- Article VII Section IV of the Constitution of the State of Georgia, as amended
- The Georgia State Financing and Investment Commission Act, O.C.G.A. §§ 50-17-20 through 50-17-30

Introduction

Projects funded by general obligation bond proceeds (“bond proceeds”) occasionally may require additional funds to complete as authorized and approved, while other projects funded by bond proceeds may have unexpended bond proceeds (“available bond proceeds”) no longer required to complete a project. In those instances where a State Department or State Agency (hereinafter “state agency”) has available bond proceeds, it may find it necessary and advantageous to utilize the available bond proceeds to supplement the funding for other projects of the state agency funded by bond proceeds. In other instances, it may be necessary for a state agency to initiate a new and previously unfunded project with available bond proceeds.

The Constitution of the State of Georgia (the “State Constitution”) charges the Georgia State Financing and Investment Commission (the “Commission”) with the responsibility and authority “...for the proper application, as provided by law, of the proceeds of such [general obligation] debt to the purposes for which it is incurred....” The Act of the General Assembly establishing the Commission (the “Commission Act”) statutorily defines the responsibility as follows, “...the commission shall be responsible ... for the proper application of the proceeds of such [general obligation] debt to the purposes for which it is incurred....”

The purpose of this policy is to establish the framework by which the Commission will consider and authorize the reassignment of available bond proceeds (“redirection”). Furthermore, pursuant to both the State Constitution and the Commission Act, bond proceeds for a project, or projects, for one state agency may not, and shall not, be redirected to another state agency.

Applicability

This policy shall be applicable to all general obligation bond proceeds and all state agencies of the State, including those authorities which may receive, pursuant to the State Constitution, general obligation bond proceeds. This policy is not applicable to those general obligation bond proceeds which are for the purpose of making loans to counties, municipal corporations, political subdivision, local authorities, and other local government entities for water or sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems pursuant to Article VII, Section IV, Paragraph I(e) of the State Constitution.

Policy Statement

It is the policy of the Commission that all general obligation bond proceeds and all state agencies shall be subject to this “General Obligation Bond Proceeds Redirection Request Policy.” Requests for redirection of bond proceeds should be primarily for the purpose of utilizing the available bond proceeds from a project, or projects, for a project, or projects, which have an anticipated funding shortfall with respect to completion of that project, or projects, as authorized and approved in the budgetary process or as revised by a previously approved redirection request.

Redirection requests also may be utilized to redirect available bond proceeds to a major repair and renovation (“MRR”) project, or projects, to support state-wide MRR for the state agency.

Procedure

Redirection requests shall be submitted in a form and manner as prescribed by the Director of the Financing and Investment Division of the Commission and the Director of the Construction Division of the Commission (the “Directors”).

All redirected bond proceeds shall continue to be subject to all other policies and procedures of the Commission. Should any new project be approved and initiated as a result of a redirection request (regardless of amount), the state agency shall enter into a Commitment Letter with the Commission prior to the expenditure of any bond proceeds for the new project.

Redirect Requests Less than \$250,000

All redirection requests of less than \$250,000 from an individual project must be submitted to the Commission via a completed redirection request form as approved by the Directors and the Office of Planning and Budget (“OPB”) and may be approved by the Directors after the review and concurrence by the OPB.

The Directors shall report to the Commission at each Commission meeting all redirection requests approved by the Directors since the previous meeting of the Commission.

Redirection Requests of \$250,000 or greater

All redirection requests equal to or greater than \$250,000 from an individual project must be submitted to the Commission via a redirection request form as approved by the Directors and the OPB.

A redirection request equal to or greater than \$250,000 should not be used to initiate a new project except when there is a critical need for the project which does not allow for the consideration of the new project as a part of the normal budget process of the State.

The Commission will consider all redirection requests equal to or greater than \$250,000 from a project after review by the Directors and the OPB, each of which will provide its recommendation as to approval or denial of the redirection request to the Commission.

The OPB will present the redirection request(s) to the Commission in an open meeting of the Commission. The Commission may approve, deny, or defer action with respect to any redirection request in its sole discretion.