



A CALLED MEETING  
of the  
GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY

April 20, 2015

The Georgia Higher Education Facilities Authority (the “Authority”) held a called board meeting on April 20, 2015 at 9:30 AM in the offices of the Georgia State Financing and Investment Commission, 270 Washington Street, Suite 2141, Atlanta, Georgia. Gary Bishop (Chairperson of the Authority), Teresa MacCartney (Vice Chairperson of the Authority) and Member Dick Anderson participated in the meeting via telephone conference call. Member Tommy David joined at 9:43AM and participated in the meeting via telephone conference call. Others in attendance were: Cynthia Alexander and Regina Travis with the Board of Regents of the University System of Georgia (“BOR”); Wright Banks with the Georgia Department of Law; Diana Pope, Lee McElhannon (Secretary and Treasurer of the Authority) and Kelly Zurbrugg with the Georgia State Financing and Investment Commission (“GSFIC”). Others in attendance via telephone conference call were: Earle Taylor with McKenna Long & Aldridge LLP, Bond Counsel; Mae Charles Barnes and Terri Finister, Underwriters’ Counsel with Murray Barnes Finister LLP; Ted Matozzo and Jay Bellwoar with Bank of America Merrill Lynch (BAML), Lead Underwriters for the 2015 Refunding Bonds;

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### **Call to Order and Approval of Minutes**

The meeting was called to order at approximately 9:35AM by Chairman Gary Bishop. It was noted that a quorum of the Authority was present. The first item on the agenda was to approve the minutes from the February 19, 2015 Authority meeting which had been provided to them prior to the meeting. Teresa MacCartney made a motion to approve the minutes and Dick Anderson seconded the motion; a vote was taken and the motion to approve passed unanimously.

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### **Consideration of a Defeasance Resolution to Provide for the Partial Defeasance and Redemption of the Authority's Revenue Bonds (USG Real Estate Foundation I, LLC Project), Series 2008 with Respect to that Portion of the Bonds Allocated to the Georgia State University Project and the Execution of an Escrow Deposit Agreement Relating to the Defeased Bonds and Consideration of a Defeasance Resolution to Provide for the Partial Defeasance and Redemption of the Authority's Revenue Bonds (USG Real Estate Foundation III, LLC Project), Series 2010A with Respect to those Portions of the Bonds Allocated to the Coastal College Student Housing Project and the East Georgia College Student Housing Project and the Execution of an Escrow Deposit Agreement Relating to the Defeased Bonds.**

Chairman Gary Bishop called upon Diana Pope from Georgia State Financing and Investment Division to present action item III and action item IV on the agenda. Ms. Pope said that the February 19, 2015 meeting helped prepare the foundation for the action items to be considered at this meeting, and that these items involve projects that are included in Phase 1 of the BOR's Public-Private Partnership ("P3") initiative for on-campus student housing. She reminded the members of the Authority that the Georgia State housing project was part of the Authority's 2008 revenue bond issue, and College of Coastal Georgia's housing project and East Georgia State College's housing project both were part of the Authority's 2010A revenue bond issue.

Ms. Pope explained that the defeasance resolutions seek the approval to defease the portions of the outstanding 2008 and 2010A bonds related to those three housing projects. She said that funds will be received and transferred to an escrow deposit fund under the Escrow Deposit Agreement. Ms. Pope added that the outstanding Georgia State University housing bonds are callable on or after June 15, 2018, and the outstanding College of Coastal Georgia and East Georgia College bonds which were sold in the 2010A series are callable on or after June 15, 2020.

Ms. Pope informed the members that the form of the Escrow Deposit Agreement is attached to the defeasance resolution found on the Authority's eBoard system. The resolution will authorize the Authority's Chair or Vice Chair to take actions as needed to effect the defeasance of bonds. Ms. Pope added that the BOR is expecting a financial close on the P3 housing initiative around May 9, 2015.

With no further discussion, a motion to approve the Defeasance Resolutions was made by Teresa MacCartney and seconded by Dick Anderson; a vote was taken and the motion to approve passed unanimously.

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**Consideration of the Series 2015 Bond Resolution to Supplement and Amend the Authority's Bond Resolution Adopted October 15, 2008, as Supplemented and Amended by the Authority's Supplemental Resolution Adopted on November 19, 2008, and to Authorize, Inter Alia, the Issuance of Authority Refunding Revenue Bonds (USG Real Estate Foundation I LLC Projects), Series 2015, in an Aggregate Principal Amount Not to Exceed \$90,000,000.**

Chairman Gary Bishop asked Ms. Pope to present item V on the agenda. Ms. Pope explained that action item V is a request for the approval of the Series 2015 Bond Resolution authorizing the issuance of the 2015 Refunding Revenue Bonds for the purpose of refunding the Authority's 2008 Bonds, excluding the Georgia State University

project as previously discussed. Ms. Pope noted that the primary purpose of this request is to allow the pre-sale validation of the refunding bonds in order to meet the BOR's desired schedule of a closing of the refunding bonds prior to the end of May.

Ms. Pope reminded the members that as discussed in the February meeting, the market supports a refunding of the Authority's 2008 bonds. She added that the goal is to provide savings for each of the schools included in the 2008 Series. Not including the Georgia State University's housing project, there is a total of \$80.2 million that can be refunded.

Ms. Pope mentioned that the BOR also is exploring other options for reducing Fort Valley State University's costs that was discussed in the February meeting. She noted that BAML has produced various financing scenarios and also is exploring other financing structures in order to provide upfront savings to further assist Fort Valley State University.

Ms. Pope explained that the Bond Resolution will be used to start the required judicial validation process and provides the following maximum limitations on the 2015 refunding bonds: Maximum Principal of \$90 million; Maximum Coupon of 5%; Maximum annual debt service of \$6,412,187 (this equals the highest annual debt service on the 2008 bonds); Final Maturity no later than 6/15/2045 (scenarios are through 2040). Ms. Pope said the 2008 bonds had a debt service reserve fund requirement for one-half of Maximum Annual Debt Service, which is common with new construction projects. She noted that for the 2015 refunding bonds, the existing debt service reserve funds for the projects in the refunding are planned to be released - approximately \$3.1 million - and the supplement to the trust indenture is drafted to not require a debt service reserve fund.

Ms. Pope said that based on the strength of the BOR's lease program, a debt service reserve fund for the refunding bonds is not required.

Ms. Pope noted that the resolution also authorizes the Chair or Vice Chair to execute the following documents related to the issuance of the 2015 refunding bonds.

Ms. Pope presented each Exhibit to the members:

- Exhibit "A" - First Supplemental Trust Indenture. This exhibit provides the terms of the Series 2015 Bonds, secures them on a parity basis with any existing bonds not being refunded, provides that the Series 2015 Bonds are not secured by the Debt Service Reserve Fund, and makes other corresponding amendments;
- Exhibit "B" - First Amendment to Loan Agreement. This exhibit provides for the loan of the proceeds of the Series 2015 Bonds to the LLC and obligates the LLC to amend and restate each existing promissory note being refinanced;
- Exhibit "C" - First Amendment to Loan Agreement. This exhibit amends and restates the existing promissory notes to replace repayment terms of the bonds being refunded with repayment terms keyed to the Series 2015 Refunding Bonds;
- Exhibit "D" - First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement. This exhibit states that Each First Amendment to Leasehold Deed to Secure Debt substitutes references to the existing promissory note secured thereby with

references to the Amended and Restated Promissory Note, so that the Amended and Restated Promissory Note is secured by the existing Leasehold Deed to Secure Debt;

- Exhibit “E” - First Amendment to Leasehold Deed to Secure Debt, Assignment of Rents and Leases, and Security Agreement, and Security Agreement. This Exhibit, as with the defeasance resolutions previously authorized, will require an Escrow Deposit Agreement, which provides for the defeasance of the 2008 bonds being refunded.

This resolution also authorizes the Authority’s Chair or Vice Chair to take any additional actions as needed for the issuance of the refunding bonds and the defeasance of the 2008 bonds. Ms. Pope noted that everything will be finalized when the refunding bonds are priced and the underwriter provides the Authority with a binding purchase agreement for the refunding bonds.

With no further discussion, Dick Anderson made a motion to approve the Series 2015 Bond Resolution and Teresa MacCartney seconded the motion; a vote was taken and the motion to approve passed unanimously.

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### **New Business and Adjournment**

Chairman Gary Bishop asked if any Authority Member had any other business to discuss. There being no additional business, the meeting was adjourned at approximately 9:48 AM.

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Gary Bishop  
Chairperson

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Lee McElhannon  
Secretary and Treasurer