A CALLED MEETING
GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY

December 18, 2008

The Georgia Higher Education Facilities Authority (the "Authority") held a called board meeting on December 18, 2008 at 1:30 p.m. in the offices of the Georgia State Financing and Investment Commission, 270 Washington Street, Suite 2141, Atlanta, Georgia. Member Celeste Osborn was present in person and members Ben Tarbutton (Chair of the Authority), III, Gary Bishop, Dick Anderson and Mary Flanders participated in the meeting via conference call. The Authority's Secretary and Treasurer, Diana Pope, was also present. Others participating in the meeting were as follows: Tommy Hills, Chief Financial Officer for the Office of the Governor; Susan Ridley, Lee McElhannon and Holly Green with the Financing and Investment Division of the Georgia State Financing and Investment Commission ("GSFIC"); Linda Daniels with the Board of Regents; Karol Mason from Alston and Bird, LLP; Tom Kurrie with Coleman Talley LLP; Wright Banks and Lisa Javorka Kennedy from the Attorney General's Office and Art Mosley with Wells Fargo.

Call to Order and Approval of Minutes

The meeting was called to order at approximately 1:35 p.m. by Chair Ben Tarbutton. Mr. Tarbutton stated that the first item on the agenda was to approve the minutes from the November 19, 2008 Authority meeting. Ms. Osborn made a motion to approve the minutes, and Mary Flanders seconded the motion. A vote was taken and the motion to approve the minutes from the November 19, 2008 Authority meeting passed unanimously.

Update on the Closing of the 2008 GHEFA Bonds and Put Agreement Between Wachovia and the USG Real Estate Foundation, LLC

Mr. Tarbutton asked Susan Ridley to update the Authority members on the events that occurred between the Authority's November 19, 2008 board meeting and the closing of the 2008 Georgia Higher Education Facilities Authority ("GHEFA") Bonds on November 26, 2008. Ms. Ridley began by stating that at the November 19, 2008 board meeting, the Authority approved the pricing of the 2008 GHEFA Bonds at a composite interest rate of 6.05% which was within the parameters that had previously been approved by the Authority and GSFIC. Ms. Ridley stated that a chain of events then occurred between the November 19, 2008 Authority meeting and the closing of the 2008 GHEFA Bonds on November 26, 2008 which culminated in the execution of a put agreement for several maturities of the 2008 GHEFA Bonds between Wachovia Securities (the lead underwriter of the 2008 GHEFA Bonds) and the USG Real Estate Foundation, LLC (the "LLC"). Ms. Ridley then asked Karol Mason, bond counsel and counsel to the Authority, to provide the Authority members with an explanation of the events which occurred between November 19, 2008 and November 26, 2008 and to further explain how the put agreement may affect future actions taken by the Authority.

Ms. Mason began by explaining that during the November 19, 2008 meeting, the Authority adopted a bond resolution which approved the final pricing terms of the 2008 GHEFA Bonds. Ms. Mason explained that $48,010,000 of the $99,855,000 in aggregate principal amount of the 2008 GHEFA Bonds were to be purchased on a stand-alone, uninsured basis and the remainder of the 2008 GHEFA Bonds (approximately $52,000,000) was to be purchased with bond insurance provided by Assured Guaranty Corp. ("Assured"). The 2008 GHEGA Bonds were scheduled to close on November 26, 2008. After the close of business on Friday, November 21, 2008, Moody's Inc. reported that it had downgraded Assured's credit rating from AAA to Aa2. On Monday, November 24th, Wachovia Securities placed calls to its institutional investors in order to determine whether or not Assured's credit rating downgrade would affect their willingness to close on the purchase the portion of the 2008 GHEFA Bonds which was to be insured by Assured (the "Insured Bonds"). On Tuesday, November 25th, Wachovia Securities determined that a majority of the institutional investors would take the position that the downgrade in Assured's credit rating was a material event under the Bond Purchase Agreement and that they would not purchase the Insured Bonds.

Ms. Mason explained that during the late afternoon/early evening of November 25th, 2008 a conference call among Celeste Osborn, Tommy Hills, Susan Ridley, Diana Pope, Lee McElhannon, Marty Nance, Lisa Javorka Kennedy, Hal Gibson, Pat Russell of Wachovia Securities, Mara Holley of Wachovia Bank, N.A. ("Wachovia") and the various attorneys representing the Authority, the LLC, GSFIC and Wachovia Securities was held. Ms. Mason stated that representatives from Wachovia's credit division were willing to provide the Authority with an interim line of credit with which to finance the projects in order to meet the closing date and keep the projects on schedule. Ms. Mason stated that it was determined that this would not be a feasible option due to the fact that obtaining a line of credit from Wachovia had not been previously approved by the

Authority, GSFIC and the Board of Regents, and that there was not enough time to obtain such approvals and close on November 26th as scheduled.

During the conference call it was concluded that the only feasible option to salvage the current financing was to request Wachovia to purchase the Insured Bonds, at the rates and on the terms approved by the Authority on November 19, 2008.

While Wachovia representatives expressed a willingness to accommodate this request, they could not commit to a thirty year term from a credit approval perspective. Wachovia representatives expressed that they would need some way to limit their commitment to a two year period. In order to accommodate Wachovia's concerns, the LLC agreed that it would deliver a put option agreement to Wachovia, giving Wachovia the ability to tender the Insured Bonds to the LLC after July 1, 2010. Upon tender, the LLC would be required to request the Authority to issue new bonds to satisfy the LLC's obligation to purchase the Insured Bonds under the put option agreement and would further be required to request the Board of Regents to increase its rents under the 2008 Project rental agreements if an increase was necessary to underwrite the sale of the replacement bonds.

Ms. Mason stated that another conference call was held later in the evening on November 25, 2008 with Chairman Tarbutton; Jim Bishop, President of the University System of Georgia Foundation, Inc.; Glen White, the authorized representative of the LLC; representatives of the Board of Regents ;representatives of GSFIC; representatives from the Governor's office; and legal counsel to the Authority and the LLC, where the concept of the LLC delivering a put to Wachovia in connection with its purchase of the

Insured Bonds was discussed in detail. The parties to the call concluded it was appropriate to proceed in such a manner.

Ms. Mason said that on November 26, 2008, Wachovia agreed to purchase the Insured Bonds and the general terms of the put option agreement were agreed to by Wachovia, the LLC, Assured, and representatives of the Board of Regents, representatives from GSFIC and of the Attorney General's Office.

Mr. Kurrie, counsel to the LLC, explained that the terms of the put option allow Wachovia to tender the Insured Bonds to the LLC any time after June 1, 2010 through January 1, 2011 for a price (the "Strike Price") that would enable Wachovia to earn a yield of 5.52% per annum, compounded semi-annually from November 26, 2008 to the tender payment date. Once tendered, the LLC has up to 120 days to purchase the Insured Bonds and has the obligation to request that the Authority issue bonds to provide the funds to purchase the Insured Bonds at the Strike Price and to further request the Board of Regents to increase its rents under the 2008 Project rental agreements. The put is non-transferable and Wachovia can only look to the proceeds of any Authority bonds issued for the purpose of providing the funds to purchase and redeem the Insured Bonds.

Ms. Mason and Mr. Kurrie stressed that neither the Authority nor the Board of Regents is a party to the put agreement, and neither has any legal obligation to Wachovia or the LLC to issue refunding bonds or increase rents to support the refunding bonds if Wachovia tenders the Insured Bonds. The purpose of the put option agreement was to make the purchase of the 2008 GHEFA Bonds more attractive to Wachovia because a two year credit risk is more optimal than a thirty year credit risk. In addition, this arrangement preserved the original terms of the 2008 GHEFA Bonds as approved by the Board of Regents, GSFIC, and the Authority.

Ms. Mason stated that Assured has agreed to provide a forward commitment to issue bond insurance on any Authority refunding bonds (if refunding bonds are issued) at a discounted premium amount.

Mr. Tarbutton then asked if any Authority member had any questions regarding the volume of information shared by Ms. Mason and Mr. Kurrie. Mr. Anderson complimented the working group for successfully closing the 2008 GHEFA bonds given the challenges presented by the downgrading of Assured. Ms. Flanders complimented the working group as well. Mr. Tarbutton stated the importance of ensuring that the projects go forward in a timely manner, especially since the construction projects are creating jobs in this tough economy. Ms. Osborn thanked everyone with GSFIC, the Board of Regents and the rest of the working group for successfully meeting the closing date. Mr. Tarbutton thanked Mr. Kurrie and Ms. Mason for their excellent briefing and asked Ms. Ridley if she had anything further to add. Ms. Ridley stated that it is everyone's hope that Wachovia will be able to trade the 2008 GHEFA Bonds on the secondary market, but that there is a possibility that it will be necessary for the Authority to approve a refunding bond issue, which could be either a stand-alone bond issue, or occur in conjunction with a bond issue for the next round of projects. Ms. Ridley stated that the Authority members will continue to be informed of the progress.

Mr. Tarbutton then asked if there were any representatives from Wachovia participating in the call to ask if they had an opinion about when market conditions might allow for more liquidity in the market. While there was no one on the phone from

Wachovia, Ms. Ridley did state that it was her understanding that the market continues to be challenging for single A credits and that, while there is a possibility that there will be more market liquidity in 2009, there are no guarantees. Mr. Anderson asked if Assured's credit downgrade was an anomaly or whether or not there is always the potential for a credit insurer to be downgraded. Ms. Mason stated that there was always the possibility for a credit insurer to be downgraded and asked Mr. McElhannon whether or not there were any remaining triple A rated credit insurers. Mr. McElhannon stated that Berkshire Hathaway has received a triple A rating from two of the three rating agencies, but that it is not rated from the third rating agency.

Mr. Tarbutton asked if any Authority member had any other business to discuss. The members did not have any additional business to discuss and the meeting was adjourned at approximately 1:57 p.m.

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Ben Tarbutton, III
Chair

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Diana Pope
Secretary and Treasurer