A CALLED MEETING

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

June 22, 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 Tommy Hills, Members; Lorette Sibilly of the Office of Planning and Budget; Denise Whiting-Pack, Wright Banks and Lisa Javorka of the Attorney General's Office; Woody Vaughan and Earline Crooke of King & Spalding LLP, Bond Counsel; Dave Amsden of Kutak Rock, LLP, Disclosure Counsel; Director Susan Hart Ridley and Lee McElhannon of the Financing and Investment Division of the Commission; Angela Gunter and Katy Pando 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 2:58 P.M. Lt. Governor Casey Cagle, Vice Chairman, Attorney General Samuel S. Olens and Commissioner of Agriculture Gary W. Black attended the meeting by conference call. It was noted that a quorum was present. Each member present was provided with a Briefing Book.

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REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION TO APPROVE FINAL PRICING OF THE STATE OF GEORGIA'S 2011 GENERAL OBLIGATION REFUNDING BONDS AND TO AUTHORIZE THE BOND PURCHASE AGREEMENT FOR THE SERIES E, F & G

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

4. Ms. Ridley informed the Commission that the present meeting is to review the sale of the State of Georgia's General Obligation Refunding Bonds 2011E, 2011F and 2011G. She referred to the pricing summary found under Tab "A" of the Briefing Book.

5. In December 2006, the State of Georgia issued the 2006H variable rate demand bonds with Dexia Credit Locale serving as the liquidity provider. Dexia Credit Locale is a French and Belgium bank that has experienced some difficulties through the economic crisis like many of the banking institutions; they are exiting the liquidity facility business. The agreement with Dexia Bank expires December 21, 2011.

6. In the March 10, 2011 board meeting a request to issue a Request for Proposals for a replacement liquidity provider and to solicit proposals for alternative variable rate products was presented to the Commission and approved. In the same meeting, Chairman and Chief Executive Officer Governor Nathan Deal appointed State Auditor Russell W. Hinton, Secretary and Treasurer, State Treasurer Tommy Hills and Susan Hart Ridley to serve on a committee to facilitate the issuance, evaluate the proposals received and develop a recommendation for the Commission.

7. On April 8, 2011, nineteen proposals were received from financial institutions. Five (5) proposals offered to provide a liquidity facility on the outstanding variable rate demand bonds. Fourteen (14) offered to convert the variable rate demand bonds to floating rate notes. The committee met on April 22, 2011 with the State of Georgia's financial advisor to consider the proposals.

8. The committee's recommendation that is to be considered today is that the State of Georgia convert a portion of the outstanding variable rate demand bonds to fixed rate bonds to reduce the State of Georgia's exposure to interest rate risk and to take advantage of the low interest rates in the 1 to 10 year range of the yield curve. In addition, the committee recommends that the balance of the variable rate demand bonds be replaced with floating rate notes in a private placement with JP Morgan for a term of three (3) years at a fixed spread plus 40 basis points to the SIFMA index for weekly variable rate bonds; the rate will reset weekly on this formula. The interest cost will be billed on a monthly basis very similar to the current variable rate demand bonds. The JP Morgan proposal reflected the lowest cost and least risk to the State of Georgia in a variable rate product. We will have some interest rate risk, however, we are receiving very favorable rates in the current market.

9. Yesterday, we combined the conversion of the 2011 to 2020 maturities of the variable rate demand bonds to fixed rate bonds [2011F] with the traditional fixed rate refunding [2011E]. The State of Georgia's 2011 General Obligation Refunding Bonds Series E and Series F were priced yesterday at 11:00am. Five (5) bids were received with BofA/Merill Lynch as the winning bidder. The details are reflected below:

2011E (Average Life 6 years)	**$314,155,000**
Advance Refunding Bonds	
All-in-True Interest Cost	2.17%
Net Present Value Savings	$18,839,894
Present Value Savings	5.70%
2011F (Average Life 5.6 years)	**$125,750,000**
2006H Refunding/VRDB Conversion	
All-in-True Interest Cost	1.88%
Authorized Debt Service Maximum	9.00%
Current Variable Rate Demand Bond weekly reset rate (Dexia Credit Locale)	1.17%
5 Bids, Winning Bidder for 2011E & 2011F	BofA/Merrill Lynch
All-in Blended True Interest Cost for 2011A, 2011B & 2011C	3.31%
2011G (Average Life 13.1 years)	**$127,305,000**
2006H Refunding/VRDB Conversion to FRNs	
Fixed Spread to SIFMA Index	+ 40 bps
Current Rate	0.53%
Authorized Debt Service Maximum	9.00%
Private Placement	JP Morgan

10. In compliance with the Commission's policy, three (3) savings scenarios were considered for the State of Georgia's General Obligation Refunding Bonds Series 2011E; the Commission elected to maximize upfront savings.

	Upfront Savings Scenario	Level Savings Scenario	Deferred Savings Scenario
Refunding Par	$314,155,000	$302,575,000	$303,210,000
Total Cash Flow Savings	$20,565,543	$22,391,707	$24,687,004
PV Savings	$18,839,894	$19,055,287	$20,235,681
PV Savings to Refunded Par	5.73%	6.03%	6.41%
Annual Cash Flow Savings			
FY 2012	$15,996,899	$5,090,425	$5,121,710
FY 2013	2,974,638	1,555,713	847,688
FY 2014	185,088	810,563	192,538
FY 2015	243,313	969,538	632,488
FY 2016	944,275	2,557,438	9,600
FY 2017	4,338	2,557,038	1,346,938
FY 2018	538	1,569,738	100,938
FY 2019	1,663	1,569,663	105,063
FY 2020	4,356	1,984,606	4,006
FY 2021	210,113	2,194,288	2,980,213
FY 2022	325	1,532,700	13,345,825

11. Premium of just over $20 million to be received on the State of Georgia's General Obligation Refunding Bonds Series 2011F bid will be used to retire long-dated maturities of 2006H, thus reducing the amount of floating rate notes to be issued and overall reducing the debt service burden to the Georgia Department of Transportation.

12. State Treasurer Tommy Hills, member, informed the other members that 2006 was the first time that the variable rate demand bonds were issued by the State of Georgia; normally bonds were issued as fixed rate debt. The difference between a fixed rate issue and the variable rate issue at that time has resulted in a savings of approximately $33 million; a significant savings to the Georgia Department of Transportation over the past 5 years. However, with the historical low interest rates in the present market, it would be regretful if at least half was not now moved to a fixed rate.

13. With no further discussion, a motion was made, seconded and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia's General Obligation Refunding Bonds Series 2011E:

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 June 22, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X22-1/11.*

14. A motion was made, seconded and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia's General Obligation Refunding Bonds Series 2011F:

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 June 22, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X22-2/11.*

15. A motion was made, seconded and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia's General Obligation Refunding Bonds Series 2011G:

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 June 22, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X22-3/11.*

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NEW BUSINESS

16. Chairman and Chief Executive Officer, Governor Nathan Deal asked if there was any new business for discussion. No one responded in the affirmative to his question.

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ADJOURNMENT

17. 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 3:05 P.M.

STEVEN L. STANCIL, EXECUTIVE SECRETARY

GOVERNOR