

A CALLED MEETING

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

November 2, 2011

The Georgia State Financing and Investment Commission held its Called Meeting in the Office of the Governor, Room Number 107 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; Speaker of the House David Ralston; Attorney General Samuel S. Olens; Commissioner of Agriculture Gary W. Black; and Acting State Treasurer Steve McCoy, Members; Chief of Staff Chris Riley, Chief Operating Officer Bart Gobeil and Executive Counsel Ryan Teague 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; Ben Fry of the Lt. Governor's Office; Chief of Staff Spiro Amburn for the Speaker of the House's Office; Melody DeBussey of the Senate Budget Office; Lorette Sibilly of the Office of Planning and Budget; Wright Banks and Lisa Javorka for the Attorney General's Office; Commissioner Michael Beatty, Carmen Chubb, Phil Cottone, Cassandra Knight, Stephanie Green and Brandon Delfunt of the Department of Community Affairs; Executive Director Frank Poe of the Georgia World Congress Center Authority; Jim Henderson and Alice Mabry of Sutherland Asbill & Brennan LLP, Bond Counsel for the Georgia World Congress Center Authority; Executive Director David Skinner of the Georgia Development Authority; Earle Taylor of McKenna Long & Aldridge LLP, Legal Counsel for the Georgia Development Authority; Woody Vaughan, Earline Croke and Stephen Albright of King & Spalding LLP, Bond Counsel for the Commission; Andrew Eagan of Kutak Rock, LLP, Disclosure Counsel for the Commission; Attorney and former State Representative Henrietta Turnquest; Derek Donkoh of Asset Managers, Municipal Advisor; Director Susan Hart Ridley, Lee McElhannon and Kelly Zurbrugg of the Financing and Investment Division of the Commission; Angela Gunter, April King, Katy Pando, Crystal Creecy and Daniela Arsic 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 9:41 A.M. It was noted that a quorum was present. Each member present was provided with a Briefing Book. The minutes of the previous two Commission meetings held on September 15, 2011 and September 19, 2011 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 GEORGIA HOUSING AND FINANCE AUTHORITY SEEKING APPROVAL BY RESOLUTION FOR THE ISSUANCE OF UP TO \$150 MILLION IN SINGLE FAMILY MORTGAGE REVENUE BONDS; AND FOR OTHER PURPOSES

3. Chairman and Chief Executive Officer Governor Nathan Deal called on Commissioner Michael Beatty of the Department of Community Affairs to present the request on behalf of the Georgia Housing and Finance Authority.

4. Commissioner Beatty informed the Commission that the Georgia Housing and Finance Authority is asking for an authorization to issue up to \$150 million in Single Family Mortgage Revenue Bonds for the Georgia Dream Program. This program has helped over a 125,000 families to achieve the dream of first time home ownership and respectfully seeks the Commission's approval.

5. 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 request of the Georgia Housing and Finance Authority:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-1/11.

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REQUEST OF THE GEORGIA WORLD CONGRESS CENTER AUTHORITY SEEKING APPROVAL BY RESOLUTION OF THE REFUNDING OF \$112,600,000 OF THE SERIES 2000 REVENUE BONDS (DOMED STADIUM PROJECT) AS DESCRIBED AND AUTHORIZED IN THAT CERTAIN RESOLUTION OF THE GEORGIA WORLD CONGRESS CENTER AUTHORITY ADOPTED OCTOBER 25, 2011; AND FOR OTHER PURPOSES

6. Chairman and Chief Executive Officer Governor Nathan Deal called on Executive Director Frank Poe to present the request on behalf of the Georgia World Congress Center Authority. Mr. Poe redirected the presentation to Ms. Susan Ridley of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

7. Ms. Ridley informed the Commission that the Georgia World Congress Center Authority is seeking approval by resolution to proceed with the refunding of the outstanding revenue bonds on the Georgia Dome. These outstanding bonds presently have an average rate of just over 5.5%.

8. The resolution being brought before the Commission for approval includes the parameters of the offering of the refunding with a rate not to exceed 4.5%. Upon approval by the Commission, the Authority will proceed with the pricing later in the month and expects to achieve a rate much lower than the 4.5%.

9. 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 request of the Georgia World Congress Center Authority:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-2/11.

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REQUEST OF THE GEORGIA DEVELOPMENT AUTHORITY SEEKING APPROVAL BY RESOLUTION TO EXECUTE A REVOLVING LINE OF CREDIT IN THE AMOUNT OF \$8 MILLION WITH BANK OF AMERICA FOR A PERIOD NOT TO EXCEED ONE YEAR; AND FOR OTHER PURPOSES

10. Chairman and Chief Executive Officer Governor Nathan Deal called on Ms. Susan Ridley to present the request on behalf of the Georgia Development Authority and informed the Commission that Executive Director David Skinner for the Authority is also present for any questions.

11. Ms. Ridley informed the Commission that the Georgia Development Authority is seeking approval of an \$8 million line of credit for a term not to exceed 364 days at a rate of prime minus 20 basis points. The line of credit will be with Bank of America who was the only proposer that submitted a proposal to the Authority pursuant to the Request for Proposal approved by the Commission in the June 21, 2011 board meeting.

12. Ms. Ridley asked Mr. Skinner if he would like to provide the Commission with any additional information. Mr. Skinner informed the Commission that the line of credit will secure the Authority with adequate liquidity for capital and other needs which includes the ability to provide financial assistance to Georgia farmers and agri-business.

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 request of the Georgia Development Authority:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-3/11.

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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 GENERAL OBLIGATION BONDS AND TO AUTHORIZE THE BOND PURCHASE AGREEMENT FOR THE SERIES 2011H, SERIES 2011I, AND REFUNDING SERIES 2011J

14. 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.

15. Ms. Ridley referred to Tab "F" of the Briefing Book which provides a portion of the preliminary offering document that outlines the bonds sold in the sale that occurred on November 1, 2011 and the rating reports can be found under Tab "G". Tab "H" provides a summary of the sale of the Series 2011H State of Georgia General Obligation Bonds, the Series 2011I State of Georgia General Obligation Bonds and

the Series 2011J State of Georgia General Obligation Refunding Bonds. Competitive bids were taken for all series.

16. Competitive bids were taken for the State of Georgia 5 Year General Obligation Bonds Series 2011H in the amount of \$38,800,000, for the State of Georgia 20 Year General Obligation Bonds Series 2011I in the amount of \$208,200,000, and for the State of Georgia General Obligation Refunding Bonds Series 2011 J-1 and J-2 in the amount of \$152,225,000.

17. The results of the competitive bids taken on November 1, 2011 are as follows:

2011H (5 year tax exempt bonds)	\$38,800,000
Average Life: 3 years	
All-in-True Interest Cost (TIC)	0.85%
8 Bids, Winning Bid	J. P. Morgan
2011I (20 year tax exempt bonds)	\$208,200,000
Average Life: 12 years	
All-in- True Interest Cost (TIC)	3.13%
5 Bids, Winning Bid	J. P. Morgan
2011 J-1 and J-2	\$152,225,000
Advance Refunding Bonds	
Average Life: 9 years	
All-in- True Interest Cost (TIC)	2.34%
Present Value Savings	7.4%
Total Cash Flow Savings	\$13,345,815
7 Bids, Winning Bid	Bank of America/ Merrill Lynch

18. The State of Georgia received all time low interest rates from the sale for the Series 2011H and Series 2011I bond issues. A list of projects funded by the new money authorization can be found behind the summary sheet and comparison charts under Tab "H" of the Briefing Book. Also found under Tab "H" are charts reflecting the State of Georgia's experience over the last 20 years with the rates trending downwards. Directly behind the summary sheet, there are three savings scenarios listed as options for refunding bonds; Level Savings, Upfront Savings and Deferred Savings. All three scenarios are in compliance with the Commission's policy. For this transaction, it was determined that it would be in the best interest of the State of Georgia to utilize the Level Savings option because it optimizes the State of Georgia's overall debt service

savings.

19. Lt. Governor Casey Cagle, Vice Chairman asked Ms. Ridley to explain the differences of each scenario. Ms. Ridley responded when the State of Georgia offers refunding bonds, there is an option for structuring as to where the savings can accrue in terms to the bonds being refunded. In the past when the State of Georgia was in very severe budgetary stress, on occasion the upfront savings scenario was preferred to maximize budgetary savings in the current year. However, it has been the Commission's long term standing policy to prefer either the level savings scenario or the deferred savings scenario in order to maximize savings over the life of the bonds. Therefore, the level savings scenario was chosen for this transaction.

20. Lt. Governor Cagle stated there is more maximum savings over the long term but there is a difference in FY-2012; \$2.1 million versus \$5.6 million. He asked if that is accurate. Ms. Ridley responded yes, that is accurate. The level savings scenario and the deferred savings scenario is preferred by the rating agencies that have a greater effect on the State of Georgia's overall debt management plan. It does cause them some concern when the upfront savings scenario is chosen since it is not a conservative approach.

21. Upon conclusion of the presentation, Ms. Ridley presented the Commission with the proposed resolution authorizing the issuance and award to the low bidder for the Series 2011H Bonds in aggregate principal amount of \$38,800,000; the proposed resolution authorizing the issuance and award to the low bidder for the Series 2011I Bonds in aggregate principal amount of \$208,200,000; and the proposed resolution authorizing the issuance and award to the low bidder for the Series 2011 J-1 and J-2 Refunding Bonds in aggregate principal amount of \$152,225,000.

22. The 2011H Bond Proceeds are to be distributed as follows:

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$500,000	To finance projects and facilities for the Department of Public Health
\$500,000	To finance projects and facilities for the Department of Defense
\$2,000,000	To finance projects and facilities for county and independent school systems and state schools through the State Board of Education (Department of Education)

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$9,555,000	To finance projects and facilities for the Technical College System of Georgia
\$3,345,000	To finance projects and facilities for the Department of Juvenile Justice
\$10,000,000	To finance projects and facilities for the Department of Corrections
\$3,100,000	To finance projects and facilities for the Department of Behavioral Health and Developmental Disabilities
\$6,000,000	To finance projects and facilities for the Board of Regents of the University System of Georgia
\$3,800,000	To finance projects and facilities for the Department of Revenue
<u>\$38,800,000</u>	Total State of Georgia General Obligation Bonds – 2011H

23. The 2011I Bond Proceeds are to be distributed as follows:

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$1,000,000	To finance projects and facilities for the Department of Behavioral Health and Developmental Disabilities
\$500,000	To finance projects and facilities for the Department of Public Safety (Georgia Department of Public Safety Training Center)
\$45,000,000	To finance projects and facilities for county and independent school systems and state schools through the State Board of Education (Department of Education)
\$25,700,000	To finance projects and facilities for the Technical College System of Georgia
\$3,010,000	To finance projects and facilities for the State Forestry Commission
\$5,475,000	To finance projects and facilities for the Department of Juvenile Justice
\$8,000,000	To finance projects and facilities for the Department of Natural Resources
\$8,750,000	To finance projects and facilities for the Department of Corrections
\$45,000,000	To finance projects and facilities for the Board of Regents of the University System of Georgia
\$27,000,000	To finance projects and facilities for the Georgia Ports Authority
\$1,265,000	To finance projects and facilities for the Department of Economic Development

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$35,000,000	To finance loans to local governments and local government entities for water or sewerage facilities for the Georgia Environmental Finance Authority
\$2,500,000	To finance projects and facilities for the Department of Agriculture
<u>\$208,200,000</u>	Total State of Georgia General Obligation Bonds – 2011I

24. 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 5 Year General Obligation Bonds Series 2011H:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-4/11.

25. 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 20 Year General Obligation Bonds Series 2011I:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-5/11.

26. 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 2011 J-1 and J-2:

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 November 2, 2011, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X2-6/11.

27. Lt. Governor Cagle asked who made the decision on the structuring of the refunding bonds. Ms. Ridley responded by saying that the decision was made by internal staff in conjunction with the State of Georgia's financial advisor. The scenario used in the last several transactions has been a departure of the

Commission's standing policy and for the present transaction it was opted to go back to the Commission's standing policy preferring the level savings scenario.

28. Lt. Governor Cagle stated once a scenario is utilized, it is standing. Is that correct? Mr. Ridley responded yes, that is correct. Lt. Governor Cagle stated it is a structuring decision but there is a significant difference in the savings. When making the decision of the type of structure, take into consideration the cash flow of the State of Georgia and the significance of the wide span of savings. Over a two year period, there is approximately \$8 million difference. Ms. Ridley responding by saying it is very significant to mention. However, the summary reflects that the Commission utilized premium received on the tax-exempt bonds to accomplish a current refunding of \$23.7 million in FY-2011 debt service payments saving an equal amount of debt service for FY-2012.

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REQUEST OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION TO PRESENT THE FY-2011 AUDIT REPORT AND THE FY-2011 ANNUAL REPORT FOR INFORMATIONAL PURPOSES ONLY

29. Chairman and Chief Executive Officer Governor Nathan Deal called on Steve Stancil to present the presentation on behalf of the Georgia State Financing and Investment Commission.

30. Mr. Stancil referred to Tab "F" of the Briefing Book which provides the Georgia State Financing and Investment Commission's Audit Report for FY-2011 prepared by Mauldin & Jenkins Certified Accountants, LLC. He stated he is pleased to report that there were no findings, and CFO for the Georgia State Financing and Investment Commission April King is present and available for any questions the Commission may have.

31. Mr. Stancil then referred to Tab "M" which provides the Georgia State Financing and Investment Commission's FY-2011 Annual Report. His desire is that each member of the Commission will review the report to observe the numerous accomplishments during FY-2011.

32. Lt. Governor Casey Cagle, Vice Chairman stated he would like to commend the job performance of Mr. Stancil and his staff. The facilities are phenomenal and are a huge improvement; the quality of the facilities is visible.

33. Lt. Governor Cagle stated he is aware that the State of Georgia is building many of these buildings to LEED certified standards; his concern is whether or not LEED certifications are being obtained. He believes that is very important that the State of Georgia sets a great standard from the State's perspective building the buildings and getting the LEED certifications. There is not enough cost justification for the State of Georgia not to do this. Especially since the State of Georgia is asking the private sector to conserve water and to cut back on many energy components. He believes the State of Georgia needs to be a good example and that the State of Georgia needs to have LEED certifications. Mr. Stancil informed the Commission that the Georgia State Financing and Investment Commission also utilizes the PEACH certification. Lt. Governor Cagle stated he was not familiar with the PEACH certification. However, everyone is aware of the LEED certification in which he believes should be utilized.

34. Governor Nathan Deal, Chairman and Chief Executive Officer also commends the job performance of Mr. Stancil and his staff, and asked if there were any more questions and/or comments.

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NEW BUSINESS

35. 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

36. 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 10:00 A.M.



STEVEN L. STANCIL, EXECUTIVE SECRETARY



GOVERNOR