



FISCAL YEAR 2010 ANNUAL REPORT



**GEORGIA STATE FINANCING
AND INVESTMENT COMMISSION**

Cover photograph: Georgia Military College in Milledgeville

TABLE OF CONTENTS



New Department of Corrections headquarters in Forsyth

COMMISSION MEMBERS 2

MISSION & CORE VALUES..... 3

YEAR IN REVIEW 4

PROJECT HIGHLIGHTS..... 10

ADA COORDINATOR’S OFFICE 12

FINANCIAL REPORT 13

STRATEGIC INITIATIVES 21

COMMISSION MEMBERS

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CASEY CAGLE

Lt. Governor
Vice-Chairman

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State Auditor
Secretary and Treasurer

DAVID RALSTON

Speaker of the House of Representatives

THURBERT E. BAKER

Attorney General

TOMMY T. IRVIN

Commissioner, Department of Agriculture

W. DANIEL EBERSOLE

Director, Office of Treasury and Fiscal Services

STEVE STANCIL

Director, Construction Division
Executive Secretary

SUSAN H. RIDLEY

Director, Financing and Investment Division

INTRODUCTION

The Georgia State Financing and Investment Commission, created by Constitutional Amendment in 1972, is responsible for the proper application of proceeds from general obligation debt and the issuance of all public debt by the State. No agency or authority can incur debt or employ other financial or investment advisory counsel without Commission approval. The Commission consists of the Financing and Investment Division and the Construction Division.

The Financing and Investment Division is responsible for the issuance of general obligation bonds, the review of state authority debt financing, and the investment and accounting of all general obligation bond proceeds. Investment earnings support the operations of the Commission and enable the Division to retire state debt prior to maturity. The Division also prepares the State's Debt Management Plan and monitors agencies' expenditures of bond proceeds for compliance with federal tax regulations. In 2006, the legislature created the Georgia Higher Education Facilities Authority (GHEFA). GHEFA is administratively attached to

GSFIC and staffed by the Financing and Investment Division.

The Construction Division provides all the support services for the Commission and is responsible for disbursing bond proceeds and for managing capital outlay projects funded, all or in part, with bond proceeds.

The Construction Division also provides the following services for State Agencies:

- ADA Compliance Assistance
- Procurement Services
- Construction Services

MISSION & CORE VALUES

The Georgia State Financing and Investment Commission core value is dedicated to continuous quality improvement in all of its activities. To that end, the Georgia State Financing and Investment Commission staff has adopted the following:

MISSION

Building Georgia's future through excellence in financial and construction management services.

CORE VALUES

- Stewardship
- Excellence
- Leadership
- Fairness

YEAR-IN-REVIEW

Core functions of the Georgia State Financing and Investment Commission include the issuance and management of state general obligation and state authority debt and providing construction management services for state capital improvement projects.

FINANCING AND INVESTMENT

The Commission approved one competitive and two negotiated general obligation bond sales totaling \$1.4 billion during FY2010. Nearly \$326 million in revenue bonds were approved by GSFIC and issued by state authorities.

Georgia again earned AAA credit ratings on its general obligation debt from Moody's, Standard and Poor's, and Fitch, as it has every year since 1997. As one of only seven (since the end of FY2010, an eighth state attained "natural triple-triple" status as a result of rating recalibrations by the rating agencies "natural triple-triples)," the state commands very competitive prices and low overall borrowing costs. The state's debt management plan, developed and executed by GSFIC, is a critical component of demonstrating Georgia's conservative fiscal management to the investment community.

GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY

For the second consecutive year, GSFIC assisted the Georgia Higher Education Facilities Authority (GHEFA) with an issue of revenue bonds. GHEFA, created in 2006 by Senate Bill 562, is administratively attached to GSFIC and is authorized to issue and have outstanding at any one point in time \$300 million in revenue bonds to finance capital projects for units of the University System of Georgia and the Technical College System of Georgia. In FY2010 (July 2009), GHEFA issued \$100,850,000 in revenue bonds to finance four different projects for three institutions, all at units of the University System of

Georgia. The projects, all of which are scheduled to be completed and placed into service during FY2011, are outlined in the chart shown below.

*In FY2010
GHEFA issued
\$100,850,000
in revenue
bonds...*

Also in FY2010, GHEFA began working on a third issue of revenue bonds (USG Real Estate Foundation III, LLC Project) which included seven different projects for five institutions. The projects include student housing and a student center

at College of Coastal Georgia, student housing at East Georgia College, a wellness and recreation center at Georgia College & State University, a student center and a stadium at Savannah State University, and a bookstore at University of West Georgia. The bonds were sold and closed in FY2011 in the amount of \$94,210,000.

Previously, in FY2009, GHEFA issued \$99,855,000 in revenue bonds to finance eight different projects for seven institutions, all units of the University System of Georgia. The projects included a parking deck at Dalton College, a student activity center at Darton College, a stadium and student center at Fort Valley State University, a parking deck at Gainesville College, student housing at Georgia College & State University and a parking deck at Southern Polytechnic State University. All projects have been completed or are expected to be completed in FY2011.

GHEFA SERIES 2009A PROJECTS	BUDGETED AMOUNTS	ANTICIPATED COMPLETION DATE
Bainbridge College - Student Center	\$21,265,000	July 1, 2010
Columbus State University - Student Center	\$34,095,000	October 1, 2010
Southern Polytechnic State University - Student Housing & Dining Facility	\$45,490,000	October 1, 2010
Total	\$100,850,000	

CONSTRUCTION DIVISION

The Construction Division's goal is to deliver quality projects on time and within budget. The division manages, on average, between 125 and 150 construction projects with total budget of \$1.5 billion. These projects may be in the planning and programming stage, design stage or under construction. As a result of a number of strategic initiatives, we have seen "on time, on budget" projects increase from 60 percent in FY2007 to 88 percent in FY2010. The goal is to complete projects "on time and on budget" 90 percent of the time.

Additionally, the average number of "open days" for warranty issues has decreased from 79 in 2005 to 25 in 2009. The number of warranties opened each year has decreased from 527 in 2005 to 437 in 2009. These numbers illustrate that in addition to completing projects on time and on budget, the quality of construction has improved significantly.

Human Resources continued milestone achievements in its three-year plan to fully implement the Career Management Institute (CMI). The program will provide access to educational modules that allow for the development of skills and knowledge. Coupled with a career path for staff, the program is designed to recruit and retain high performance project managers. CMI will be fully implemented in FY2011.

Information Technology completed a Business Continuity and Disaster Recovery Plan that facilitates department planning and programming in the case of an emergency. IT also launched a web-based time and leave tracking system for all employees, replacing the outdated model of handwritten time sheets and leave request forms.

Legal Services continues to work with the Board of Regents to develop a single contract for each delivery method for use by GSFIC and the college system. The single contract should improve the process for contractors working with both agencies on construction projects. One of four contract types has been completed. The goal is to have all four completed by FY2012.

An inter-agency agreement was executed between the Georgia Environmental Finance Authority and GSFIC in FY2010 for purposes of engaging GSFIC as agent for GEFA to administer approximately \$35

million in energy-related projects awarded under the American Recovery and Reinvestment Act (ARRA) Program through the Department of Energy.

The grant has been divided into 54 projects within 15 state agencies and authorities.

The projects consist of retro-commissioning ("tune-up" of heating/air-conditioning systems and verification all components are in good working order), insulation and weatherization improvements, upgrades and repairs to major equipment (heating/air-conditioning), lighting retrofits and new or upgraded computer control systems – all with measurable energy savings. All work is scheduled to be fully complete prior to March 31, 2012, the scheduled ARRA program termination.

CUSTOMER SERVICE

Exceeding customer expectations and providing stellar customer service continues to be a top priority for GSFIC.

The agency completed their goal to engage all employees in the philosophy of customer service and continued the "Art of Exceptional Customer Service" program, designed by the state's Governor's Office of Customer Service. Additionally, all prospective employees are pre-screened for customer service skills and all new hires receive training on the goals of the Office of Customer Service: Georgia will be recognized as the best managed state; Georgia will have the best customer service of any state in the nation; and Georgia state government will be known as a great place to work.

All staff were recognized during Employee Appreciation Week and two employees were recognized with a special commendation for customer service from Governor Sonny Perdue.

During FY2010, GSFIC provided employees an opportunity to support the local community. GSFIC sponsored a successful summer clothing drive and fall charitable contributions drive benefiting the Atlanta Day Shelter for Women and Children.

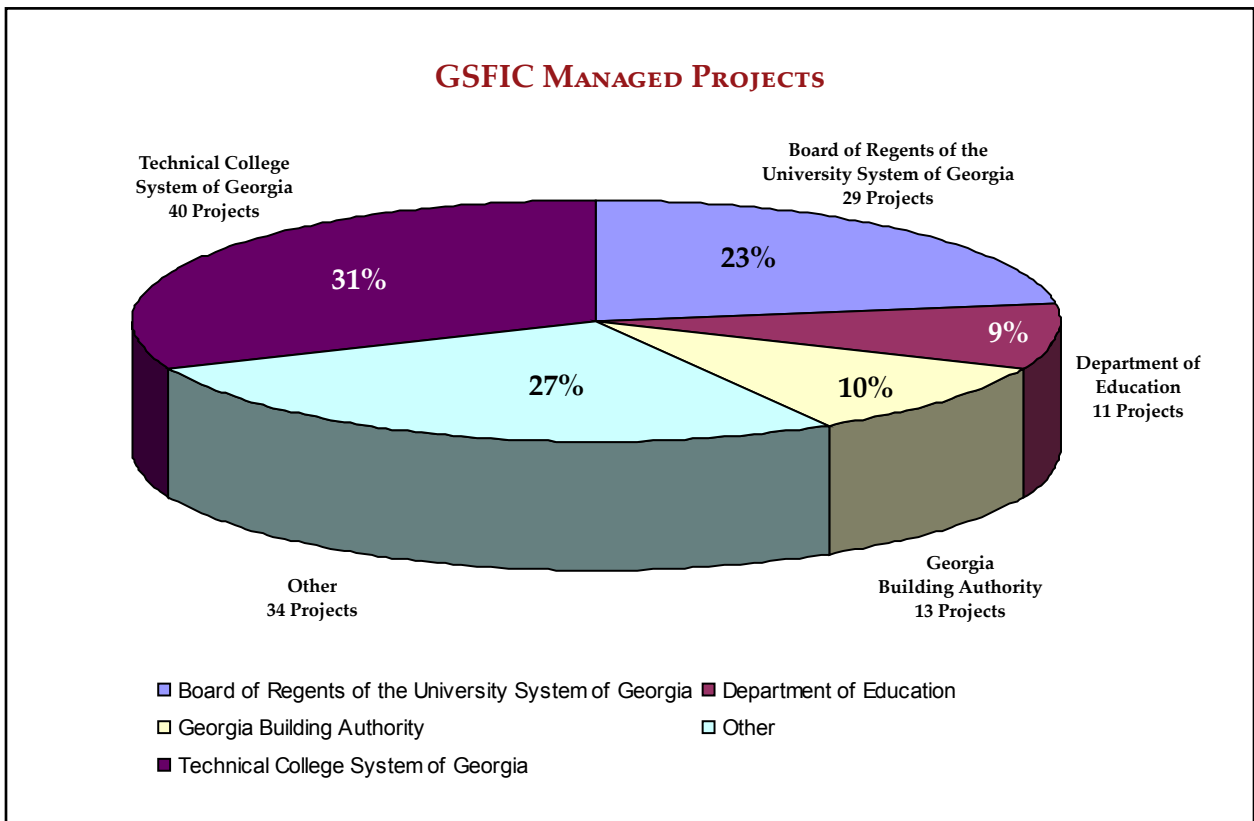


Groundbreaking ceremonies at Roosevelt Warm Springs Institute for Rehabilitation

CONSTRUCTION DIVISION FY 2010 PROJECT OVERVIEW

DELIVERY METHOD	No. PROJECTS	DESIGN CONTRACT	CONSTRUCTION CONTRACT	TOTAL BUDGET
CM/GC	43	\$ 55,777,106.73	\$ 651,157,321.10	\$ 1,083,325,808.00
Design-Bid-Build	76	19,592,422.93	200,595,524.12	367,827,295.00
Design-Build	4	4,604,817.00	47,964,911.71	51,232,274.00
Task Order Contract	4	11,300.00	138,098.07	154,386.00
Project Totals	127	\$ 79,985,646.66	\$ 899,855,855.00	\$ 1,502,539,763.00

PROJECT PHASE	No. PROJECTS
Planning, Programming, Pre-Design	10
Design	34
Construction	39
Close-out	44
Project Phase Total	127



GSFIC MANAGED CONSTRUCTION PROJECTS COMPLETED IN FY 2010

The construction division of Georgia State Financing and Investment Commission completed 25 projects in Fiscal Year 2010, including a state-of-the-art nanotechnology laboratory, a military college instruction building, several technical college instructional buildings and a fish hatchery with a visitor center. Total budget for these 25 completed projects totaled \$398 million.

PROJECT	DESCRIPTION	SIZE	COST
J-077 Nanotechnology Building Georgia Institute of Technology Board of Regents	Construction of a Nanotechnology Research Facility that includes a five-story Laboratory/ Office Building on the Georgia Tech campus. The 30,000-square-foot cleanroom will provide a catalyst for future expansion in the nanotechnology science and engineering fields.	188,000 sq ft	\$94,783,370
J-045 Science Park Georgia State University Board of Regents	Construction of a 10-story teaching and research laboratory building in downtown Atlanta housing dry and wet laboratories, vivarium space, classrooms, offices and retail space.	347,000 sq ft	\$136,292,387
GMC-008 Preparatory School Georgia Military College	This three-story structure features classroom space for grades 6 – 12, central administration and counseling offices and student health clinic. The building is part of the school's Campus Master Plan.	75,764 sq ft	\$20,218,513
DTAE-200 Medical Technology Building & Economic Development Center Lanier Technical College Department of Technical and Adult Education	The facility located in Forsyth County is home to medical training programs, including radiology, sonography, surgical technology and physical therapy and a 30,000-square-foot conference center.	50,845 sq ft	\$13,500,175
DNR-103 Go Fish: Visitor Center and Fish Hatchery Department of Natural Resources	This project is located on a 100-acre site on the grounds of the Georgia National Fairgrounds in Perry and includes a 15,000-square-foot visitor center, a fish hatchery and fishing ponds, nature walks and office and work space.	40,702 sq ft	\$14,252,646
SBE-014 Gymnasium Georgia School for the Deaf State Board of Education	This facility and athletic facility provides for the recreational needs of the student body and includes six basketball goals and bleachers for 300 people. Locker rooms and restrooms for boys and girls for both the home and visiting teams, public restrooms, a concession stand, a ticket window and running track are key elements of the gym.	16,390 sq ft	\$2,311,145
DOL-018 Cedartown Career Center Department of Labor	Construction of a single story career center on a 3-acre lot in the Cedartown North Business Park housing employment and job education programs. The project incorporated sustainable practices including energy efficient HVAC system, drought tolerant landscaping, low water use plumbing fixtures and locally manufactured materials.	9,058 sq ft	\$1,878,323

PROJECT	DESCRIPTION	SIZE	COST
DTAE-202 Allied Health and Technology Building North Metro Technical College Department of Technical and Adult Education	This two-story structure includes a mix of academic classrooms, laboratories and administrative areas to support the health care programs. The project incorporated the creation of a new entrance to the campus and parking facilities.	42,786 sq ft	\$9,705,696
DTAE-211 Classroom Building Chattahoochee Technical College Department of Technical and Adult Education	Construction of a two-story health education facility at Chattahoochee Technical College's Paulding County Campus in Dallas. The building includes classrooms, nursing laboratories and office space. The school is pursuing LEED Silver Certification for the building.	46,714 sq ft	\$10,255,000
DTAE-213 Classroom Building West Central Technical College Department of Technical and Adult Education	This classroom building addition includes an open, two-story atrium flanked by classroom wings. Automotive, construction, health care and information technology labs are featured in this building.	55,056 sq ft	\$9,036,955
J-044 Academic Classroom Building Fort Valley State University Board of Regents	This project included construction of a three-story academic classroom building with 16 individual laboratory rooms and four larger instruction laboratories and office space for staff.	63,357 sq ft	\$19,833,697
DTAE-212 Health and Science Building Athens Technical College Department of Technical and Adult Education	This new science building provides a cutting edge environment for learning, including classrooms, labs and classroom mock-ups of actual medical offices and surgical rooms. The facility also features a working dental clinic.	67,500 sq ft	\$17,121,623
LLI-010 Water Treatment Facility Lake Lanier Islands Authority	Replacement of the 1952 wastewater treatment plant.	n/a	\$12,110,465
DTAE-223 Technical Building Savannah Technical College Department of Technical and Adult Education	This three-story building serves as the "Flagship Building" for the campus and includes space for programs in nursing, radiation therapy, paramedics training and clinical lab science. The building also houses the Learning Enrichment Center for Savannah Tech.	54,896 sq ft	\$13,338,311
DTAE-140 Allied Health Building Okefenokee Technical College Department of Technical and Adult Education	This two-story building provides space for training and programs in surgical technology, medical lab technology, respiratory therapy, medical assisting, paramedic, practical nursing and radiological technology. A media center, economic development center, classrooms and computer labs are key components of the building.	54,048 sq ft	\$9,263,019
SBE-013 Infrastructure Repairs Georgia School for the Deaf State Board of Education	Infrastructure improvement and classroom/storeroom addition at Georgia School for the Deaf. The project includes a breezeway and covered patio to create new classroom and office space, ceiling replacement and lighting upgrades throughout the campus.	45,000 sq ft	\$679,041

PROJECT	DESCRIPTION	SIZE	COST
GAE-015 Livestock and Horse Facilities Georgia National Fairgrounds and Agricenter Georgia Agricultural Exposition	The project included construction of five new structures at the Perry Fairgrounds: covered practice, conditioned arena, restroom buildings, entry gates and security building.	59,157 sq ft	\$9,532,932
DTAE-102A Classroom Building DeKalb Technical College Department of Technical and Adult Education	This project was part of a multi-phased renovation project and upgrade of the 50-year-old "A" Building in Clarkston. In addition to renovations, the project included a complete mechanical systems upgrade and fire sprinkler installation.	12,000 sq ft	\$926,170
DTAE-104A Building Renovation Valdosta Technical Institute	Renovations to classrooms, offices, bookstore and cosmetology lab.	36,004 sq ft	\$837,974
DTAE-56A Roof Replacement Augusta Technical College	Replacement of the roofing system and replacement of wall flashing at the Burke County Satellite Center.	50,000 sq ft	\$654,009
J-041A Promenade Vista North Georgia College and State University Board of Regents	A new promenade for the Dahlonega campus.	n/a	\$468,833
SBE-008A Improvements Georgia Academy for the Blind	This project include HVAC upgrades and replacement for a cabin at the Academy.	8,000 sq ft	\$184,918
GBI-036 Bomb Truck Garage Georgia Bureau of Investigation	Construction of a bomb truck garage for the agency's Perry region. The garage has three bay doors and will house at least one truck weighing approximately 15,000 pounds.	2,200 sq ft	\$118,000
GDC-091A ADA Upgrade Project Augusta State Medical Prison Department of Corrections	Upgrades at the prison to ensure ADA compliance.	n/a	\$78,416
GBA-143 Backflow Preventors Georgia Building Authority	Installation of equipment in Capitol Hill buildings to prevent backflow water infiltration into the sterile water supply.	n/a	\$632,259



GSFIC staff tours Georgia State University's new Science Building



Topping out ceremony at Medical College of Georgia

UNIVERSITY OF GEORGIA PHARMACY BUILDING

The new building on the block at the University of Georgia is the \$40 million Pharmacy Building, located in the heart of campus on Brooks Mall. Complementing the school's existing pharmacy building, the new 93,000-square-foot structure provides additional academic space to support the region and nation's need for more pharmacists, provides new flexible labs to conduct funded research, allows for more interaction among students and faculty and is the first LEED-Certified (Leadership in Energy and Environmental Design) building on the Athens campus.



The four-story building provides state-of-the-art lab and instructional space with distance learning capability as well as innovative space for collaborative drug discovery research.

More than half of the new facility is devoted to teaching space, including three 36-seat classrooms, an 18-seat seminar room, two collaborative lecture halls, a student learning and an innovative, flexible pharmaceutical care center (skills teaching lab). This teaching lab creates an innovative approach to teach the wide variety of skills needed in the profession within a flexible suite of rooms that can simulate actual workflow.

The 6,000-square-foot Pharmacy Care Center includes simulated hospital and community pharmacies as well as patient bedrooms to support training and assessment of patients.

The research laboratories on the upper floor are a series of smaller, open, reconfigurable labs to accommodate a wide range of research from biological to chemical.

With the professional degree program, most of the students' time will be spent in this building, so a great deal of attention was given to providing student space

which includes lounge spaces, vending areas, study rooms, lockers and even showers for those who bike to campus.

Those bikers aren't the only ones being environmentally friendly. This LEED-Certified building is close to public transportation, provides for bicycle parking and utilizes native plants in the landscaping. During the design, the building was sited to retain the maximum number of mature elm trees. In fact, arborists monitored the trees for stress during construction and they were saved.

Other environmental features include automatic occupancy sensors, variable speed motors and a green cleaning policy. Over 90 percent of construction waste was recycled, and locally manufactured and harvested materials were used in construction.

The project was completed on time and within budget and students will get a first look at the building during the Fall 2010 semester.

The Design Professional for the project was the S/L/A/M Collaborative and the general contractor was Whiting-Turner Contracting Company.

GEORGIA MILITARY COLLEGE

Georgia Military College comprises a junior college and a separate preparatory school (grades 6-12), whose mission and purpose is to produce educated citizens by providing junior college students with a liberal arts based two-year undergraduate curriculum, by providing selected college students with ROTC training and by providing preparatory school students an inclusive college preparatory curriculum that includes a military training component - all in an environment conducive to the holistic development of the intellect and character of its students.

The school was originally called Middle Georgia Military and Agricultural College and was granted state government lands surrounding the Old Capitol Building, which was the seat of government for the State of Georgia from 1807-1868. The Old Capitol Building, then as now, is the central feature of the Milledgeville campus and sits on the city's highest point.

Located in the center of the historic Georgia Military College is the new Usery Hall, a centralized learning facility that allows the prep students to study and gather in a single location for the first time in the school's history. Part of the college's Campus Master Plan, the building provides additional classroom space and gives these prep students greater access to all core student services, including the cafeteria, bookstore and library in the adjacent Zell Miller Academic Building and Student Center.

The design of the new building defines the north edge of the Capitol Square Parade Ground – the primary greenspace found on the GMC campus. The design also is in keeping with the Gothic architecture that graces this historic campus, yet integrates modern building materials and new technologies. The building serves as an architectural link between the main College Academic Center and the Old Capitol Building.

The three-story prep school was dedicated as Usery Hall, a tribute to former United States Labor Secretary and GMC alumnus W.J. "Bill" Usery Jr. An integrated display installation honors Mr. Usery and provides in-



spirational and informational exhibits and photographs that speak to the importance of service, leadership and the pursuit of knowledge.

Usery Hall accommodates middle school students on the upper floor and high school students on the lower two floors on a central site at the heart of the campus. Classrooms, science laboratories, computer laboratories, music rooms and administrative space are all equipped with state-of-the-art audio and visual technology.

The addition of this facility increases the total instructional space for the prep school from 30 to 36 classrooms while allowing the college program to expand into the 14 classrooms previously used by the prep students.

The \$21 million project was funded with \$19.5 million from state bonds and \$1.5 million raised by supporters of Georgia Military College. Lord, Aeck & Sargent (LAS) designed the building and Skanska served as the general contractor.



STATE ADA COORDINATOR'S OFFICE

The State ADA Coordinator's Office provides comprehensive educational and technical support for state agencies so that those programs, services and activities operated by the State of Georgia are usable and accessible to everyone, to the greatest extent feasible. The office serves as a technical resource to state agencies for the Americans with Disabilities Act (ADA); operates the Statewide ADA Facility Improvements Program; conducts general and customized training on ADA topics for state agencies; and increases the visibility of the ADA to help more citizens understand the letter and spirit of the law.

STATE FACILITIES IMPROVEMENT PROGRAM

This program was established to ensure that state owned facilities meet the ADA's "program access" mandate to provide equal access to these facilities for persons with disabilities. The Office follows the procedures outlined in the General Obligation Bond Proceeds Expenditure Policy and monitors the bond spend down to track the effectiveness of GSFIC's ADA bond spend down policy and procedure, with particular emphasis on the monitoring and reimbursement phase.

The Office works with state agencies to develop budget requests and undertake ADA-related construction projects. These projects concern accessible entrances, primary function areas, restroom alterations, site modifications, automatic doors, curb cuts, ramps, pathway renovation, door modification, and other accessibility elements and features to meet the letter and spirit of the Americans with Disabilities Act. Separate and independent from this "program access" justification, the recommended structural modifications generally increase the overall usability and access to these facilities for everyone.



Disability Day at the Capitol, February 25, 2010

In FY2010, the Office closed out Bond 2006F - one of the two active bonds (2006F & 2007A) available for ADA funding at that time. This bond contained \$1.6 million and funded 15 ADA Board of Regents projects and one Georgia Building Authority project.

The Office and agency partners have spent down approximately 99 percent of its \$1 million of Bond 2007A, representing 11 additional projects from Board of Regents, Department of Human Services, Department of Natural Resources and Department of Veterans Services. Two years remain on the bonds' amortization schedule.

TRAINING AND OUTREACH

The Office works to proactively address ADA-related issues with state agencies through collaboration, training, and technical support, utilizing the framework outlined in Title II of the ADA and its implementing regulations.

Trainings Highlights from FY2010 include:

- Court Trainings for the Institute for Continuing Judicial Education
- Government Attorneys Seminar, ADA Training, November 4, 2009
- Interviewing/When to Disclose and Emergency Preparedness trainings at the Abilities Expo
- Co-sponsored HUD Fair Housing Accessible First Training
- Code Training, entitled A Comprehensive Look at the Georgia Accessibility Code and Highlighted Issues under the Federal Standards

Other Highlights from FY2010 include:

- Published the Accessibility in State-Owned Buildings and Facilities Manual
- Launched Customer Service Initiative for Interacting with Persons with Disabilities
- Disseminated 3,305 Interacting guides based on received requests
- Formalized the Statewide Coalition for Emergency Preparedness for Individuals with Disabilities and Older Adults
- Disseminated 17,062 Emergency Brochures based on received requests

These publications are available on our website: www.ada.ga.gov.

FINANCING AND INVESTMENT DIVISION ANNUAL OPERATIONS SUMMARY

GENERAL OBLIGATION BOND ISSUANCES

During FY2010, the Commission closed on four general obligation bond issues totaling \$1,434,680,000. The 2009F, 2009G, and 2009H bonds were issued to provide funding for the construction of new facilities and the renovation of existing facilities. The 2009F and 2009G bonds were tax-exempt bond issues, while the 2009H bonds were designated as Build America Bonds (“BABs”). (See “Build America Bonds” following this section.)

The 2009F bonds were five year bonds and the interest rate (true interest cost) on these bonds was 1.49 percent – the lowest in the state’s history of issuing general obligation bonds. Although individually designated, the 2009G and 2009H bonds are considered to be one issue of 20 year bonds, with the 2009G bonds being tax-exempt bonds for calendar years 2010 through 2016 and the 2009H bonds were taxable BABs for years 2017 through 2029. The combined 2009G and 2009 H bonds issue achieved an interest rate (true interest cost) of 2.99

percent - the lowest in the state’s history of issuing 20 year general obligation bonds.

These historic low rates resulted in budget savings of \$35 million in FY2010 and annual debt service reductions of \$10 million in future years. The 2009I bonds were refunding bonds which resulted in debt service savings of approximately \$36 million as compared to the scheduled debt service on the bonds which were refunded, with a substantial portion of the savings occurring in FY2010 and FY2011.

DATE SOLD	SERIES	FINAL MATURITY	TRUE INTEREST COST	ISSUE AMOUNT	LEAD UNDERWRITER
11/4/2009	2009F	11/1/2014	1.49%	\$ 90,480,000	Goldman, Sachs & Co.
11/4/2009	2009G	11/1/2016	1.97%	179,925,000	Goldman, Sachs & Co.
11/4/2009	2009H	11/1/2014	3.12%	523,450,000	Goldman, Sachs & Co.
11/24/2009	2009I	7/1/2022	2.85%	640,825,000	Citi



Shovels turn in Vidalia at Southeastern Technical College

STATE OF GEORGIA GENERAL OBLIGATION BONDS
FISCAL YEAR 2010

AGENCY	2009 F/G/H AMOUNTS
Board of Regents, University System of Georgia	\$ 320,070,000
Department of Agriculture	38,850,000
Department of Corrections	34,530,000
Department of Defense	1,715,000
Department of Juvenile Justice	16,025,000
Department of Natural Resources	19,000,000
Department of Revenue	5,750,000
Department of Transportation	72,800,000
Department of Veterans Services	405,000
Georgia Agricultural Exposition Authority	1,000,000
Georgia Building Authority	6,895,000
Georgia Bureau of Investigation	1,300,000
Georgia Environmental Facilities Authority	45,000,000
Georgia International Maritime Trade Center Authority	4,000,000
Georgia Ports Authority	2,130,000
Georgia State Financing and Investment Commission	1,500,000
Jekyll Island Authority	25,000,000
State Board of Education	118,990,000
State Forestry Commission	3,500,000
State Soil and Water Conservation Commission	3,000,000
Technical College System of Georgia	69,195,000
World Congress Center	3,200,000
Total	\$ 793,855,000

AUTHORITY FINANCINGS

During FY2010, the Commission assisted with and approved the following transactions:

AUTHORITY	AMOUNT	DESCRIPTION
Georgia Housing and Finance Authority	\$ 225,000,000	Single Family Mortgage Revenue and Refunding Mortgage Revenue Bonds
Georgia Higher Education Facilities Authority	100,850,000	Revenue bonds (USG Real Estate Foundation II, LLC Project)

BUILD AMERICA BONDS

On November 4, 2009, the State of Georgia successfully sold \$703,375,000 in 20 year general obligation bonds (2009G and 2009H bonds) to fund new schools, public safety projects, road projects and other crucial infrastructure. A significant contributing factor to the successful low interest rate issuance of the 20 year bonds was the decision of the state to issue the 2009H bonds as Build America Bonds (“BABs”). BABs were created by the American Recovery and Reinvestment Act which was passed by Congress in 2009.

The unique characteristic of BABs is that although the interest paid to bond owners is treated as federally taxable income rather than tax-exempt income, the federal government pays the state a subsidy equal to 35 percent of the interest payable on the bonds. The result is lower net interest payments that will be paid by the state than if the bonds had been issued as traditional tax-exempt bonds. The projected amount of interest rate subsidy payments to the state by the federal government over the life of the 2009H bonds is approximately \$126.7 million. Also, the interest

remains tax-exempt to residents of Georgia for state income tax purposes.

For future issues of bonds the state will evaluate issuing its bonds as BABs as long as the option is available to the state. The BABs provision of the American Recovery and Reinvestment Act currently is scheduled to expire on December 31, 2010, although the Congress of the United States has several bills under consideration which would extend the program and/or change the subsidy percentage to be paid by the federal government to the state.



Lanier Technical College in Cumming

ARRA BOND ALLOCATIONS

Pursuant to HB 581 of the 2009 session of the General Assembly, responsibility for the allocation of bond issuance cap authorized in the American Recovery and Reinvestment Act (ARRA) of 2009 rests with GSFIC. Bond allocations were provided to state and local governments to encourage a variety of capital investments targeted to school districts, energy projects and economic development in distressed areas by lowering overall borrowing costs to issuers. GSFIC, in cooperation with partner agencies, is responsible for the allocation and re-allocation of the following bond authorizations:

- Qualified School Construction Bonds
- Qualified Zone Academy Bonds
- Qualified Energy Conservation Bonds
- Recovery Zone Facility Bonds
- Recovery Zone Economic Development Bonds



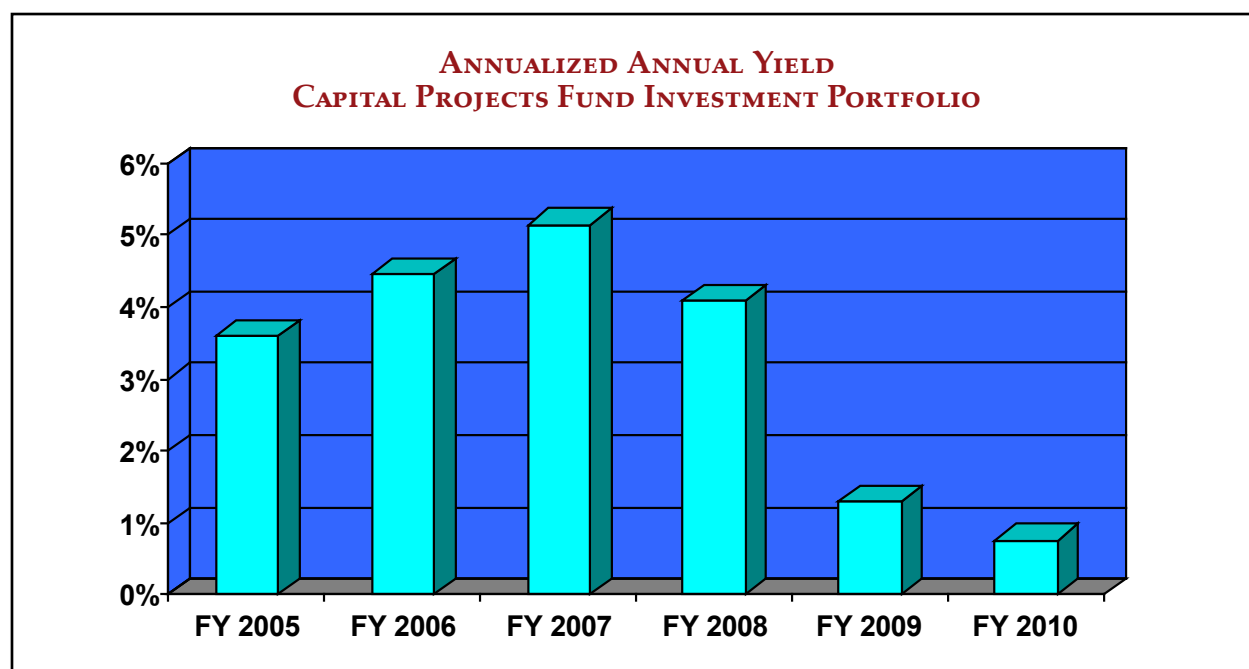
As of June 30, 2010, over 120 local governments, school districts and the State of Georgia have either been allocated or issued portions of the \$1.5 billion in borrowing authority allocated under ARRA.

EARNINGS

Interest earnings from the deposits and investment of bond proceeds during FY2010 were \$29,594,582.74. This was a decrease of \$43,048,924.43 compared to FY2009 mainly due to decreased interest rates during the year. At June 30, 2010, the Commission had the following deposits and investments:

DEPOSITS AND INVESTMENTS	MATURITIES	FAIR VALUE
Pooled portfolio managed by the Office of Treasury and Fiscal Services		
Cash held for investment settlements	NA	\$ 114,491,192
U.S. Government Agency Obligations	1.35 year duration	1,293,816,323
NOW Account (Negotiable Order of Withdrawal)	NA	34,405,288
Total		\$ 1,442,712,803

The portfolio, with an average yield of 0.76 percent, consists of Fixed Income Securities comprised of Agencies of the United States Government and Repurchase Agreements.



EARLY RETIREMENT OF DEBT

From interest earnings available for the early retirement of debt, the Financing and Investment Division made 54 purchases of State of Georgia General Obligation Bonds in the secondary market with a par value of \$39,335,000. The early retirement of bonds will:

- save the state \$54,112,490 in future principal and interest appropriations, and
- reduce debt service requirements in FY2011 by \$7.8 million.

The FY2010 purchases, in aggregate, had a discounted price of \$0.90 per \$1.00 of face amount of the bonds. To date, GSFIC's early retirement program has saved the state \$1.5 billion of future principal and interest appropriations.

FY2010 REFUNDING

In November 2009 the Commission refunded \$657,815,000 of outstanding general obligation bonds at lower interest rates. Combined with a current refunding of \$35,202,813, debt service savings provided over \$71 million in budgetary relief in FY2010-2011. The refunding will provide multi-year budget relief through FY2023 by lowering the debt service payments from the original debt service schedule of the refunded bonds.

FY2010 AUTHORIZED INDEBTEDNESS

PURPOSE	TOTAL GO DEBT AUTHORIZED THROUGH FY2010	GUARANTEED REVENUE DEBT AUTHORIZED	TOTAL STATE OBLIGATIONS ISSUED	UNISSUED AUTHORIZED INDEBTEDNESS*
Transportation	\$ 4,150,935,000	\$ 755,245,000	\$ 4,857,375,000	\$ 48,805,000
School Construction	4,989,845,000		4,664,350,000	325,495,000
University Facilities	4,083,638,000		4,035,733,000	37,905,000
World Congress Center	627,530,000		627,530,000	
Human Resources Facilities	324,730,000		315,650,000	9,080,000
Port Facilities	631,680,000		597,765,000	33,915,000
Correctional Facilities	868,500,000		868,500,000	
Public Safety Facilities	68,445,000		68,445,000	
Georgia Bureau of Investigation	83,040,000		83,040,000	
Department of Revenue	34,825,000		34,825,000	
Department of Labor	53,810,000		53,810,000	
Department of Natural Resources	568,370,000		567,370,000	1,000,000
Technical & Adult Education	1,277,057,000		1,180,402,000	96,655,000
Environmental Facilities Authority	556,000,000	97,470,000	653,470,000	
Department of Administrative Services	57,605,000		57,605,000	
Department of Agriculture	74,630,000		74,630,000	
Georgia Building Authority	522,270,000		520,040,000	2,230,000
Stone Mountain Memorial Association	48,400,000		48,400,000	
Department of Veterans Services	14,980,000		14,205,000	775,000
Jekyll Island State Park Authority	78,190,000		78,190,000	
Secretary of State	55,050,000		55,050,000	
Department of Defense	20,975,000		20,975,000	
Department of Community Affairs	23,500,000		8,200,000	15,300,000
Economic Development	165,065,000		165,065,000	
Georgia Emergency Mgmt Agency	200,000		200,000	

GEORGIA STATE FINANCING & INVESTMENT COMMISSION

PURPOSE	TOTAL GO DEBT AUTHORIZED THROUGH FY2010	GUARANTEED REVENUE DEBT AUTHORIZED	TOTAL STATE OBLIGATIONS ISSUED	UNISSUED AUTHORIZED INDEBTEDNESS*
Soil & Water Conservation	6,840,000		6,840,000	
Department of Juvenile Justice	270,950,000		270,950,000	
Georgia Golf Hall of Fame	6,000,000		6,000,000	
Georgia Forestry Commission	21,145,000		24,235,000	1,910,000
Georgia Agricultural Exposition Auth.	22,345,000		22,345,000	
Other	75,910,000		66,495,000	9,415,000
Subtotal	19,777,460,000	852,715,000	20,047,690,000	582,485,000
1986B Refunding Bonds	441,575,000		441,575,000	
Less Bonds Refunded by 1986B	-356,325,000		-356,325,000	
1992A Refunding Bonds	169,735,000		169,735,000	
Less Bonds Refunded by 1992A	-158,755,000		-158,755,000	
1993E Refunding Bonds	599,820,000		599,820,000	
Less Bonds Refunded by 1993E	-539,580,000		-539,580,000	
GEFA Series 1997 Refunding Bonds		79,890,000	79,890,000	
Less Bonds Refunded by Series 1997		-76,400,000	-76,400,000	
GA 400 Tollway Series 1998		89,020,000	89,020,000	
Less Bonds Refunded by Series 1998		-85,585,000		
1998E Refunding Bonds	142,425,000		142,425,000	
Less Bonds Refunded by 1998E	-139,115,000		-139,115,000	
2004C Refunding Bonds	458,605,000		458,605,000	
Less Bonds Refunded by 2004C	-466,670,000		-466,670,000	
2005B Refunding Bonds	425,000,000		425,000,000	
Less Bonds Refunded by 2005B	-432,005,000		-432,005,000	
2007C Refunding Bonds	213,720,000		213,720,000	
Less Bonds Refunded by 2007C	-221,970,000		-221,970,000	
2009E Refunding Bonds	149,730,000		149,730,000	
Less Bonds Refunded by 2009E	-153,335,000		-153,335,000	
2009I Refunding Bonds	640,825,000		640,825,000	
Less Bonds Refunded by 2009I	-657,815,000		-657,815,000	
GRAND TOTAL	\$ 19,893,325,000	\$ 859,640,000	\$20,170,480,000	\$582,485,000*

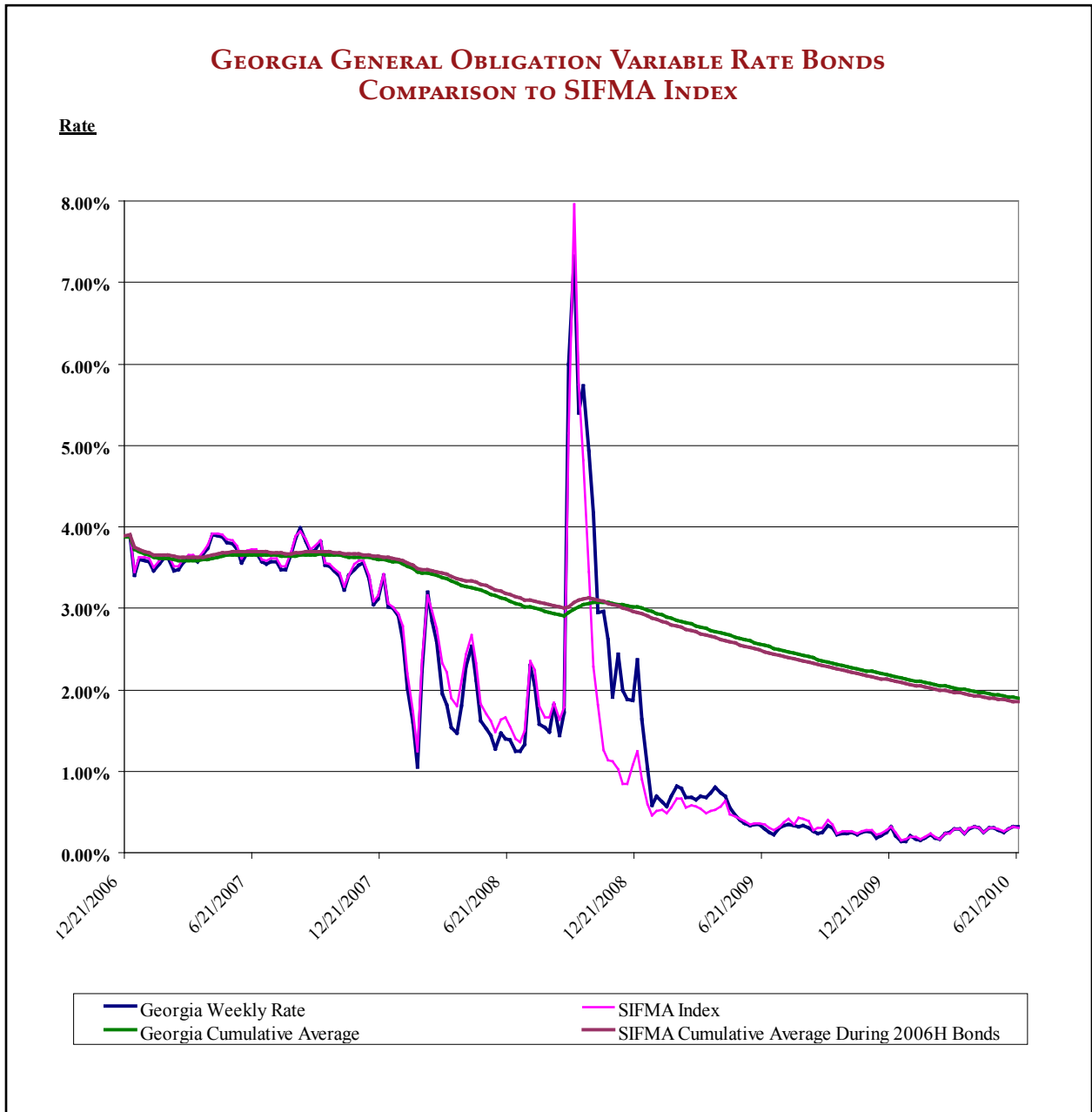
* HB948, the FY2011 appropriations bill which became effective on July 1, 2010 deauthorized \$2,035,000 of unissued bond authorizations, effectively reducing the total Unissued Authorized Indebtedness to \$580,450,000. Agencies affected by the deauthorizations included the Department of Behavioral Health and Developmental Disabilities, the Department of Natural Resources, and the Department of Veterans Services.

**HB948 also authorized \$858,125,000 in new bonds for FY2011 that were approved by the Governor, to bring the total of authorized but unissued bonds to \$1,438,575,000 as of July 1, 2010.

VARIABLE RATE BOND PERFORMANCE

During FY2010, the average interest rate for the 2006H variable rate bond issue was approximately 0.26 percent. Together with the ongoing fees of approximately 0.12 percent, this equates to an effective rate of approximately 0.38 percent. When compared to the estimated fixed interest rate of 4.14 percent at which the bonds would have been issued in December 2006, the total interest payments savings for FY2010 was approximately \$11.6 million.

The following chart illustrates the comparison of both Georgia's weekly and cumulative rates to the Securities Industry and Financial Markets Association (SIFMA) index from issuance through FY2010.



EXPENDITURE OF BOND PROCEEDS

Federal arbitrage regulations require that the State “reasonably expects” to spend down proceeds of each bond series with the following key milestones:

- Five percent within six months of issuance,
- Eighty-five percent within three years of issuance; and
- Completion of projects within five years

These regulations are in place to: 1) minimize the benefits of investing tax-exempt bond proceeds at higher taxable rates, 2) remove the incentive to issue more bonds than required for the projects, and 3) issue bonds earlier, or to leave bonds outstanding longer than necessary to carry out the governmental purpose of the bond issue.

While in FY2010 in aggregate all outstanding bond series were in compliance with the federal expenditure milestones, several individual projects did not meet key milestones. In order to ensure overall compliance for each bond series, GSFIC’s General Obligation Bond Proceeds Expenditure Policy applies these expenditure requirements to individual projects. In addition, GSFIC policy requires that bond proceeds be exhausted within five years.

The Financing and Investment Division, in coordination with the Construction Division and state agencies and authorities, has procedures in place to monitor that these benchmarks are met at both the series and the project level at both the series and the project level. Both divisions work with the respective agencies to spend down these remaining balances or return the proceeds for the purpose of retiring debt.



School of Dentistry at Medical College of Georgia



College of Coastal Georgia

SUMMARY OF AGENCY SPEND DOWN COMPLIANCE

	NUMBER OF AGENCIES	NUMBER OF PROJECTS	AMOUNT OF BOND PROCEEDS REMAINING
Agency bond proceeds remaining after 5 years	0	0	\$ 0
15% or more of bond proceeds remaining after 3 years	11	49	45,354,305
95% or more of bond proceeds remaining after 6 months	16	75	270,523,294
Total not in compliance with expenditure milestones	18	124	315,877,599
Total number in compliance with all milestones	9	491	\$ 1,006,994,886

STRATEGIC INITIATIVES

The Financing and Investment Division is working with an Information Technology consultant to develop a web-based bond and debt management system (“eBonds”). This application will have the capability to track and report data on all bond issues including the specific appropriation bills authorizing the debt, all projects included in the bond issue and outstanding debt and debt service information. Any capital project can be tracked through eBonds from the time it is appropriated by the Legislature and approved by the Governor through completion of the project. The system will allow agencies to request a preference for scheduling their capital projects for future bond sales and to access bond and project status and spend-down milestones. Agencies will be able to provide comments on eBonds for projects that have not met spend-down milestones. During FY2010, Financing and Investment Division began using the Debt Management module of the application. Also, eBonds was introduced to agencies, and users began signing up for access to the application.

GSFIC’s construction services department will lead the implementation of Building Information Modeling (BIM) technology on state construction projects. BIM combines 3-dimensional geometry, spatial relationships, geographic information, material quantities and attributes of building components.

When fully integrated, this data demonstrates the entire building lifecycle, including various processes of construction and facility operation. The goal of this project is to utilize real-time modeling software to increase productivity in both building design and construction.

Additionally, a new electronic payment application will be launched in FY2011, allowing contractors and subcontractors to file monthly payment requests electronically. The internet-based billing system known as GCPay will replace the current paper-based billing process.

GCPay allows project teams to exchange construction project information for approval via the Internet, eliminating paper from the approval and billing process. GCPay will allow GSFIC to streamline the approval, billing and payment processes, reducing processing times while ensuring the accuracy and integrity of the billings received.

This system provides additional benefits and advantages for project partners including allowing 24-hour access, and a dramatic reduction in time spent on error checking and expediting the approval time and payment.

GSFIC will focus on customer service training by engaging its employees in ADA Customer Service: “Respectful Interaction and Excellent Customer Service for Georgians with Disabilities,” and will support a campaign for Habitat for Humanity, a clothing drive and an employee satisfaction survey.



Building Information Modeling of Clough Undergraduate Learning Center at Georgia Tech

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