

The State of Georgia
Georgia Higher Education Facilities Authority
Request for Proposals
for Underwriting Services
Georgia Higher Education Facilities Authority Revenue Bonds

I. Introduction

The Georgia Higher Education Facilities Authority (“the Authority”) was created effective July 1, 2006, pursuant to the Georgia Higher Education Facilities Authority Act, Official Code of Georgia Annotated section 20-16-3 et. seq. The Authority is authorized to issue negotiable revenue bonds to finance projects and facilities of any unit of the Board of Regents’ (the “BOR”) University System of Georgia, or any unit which is under the control of the State Board of Technical and Adult Education (the “DTAE”). The Authority may have no more than \$300 million of bonds and notes outstanding at any one time. The Georgia State Financing and Investment Commission (“GSFIC”) will be assisting the Authority to develop a pooled bond program to finance eligible projects. Bond counsel is Alston & Bird LLP, and the financial advisor is Public Resources Advisory Group (“PRAG”).

Revenue bonds issued by the Authority shall be paid solely from the property (including, but not limited to including, real property, fixtures, personal property, revenues, or other funds) pledged, mortgaged, conveyed, assigned, hypothecated, or otherwise encumbered to secure or to pay such bonds. Before issuing any revenue bonds, the Authority is required to adopt a resolution finding that a project or combination of projects will be self-liquidating. These bonds issued by the Authority are not a debt of the state and are not secured by a pledge of the full faith and credit of the state. The Authority intends to enter into an intergovernmental agreement with the BOR whereby the BOR agrees to make payments from BOR project revenues in a set amount which will be calculated to coincide with the debt service payable on Authority revenue bonds issued for BOR projects. The Authority will also enter into an intergovernmental agreement with the DTAE whereby the DTAE agrees to make payments from DTAE project revenues in a set amount which will be calculated to coincide with the debt service payable on Authority revenue bonds issued for DTAE projects.

By resolution adopted on August 7, 2007, GSFIC has authorized the Authority to incur debt of up to \$100 million in the form of revenue bonds. This RFP is being issued by the Authority in accordance with GSFIC policy. The Authority and GSFIC are requesting proposals from firms to serve as the initial underwriter for the bonds. The Authority plans to issue fixed rate bonds. The senior book-running manager selected for this first issue of bonds will participate in developing the bond program. The firms not selected to serve as senior book-running manager may be selected as co-senior managers for the first bond issue and may be responsible for underwriting other tranches of the program. For subsequent bond issues, the Authority and GSFIC reserve the right to (1) retain the senior book-running manager on this first transaction, (2) rotate senior managers selected through this RFP, (3) issue an additional RFP, or (4) issue the bonds competitively.

II. Preliminary Financing Structure

BOR has certain powers that will make it an integral part of the Authority's bond program:

- Governs, controls and manages the University System of Georgia and all of its institutions.
- Holds title to all real, personal and mixed property of whatever nature of each of the branches of the University System of Georgia.
- Authorized to buy land for college purposes.
- Construct dormitories, gymnasias and other necessary buildings and charge reasonable rates for their use.

In addition, DTAE is empowered to receive and hold title to property, equipment, money and materials for its schools.

The following provides a brief overview of the financing structure being developed for projects financed through the Authority for either BOR or DTAE:

- The boards of DTAE and BOR approve a master list of campus projects.
- BOR and DTAE submit applications for financing the projects through the Authority;
- If the project receives approval for financing, the Authority enters into an intergovernmental contract with either BOR or DTAE, as appropriate, pursuant to which BOR or DTAE agrees to make payments from project revenues sufficient to pay all debt service on Authority bonds issued for either BOR or DTAE projects. These contract revenues are pledged to the payment of the revenue bonds, thus satisfying the requirement that the projects be self-liquidating.

III. Scope of Work

Services to be provided by the underwriter for the bonds may include, but not necessarily be limited to, the following tasks:

- A. Assist the program manager in establishing the project cost and setting the appropriate fees, rental rates and/or charges for projects, in addition to conducting the necessary due diligence to ensure that the project revenues can support the debt issuance.
- B. Advise the Authority on the development of the financing program, including the structure of the indenture and taking into account resources available, legislative or policy constraints, credit rating analysis and/or credit enhancement alternatives or investor requirements. Advise the Authority on innovative financing techniques applicable to the program.
- C. Coordinate financing activities and work with the Authority and other members of the financing team. This includes, but is not limited to: the preparation, supervision, review of, and/or assistance (including involvement of the underwriter's counsel) in the writing, preparation, content, design, printing and distribution of the preliminary and final Official Statements, and such other documents that are customarily needed for the issuance of such obligations.

- D. Develop and present specific recommendations as to the details of the bond issue, including, but not limited to, principal amounts, dates of issue, interest rates, maturity schedules, call features, revenues, flow of funds, debt-service coverage and parity requirements, security provisions and other protective covenants to be included for the maximum marketing benefit, and advise regarding trustee selection.
- E. Participate in pre-pricing discussions (proposed interest rates must be provided before the sale).
- F. If requested, appear before the Authority and GSFIC at or prior to the time of the sale to present the pricing and marketing of the bonds to the Board, or provide any other requested information.
- G. Pre-market the securities and participate in any investor meetings that may be arranged.
- H. Price and market the securities.
- I. At the Authority's request, assist the financial advisor and the bond counsel with communications and meetings with the rating agencies, investors, and the financial community.
- J. Assist with closing arrangements.
- K. Prepare a post sale analysis report detailing results of the sale including market segments and major purchasers of securities. The report should also detail the performance of other members of the underwriting group, when applicable. If requested, appear before the Authority and GSFIC and present the post sale analysis report.

IV. Schedule of Events

The following is the projected schedule for this request for proposal process:

Issuance of Request for Proposal	August 31, 2007
Deadline for Questions Related to Request for Proposal	September 7, 2007 4:00 PM (EDT)
Answers to written questions posted to GSFIC's website (http://gsfic.georgia.gov)	September 10, 2007 4:00 PM (EDT)
Deadline for Submission of Proposal	September 21, 2007, 4:00 PM (EDT)
Interviews (if necessary)	Week of September 24, 2007
Anticipated Notification of Successful Firm(s)	October 10, 2007

V. Restrictions on Communications

All questions related to this request for proposals should be directed by email to PRAG (jlee@pragny.com) not later than 4:00 PM (EDT) on September 7, 2007. Except as provided herein, any contact with State, GSFIC, PRAG, Authority officials, or other members of the financing team regarding issues raised by this request for proposals is prohibited and may result in disqualification. No questions other than via email transmission will be accepted.

It is the responsibility of the responder to view the GSFIC website (<http://gsfic.georgia.gov>) during the solicitation period to determine if any addenda have been issued regarding this RFP.

VI. Submission Guidelines

Proposals are due no later than 4:00 PM (EDT) on September 21, 2007. Proposals must be submitted as shown below. Proposals submitted via email or facsimile will not be accepted.

Diana Pope, Director, Financing and Investment Division Georgia State Financing and Investment Commission 270 Washington Street, Suite 2140 Atlanta, Georgia 30334 5 copies	Steve Peyser Public Resources Advisory Group 40 Rector Street, Suite 1600 New York, New York 10006 3 copies
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Failure to meet the submission deadline will result in automatic disqualification of the response.

Each respondent to this request for proposals must provide its response to the questions contained in Exhibit A. (Please answer each question consecutively.) In addition, a cover letter signed by individuals authorized to bind the respondent should be included. The cover letter must contain the following:

1. The respondent's name, mailing address, email address and telephone and facsimile numbers.
2. A statement expressing the respondent's willingness to perform the services described in this Request for Proposals.
3. A statement that the staff and other resources, which are required to perform the services described in this request, will be made available by your organization.
4. The respondent's Federal Employer Identification number.

Responses to this request for proposals must be limited to no more than twenty (20) pages (excluding the cover letter, appendices, and item F below) and a minimum font size of ten (10) points.

The expenses of your proposal will not be the responsibility of the State of Georgia, GSFIC, or the Authority. Neither the Authority nor the State will reimburse respondents for any costs associated with responding to this request, including, but not limited to, travel, copying and personnel expenses. A response to this RFP, including all appendices and exhibits, is considered to be a public document and is therefore subject to public disclosure under the Georgia Open Records Act. GSFIC and the Authority reserve the right to waive any irregularity in any proposal and to reject any or all proposals. GSFIC and the Authority may conduct interviews with short listed firms and may request clarifying information from any or all such firms. GSFIC and the Authority reserve the right to select more than one underwriter. In addition, GSFIC and the Authority reserve the right not to proceed with the bond program.

GSFIC and the Authority reserve the right to amend this RFP prior to the proposed due date. All amendments and additional information will be posted to <http://gsfic.georgia.gov>. Potential respondents are encouraged to check this website frequently.

Selection Criteria

The selection of underwriters will be made upon review of the following factors:

- Experience with Higher Education Bond Transactions
- Experience in Georgia
- Initial Ideas on Optimal Structure
- Project Team Assigned and Services Provided
- Price (See Exhibit A, Section E below.)
- Overall Quality of Response to RFP and Interview (if any)
- Presence in Georgia and/or small, minority and women-owned firms.

Exhibit A

A. Staffing of the Project.

1. Provide a list of individuals to be assigned to this transaction and their roles for this engagement. (Include phone numbers and e-mail addresses.)
2. Provide details of relevant experience, qualifications and availability of the individuals listed in the preceding question.
3. Designate who would serve as the lead banker for your firm. The Authority expects the lead banker to be actively involved in all aspects of the transaction. Discuss the availability of and the Authority's access to the lead banker and other assigned individuals. Please note that any changes made to the representation for the Authority during any engagement must be approved by the Authority.

B. Higher Education Specific Experience.

1. Provide a list of public higher education revenue bond financings for which you have provided senior book-running underwriter services in the last five years. Include the issuer, date, amount issued, description of the bonds, credit structure, tax status, ratings and any credit enhancement.
2. Provide a discussion of relevant underwriter experience of the project team in the area of public higher education revenue bond financings. Include specific experience with (a) higher education auxiliary revenue bonds and (b) pooled bond programs. Include any recent experiences with start up higher education revenue bond programs.
3. Discuss the services you would expect to provide in connection with developing a higher education facilities bond program and prior to the issuance of the bonds.
4. Describe any services or methods of approach to the services which your firm believes to be either "unique" or "outstanding".

C. Plan of Finance

1. Provide a recommended structure for the Authority's program, including any project-specific credit factors, institutional-level credit factors, scope of pledged revenue stream, impact of "pooled" nature of the program, flow of funds, rate covenant, additional bonds test, need for debt service reserve fund or any other credit support and any other relevant covenants. Discuss your firm's initial recommendations relating to how to optimize the structure of the proposed bond issue in light of the intention of the Authority that this is the first borrowing in a multi-year, long term endeavor.
2. Discuss anticipated ratings.
3. Discuss use of credit enhancement such as bond insurance or letter of credit..
4. Provide an analysis of demand for the Authority's bonds. Discuss your firm's distribution capabilities.

D. Georgia-specific Experience.

1. Provide a list of Georgia issuers for whom you have provided senior book-running underwriter services in connection with tax-exempt bonds in the last three years. Include the issuer, amount issued, type of sale, description of bonds, security structure, ratings and credit enhancement, if any.
2. Provide the number, locations and functions of and total number of employees in any offices in the State of Georgia. Indicate whether your firm is small, minority or women-owned.

E. Proposed Fees and Pricing.

1. Indicate who you would propose to serve as underwriter's counsel, and estimate their expected fees and expenses for this transaction.
2. Provide the estimated fees and expenses assuming \$100 million for fixed rate bonds, including:
 - a. Takedown
 - b. Management Fee
 - c. Expenses (itemized, including underwriter's counsel); and
 - d. Any other fees or expenses, including credit enhancement (itemized)

F. Regulatory Issues.

1. Disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement.
2. Identify fully the extent to which your firm's individual partners, officers, directors, controlling shareholders, or employees who are in public finance investment banking are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation. In addition, include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years.
3. Disclose any arrangement your firm may have with any individual or entity with respect to the sharing of any compensation, fees or profit received from or in relation to acting as an underwriter for the State, GSFIC, or the Authority. If so, provide a copy of any contract relating to the arrangement and a description of the matter in which compensation or fees would be shared. In addition, disclose whether your firm employs a consultant who acts on your behalf in the State of Georgia to secure public finance business. Provide a copy of any documentation related to the employment of your consultant.
4. Provide a statement to certify that your firm is currently in compliance with MSRB rules G-37 and G-38. Note that members of the Authority's Board and GSFIC are considered "officials of an issuer" within the scope of MSRB rule G-37.
5. Provide your capital position as of the date of your **most recently** published statement of financial position (include information on your total capital, equity capital, excess net capital and daily average uncommitted capital).