



**GEORGIA STATE FINANCING AND INVESTMENT COMMISSION
CONSTRUCTION DIVISION**

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Gena L. Abraham, *Director*

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MEMORANDUM

To: Agency Heads
From: Gena L. Abraham
Subject: GSFIC Bond Compliance Exchange
Date: October 2, 2007

The Georgia State Financing and Investment Commission (GSFIC) is required to spend bond proceeds within a specified period of time per a Proceeds Expenditure policy adopted by the Commission Board on March 24, 2005 and Federal law. While GSFIC has been able to operate in substantial compliance with federal requirements, additional efforts are necessary to bring projects into compliance with the stricter self-imposed guidelines established in GSFIC's policy. Therefore effective August 2007, GSFIC began a dollar for dollar exchange of non-compliant bond funds in one project with compliant bond funds in another project. As an invoice is received on a compliant project, the dollar for dollar exchange is made and logged into GSFIC's construction accounting system. The invoice is processed and paid from the non-compliant bond money that was exchanged into the project. This process has been reviewed and approved by GSFIC bond counsel and the Office of Planning and Budget. The Georgia State Financing and Investment Commission after reviewing the bonds' original legislative purpose determines whether bond funds can be exchanged and which projects will exchange funds.

GSFIC will continue to work with agencies to determine when projects are complete and if remaining funds should be returned to retire debt or redirected to active projects. Agencies will also be notified and requested to close projects identified as inactive in terms of spending either bonds or cash funds. As the 5 year spend down requirement is met, action to comply with the 3 year and 6 month requirements will be taken.

The Georgia State Financing and Investment Commission is taking these steps to promote fiscal responsibility with capital outlay funds. The cooperation of all agencies in this matter will ensure Georgia is a best managed state with facilities and funds. If you have any questions concerning this please contact Glenda Knowles at gknowles@gsfic.ga.gov or call her at 404-463-5630.

GLA:gk