DEBT MANAGEMENT PLAN

Fiscal Year 2015 - FY 2019

Governor Nathan Deal

STATE OF GEORGIA
DEBT MANAGEMENT PLAN
FY 2015 – FY 2019

Georgia State Financing and Investment Commission

Governor Nathan Deal, Chairman

January 16, 2015

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GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

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STATE OF GEORGIA
DEBT MANAGEMENT PLAN
FY 2015 – FY 2019

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STATE OF GEORGIA DEBT MANAGEMENT PLAN
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EXECUTIVE SUMMARY

Each year, the Georgia State Financing and Investment Commission (the "Commission") issues its debt management plan ("the Plan") which provides a five-year projection of the State of Georgia's (the "State") general obligation and guaranteed revenue bond issuances and the debt service requirements for all outstanding debt and projected new debt issuances. The Plan covers the current fiscal year and the four succeeding fiscal years. The resulting projected annual debt service requirements are compared to the actual treasury receipts of the State for the immediately preceding fiscal year as well as projected future treasury receipts of the State to determine the ratio of highest annual debt service requirements to the prior year's State treasury receipts. This ratio, which is established by the Constitution of the State (the "Constitution") at a maximum of 10%, but which for reasons discussed within the Plan, is limited to a maximum of 7% by Commission policy, along with several other ratios discussed in the Plan, serves as a guide for the Governor and the General Assembly in their consideration of the authorization of new State debt during the budget preparation, review, and adoption process. Projected authorizations of new debt may be increased or decreased depending on the capital needs of the State and projections of estimated treasury receipts in future years.

The FY 2015 – FY 2019 Plan establishes that based upon the current and projected interest rate environment and projected revenues of the State, additional State debt of up to $900 million per fiscal year is possible throughout the period covered by the Plan without exceeding the highest annual debt service ratio, as shown in the table below, which also shows the actual ratios for the preceding five fiscal years.

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
$1,182	$852	$632	$808	$850	$878	$900	$900	$900	$900
7.2%	7.8%	7.0%	6.6%	6.4%	6.3%	6.0%	6.1%	6.1%	6.0%

Although not State general obligation and guaranteed revenue debt subject to the debt service ratio, various State authorities are authorized by State law to enter into multi-year debt obligations which are secured by authority revenues. Whenever these debt obligations meet the definition of debt as defined in the Act which created the Commission, any such proposed debt is subject to review and approval by the Commission prior to it being incurred by the Authority. These debt obligations, which are commitments of the issuing Authority, are payable solely from the revenues of the project or issuing Authority and are non-recourse to the State. The obligations of State authorities are discussed in more detail in a later section of the Plan.

There are other types of multi-year obligations which, although they do not meet the statutory definition of debt, sometimes are considered debt of the State, or debt of the University System of Georgia ("USG"), by the credit markets and rating agencies. The two primary types of such obligations are: (1) certain capital lease obligations of State agencies and (2) the debt of foundations and cooperative organizations associated with the USG and its various institutions. In compliance with various Statements of the Governmental Accounting Standards Board ("GASB"), most of these obligations also are reflected in the State's Comprehensive Annual Financial Report ("CAFR").

To ensure that the Commission is aware of all debt obligations, State authorities and agencies are required to request that the Commission approve any new debt obligations prior to those obligations being incurred, and to update the Commission regarding the balance owed on those obligations previously incurred by the authority or agency, and the annual payments on these obligations during the period covered by the Plan for each year. The Act which created the Commission also stipulated that the Commission is the financial advisor for all state authorities and establishes that no State authority is authorized to incur debt without the specific approval of the Commission unless specifically exempted from that requirement by the statute governing the State authority.

CONSTITUTIONAL AND STATUTORY FRAMEWORK FOR STATE DEBT

Prior to the adoption in 1972 of an amendment to the Constitution, the State's capital outlay needs were met through the issuance of revenue bonds by ten separate State authorities with these bonds being secured by lease/rental agreements between the issuing authority and one or more State departments and/or agencies. In November 1972, the electorate of the State approved a comprehensive amendment (the "1972 Amendment") to the Constitution which permitted the State to finance its capital outlay needs directly through the issuance of general obligation debt and guaranteed revenue debt. The 1972 Amendment also prohibited any new lease/rental agreement financings with State authorities or other public institutions. With the passage of the 1972 Amendment and the statutory implementation of the 1972 Amendment by the General Assembly through the enactment of the Georgia State Financing and Investment Commission Act in 1973 (the "Commission Act"), the State was granted the ability to issue general obligation and guaranteed revenue debt backed by the full faith and credit of the State. The ability to issue general obligation bonds and guaranteed revenue bonds enabled the State to achieve higher credit ratings on its own general obligation bond issues, and thus lower interest rates, than state authority revenue bond debt secured by lease obligations which were subject to annual appropriations of the General Assembly. The State's first general obligation bonds issued pursuant to the 1972 amendment were issued in September 1974 - $20,000,000 series 1974A bonds (of a total $170,053,000 then authorized by the General Assembly) with annual maturities from 1975 through 1999. At that time, there also was $1.052 billion of State authority debt outstanding, but that debt has been paid in full.

With the subsequent ratification by the electorate of a new Constitution in 1983, the ratio of maximum fiscal year aggregate debt service to prior year State treasury receipts was lowered to 10% from its initial level of 15%. Since 1983, there have been several amendments to the State debt provisions of the Constitution. These amendments include: allowing general obligation bonds or guaranteed revenue bonds to be issued for the purpose of making loans to local government entities for water or sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems, allowing for multiyear contracts for energy efficiency or conservation improvement projects (effective January 1, 2011), and allowing for multiyear lease agreements for real property (effective January 1, 2013).

The 1972 Amendment, the Commission Act, and the Constitution (as amended) establish the parameters regarding the issuance of general obligation and guaranteed revenue debt. These parameters establish a firm foundation for the high credit ratings assigned by the rating agencies to the State's debt and thus significantly contribute to the high regard in the credit market for the State's bonds. Some of the key provisions (as amended, through the date of the Plan) include:

- a prohibition against incurring additional debt (general obligation or guaranteed revenue bonds) which would cause the highest aggregate annual debt service in the then current year or any subsequent year to exceed 10% of the previous year's total State treasury receipts;
- an explicit enumeration of capital projects which can be funded with general obligation and guaranteed revenue debt;
- a requirement that maximum annual debt service for proposed new debt be appropriated at the time the debt is authorized;
- a requirement for full appropriation each fiscal year of an amount sufficient to pay the aggregate debt service coming due for that year;
- a provision that debt service appropriations for new debt authorizations that were not issued do not lapse at the end of the fiscal year in which they were authorized;
- a provision for repeal, prior to their issuance, of debt authorizations by the General Assembly;
- limitations on how general obligation and guaranteed revenue debt may be refunded to ensure that there is no increase in debt service in any future year and to prohibit the extension of the debt as a result of the refunding;
- limitations on cash flow borrowing;
- a prohibition against issuance of any new debt backed by authority lease agreements as was utilized by the State prior to the 1972 Amendment;
- a provision which provided that should, for any reason, the amount appropriated for debt service payments not be insufficient to make all payments due with respect to general obligation debt, that the first revenues thereafter received in the general fund of the State be set aside to the extent necessary to cure any such deficiency; and
- an explicit right established by the Constitution for any general obligation debt holder to bring suit, if necessary, to compel the appropriate state fiscal officer to meet the obligation to set aside the first revenues received after a determination that insufficient funds have been set aside for payment of all payments due with respect to general obligation debt of the State.

The issuance of all State debt, which includes debt issued by State authorities, is subject to approval by the Commission. The Commission is comprised of seven members with Commission officer designations established in the Constitution. The Governor of the State serves as Chairman of the Commission, the President of the Georgia State Senate (the Lieutenant Governor) serves as Vice-Chairman, and the State Auditor serves as Secretary and Treasurer; the other members of the Commission are the Attorney General, the Commissioner of Agriculture, the Speaker of the House of Representatives, and the State Treasurer.

Pursuant to the Constitution and the Commission Act, the Commission is charged with the following responsibilities:

- the issuance of all public debt of the State,
- the proper application of the proceeds of such debt to the purposes for which it is incurred,
- the investment of all proceeds to be administered by the Commission,
- providing debt related financial advisory services to State authorities and agencies,
- providing construction services for general obligation debt funded projects for State agencies, and
- additional responsibilities as provided by law.

The Constitution provides for the issuance by the State of both general obligation debt and guaranteed revenue debt. The Constitution establishes that the full faith, credit and taxing power of the State is pledged to the repayment of both of these types of public debt. During the legislative session each year, the General Assembly may authorize new general obligation debt to be issued by the State and/or guaranteed revenue debt to be issued by various authorities of the State. The Constitution also provides for the issuance of revenue debt which may be issued by certain State authorities as authorized by State statute. Non-guaranteed revenue debt does not carry the backing of the full faith, credit and taxing power of the State; rather, such debt is secured solely by revenues generated by the specific projects that are being funded.

TYPES OF DEBT OBLIGATIONS

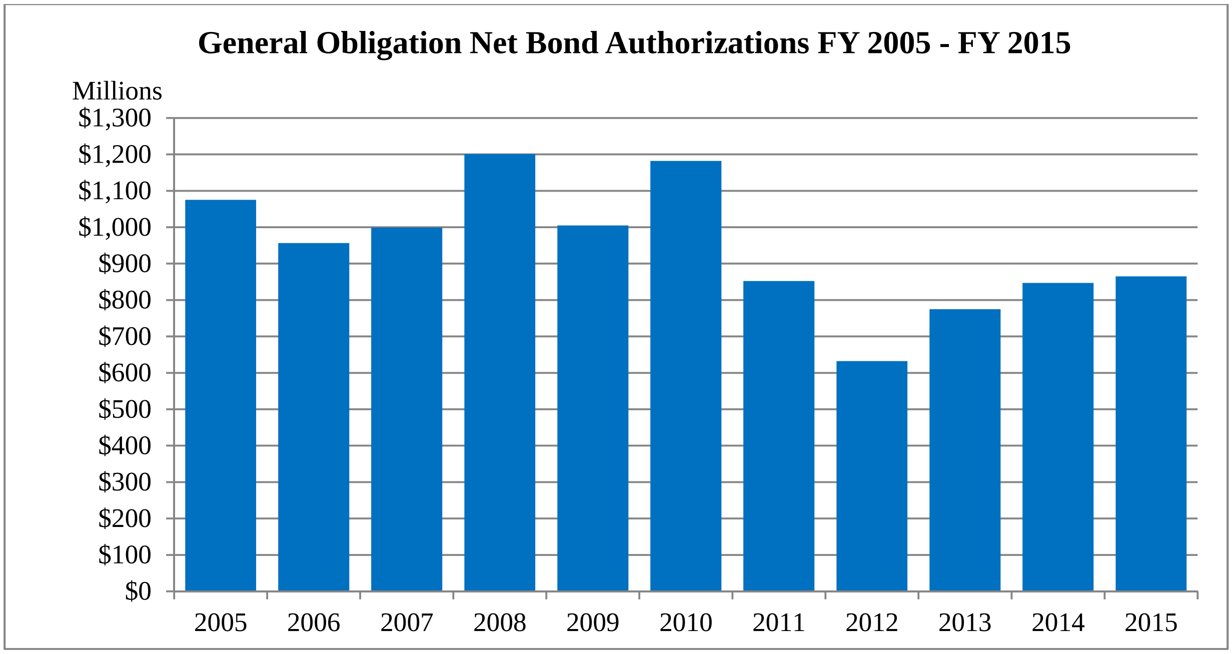
General Obligation Debt

The Constitution limits the use of general obligation debt to the following purposes:

- to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the State, its agencies, departments, institutions, and of certain State authorities;
- to provide educational facilities for county and independent school systems and for public library facilities for county and independent school systems, counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems; and,
- to make loans to counties, municipal corporations, political subdivisions, local authorities, and other local government entities for water or sewerage facilities or systems, or for regional or multi-jurisdictional solid waste recycling or solid waste facilities or systems.

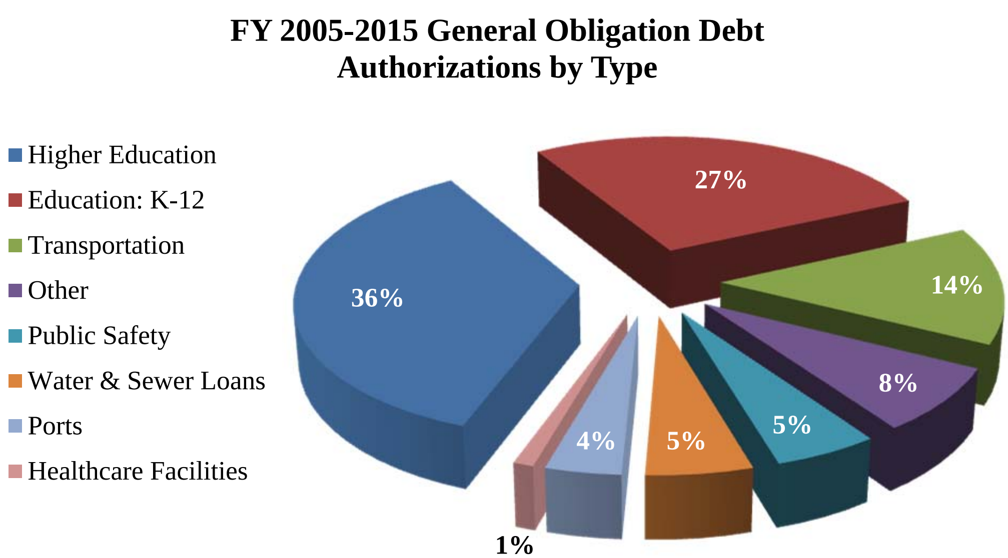
For the first two purposes described above, the State Constitution limits the term of general obligation debt to 25 years. In practice, however, the General Assembly typically approves the issuance of debt with a 20-year final maturity for major construction and renovation projects, or for a shorter final maturity for minor repair projects and capital equipment needs in order to more closely match the useful life of specific projects and equipment with the debt.

The following chart depicts the general obligation debt authorized for the period FY 2005 through FY 2015.



General obligation debt cannot be incurred unless the General Assembly first enacts legislation that states the purpose(s), in either general or specific terms, for which the general obligation debt is to be incurred, specifies the maximum principal amount of the debt, and appropriates funds in an amount sufficient to meet the highest annual debt service requirement to amortize such debt within the specified not-to-exceed time frame. Unless debt authorizations are repealed by the General Assembly prior to the debt being incurred, authorizations for debt, and the appropriations made for debt service, do not lapse for any reason and continue in effect until the debt for which the appropriation was authorized has been incurred.

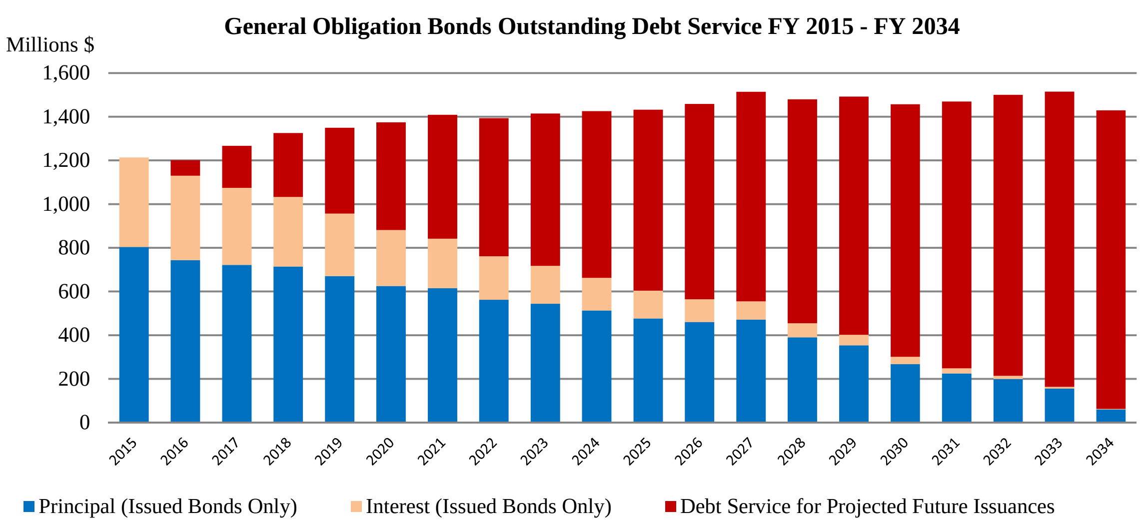
The following chart shows how the FY 2005 – FY 2015 debt authorizations were distributed among major functions and programs of the State.



The Constitution requires that appropriations for debt service payments on all general obligation debt be made to a special trust fund which is designated as the State of Georgia General Obligation Debt Sinking Fund (the "sinking fund"). The amount to be appropriated to the sinking fund must be sufficient to pay annual debt service requirements on all general obligation debt. The Constitution mandates that appropriations to the sinking fund shall be used solely for the retirement of general obligation debt.

As a safeguard against shortages in the sinking fund, the Constitution provides that should the General Assembly fail to make sufficient appropriation to the sinking fund, or if, for any reason, the amount in the sinking fund is insufficient to make all required payments, the first revenues thereafter received in the general fund of the State, to the extent necessary to cure the deficiency, are to be set aside and deposited into the sinking fund by the appropriate fiscal officer.

As of June 30, 2014 there was approximately $8.764 billion of general obligation debt outstanding. In July 2014, the State issued $899.335 million of its authorized total of $1.316 billion new debt, leaving $416.34 million of new debt authorized but not yet issued. The State also refunded a portion of its outstanding bonds as a part of the July transaction. This transaction along with scheduled principal payments made during July 1 through December 31, 2014 increased the total principal amount of debt outstanding to approximately $8.990 billion as of December 31, 2014. The following chart reflects the annual debt service on all currently outstanding general obligation debt and the projected debt service on the debt currently authorized but not yet incurred along with projected future new debt authorizations of $900 million each fiscal year thereafter.



Guaranteed Revenue Debt

Guaranteed revenue debt is revenue debt which has been issued by an instrumentality of the State for which the State has guaranteed the repayment of the debt. The Constitution limits the use of guaranteed revenue debt to the following purposes:

- toll bridges or toll roads,
- land-based public transportation facilities or systems,

- water facilities or systems,
- sewage facilities or systems,
- loans to, and loan programs for, citizens of the State for educational purposes, and
- regional or multi-jurisdictional solid waste recycling or solid waste facilities or systems.

The amount of guaranteed revenue debt that may be issued to fund water or sewage treatment facilities or systems, and to make loans for educational purposes, is further limited by the Constitution as follows:

> "No guaranteed revenue debt may be incurred to finance water or sewage treatment facilities or systems when the highest annual debt service requirements for the then current year or any subsequent fiscal year of the State for outstanding or proposed guaranteed revenue debt for water facilities or systems or sewage facilities or systems exceed 1 percent of the total revenue receipts less refunds of the State treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred."
>
> Also,
>
> "The aggregate amount of guaranteed revenue debt incurred to make loans for educational purposes that may be outstanding at any time shall not exceed $18 million, and the aggregate amount of guaranteed revenue debt incurred to purchase, or lend or deposit against the security of, loans for educational purposes that may be outstanding at any time shall not exceed $72 million."

Prior to incurring guaranteed revenue debt, legislation must be enacted by the General Assembly and signed into law by the Governor authorizing the guarantee of the specific issue of revenue obligations being proposed. The General Assembly must determine conclusively that such obligations will be self-liquidating over the life of the issue, specify the maximum principal amount of such issue, and appropriate an amount at least equal to the highest annual debt service requirements for the bond issue. In addition, a special trust fund designated as the State of Georgia Guaranteed Revenue Debt Common Reserve Fund (the "common reserve fund") must be established into which the appropriations for highest annual debt service are paid at the time guaranteed revenue bonds are issued. This trust fund provides a common reserve for any payments required by virtue of the State guarantee made in connection with all issues of guaranteed revenue obligations. Appropriations made for the benefit of guaranteed revenue debt do not lapse for any reason and the appropriations continue in effect until the debt for which such appropriation was authorized has been incurred. However, any such appropriation may be repealed prior to the bonds being issued and payment made into the common reserve fund.

If revenues pledged to the payment of the guaranteed revenue debt are not sufficient to meet debt service requirements, and debt service payments then are required to be made from the common reserve fund, the common reserve fund must be reimbursed from the State's general fund within ten (10) days after the start of the next fiscal year. The requirement to reimburse the common reserve fund for any payment is subordinate to the obligation to make sinking fund deposits for the benefit of general obligation debt.

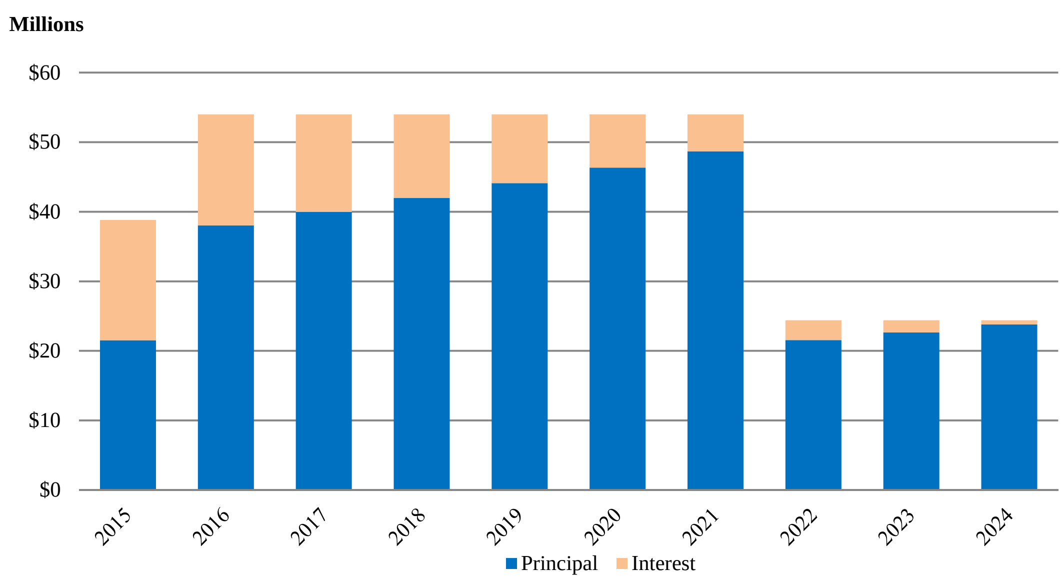
While the Constitution requires that the amount to the credit of the common reserve fund at all times be at least equal to the aggregate highest annual debt service requirements on all guaranteed revenue obligations, the Constitution also provides that any excess funding in the common reserve fund at fiscal year-end is to be transferred to the State's general fund.

There are four series of guaranteed revenue bonds currently outstanding; there is no authorized but unissued guaranteed revenue debt. The currently outstanding bond issues are:

- 2001 for the State Road and Tollway Authority ("SRTA") to issue guaranteed revenue bonds for road projects (refunded in part in 2011);
- 2003 for SRTA to issue guaranteed revenue bonds for road projects (refunded in part in 2011);
- 2011A for SRTA to issue guaranteed revenue refunding bonds to refund, in part, its series 2001 guaranteed revenue bonds; and,
- 2011B for SRTA to issue guaranteed revenue refunding bonds to refund, in part, its series 2003 guaranteed revenue bonds.

As of June 30, 2014 there was a total of approximately $348.635 million of guaranteed revenue debt outstanding. With the principal payments made July 1, 2014 through December 31, 2014, the amount of guaranteed revenue debt currently outstanding is $342.74 million. The following chart shows the annual debt service for all guaranteed revenue debt for the period FY 2015 through FY 2024, which is the final year of debt service for the currently outstanding guaranteed revenue debt.

Outstanding Guaranteed Revenue Bonds Debt Service FY 2015 - FY 2024



Refunding Opportunities

To ensure that the debt service paid on the State's outstanding debt is minimized, the Commission maintains a continuous monitoring program to evaluate if any outstanding debt could be refunded and thereby reduce the debt service for that debt. Refunding issues must comply with the requirements of both the Constitution and the Commission's official policy entitled "Refunding of General Obligation Bonds and Guaranteed Revenue Bonds CO-01-01-

004" adopted on January 13, 2006; there are additional restrictions imposed by federal regulations if the refunding debt is incurred as tax-exempt debt for federal income tax purposes.

Authority Revenue Debt

Certain State authorities, as well as other local entities, are authorized by their respective enabling legislation and by the State's "Revenue Bond Law" to issue revenue bonds for various revenue-producing undertakings. Since such revenue debt incurred by State authorities is not tax-supported and there is no State guarantee (except for the previously described guaranteed revenue bonds), the issuance of such debt by State authorities does not directly impact the State's debt burden or debt capacity. All State authorities are required to request and receive permission from the Commission before incurring any debt, including lines of credit for operating cash flow purposes. Following is a brief summary of those authorities which have revenue bonds or other debt financing instruments currently outstanding - no State authorities have entered into interest rate management agreements relative to their financings. Unless noted otherwise, all figures are as of June 30, 2014. (See tables contained in Appendix A for authority debt service schedules.)

- The **Georgia Development Authority** ("GDA") is authorized to issue revenue bonds or borrow money (there is no statutory limitation) for the purpose of assisting agricultural and industrial interests by providing credit and servicing functions and to encourage financial institutions in the lending of money for those purposes. During FY 2013, GDA retired all of its previously outstanding debt and as of June 30, 2014 its previously authorized line of credit with a commercial bank (which is used as working capital to generate new loans) had expired. As of June 30, 2014, GDA's total loan portfolio was approximately $70.157 million and approximately $23.066 million of these loans had been sold to local financial institutions subject to repurchase agreements whereby the financial institution can "put" the loan back to GDA. GDA has not issued or been authorized by the Commission during the July 1, 2014 through December 31, 2014 timeframe to incur any new debt.
- The **Georgia Environmental Loan Acquisition Corporation** ("GELAC") is a non-profit entity and subsidiary of the Georgia Environmental Finance Authority ("GEFA") which was created in July 2010. As of June 30, 2014, GELAC had $122.145 million of revenue bonds outstanding which had been issued for the purpose of providing funds to enable GELAC to purchase water and sewer loans from GEFA; as of December 31, 2014 the amount outstanding had been reduced to $105.725 million. This debt is not an obligation of the State or GEFA, although in certain instances GEFA may repurchase loans from GELAC.
- The **Georgia Higher Education Facilities Authority** ("GHEFA") is authorized to issue bonds to finance self-liquidating capital projects for the BOR of the USG and the Technical College System of Georgia. GHEFA is authorized to have outstanding at any point in time a maximum of $500 million of bonds - as of June 30, 2014 (and December 31, 2014) there were $281.16 million of bonds outstanding from three separate issues which were issued in 2008, 2009, and 2010. The outstanding bonds have financed eighteen projects at thirteen separate USG institutions. Three of the student housing projects which were constructed via GHEFA bond issues are included in a privatization initiative developed by the BOR; it is anticipated that the initial phase of the privatization initiative will reach financial close during FY 2015. To the extent that GHEFA financed projects are included in the privatization plan, the private sector partner will be required to provide the funds necessary to establish an irrevocable escrow account consisting of

sufficient U.S. government securities to be held in trust to legally defease the associated GHEFA bonds, which then will no longer be treated as outstanding and will be removed from the GHEFA financial statements.

- The **Georgia Housing and Finance Authority** ("GHFA") is authorized to issue bonds and notes for the purpose of facilitating economic development including the underwriting or purchase of single family residential mortgages; the improvement of public health, safety, and welfare; and for other public purposes, including healthcare services. The GHFA statute establishes a maximum of $1.47 billion bonds and notes outstanding ($1.3 billion of which is applicable to GHFA's single family residential housing program), excluding refunding bonds and notes, at any point in time. As of June 30, 2014, GHFA had outstanding a total of $1,035.08 million bonds which was entirely for its single family residential housing program. During October 2014, GHFA redeemed $32.69 million bonds and issued additional bonds totaling $103.0 million to fund new residential mortgages and to refund $26.29 million of outstanding bonds for a net outstanding of $1,111.79 million bonds. GHFA has received approval from the Commission to issue up to $215 million of bonds in calendar 2015 for its single family residential mortgage loans program.
- The **Georgia Ports Authority** ("GPA") is authorized to issue bonds and notes (there is no statutory limitation) for the purpose of constructing or improving self-liquidating port projects for its Savannah, Brunswick, or Bainbridge port facilities. During FY 2013, GPA paid off its prior revenue bonds and as of June 30, 2014 had $34.057 million outstanding on a revolving line of credit for the Hutchinson Island project. As of December 31, 2014, the amount outstanding on the line of credit had been reduced to $29.257 million. The line of credit is scheduled to expire on September 5, 2017.
- The **Georgia World Congress Center Authority** ("GWCCA") is authorized to issue revenue bonds for multi-purpose stadiums and coliseums and other ancillary facilities. GWCCA is authorized to have no more than $200 million bonds outstanding at any one time, excluding refunding bonds. In November 2011 GWCCA refunded its then outstanding revenue bonds for the Georgia Dome facility in Atlanta and as of June 30, 2014 had $88.80 million of the refunding revenue bonds outstanding; scheduled repayments and prepayments of principal have since reduced the amount outstanding to $56.625 million as of December 31, 2014.
- The **Lake Lanier Islands Development Authority** ("LLIDA") is authorized to issue revenue bonds and borrow money (there is no statutory limitation) for the purpose of improving, developing, and promoting the islands in Lake Lanier. In 2008 LLIDA issued $10 million revenue bonds for roadway and other capital improvements; it also borrowed approximately $15.141 million from GEFA for making sewerage system improvements. As of June 30, 2014, LLIDA had a total of approximately $20.913 million principal outstanding of revenue bonds and the GEFA loan; as of December 31, 2014, scheduled repayments of principal had reduced the outstanding balance to approximately $20.294 million.
- The **State Road and Tollway Authority** ("SRTA") is authorized to issue revenue bonds (there is no statutory limitation) for self-liquidating land public transportation systems (roads, bridges, etc.) and projects.
    - As of June 30, 2014, SRTA had outstanding $1,262 million of bonds comprised of seven separate issues of bonds; four of the outstanding issues ($348.635 million) were the guaranteed revenue bonds cited in the previous section and there were three issues ($913.33 million) of GARVEE bonds outstanding. (The State Route 400 toll revenue bonds which were outstanding as of June 30, 2013 were retired in full on

December 2, 2013.) GARVEE bonds (described in more detail, below) are secured solely by future Federal highway grant revenues and reimbursements received by the State and do not have any explicit or implied guarantee by the State for the payment of debt service. Scheduled principal retirements of guaranteed revenue bonds during the second half of calendar 2014 decreased the outstanding amount to $1,256 million bonds as of December 31, 2014.

    - In order to provide funding for the Northwest Corridor managed lanes project adjoining I-75 and I-575 in Cobb and Cherokee counties, SRTA secured a loan from the United States Department of Transportation in an amount of up to $275 million secured by the (future) revenues of this managed lane project (the "TIFIA loan"), and a planned future issue of toll revenue bonds in the amount of $10 million which are expected to be issued prior to the opening of this project in 2018. Users of the managed lanes will be charged tolls; the toll revenues will be the sole source of revenues for the repayment of the TIFIA loan and the planned future issue of toll revenue bonds. The TIFIA loan was closed in November 2013; the projected loan repayment schedule is included in Appendix A. The final TIFIA loan repayment schedule will be determined at the completion of the managed lanes project. As of December 31, 2014, there had been no draw of the TIFIA loan commitment.
    - In February 2014, the Commission authorized SRTA to incur toll revenue debt for the I-75 South Express Lanes Project in Henry and Clayton counties. The tolls charged for the use of these express (sometimes referred to as "managed") lanes will be the sole revenue source for the repayment of the $26,070,240 principal amount of toll revenue bonds issued in June 2014 for the project.
- The **Jekyll Island - State Park Authority** ("JISPA") is authorized to borrow money for any of its corporate purposes and to issue negotiable revenue anticipation certificates from earnings of such projects. There is no statutory limitation on the amount of debt which may be incurred by the JISPA. Pursuant to Commission approval of the borrowing, OneGeorgia Authority has committed to loan JISPA a total of $7.1 million which is to be repaid over 20 years at interest rates not to exceed 3.0% for the purpose of developing commercial property on Jekyll Island.
- **Georgia Military College** ("GMC") was authorized by the Commission in 2002 to incur debt not to exceed $7.0 million to construct new barracks for college cadets. As of June 30, 2014, there was approximately $3.51 million of debt outstanding for this project. The debt was structured on a thirty year amortization basis with a June 3, 2015 repayment of all outstanding principal at that point in time, which currently is projected to be approximately $3.2 million. GMC anticipates that the loan will be extended in a manner consistent with the Commission's original conditions when the loan was approved in 2002.

As outlined in the Commission's debt policy entitled "State Authorities' Debt Issuance Approval Policy and Underwriter Selection Procedures," prior to any authority incurring debt, the authority's governing body must adopt a resolution requesting that the Commission authorize the debt. Upon receiving the Commission's approval, the authority may proceed with its contemplated debt financing, as outlined in the policy and the resolution adopted by the Commission when the debt was approved.

Grant Anticipation Revenue Vehicle Bonds (“GARVEE”) Debt

The State’s GARVEE program began with the issuance of $500 million of GARVEEs issued by SRTA in August 2006 as part of the Governor’s Fast Forward Congestion Relief Program - $450 million was issued as fixed rate bonds and $50 million was issued in a commercial paper mode. The State structured the initial GARVEE bonds with a final maturity not to exceed 12 years, and the master trust indenture for the GARVEE bonds established an additional bonds test whereby the amount of Federal Obligation Authority available must be equal to at least 3.0 times the maximum annual debt service on all outstanding and any proposed GARVEE debt for additional debt to be issued on parity with the previously issued debt. In FY 2008 and FY 2009 additional GARVEE bonds totaling $600 million in each year were issued; the commercial paper was retired as part of the bonds issued in 2008. Both the 2008 and 2009 bonds were issued pursuant to the master trust indenture and were structured with a final maturity of 12 years. GARVEE bonds are secured by federal highway grant revenues and reimbursements and do not carry either a direct or implied guarantee of the State.

The following table summarizes the highest annual debt service requirements on the outstanding GARVEE bonds, the most recent projected Federal Obligation Authority funding amounts, and the resulting debt service coverage ratios. At this time, the State does not anticipate issuing any additional GARVEE bond issues during the period covered by the Plan.

(Thousands)	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Debt Service Requirements	$185,245.196	$185,247.446	$185,244.441	$185,246.41	$134,332.96
Projected Federal Obligation Authority	$1,222,000	$1,234,000	$1,246,000	$1,258,000	$1,270,000
Debt Service Coverage	6.60x	6.66x	6.73x	6.79x	9.45x

All of the State’s GARVEE bond issues initially received ratings of Aa2/AA$^-$/AA$^-$ from Moody’s Investors Service (“Moody’s), Standard & Poor’s Ratings Service (“Standard & Poor’s”), and FitchRatings (“Fitch”), respectively. Since the initial ratings on the GARVEE bond issues, due to the uncertainty surrounding the future level and structure of federal transportation funding, both Moody’s and Fitch have revised their ratings for the State’s GARVEE bonds to A1 (negative outlook) and A$^+$ (stable), respectively (most other states’ GARVEE bonds also were downgraded). Standard & Poor’s, however, continues to rate Georgia’s GARVEE bonds as AA$^-$ with a stable outlook.

With respect to their own calculations of net tax-supported debt, the three rating agencies currently differ in their treatment of GARVEE debt - both Moody’s and Fitch include GARVEE debt (with an allowance granted for the revenue sources used to service this debt) in their calculations while Standard & Poor’s does not include GARVEE debt in its calculations. Given the size of the program, and that both Moody’s and Fitch include GARVEE debt in their calculations of tax-supported debt, the State believes it is important to consider the effect that GARVEE debt has on the debt ratio projections.

As shown in the table on page 32, including the GARVEE bonds in the debt ratio calculations increases the state’s overall debt burden. The ratio of debt service requirements to the prior year’s State treasury receipts is projected at 6.7% in FY 2015, 6.5% in FY 2016, 6.6% in FY 2017, 6.5% in FY 2018 (FY 2018 is the final year of debt service on the 2006 GARVEE bonds), and declines to 5.9% in FY 2019. These are below the planning level limits inclusive of the GARVEE debt as established in the Plan. At this time, there are no plans for the State to issue additional GARVEE bonds, in part due to the uncertainty surrounding the future federal funding plans for the Highway Trust Fund.

Department of Transportation Obligations

A significant portion of the State's outstanding general obligation bonds, all of the currently outstanding guaranteed revenue bonds, and all of the outstanding GARVEE bonds have been issued for Georgia Department of Transportation ("GDOT") state road system improvement projects. To better match revenues to expenditures on a programmatic basis, the debt service payments for those particular bonds currently are being made from motor fuel funds or federal highway grant revenues and reimbursements rather than State general funds. It should be noted, however, that those bonds which are State general obligation bonds and guaranteed revenue bonds are secured by the full faith and credit of the State, not just motor fuel funds, which were not pledged solely or directly as security for these bonds, except to the extent that motor fuel funds are a component of State treasury revenues. For FY 2015, motor fuel funds will be used to make the following debt service payments for general obligation bonds and guaranteed revenue bonds:

- $175.321 million to the General Obligation Debt Sinking Fund for general obligation bonds debt service payments, and
- $38.808 million to the State Road and Tollway Authority for guaranteed revenue bonds debt service payments.

Additionally, motor fuel funds are used to make approximately 20% of the GARVEE bonds debt service payments – about $35 million each year from FY 2015 through FY 2018 and about $25 million in FY 2019. The total of all debt service payments to be made by motor fuel payments is approximately 25% of the projected motor fuel tax collections for FY 2015, with only marginal increases in this percentage through FY 2019, provided motor fuel tax collections are as projected over that time frame and/or no substantial amount of additional bonds for road system improvements are issued during the time frame of the Plan.

The following two charts illustrate, respectively, "Outstanding Transportation Debt Service Payments by Fund Source, FY 2015 – FY 2034" and "Outstanding Transportation Debt Service Payments by Series Type, FY 2015 – FY 2034."

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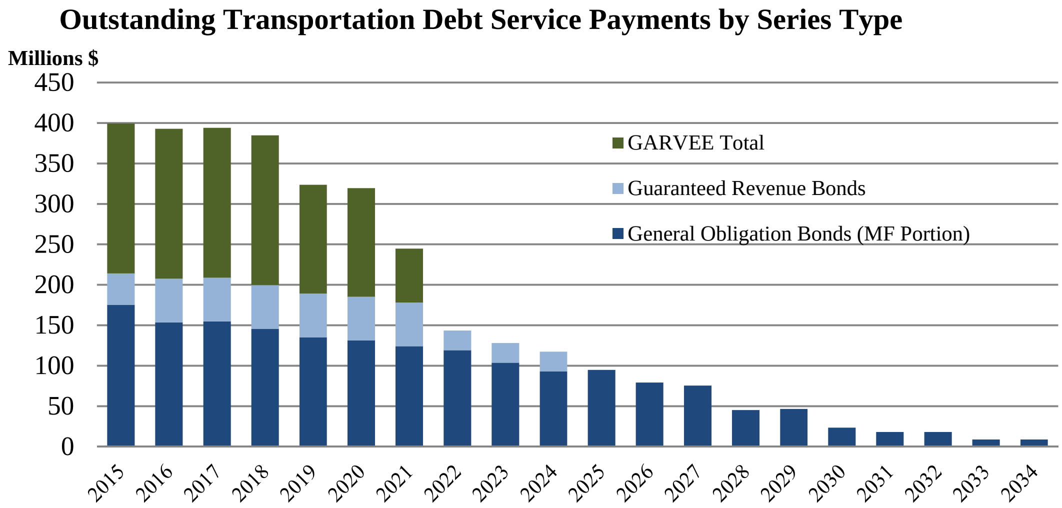

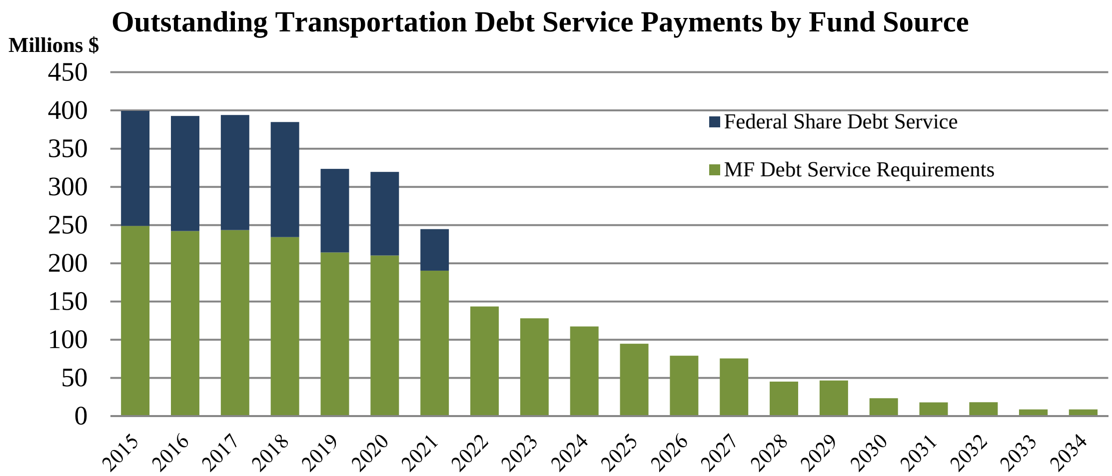

Multiyear Contracts for Energy Efficiency Projects

In November 2010, an amendment to the Constitution to provide for multiyear contracts for energy efficiency or conservation improvement projects (the "2010 Amendment") was approved by the electorate of the State. The 2010 Amendment allowed the General Assembly, through adoption of general law (Senate Bill 194, effective January 1, 2011), to authorize state governmental entities to incur debt for the purpose of entering into multiyear contracts for governmental energy efficiency or conservation improvement projects in which payments are guaranteed over the term of the contract by vendors based on the realization of specified savings or revenue gains attributable solely to the improvements. Senate Bill 194 also required that the Commission establish fiscal policies and establish a total multiyear contract value for such contracts and that any contract entered into by a state agency that is not in compliance with the policies and multiyear contract value authority set by the Commission would be void and of no effect. On December 12, 2012, the Commission adopted its "Fiscal Requirements for Energy Performance Contracts" policy as required by Senate Bill 194. The Commission approved GEFA's request for multiyear contract authority of $4.5 million for FY 2013/FY 2014 to conduct a pilot energy efficiency project for the Department of Corrections. GEFA's request for contract authority of $87.395 million for FY 2015 was approved by the Commission in June 2014. Although the annual debt service amount for the multiyear contract value authority is not required to be included in the calculation of the debt service ratio previously discussed in the

Plan, nor can it be construed as general obligation debt or guaranteed revenue debt of the State, pursuant to the adopted policy, the Commission will make such calculations to ensure that conservative debt affordability standards are maintained by the State.

Multiyear Contracts for Real Property Leases

In November 2012, an amendment to the Constitution to provide for multiyear rental agreements for real property (the "2012 Amendment") was approved by the electorate of the State. The 2012 Amendment allowed the General Assembly, through adoption of general law (Senate Bill 37, effective January 1, 2013), to authorize certain State agencies (the State Properties Commission (the "SPC") and the BOR) to enter into multiyear rental agreements, without obligating present funds for the full amount of the obligation the State may bear under the full term of such agreements, provided the Commission has adopted fiscal policies and established total multiyear contract value authority for the current and future fiscal years. The Commission adopted the requisite fiscal policies during its December 12, 2012 meeting. The SPC entered into five multiyear rental agreements pursuant to Senate Bill 37 during FY 2014 totaling slightly less than $17.633 million; thus FY 2013's authorized but unused $55 million as well as FY 2014's unused balance of $107.367 million of total contract value authority lapsed. Additionally, the Commission approved $20 million of total contract value authority for the BOR for FY 2014, but no contracts were finalized and executed and the entire $20 million BOR authorization lapsed, also. The SPC's request for $80 million and the BOR's request for $15 million total contract value authority for FY 2015 were approved by the Commission at its June 18, 2014 meeting. The annual debt service amount for the multiyear contract value authority is not required to be included in the calculation of the debt service ratio previously discussed in the Plan, nor can it be construed as general obligation debt or guaranteed revenue debt of the State, although the Commission will make such calculations to ensure that conservative debt affordability standards are maintained.

OTHER NON-DEBT LONG-TERM OBLIGATIONS

Capital Leases

The State occasionally acquires certain property and equipment through leases. The majority of these agreements contain fiscal funding clauses in accordance with O.C.G.A. § 50-5-64, which prohibits the creation of a debt to the State for the payment of any sums under such agreements beyond the fiscal year of execution, or on a current year basis in the years subsequent to the initial fiscal year of execution, if appropriated funds are not available. Various GASB Statements, however, require that if renewal of such agreements is reasonably assured, even leases requiring annual appropriations by the General Assembly are to be considered capital leases which are non-cancellable for financial reporting purposes and thus must be included as a long term liability in the financial statements of the State. As of the State's audited Comprehensive Annual Financial Report for the fiscal year ending June 30, 2014, future commitments for leases currently considered to be capital leases for governmental activities equaled approximately $2,111.7 million. Due to the statutory restrictions applicable to these leases, however, they are not included as debt obligations in the Plan.

In some instances, the lessor obtained its acquisition and/or renovation financing for the property leased to the State via a funding process which involved the issuance of lease revenue bonds by a local city or county government or local development authority (the proceeds then are loaned to the lessor for the acquisition and/or renovations and a state agency leases the property on an annually renewable basis). When this is the case, such as the specialized archives storage facility developed for use by the Secretary of State (effective July 1, 2013 the archives function was transferred to the BOR of the USG), the rating agencies have indicated that despite the legal ability of the State to not renew a lease in a subsequent fiscal year, a non-appropriation of the lease payment in any year during the term of the bond issue would be viewed as an adverse credit event for the State. Such an event of non-appropriation likely would jeopardize the State's triple-A credit ratings as being indicative of an unwillingness or inability of the State to continue the lease and thus fulfill its credit obligations. As a result, the annual payments essentially become a fixed payment obligation that, while legally not equivalent to the debt service payment obligations for general obligation debt or guaranteed revenue debt, has the effect of binding the State to making the lease payments for the entire term of the lease and thus reduces the future financial flexibility of the State.

Public University Foundation Debt

According to data from the BOR of USG, as of June 30, 2014 there had been 188 projects funded by bond issues by local authorities for various USG institution foundations or other cooperative organizations associated with the State's colleges and universities with approximately $3.6 billion of revenue bonds outstanding (excluding bonds issued by GHEFA). There was one (1) additional transaction totaling $13.25 million during the second half of calendar 2014. Proceeds of these bond issues have been used to construct or acquire various types of projects at the colleges and universities, such as student housing, dining, research facilities, faculty and administrative office buildings, parking, and student activity facilities, which then are leased by the foundation or cooperative organization to the BOR on an annually renewable basis. Most of the projects generate revenues (such as housing or parking fees), or the BOR has instituted dedicated student fees (such as student activity or parking fees), that provide revenues which are designed to provide for the annual lease payment; upon renewal of the lease each subsequent fiscal year, the lease payment obligation becomes a legal and binding obligation of the BOR for that fiscal year and thus is secured by the entirety of the financial resources of the Board of Regents. The BOR has entered into an agreement with a private sector vendor to implement a Public Private Partnership ("P3") program which will privatize a number of the existing student housing transactions and also will provide for additional student housing to be constructed at designated USG colleges and universities. The P3 program is designed to shift the financial risk for the selected existing projects from the BOR to the private sector partner; it also will remove the associated debt from the BOR's financial statements. (The private sector partner will be required to provide the funds necessary to establish irrevocable escrow accounts consisting of U.S. government securities to be held in Trust sufficient to legally defease all the outstanding associated debt for the privatized facilities.) Any debt incurred by the P3 vendor to construct the additional student housing will not be a liability of the BOR and will not be included on the BOR's financial statements.

Other Significant Liabilities of the State

Retirement Systems and Other Post-Employment Benefits: The State has other liabilities that do not directly impact the calculation of the debt service ratio as defined by the Constitution. The most significant of these are the unfunded actuarial accrued liabilities ("UAAL") of the Employees Retirement System ("ERS"); the UAAL of the Teachers Retirement System ("TRS");

and other post-employment benefit ("OPEB") plans for retired state employees, school personnel, and Board of Regents employees. The most recent actuarial valuations reflected UAAL as follows:

ERS	TRS	OPEB-State	OPEB-School	OPEB-Regents
$4.853 billion	$13.626 billion	$3.588 billion	$10.789 billion	$4.095 billion

These liabilities are not considered "hard" liabilities because they are based upon estimates of costs the State will incur in the future and thus the payment schedule of the liability is not absolutely certain. Also, TRS is a multi-employer plan and significant proportions of the required employer contributions are provided by local school systems, in addition to State general fund appropriations to the local school systems, and federal and other funds. Likewise, the OPEB plan for school personnel receives significant proportions of the employer contributions from local school district direct contributions. Historically, the State and the other employers which contribute to the plans have paid 100% of the annual required contributions for ERS and TRS, while the various OPEB plans are funded on a "pay-as-you-go" basis via employer contributions each year.

Borrowing for Funding of State Unemployment Benefits: Another significant liability that does not impact directly the calculation of the debt service ratio as defined by the Constitution is the liability associated with funds borrowed from the Federal Unemployment Account ("FUA") to meet unemployment insurance benefit payments, principally during and immediately after the 2007 – 2009 recession. In 2012, the General Assembly passed legislation (House Bill 347) which made changes to the employment security system designed to enable the outstanding balance of FUA borrowings to be repaid more quickly and then to begin to rebuild reserves in the State's fund to minimize any such borrowings in future recessions. Georgia was one of over 30 states that utilized this borrowing mechanism during or after the 2007 – 2009 recession. As of June 30, 2014, Georgia's FUA borrowing had been repaid in full, including all interest owed, from its peak amount of just under $750 million; no additional borrowing has been incurred and none is anticipated.

Although the preceding liabilities do not impact directly the calculation of the debt service ratio as defined by the State Constitution, they are credit factors considered by the rating agencies and prospective purchasers of the State's general obligation bonds and thus are described here for informational purposes.

MANAGEMENT OF BOND FUNDED PROJECTS

Bond Proceeds and Project Management

The Commission continues to emphasize State agency responsibility for completion of projects on a timely basis following receipt of bond proceeds, as well as ongoing compliance with federal tax code usage restrictions regarding tax-exempt bonds and arbitrage regulations. Prior to the Commission including agency requested projects in an upcoming bond issue, the Board of each agency or authority which requests that specified projects be funded from the bond issue is required to adopt a resolution which addresses the major tax-exempt financing requirements including specific agreement with the five percent expenditure/encumbrance requirement within six months, the eighty-five percent expenditure requirement within three years, and 100%

expenditure by the fifth anniversary of the issuance of the tax-exempt bonds. The resolution adopted by each agency's Board also must state that the project(s) does (do) not have any private use as defined by the federal regulations for tax-exempt bonds, except as expressly acknowledged and allowed by the Commission. In specific instances, taxable bonds are issued by the Commission to fund projects for which it is known that they will have, or are expected to have at some point prior to the final maturity of the bonds which funded the project, a substantial amount of private use as defined by the federal tax code.

6 Months:		3 Years:		5 Years:
5% Expenditure Requirement	→	85% Expenditure Requirement	→	100% Expenditure Requirement

Commission staff monitors the spend-down of projects and annually submits a report of spend-down compliance to the Commission. Agencies that do not meet spend-down guidelines are required to report on the status of the non-compliant projects and also must detail the corrective action that they will implement, or have implemented, to become compliant with the guidelines. Also, agencies which consistently have not met expenditure requirements with respect to previously funded projects are required to justify requests for new project funding in upcoming bond issues; these agencies also must describe how they intend to comply with the spend-down requirements on those projects.

Bond proceeds distributed to GEFA for purposes of its local government water and sewer loan program must comply with certain requirements of the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), which was signed into law on May 17, 2006, with respect to "pooled financing bonds." The applicable provisions of TIPRA require that by the end of the first year after the issuance of the pooled financing bonds, not less than thirty percent (30%) will have been used to make or finance loans to ultimate borrowers and that by the end of the third year after the issuance of these bonds, not less than ninety-five percent (95%) will have been used to make or finance loans to ultimate borrowers. To the extent that these requirements are not met, bond proceeds in an amount equal to the unmet expenditure amount must be used to redeem outstanding bonds of the pooled financing bond issue within ninety (90) days of the end of the one-year or three-year period, as applicable. GEFA is required to submit reports to the Commission not later than the end of both the one-year and three-year periods demonstrating compliance with the TIPRA requirements. If 100% of the bond proceeds have not been used by the fifth anniversary of the issuance of the bonds, the remaining funds must be transferred to the Commission and used for debt retirement. To date, GEFA has met each deadline established by the TIPRA requirements and no bond redemptions have been necessary to comply with TIPRA requirements.

Project Selection

Prior to formally issuing a proposed calendar for the first bond issue under consideration in the upcoming fiscal year, Commission staff solicits input from agencies which have unsold bond authorizations from the current or prior fiscal years, and/or which have new authorized projects for the upcoming fiscal year, regarding those projects the agency will request to be funded via the contemplated bond issue. To facilitate compliance with tax-exempt bond spend-down requirements, agencies are asked to split their funding requests for major projects into separate phases for planning/programming/design, construction, and equipment procurement, with the planning phase being funded first and the construction and equipment procurement phases funded in a subsequent issue(s) of bonds. To the maximum extent possible, projects requested for funding in an upcoming bond issue are evaluated using "readiness" criteria (in addition to general market and other financial considerations) to help ensure that projects are completed on a timely basis, that they meet program needs of the agency, and to avoid potential difficulties with meeting the expenditure requirements for tax-exempt bonds.

Unexpended Bond Proceeds

It is the Commission's intention to be in compliance with all federal tax code requirements regarding tax-exempt bonds and to prevent unexpended funds from remaining in completed project accounts. Whenever surplus funds are identified for any project, those funds may be considered for redirection based on a number of factors including original intent of the bond authorization, age of the funds, ease of, and need for, transfer to other qualified projects, etc. An agency desiring to redirect funds from one approved bond project to another project of that agency may request redirection approval. Pursuant to Commission policy, redirection requests less than $250,000 can be approved administratively by the Directors of the Financing and Investment Division and the Construction Division. Redirection requests of $250,000 and greater must be approved by the Commission.

Post Issuance Compliance

While ongoing compliance with the federal regulations regarding tax exempt bonds has been emphasized by the Commission for many years, additional steps have been implemented to ensure that the agencies and authorities for which bonds are issued provide the Commission with ongoing and updated information as to the use of the facilities and equipment financed by bond proceeds. The Financing and Investment Division of the Commission has developed written internal compliance procedures regarding post issuance compliance and continues to devote staff resources to review information provided by agencies and authorities on an annual basis. The Internal Revenue Service, which enforces the federal regulations with respect to tax-exempt bonds, has increased its emphasis on ensuring that the issuers of tax exempt bonds have procedures in place to ensure ongoing compliance with tax exempt bond regulations and is conducting reviews/audits of selected bond issues with that being one of the focus points of the reviews.

DEBT STRUCTURE

State debt may be issued with fixed interest rates or as variable rate debt. As of December 31, 2014, only $127.305 million (1.4%) of the State's outstanding general obligation debt, and none of the outstanding guaranteed revenue debt, had variable interest rates. The State's objective for each new general obligation and guaranteed revenue bond issue is to structure the issue with approximately level annual debt service over the life of the bonds; for variable interest rate bonds the maximum allowed interest rate is utilized to develop the principal amortization schedule for that bond series.

Using variable rate debt does introduce an element of interest rate risk into the State's capital structure. To ensure that such interest rate risk is not too great, the rating agencies have suggested that an issuer limit the amount of the total variable rate debt in its capital structure to a maximum of approximately 15% to 20% of total debt, and/or by utilizing other means to mitigate the risk by using hedging tools such as interest rate caps or qualified interest rate management agreements, if and where appropriate. The primary benefit to the State of incurring debt as variable rate debt is that because variable rates generally reset at the lowest end of the interest rate yield curve, the debt service is lower than if the debt had been incurred at a fixed rate.

In July 2011 the State refunded its 2006H bonds which originally had been issued as all variable rate debt in December 2006. The 2011 refunding was structured as a mix of both fixed rate debt and variable rate debt, with $127.305 million of variable rate debt currently outstanding. The interest rate on this debt resets each week at a spread of 40 basis points to the SIFMA index, which is a market index comprised of highly-rated tax-exempt weekly reset variable rate debt. As of December 31, 2014, the average interest rate on the variable rate debt since it was originally issued has been less than 1.50% with the more recent rates being less than 0.50% total. The Commission maintains an ongoing monitoring and evaluation process for this variable rate debt and will act as necessary according to market conditions to either convert the variable rate debt to fixed rate debt or another type of floating rate debt instrument.

The Commission currently does not have any plans for incurring additional variable rate debt during the period covered by the Plan.

DEBT AFFORDABILITY

The Plan is intended to appropriately balance the provision of capital projects required to meet the State's future needs with the ability and willingness of the State to repay the debt incurred to finance these projects. Through the establishment of reasonable targets based on the State's expected population growth and per capita income projections balanced with the financial resources available to meet its debt obligations, assurance is provided that additional debt is authorized at prudent levels which will not jeopardize the State’s triple A bond ratings.

Unfortunately, there is no specific formula for determining the maximum amount of debt which can be issued by the State in any particular year to accomplish these objectives. Many factors must be considered including balancing the State's current and projected programmatic funding needs, current year and out year projected revenues, available fund balances, and an overall plan for managing the budget with the need for new or renovated capital projects. The Plan takes into account the concept of debt affordability in determining the maximum amount of tax-supported debt that the State can issue. Also, any model for determining debt affordability is dependent upon the reasonableness and accuracy of economic forecasts and the projected impact on the State's total financial resources. Since 2005, the Commission has utilized a 7% cap for the debt service ratio for planning purposes, which is in line with the State’s peer group of states which are rated triple A by all three of the major credit rating agencies.

Rating Agency Considerations

Due to the economic and financial diversity among the 50 states, historically many purchasers of the tax-exempt bonds have relied heavily on the three major rating agencies to analyze the factors affecting each borrower's ability to meet its debt obligations. Each rating agency assigns credit ratings to debt issues as a means of distinguishing credit quality. Each issuer's ratings have a major impact on the marketability of its bonds and the interest rates necessary to generate investor demand for the issuer’s debt issues. State issuers rated triple-A generally are “rewarded” in the marketplace by being able to sell their debt at the lowest possible interest rates at any given point in time. Another benefit of the triple-A ratings was demonstrated during the credit market disruptions of late 2008 and early 2009 when the higher rated issuers were able to re-access the market sooner and in larger amounts than was the case for lower rated issuers. (For some of the referenced time period, market access was almost totally nonexistent and was restored only in a gradual manner over several months, with the highest rated issuers, including the State of Georgia, being the first to regain access to the market.)

Rating agencies consider and incorporate into their rating decisions trends relating to an issuer's overall debt and liability burden, revenue base, fund balances and general economic base, as well as a comparison of actual fiscal experience versus budgets over a three- to five-year period.

While specific rating criteria does vary somewhat between the three rating agencies, the overall rating analysis generally takes into account four primary factors:

- debt burden as measured by ratios,
- quality and strength of the state's economic base,
- fiscal management, and
- actual financial performance versus projections.

Existing tax supported debt burden is an important factor in the determination of a state's credit rating. Credit analysts usually calculate several ratios to use as measurements of debt burden. These ratios are discussed in detail in a later section of the report. Credit analysts also look for balance, diversity, and growth potential of the economic base to generate sufficient revenues to consistently meet program needs and to repay all debt obligations.

When analyzing an issuer’s fiscal management, analysts compare fiscal results with budgets and plans. Over time, such comparisons tend to serve as a good indicator of the effectiveness of fiscal management. Another criterion of sound fiscal management is the existence of laws, policies, and procedures which allow an issuer to exercise strong control over its sources of revenue, expenditures, and debt issuance.

Financial performance is a result of both the quality of a state’s fiscal management and general economic performance. One indicator of financial performance is a state's ability to adjust to revenue shortfalls due to unexpected economic downturns, such as occurred during the 2007 to 2009 recession. Another gauge of a state's fiscal management and financial performance is its ability to establish and maintain reasonable reserves to cushion the effects of unexpected events, and to rebuild those reserves in a timely manner subsequent to their use.

To illustrate how these various concepts affect the State’s general obligation bond rating, the following are excerpts from credit reports released in June 2014 for the State’s Series 2014ABCD General Obligation Bonds:

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	Fitch	Moody's	Standard & Poor's
Strengths	The state's long-term liability burden is low and overall debt management is conservative.	Conservative fiscal management including prompt responses to revenue declines	Strong financial monitoring and oversight with a history of making budget adjustments… to restore fiscal balance.
	Long history of conservative revenue estimation and balanced operations.	History of rapid replenishment of budget reserves	Georgia's revenues are diverse, with sales tax and personal income each contributing more than 15% of revenues.
	Georgia's major pension systems covering both state employees and teachers have benefitted from consistent full funding of actuarially calculated annual required contributions.	Relatively well funded pensions; the overall retirement systems' adjusted net pension liability was…below the 50-state median	Georgia's pension funds are well funded despite recent market losses, but funding levels reflect significant changes to assumptions and have continued to decline.
	The state has capitalized on recent revenue growth to make substantial progress in rebuilding reserves.	The state expects to continue its trend in positive fund balances through fiscal 2014.	Revenue shortfall reserve, which is being gradually replenished and, while still significantly depleted relative to historical trends, provides the state with some financial cushion.
	The state's diverse economy is showing signs of an accelerating recovery.	The enacted 2015 budget is balanced with projected revenues expected to fully cover budgeted expenses with no reliance on one-time revenue sources.	Although unemployment remains above the national average, over the medium and long term we believe that Georgia's low cost of living, strong transportation network, weather, and favorable business costs likely to continue to attract growth to the state.

	Fitch	Moody's	Standard & Poor's
Weaknesses	Georgia remains vulnerable to significant macroeconomic risks including the uneven pace of the housing market recovery….	Slower economic growth coming out of the recession	Despite the increase in home prices, housing sector signals have been mixed and there are concerns that the housing recovery might have lost some steam. Housing starts and new home sales in Georgia have both declined from recent peaks….
	Unemployment remains elevated…, and the state's overall wealth levels still lag the U.S. Georgia's per capita personal income ranks 40th among the states at 86.4% of the U.S., and its poverty rate of 17.4% exceeds the national 14.9% rate.	Large unfunded retiree health benefits liability	The multiemployer State Employees Postemployment Benefit Fund had an unfunded OPEB of $3.87 billion as of a June 30, 2012 valuation date for a 0% funded ratio.

Measuring Debt Burden

When calculating indebtedness, municipal credit analysts use measures which take into account all debt supported or serviced by an issuer's tax revenues. Such debt is classified as net tax-supported debt. For the State, net tax-supported debt includes all general obligation debt and guaranteed revenue debt, but does not include any revenue bonds not supported by the guarantee of the State. Guaranteed revenue debt is included in the calculation of net tax-supported debt because the guarantee is against all of the revenues of the State. Revenue bonds which are issued by an instrumentality of the State, but do not carry the State's explicit guarantee, are not included in the calculation of the State's net tax-supported debt. As described earlier in the Plan, however, the issuance of these bonds requires prior approval by the Commission; such approval is granted only after careful evaluation of the dedicated revenue stream that provides the security for these issues. Furthermore, as Authority revenues, these revenues are not included in the State's general treasury revenues and can be legally pledged to the repayment of the debt.

The following table summarizes the State's issued principal amounts (including the net effect of refunding bonds) as of December 31, 2014; there remain $416.34 million of general obligation debt authorized which has not been issued.

	Total Principal Issued	Outstanding Principal
General Obligation Debt	$23,704,320,000	$8,989,050,000
Guaranteed Revenue Debt	832,405,000	342,740,000
Total State Obligations	$24,536,725,000	$9,332,590,000

Five debt ratios frequently are used to measure debt burden. These debt ratios provide a means to monitor the relative debt burden level for the State over a period of years and also provide a method of comparison of debt burdens among the various states.

Debt per Capita = $\frac{\text{Net Tax-Supported Debt}}{\text{State's Population}}$

Debt as Percent of Personal Income = $\frac{\text{Net Tax-Supported Debt}}{\text{Total Personal Income of the State's Population}}$

Debt Service as Percent of State Net Revenues = $\frac{\text{Annual Debt Service Requirement}}{\text{Net Revenues of the State}}$

Debt as Percent of Full Valuation of Assessed Property = $\frac{\text{Net Tax-Supported Debt}}{\text{Full Valuation of All Taxable Property}}$

Debt as a Percent of State Gross Domestic Product = $\frac{\text{Net Tax-Supported Debt}}{\text{State Gross Domestic Product}}$

Credit analysts also examine the rapidity of debt repayment ratio. This measure indicates how much of an issuer's total long term debt is retired after 5 and 10 years. Analysts use a standard for this ratio of 25 percent retired in 5 years and 50 percent retired in 10 years as being more favorable than slower amortizations. The rating agencies comment favorably about the State's more rapid debt repayment ratios.

All of the ratios described above serve as important tools to track and monitor the State's debt position. The Plan establishes reasonable and peer-group comparable levels for three of the five debt ratios to help maintain credit ratings as well as ensuring that the State remains below the maximum allowable debt limit as established by the Constitution.

Furthermore, as the State has issued $1.65 billion in GARVEE bonds since fiscal year 2007 to address transportation infrastructure needs, and given that the rating agencies differ in their treatment of this debt for their analytical purposes, it also is prudent to analyze the impact that GARVEE debt has on the State's debt burden. As previously mentioned, however, GARVEE bonds are secured solely from federal highway grant revenues and reimbursements and they do not have a back-up pledge of the full faith and credit of the State; thus they are neither general obligation debt or guaranteed revenue debt of the State and are not included in the debt service coverage ratio as defined by the Constitution. As of December 31, 2014 there was $913.33 million of GARVEE bonds outstanding.

The 2007 to 2009 recession and the ensuing slower than normal economic recovery resulted in dramatically reduced state treasury receipts and as a result results for FY 2010, FY 2011, and FY 2012 reflect that that the highest annual "Debt Service to Prior Year Revenues" ratio exceeded or equaled the established planning levels. For FY 2014 the actual annual debt service ratio of 6.3% was below the planning limit. The Plan anticipates that setting new authorizations for general obligation debt in the range of $900 million per year during the FY 2015 – FY 2019 timeframe, along with the recent recovery and projected growth of State treasury receipts, will result in this ratio remaining below the planning limit for the period covered by the Plan.

The maximum debt ratio planning levels utilized in the Plan are shown below.

Debt Ratio Planning Level	Without GARVEEs	With GARVEEs
Debt Service to Prior Year Revenues	7.0%	8.0%
Debt to Personal Income	3.5%	4.0%
Debt per Capita	$1,200	$1,500

Trend in State Debt Ratios

The following table presents a historical comparison of the State's net tax-supported indebtedness and debt ratios (GARVEES are not included in this table).

Historical Debt Ratios

Fiscal Year Ended June 30	Debt Outstanding ($ millions)	Debt as % of Personal Income	$ Debt per Capita	Debt as % of Estimated Full Value	Highest Annual Debt Service as % of Prior Year Receipts	% of Debt Retired in 5 Years	% of Debt Retired in 10 Years
2010	9,150.9	2.7%	$924	1.0%	7.2%	38%	67%
2011	8,983.8	2.6	916	1.0	7.8	38	69
2012	8,988.4	2.5	912	1.0	7.0	38	69
2013	9,027.6	2.4	887	1.0	6.6	38	70
2014	9,112.5	2.3	906	1.0	6.4	38	71

During the period of FY 2010 through FY 2014, the net amount of debt outstanding decreased by $38.4 million and the "Debt as % of Personal Income" ratio decreased from 2.7% to 2.3%. The ratio "Debt Service as % of Prior Year Receipts" was 7.2% for FY 2010; through FY 2012 it exceeded or equaled the 7.0% planning level, primarily as a result of the decline in State revenues resulting from the effects of the 2007-2009 recession. The ratio for rapidity of debt payment showed no change over this period for the five year mark, but did increase slightly for the ten year mark; however both remained considerably faster than the standard used by rating analysts.

Comparison of Debt Burden to Other Triple-A States

Georgia is one of only ten states currently rated triple-A by each of the three major rating agencies. To validate the reasonableness of its target debt ratios for the Plan, Georgia has compared its ratios to those of this ratings peer group. The following table presents the debt ratios for the triple-A states, the group median and average, and also the 50-state median and average. As shown in the table below (using figures as calculated by Moody's), Georgia is close to the triple-A average in all of the categories.

Comparison of Debt Ratios for Triple-Triple A States						
State	**Net Tax-Supported Debt Per Capita**	**Ranking Among 50 States**	**Net Tax-Supported Debt as a % of 2012 Personal Income**	**Ranking Among 50 States**	**2013 Net Tax-Supported Debt as a % of 2012 Gross State Domestic Product**	**Ranking Among 50 States**
Georgia	**$1,064**	**25**	**2.9%**	**22**	**2.5%**	**24**
Alaska	1,573	16	3.2	19	2.2	29
Delaware	2,485	8	5.7	8	3.5	13
Iowa	275	47	0.6	47	0.6	47
Maryland	1,791	14	3.4	18	3.3	14
Missouri	668	36	1.7	36	1.6	37
North Carolina	806	33	2.1	32	1.7	35
Texas	614	38	1.5	40	1.2	42
Utah	1,187	21	3.4	16	2.6	19
Virginia	1,302	19	2.7	24	2.4	25
Triple-A Median	1,125	--	2.9	--	2.20	--
Triple-A Average	1,176	--	2.9	--	2.21	--
50-State Median	1,054	--	2.8	--	2.47	--
50-State Average	1,436	--	3.4	--	2.92	--

Compiled from Moody's Investors Service, 2014 State Debt Medians

For comparison purposes, Moody's also measures debt service ratios to current year receipts for all fifty states; this varies from the State's constitutional limitation on debt service to ten percent of prior year treasury receipts. Moody's considers Georgia's debt service burden to be in the low to moderate range and a key credit strength. At 6.7%, Georgia's budgetary requirements for debt service to projected *current* year receipts is considered moderate and is higher than all but two of the Triple-Triple A rated States as shown in the table below. This is due in part because Georgia devotes a substantial portion of its debt capacity to providing significant levels of capital outlay funds to local school systems throughout the State annually. Also, as Georgia has been one the fastest growing States for the last several decades, it has needed to devote substantial capital outlay funding to meet various infrastructure needs to remain economically competitive with other States.

State	FY 2013 Debt Service to FY 2013 Estimated Revenues (%)	Ranking among 50 States
Georgia	**6.7**	**17**
Alaska	1.6	44
Delaware	7.6	18
Iowa	0.9	47
Maryland	5.5	22
Missouri	3.6	33
North Carolina	3.7	31
Texas	3.0	34
Utah	7.5	13
Virginia	5.4	23

Compiled from Moody's Investors Service, 2014 State Debt Medians

Debt Issuance Projections

For FY 2015, approved new debt authorizations totaled $878.1 million. There was $437.575 million of unissued prior year general obligation debt authorization carried over into FY 2015 (net of $12.93 million of deauthorizations). The State currently expects to utilize $899.335 million of general obligation debt authorization during FY 2015 leaving $416.34 million of authorized but unissued debt to be issued in FY 2016 (unless deauthorized prior to its issuance). New debt authorizations for FY 2016 through FY 2019 are projected at $900 million per year as shown in the table below.

The following table summarizes the projected debt issuance through FY 2019. All currently authorized but unissued debt as of the date of the plan is shown as being issued in FY 2016 and all new authorizations for FY 2016 through FY 2019 are shown as being issued in the year of authorization. All future debt issuances are assumed to be issued during the first half of the fiscal year, meaning that during that fiscal year the actual debt service on the newly issued debt should be slightly less than one-half of the annual debt service since there it would be expected that there would be only one interest-only debt service payment that fiscal year and no principal repayment until the following fiscal year. Also, the new debt is expected to be structured to achieve approximately level debt service each fiscal year.

Debt Issuance Projections
(thousands)

General Obligation Bonds Issued	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Prior Year Authorizations	$324,275	$416,340	$ -	$ -	$ -
Current Year 5 Year Bond Authorizations	117,750	150,000	150,000	150,000	150,000
Current Year 10 Year Bond Authorizations	42,655	-	-	-	-
Current Year 20 Year Bond Authorizations	414,655	750,000	750,000	750,000	750,000
Total Projected Issuances	$899,335	$1,316,340	$900,000	$900,000	$900,000

Based on the currently outstanding debt, scheduled debt retirements, and projected debt issuance, the following table summarizes the projected debt outstanding at the end of the fiscal year for each year through FY 2019 and the projected highest annual debt service in each year.

(Thousands)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Debt at Beginning of Year	$9,112,480	$9,098,100	$9,632,725	$9,706,260	$9,734,425
G.O. & G.R.B. Authorization Utilized	899,335	1,316,340	900,000	900,000	900,000
Scheduled Payments/Early Retirements/Refunded bonds/Premium Proceeds	(913,715)	(781,715)	(826,645)	(871,835)	(884,375)
Debt Outstanding at End of Fiscal Year	9,098,100	9,632,725	9,706,260	9,734,425	9,750,050
Projected Annual Debt Service (Issued and Authorized but Unissued)	1,293,610	1,255,036	1,320,693	1,379,167	1,403,882

To provide a longer term historical perspective for the debt service ratio, the chart below covers the period of FY 2003 though FY 2019, the end of the period included in the Plan.

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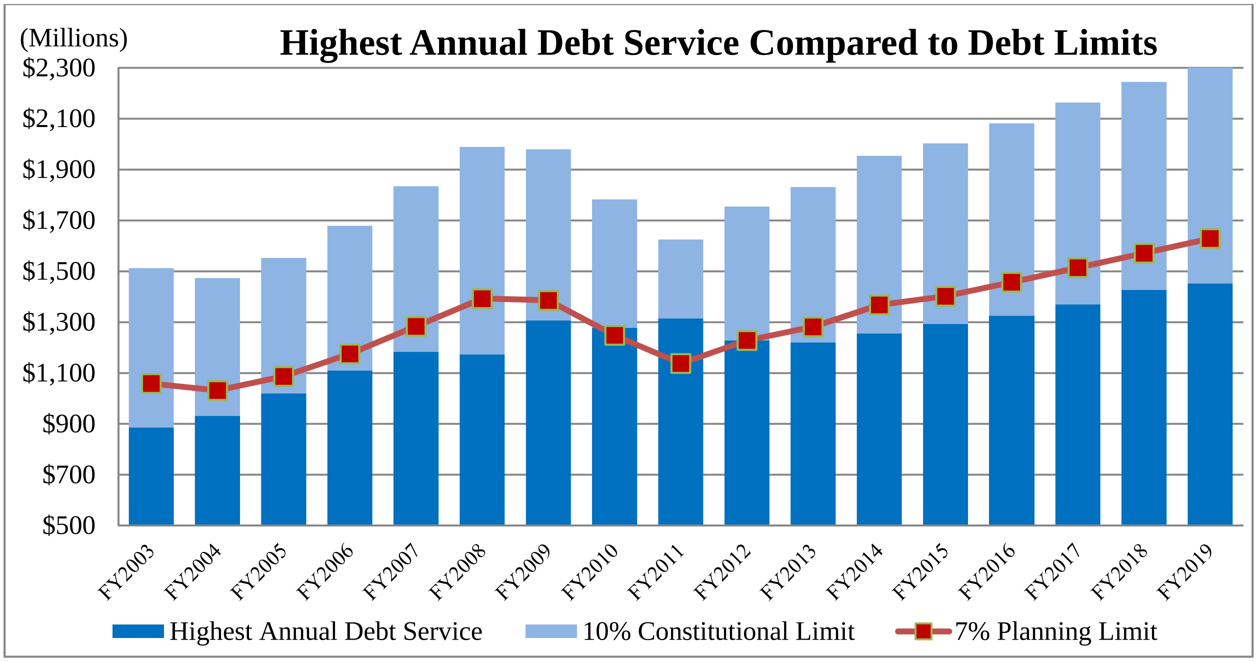

Economic and Demographic Projections

The State economist provides projections of Treasury Receipts, personal income, and assessed and actual valuation of taxable property; the Governor's Office of Planning and Budget provides estimates the future population of the State. These projections are summarized in the table below.

Economic and Demographic Projections								
Fiscal Year	**Treasury Receipts ($ millions)**	**% Growth**	**Personal Income ($ billions)**	**% Growth**	**Population (millions)**	**% Growth**	**Estimated Full Value ($ billions)**	**% Growth**
2015	20,906	3.1	406	4.8	10.175	1.1	920	3.6
2016	21,740	4.0	427	5.3	10.314	1.4	960	4.3
2017	22,642	4.2	450	5.2	10.479	1.6	1,005	4.7
2018	23,550	4.0	472	5.0	10.665	1.8	1,045	4.0
2019	24,470	3.9	495	4.8	10.860	1.8	1,078	3.2

Impact of Debt Issuance Projections on State Debt Ratios

As can be seen in the following chart, based on the assumptions utilized in the Plan, annual new bonds authorization of $900 million per year will result in projected ratios that do not exceed the Commission's planning levels. Furthermore, the projected ratios indicate that there is some available "head room" should any of the growth rate assumptions, or projections regarding the interest rate environment, prove to be too optimistic.

Projected Debt Ratios (General Obligation and Guaranteed Revenue Debt)							
Fiscal Year Ended June 30	**Debt Outstanding ($ thousands)**	**Debt as % of Personal Income**	**$ Debt per Capita**	**Debt as % of Estimated Full Value**	**Highest Annual Debt Service as % of Prior Year Receipts**	**% of Debt Retired in 5 Years**	**% of Debt Retired in 10 Years**
2015	$9,098,100	2.2%	$894	1.0%	6.5%	41%	72%
2016	9,632,725	2.3	934	1.0	6.3	41	70
2017	9,706,260	2.2	926	1.0	6.3	41	71
2018	9,734,425	2.1	913	0.9	6.3	41	71
2019	9,750,050	2.0	898	0.9	6.2	41	71

RISKS

Risks

The Plan necessarily includes various assumptions regarding the State's financial condition and credit ratings as well as assumptions regarding external risk factors. A few of the risks external to the State are outlined below.

Event Risk: Event risk is the risk that the State's ability to make its debt service payments would be negatively impacted because of an unexpected event, such as a catastrophic hurricane, which causes substantial damage to the State and its economy resulting in substantially delayed and/or reduced revenues.

Market Risk: Market risk could affect planned future issues of bonds by causing a delay in the timing of bond issues, or a reduction in the planned size of future bond issues, due to reduced capacity of the capital market to timely and orderly clear new bond issues.

Interest Rate Risk: Issuing new debt during periods of rising, or excessively high, interest rates would result in higher debt service payments, which would cause budgetary pressures and could lead to higher than desired debt ratios and/or down-sizing of bond issues and/or reductions in planned capital improvement programs.

Federal Government Risk: Significant changes in tax and securities law or regulation could result in increased interest rates and higher debt service payments. A significant withdrawal of federal financial participation in various capital improvement programs, particularly transportation, likely would have a considerable impact on the State's prioritization and funding of capital projects.

Projected Interest Rates Assumptions

In analyzing debt issuance levels for the Plan period, the State has made the following assumptions regarding budgeted and projected interest rates for new issues of general obligation debt:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
5 Year G.O. Bonds	5.00%	5.25%	5.25%	5.25%	5.25%
10 Year G.O. Bonds	5.25%	5.25%	5.25%	5.25%	5.25%
20 Year G.O. Bonds	5.75%	6.00%	6.00%	6.00%	6.00%

For the currently outstanding variable rate bonds, the interest rate is calculated at 9%, which is the maximum rate allowable under the appropriation act which authorized the bonds and the bond trust indenture. No future bond issues during the period of the Plan are projected to be issued as variable rate bonds.

CONCLUSION

The Plan will serve as a guide to the State in ensuring the availability of funding for necessary capital projects required to meet the State's future needs and in maintaining the balance between the State's demand for capital and the ability and willingness of the State to repay additional debt. In addition, the Plan will assist the State in its efforts to preserve the triple-A bond ratings from all three rating agencies by assuring the rating agencies that the State can fund the capital projects necessary to sustain its economic growth and meet citizen demand for services in an affordable manner. The State has established its maximum limits for the debt ratios and will carefully monitor its debt level and ratios and adjust debt issuances if the ratios consistently exceed the target levels. The Plan will be updated annually and all assumptions will be revisited and reaffirmed or revised as needed to most accurately and conservatively project the State’s debt capacity. The Plan indicates that a new bond authorization amount of $900 million per year will not cause the State to equal or exceed any of its planning levels for the various ratios measured by the Plan.

Following are tables which summarize the assumptions and resulting debt ratios, both with and without the inclusion of the GARVEE bonds, based on the currently projected debt issuance schedule. For management purposes, the Plan provides two types of debt service calculations for each fiscal year. The first calculation is the best estimate of debt service payments to be due in a particular fiscal year. The second set is the highest annual debt service, for the current year or any subsequent year, based on the 10% Constitution dictated debt limit as previously described. Additional tables present the outstanding general obligation debt and outstanding revenue debt of State authorities.

Summary of Projected Debt Ratios
General Obligation and Guaranteed Revenue Debt
(000's omitted)

	FY2015	FY2016	FY2017	FY2018	FY2019
Principal Outstanding at Beginning of Year	$ 9,112,480	$ 9,098,100	$ 9,632,725	$ 9,706,260	$ 9,734,425
General Obligation Bond Issuances	899,335	1,316,340	900,000	900,000	900,000
Refunding Debt	159,350				
Refunded Debt	(171,990)				
Premium Proceeds	(75,780)				
Principal Payments	(825,295)	(781,715)	(826,465)	(871,835)	(884,375)
Principal Outstanding at End of Year	$ 9,098,100	$ 9,632,725	$ 9,706,260	$ 9,734,425	$ 9,750,050
Projected Annual Debt Service-Issued (1)	$ 1,252,306	$ 1,255,036	$ 1,320,693	$ 1,379,167	$ 1,403,882
Total Treasury Receipts (millions)	20,906	21,740	22,642	23,550	24,470
Population (millions)	10.175	10.314	10.479	10.665	10.860
Personal Income (billions)	406	427	450	472	495
Property Valuation (billions)	920	960	1,005	1,045	1,078
Ratios for Projected Annual Debt Service					
Debt service to Prior Year Receipts	**6.25%**	**6.00%**	**6.08%**	**6.09%**	**5.96%**
Debt service to Current Year Receipts	5.99%	5.77%	5.83%	5.86%	5.74%
Ratios for Outstanding Principal at the End of the Fiscal Year					
Debt to Personal Income	2.2%	2.3%	2.2%	2.1%	2.0%
Debt per Capita	$894	$934	$926	$913	$898
Debt to Estimated Actual Property Value	1.0%	1.0%	1.0%	0.9%	0.9%
Ratios for 10% Constitutional Limit (based on highest annual debt service for both actual issued and unissued debt) (2)					
Highest Annual Debt Service - Issued	$ 1,252,306	$ 1,183,892	$ 1,128,265	$ 1,086,457	$ 1,010,891
Highest Annual Debt Service - Unissued (3)	41,304	141,204	241,104	341,004	440,904
Total Highest Annual Debt Service	$ 1,293,610	$ 1,325,097	$ 1,369,369	$ 1,427,462	$ 1,451,795
Debt service to Prior Year Receipts	6.46%	6.34%	6.30%	6.30%	6.16%

(1) Projected Annual Debt Service is the best estimate (as of December 31, 2014) of debt service payments for each fiscal year. FY2015 does not include debt service for unissued debt.
(2) Highest Annual Debt Service for the 10% Constitutional limit calculation is not limited to the current fiscal year.
(3) This reflects the highest annual debt service based on the authorization debt factors for all items projected above to be issued in the Plan, but have not actually been issued as of 12/31/2014.

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Summary of Projected Debt Ratios
General Obligation, Guaranteed Revenue, and GARVEE Debt
(000's omitted)

	FY2015	FY2016	FY2017	FY2018	FY2019
Principal Outstanding at Beginning of Year	$ 10,025,810	$ 9,870,280	$ 10,257,265	$ 10,176,240	$ 10,049,845
General Obligation Bond Issuances	899,335	1,316,340	900,000	900,000	900,000
Refunding Debt	159,350				
Refunded Debt	(171,990)				
Premium Proceeds	(75,780)				
Principal Payments	(966,445)	(929,355)	(981,025)	(1,026,395)	(1,038,935)
Principal Outstanding at End of Year	$ 9,870,280	$ 10,257,265	$ 10,176,240	$ 10,049,845	$ 9,910,910
Projected Annual Debt Service-Issued (1)	$ 1,437,551	$ 1,440,283	$ 1,505,937	$ 1,564,413	$ 1,452,392
Total Treasury Receipts (millions)	20,906	21,740	22,642	23,550	24,470
Estimated Federal Reimbursements (millions)	1,222	1,234	1,246	1,258	1,270
Total Revenues (millions)	22,128	22,974	23,888	24,808	25,740
Population (millions)	10.175	10.314	10.479	10.665	10.860
Personal Income (billions)	406	427	450	472	495
Property Valuation (billions)	920	960	1,005	1,045	1,078
Ratios for Projected Annual Debt Service					
Debt service to Prior Year Total Revenues	**6.70%**	**6.51%**	**6.56%**	**6.55%**	**5.85%**
Debt service to Current Year Total Revenues	6.50%	6.27%	6.30%	6.31%	5.64%
Ratios for Outstanding Principal at the End of the Fiscal Year					
Debt to Personal Income	2.4%	2.4%	2.3%	2.1%	2.0%
Debt per Capita	$970	$994	$971	$942	$913
Debt to Estimated Actual Property Value	1.1%	1.1%	1.0%	1.0%	0.9%
Ratios for 10% Constitutional Limit (based on highest annual debt service for both actual issued and unissued debt) (2)					
Total HADS (without GARVEEs)	$ 1,293,610	$ 1,325,097	$ 1,369,369	$ 1,427,462	$ 1,451,795
HADS - GARVEEs Issued	185,247	185,247	185,247	185,247	185,247
Total Highest Annual Debt Service	$ 1,478,858	$ 1,510,344	$ 1,554,617	$ 1,612,709	$ 1,637,043
Debt service to Prior Year Total Revenues	6.89%	6.83%	6.77%	6.75%	6.60%

(1) Projected Annual Debt Service is the best estimate (as of December 31, 2014) of debt service payments for each fiscal year. FY2015 does not include debt service for unissued debt.
(2) Highest Annual Debt Service for the 10% Constitutional limit calculation is not limited to the current fiscal year.

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APPENDIX A

DEBT SERVICE SCHEDULES
For
STATE AUTHORITIES

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Georgia Environmental Loan Acquisition Corporation

Local Government Loan Securitization Bonds
Series 2011 (Loan Pool and Cobb County-Marietta Water Authority Loans)
Debt Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	$ 770,000	$ 5,994,191	$ 6,764,191
2016	790,000	5,978,021	6,768,021
2017	810,000	5,959,061	6,769,061
2018	835,000	5,937,191	6,772,191
2019	860,000	5,911,724	6,771,724
2020	895,000	5,882,699	6,777,699
2021	12,110,000	5,850,031	17,960,031
2022	970,000	5,365,631	6,335,631
2023	1,015,000	5,324,891	6,339,891
2024	1,060,000	5,280,485	6,340,485
2025	1,115,000	5,229,605	6,344,605
2026	1,170,000	5,176,085	6,346,085
2027	1,230,000	5,119,925	6,349,925
2028	1,295,000	5,056,888	6,351,888
2029	1,365,000	4,990,519	6,355,519
2030	1,440,000	4,920,563	6,360,563
2031	88,020,000	4,846,763	92,866,763
2032	1,600,000	335,738	1,935,738
2033	1,690,000	251,738	1,941,738
2034	1,780,000	163,013	1,943,013
2035	1,325,000	69,563	1,394,563
Total	$122,145,000	$93,644,323	$215,789,323

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Georgia Higher Education Facilities Authority

Revenue Bonds
Series 2008, 2009, and 2010
Debt Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	4,535,000	14,707,744	19,242,744
2016	4,875,000	14,508,594	19,383,594
2017	5,245,000	14,294,944	19,539,944
2018	5,595,000	14,098,069	19,693,069
2019	5,980,000	13,881,669	19,861,669
2020	6,455,000	13,578,331	20,033,331
2021	6,910,000	13,293,644	20,203,644
2022	7,440,000	12,948,144	20,388,144
2023	7,960,000	12,576,144	20,536,144
2024	8,420,000	12,178,144	20,598,144
2025	8,885,000	11,775,925	20,660,925
2026	9,340,000	11,343,325	20,683,325
2027	9,830,000	10,869,087	20,699,087
2028	10,375,000	10,352,275	20,727,275
2029	10,950,000	9,802,487	20,752,487
2030	11,560,000	9,214,319	20,774,319
2031	12,205,000	8,591,544	20,796,544
2032	12,910,000	7,916,094	20,826,094
2033	13,645,000	7,201,419	20,846,419
2034	14,430,000	6,445,844	20,875,844
2035	15,255,000	5,646,644	20,901,644
2036	16,095,000	4,822,044	20,917,044
2037	17,005,000	3,951,912	20,956,912
2038	17,930,000	3,032,444	20,962,444
2039	18,945,000	2,062,862	21,007,862
2040	12,680,000	995,612	13,675,612
2041	5,705,000	270,987	5,975,987
Total	$281,160,000	$250,360,250	$531,520,250

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Georgia Housing and Finance Authority

Debt Outstanding as of July 1, 2014
(Under the 1976 Resolution)

Year Ending	Principal	Interest	Annual Debt Service
6/30/2015*	$ 24,445,000	$ 38,122,520	$ 62,567,520
6/30/2016	26,650,000	37,638,389	64,288,389
6/30/2017	34,120,000	36,955,146	71,075,146
6/30/2018	27,830,000	36,062,149	63,892,149
6/30/2019	29,250,000	35,318,143	64,568,143
6/30/2020	30,460,000	34,450,789	64,910,789
6/30/2021	32,965,000	33,433,946	66,398,946
6/30/2022	35,365,000	32,260,324	67,625,324
6/30/2023	35,700,000	30,932,407	66,632,407
6/30/2024	39,510,000	29,551,329	69,061,329
6/30/2025	41,405,000	27,930,582	69,335,582
6/30/2026	37,280,000	26,225,179	63,505,179
6/30/2027	36,845,000	24,684,879	61,529,879
6/30/2028	36,845,000	23,095,042	59,940,042
6/30/2029	38,365,000	21,505,489	59,870,489
6/30/2030	40,430,000	19,864,864	60,294,864
6/30/2031	42,455,000	18,205,448	60,660,448
6/30/2032	42,655,000	16,490,276	59,145,276
6/30/2033	44,315,000	14,768,428	59,083,428
6/30/2034	45,480,000	12,962,445	58,442,445
6/30/2035	45,690,000	11,106,408	56,796,408
6/30/2036	46,060,000	9,256,271	55,316,271
6/30/2037	43,355,000	7,375,602	50,730,602
6/30/2038	34,925,000	5,789,796	40,714,796
6/30/2039	31,605,000	4,627,634	36,232,634
6/30/2040	33,175,000	3,511,290	36,686,290
6/30/2041	28,535,000	2,420,439	30,955,439
6/30/2042	24,390,000	1,441,755	25,831,755
6/30/2043	13,395,000	794,461	14,189,461
6/30/2044	11,580,000	276,403	11,856,403
Total	$1,035,080,000	$597,057,831	$1,632,137,831

*Bond Principal Payment includes pending redemption on 10/01/14 for 17,385,000.

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Georgia World Congress Center Authority

Revenue Refunding Bonds
Series 2011 (Georgia Dome)
Debt Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	$11,530,000	$2,632,210	$14,162,210
2016	11,895,000	2,260,923	14,155,923
2017	12,270,000	1,877,908	14,147,908
2018	12,660,000	1,482,768	14,142,768
2019	13,065,000	1,075,026	14,140,026
2020	13,475,000	654,367	14,129,367
2021	13,905,000	220,394	14,125,394
Total	$88,800,000	$10,202,596	$99,002,596

Note: Interest payments are due each January 1 and July 1; Principal payments are due each July 1.

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Lake Lanier Islands Development Authority

Revenue Bonds and GEFA Loan

Debt Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	$ 1,250,822	$ 884,605	$ 2,135,427
2016	1,303,999	831,428	2,135,427
2017	1,361,173	774,254	2,135,427
2018	1,420,051	715,376	2,135,427
2019	1,481,552	653,875	2,135,427
2020	1,545,792	589,635	2,135,427
2021	1,612,898	522,529	2,135,427
2022	1,683,004	452,423	2,135,427
2023	1,756,247	379,180	2,135,427
2024	1,832,771	302,656	2,135,427
2025	1,912,724	222,703	2,135,427
2026	1,996,269	139,158	2,135,427
2027	966,899	67,472	1,034,371
2028	787,983	26,174	814,157
Total	$20,912,184	$6,561,468	$27,473,652

Debt schedule includes outstanding Revenue Bonds (Roadway refurbishment) and GEFA Loan (Wastewater Reclamation Facility)

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State Road and Tollway Authority
GARVEE Bonds Series 2006, 2008, and 2009
Guaranteed Revenue and Refunding Bonds, Series 2001, 2003, 2011A and 2011B
Debt Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	$ 162,675,000	$ 61,378,626	$ 224,053,626
2016	185,685,000	53,563,581	239,248,581
2017	194,525,000	44,718,196	239,243,196
2018	204,065,000	35,175,535	239,240,535
2019	163,240,000	25,089,460	188,329,460
2020	171,380,000	16,949,970	188,329,970
2021	112,390,000	8,392,450	120,782,450
2022	21,545,000	2,861,625	24,406,625
2023	22,650,000	1,756,750	24,406,750
2024	23,810,000	595,250	24,405,250
TOTAL	$1,261,965,000	$250,481,443	$1,512,446,443

Georgia State Road and Tollway Authority

Northwest Corridor Project Toll Revenue Bonds, TIFIA Second Lien Bonds
Debt Outstanding as of June 30, 2014 [1]

Fiscal Year [2]	Principal [3]	Interest [3]	Annual Debt Service
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0
2023	0	12,877,706	12,877,706
2024	0	12,895,443	12,895,443
2025	1,222,125	12,849,751	14,071,876
2026	2,433,251	12,809,753	15,243,004
2027	3,720,664	12,705,686	16,426,350
2028	5,198,298	12,567,894	17,766,192
2029	6,705,776	12,322,562	19,028,338
2030	8,468,685	12,069,286	20,537,971
2031	8,891,138	11,744,511	20,635,649
2032	9,205,207	11,419,751	20,624,958
2033	9,619,912	11,035,890	20,655,802
2034	10,003,702	10,683,137	20,686,839
2035	10,405,652	10,300,548	20,706,200
2036	10,812,753	9,915,870	20,728,623
2037	11,285,948	9,474,879	20,760,827
2038	11,703,568	9,056,364	20,759,932
2039	12,190,853	8,608,086	20,798,939
2040	12,667,441	8,152,845	20,820,286
2041	13,121,573	7,646,455	20,768,028
2042	13,612,678	7,155,350	20,768,028
2043	14,133,486	6,634,542	20,768,028
2044	14,666,017	6,102,011	20,768,028
2045	15,243,290	5,524,738	20,768,028
2046	15,818,523	4,949,505	20,768,028
2047	16,423,725	4,344,303	20,768,028
2048	17,047,185	3,720,843	20,768,028
2049	17,708,821	3,059,207	20,768,028
2050	18,381,814	2,386,214	20,768,028
2051	19,085,085	1,682,943	20,768,028
2052	19,814,208	953,820	20,768,028
2053	10,189,781	194,152	10,383,933
Total	**$339,781,159**	**$255,844,045**	**$595,625,204**

1 The TIFIA Second Lien Bonds closed on November 14, 2013 and no principal was outstanding as of June 30, 2014. The first draw on the TIFIA Loan is expected to occur in December 2015.

2 Principal and interest amounts reflect required deposits of toll revenues to the TIFIA debt service fund during each fiscal year. Principal is to be paid each July 1st and interest is to be paid each January and July 1st.

3 The initial TIFIA loan amount is projected to be $275,000,000. Pursuant to the TIFIA loan agreement, interest through July 1, 2022 will be deferred and added to the outstanding principal balance. The total principal paid includes the loan amount of $275,000,000 plus deferred interest of $64,781,159. The principal amount of the loan, the deferred interest and the payments of principal and interest will change based on the actual amount of loan proceeds disbursed by TIFIA and the timing of those disbursements. The TIFIA loan amount cannot exceed $275,000,000. TIFIA principal may be prepaid from excess toll revenues after meeting other required payments and deposits and the distribution test in accordance with the indenture.

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Georgia State Road and Tollway Authority
I-75 South Express Lanes Toll Revenue Bonds
Outstanding as of June 30, 2014

Fiscal Year	Principal	Interest	Annual Debt Service
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	$ 848,231	0	$ 848,231
2021	1,305,314	0	1,305,314
2022	1,657,838	0	1,657,838
2023	2,049,876	0	2,049,876
2024	2,405,000	0	2,405,000
2025	396,144	$ 2,383,850	2,779,994
2026	743,769	2,383,850	3,127,619
2027	1,134,118	2,383,850	3,517,968
2028	1,138,108	2,383,850	3,521,958
2029	1,119,347	2,383,850	3,503,197
2030	1,341,865	2,383,850	3,725,715
2031	1,343,849	2,383,850	3,727,699
2032	1,344,138	2,383,850	3,727,988
2033	1,342,816	2,383,850	3,726,666
2034	1,340,000	2,383,850	3,723,850
2035	1,345,000	2,383,850	3,728,850
2036	1,435,000	2,289,700	3,724,700
2037	1,540,000	2,189,250	3,729,250
2038	1,645,000	2,081,450	3,726,450
2039	1,760,000	1,966,300	3,726,300
2040	1,885,000	1,843,100	3,728,100
2041	2,015,000	1,711,150	3,726,150
2042	2,155,000	1,570,100	3,725,100
2043	2,305,000	1,419,250	3,724,250
2044	2,470,000	1,257,900	3,727,900
2045	2,645,000	1,085,000	3,730,000
2046	2,825,000	899,850	3,724,850
2047	3,025,000	702,100	3,727,100
2048	3,210,000	490,350	3,700,350
2049	3,795,000	265,650	4,060,650
Total	$53,565,411	$45,993,500	$99,558,911

STATE OF GEORGIA

Georgia State Financing and Investment Commission

Financing and Investment Division

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