

A CALLED MEETING

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

November 13, 2013

The Georgia State Financing and Investment Commission held its Called Meeting in the Office of the Governor, Room Number 107 of the State Capitol, Atlanta, Georgia. The following persons were present: Governor Nathan Deal, Chairman and Chief Executive Officer, presiding; Lt. Governor Casey Cagle, Vice Chairman; State Auditor Greg Griffin, Secretary and Treasurer; Speaker of the House David Ralston; Attorney General Sam Olens and State Treasurer Steve McCoy; Members; Steven L. Stancil, Construction Division Director and Executive Secretary of the Commission; Chris Riley, Chief of Staff for the Office of the Governor; Teresa MacCartney, Chief Financial Officer for the Office for the Governor and Director of the Office of Planning and Budget; Ron Nawrocki, of the Office of Planning and Budget; Bart Gobeil, Chief Operating Officer for the Office of the Governor; Ben Fry, Director of Communications and External Affairs for the Lt. Governor's office; Gretchen Corbin, Commissioner and Carmen Chubb of the Department of Community Affairs; Wright Banks, and Lisa Javorka of the Attorney General's Office; Woody Vaughan and Earline Crooke of King & Spalding LLP, Bond Counsel; David Amsden of Kutak Rock, LLP, Disclosure Counsel; Diana Pope, Director, Lee McElhannon, Angela Jackson, and Kelly Zurbrugg of the Financing and Investment Division of the Commission; Marvin Woodward, Deputy State Properties Officer, Paul Melvin, April King and Sonny Manalili of the Georgia Building Authority ; and others.

CALL TO ORDER AND MINUTES OF PREVIOUS MEETING

2. Chairman and Chief Executive Officer Governor Nathan Deal called the meeting to order at approximately 3:11PM. Commissioner Gary Black attended the meeting by conference call. It was noted that a quorum was present. Each member present was provided with a Briefing Book, and copies of all documents had been placed on the Commission's eBoard system. The minutes of the previous Commission meeting held on September 26, 2013 were approved without reading pursuant to an announcement that distribution of the minutes were provided to all members of the Commission prior to the current meeting. Lt. Governor Casey Cagle made a motion to approve the minutes; State Treasurer Steve McCoy seconded the motion. A vote was taken and the motion passed unanimously.

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REQUEST OF THE GEORGIA HOUSING AND FINANCE AUTHORITY SEEKING APPROVAL BY RESOLUTION FOR (1) THE ISSUANCE AND SALE OF UP TO \$175 MILLION IN SINGLE FAMILY MORTGAGE REVENUE BONDS FOR CALENDAR YEAR 2014, AND (2) THE RECOMMENDED UNDERWRITING TEAM FOR CALENDAR YEARS 2014 THROUGH 2016.

3. Chairman and Chief Executive Officer Governor Nathan Deal called on Commissioner Gretchen Corbin to present the request on behalf of the Georgia Housing and Finance Authority. Ms. Corbin informed the Commission that the Authority has two requests: (1) to authorize the issuance of up to \$175 Million in Single Family Mortgage Revenue Bonds for Calendar Year 2014, and (2) the approval of Citigroup, Inc. and Bank of America Merrill Lynch as the senior managers, and the other eight members of the recommended underwriting team for calendar years 2014 through 2016.

4. Chairman and Chief Executive Officer Governor Nathan Deal requested that the two items requested by Georgia Housing and Finance Authority be approved separately. A motion was made by Speaker David Ralston and seconded by State Treasurer Steve McCoy for the approval to authorize the issuance of up to \$175 Million in Single Family Mortgage Revenue Bonds for Calendar Year 2014. Lt. Governor Casey Cagle made a motion for the approval of the recommended Underwriting team for calendar years 2014 through 2016; State Treasurer Steve McCoy seconded the motion. A vote was taken and both motions passed

unanimously.

NOTE: The resolutions prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolutions and a copy of the documents referred to in the resolution under the date of November 13, 2013, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X13-1/13, ODR 11X13-2/13.

REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION OF FINAL PRICING AND AWARD TO THE WINNING BIDDER AND AUTHORIZATION OF THE ISSUANCE OF THE \$172,715,000 GENERAL OBLIGATION BONDS SERIES 2013H.

5. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission. Ms. Pope first thanked the team that worked on this bond sale. She then informed the Commission that as a result of the team's effort, the State of Georgia was able to maintain the highest quality rating by all three rating agencies. This rating is based on the expectation that the state will maintain balanced operations and continue rebuilding reserves. Copies of the rating reports published by Fitch Ratings, Moody's Investors Service, and Standard & Poor's can be found on the Commission's eBoard system.

6. Ms. Pope referred the Commission members to the Tab "GO Bond Sale" of the Briefing Book. Ms. Pope stated that at 10:45AM today, the Commission received eight competitive bids for 2013H bonds; the low bid of 3.157827% came from Bank of America Merrill Lynch. The cover bid was very competitive and came from Citigroup at less than a 0.004% difference; the Commission will utilize premium received on the bonds to cover costs of issuance and to accomplish a current refunding of \$15.79 million.

7. Ms. Pope explained that to provide clarity to the market and thus optimize pricing on the bonds, the 2013H bond issue combined the various 5-year and 20-year authorizations into one series of bonds; however, to demonstrate compliance with the various appropriation bills authorizing the bonds, sub-series designations are utilized for administrative purposes only, as shown below:

2013H (includes 5 and 20 year authorizations)	\$172,715,000
Average Life:	10.52 Yrs.
All-in True Interest Cost (combined, all authorizations)	3.157827%
8 Bids, Winning Bid	Bank of America Merrill Lynch
 FY 2014 Debt Service	 \$ 3,789,793
 2013H Components:	
	Average All-in True
Term	Principal Life Interest Cost
2013H-1 (5-year bonds)	\$ 30,060,000 3.086 0.818382%
2013H-2 (20-year bonds)	142,655,000 12.086 3.310572

Projects Funded by the 2013H bonds:

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$760,000	To finance projects and facilities for the Georgia Vocational Rehabilitation Agency
\$280,000	To finance projects and facilities for the Department of Public Safety (Georgia Public Safety Training Center)
\$500,000	To finance projects and facilities for the Department of Defense
\$17,360,000	To finance educational facilities and equipment for county and independent school systems through the State Board of Education (Department of Education)
\$1,935,000	To finance projects and facilities for the Department of Education
\$54,010,000	To finance projects and facilities for the Technical College System of Georgia
\$1,000,000	To finance public library facilities through the State Forestry Commission
\$44,370,000	To finance projects and facilities for the Board of Regents of the University System of Georgia
\$1,600,000	To finance public library facilities through the Board of Regents of the University of Georgia by grant to the governing board of the Houston County Public Library
\$900,000	To finance public library facilities through the Board of Regents of the University of Georgia by grant to the governing board of the Mountain Regional Library System
\$50,000,000	To finance projects and facilities for the Georgia Ports Authority
<u>\$172,715,000</u>	Total 2013H Bonds

8. Upon conclusion of the presentation of the summaries, Ms. Pope requested that the Commission award the 2013H bonds to the lowest bidder, Bank of America Merrill Lynch, and approve the issuance of the 2013H bonds. A motion was made by Lieutenant Governor Cagle, seconded by State Auditor Greg Griffin and passed unanimously by all members present.

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolutions and a copy of the documents referred to in the resolution under the date of November 13, 2013, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X13-3/13.

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REQUEST OF THE GOVERNOR'S OFFICE OF PLANNING AND BUDGET TO APPROVE BY RESOLUTION REQUESTS TO REDIRECT BOND PROCEEDS.

9. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request on behalf of the Office of Planning and Budget.

10. Ms. Pope asked the Commission to turn their attention to the Tab "Redirection Requests" in their Briefing Books. She informed the Commission that there are two redirects requests of \$250,000 or greater that is consistent with the redirection policy adopted by the Commission on October 4, 2012. The Office of Planning and Budget has reviewed the requests and found the circumstances for these redirections to be justified and appropriate.

11. Ms. Pope explained that the Georgia Department of Transportation ("GDOT") has two redirection requests. She explained that both redirects are for priority Rail Projects for the GDOT. The first item is the redirect request amount of \$700,000 for Track Rehabilitation on the Georgia Southwestern Railroad line between Cuthbert and Arlington. Originally the authorization for these bonds was in the FY2010 bill and it was to rehab the rail line between Lyerly to Coosa and to fund the St. Augustine switching yard.

12. With no further discussion, a motion to approve the redirect request from GDOT was made by Speaker David Ralston, seconded by General Attorney Sam Olens and passed unanimously by all members present.

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolutions and a copy of the documents referred to in the resolution under the date of November 13, 2013, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X13-4/13.

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13. Ms. Pope then introduced the second request, which is \$500,000 to fund the Cordele Intermodal Site. Ms. Pope explained that the original funds were targeted for CSX switching yard relocation. The \$500,000 redirection request will fund a viable project that is ready and can provide cost savings, support job creation, traffic mitigation, and additional rail connectivity to the Savannah Port. It will also provide Cordele Intermodal Site a cost effective way to access the Savannah Port.

14. With no further discussion, a motion to approve the redirect request from GDOT was made by Lieutenant Governor Cagle, seconded by State Auditor Greg Griffin, and passed unanimously by all members present.

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolutions and a copy of the documents referred to in the resolution under the date of November 13, 2013, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 11X13-5/13.

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INFORMATION ITEM: PRESENTATION TO THE COMMISSION OF REDIRECTION TRANSACTIONS THAT ARE LESS THAN \$250,000 (SINCE SEPTEMBER 26, 2013).

15. Chairman and Chief Executive Officer Governor Nathan Deal called Diana Pope to present the informational item.

16. Ms. Pope informed the members that a summary of the one redirect request that is less than \$250,000 is provided in their Briefing Books. This redirect is from the Department of Defense in the amount of \$22,600. This redirect is necessary to bring both project budgets in line with bids received.

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REQUEST OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION TO PRESENT THE FOLLOWING ITEMS FOR INFORMATIONAL PURPOSES ONLY:

17. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request on behalf of the Georgia State Financing and Investment Commission. Ms. Pope noted that each member was provided with a summary of the informational items in their briefing packet, and copies of all documents are also on the Commission's eBoard system.

FISCAL YEAR 2013 FINANCIAL STATEMENT AUDIT

18. Ms. Pope stated that the information provided included the Georgia State Commission Financing and Investment's Commission's Audit Report for FY 2013. Ms. Pope added that a new schedule was included to comply with the recently passed Transportation and Investment Act. She informed the Commission that there were no findings in the audit.

FISCAL YEAR 2013 ANNUAL REPORT

19. Ms. Pope then referred the Commission to the FY2013 Annual report. This report highlights some of the accomplishments and activities of the Georgia State Financing and Investment Commission, including all the projects that the Construction Division had completed during the year.

20. Lieutenant Governor Cagle commented that the Commission is doing a really good job in the construction of all the facilities that the State builds, but he would like a Sustainability Policy be put in place; Lieutenant Governor Cagle believes that the Construction Division needs to have a standard policy when it comes to sustainability certifications among agencies. Chairman and Chief Executive Officer Governor Nathan Deal asked Lt. Governor Cagle to work with staff to come up with a proposal to be brought to the Commission.

FISCAL YEAR 2013 ANNUAL SPEND DOWN REPORT

21. Ms. Pope introduced the FY2013 Annual Spend down Report. She explained the following federal spend down milestone requirements are: (1) spend or obligate at least 5% in the first 6 months, (2) spend 85% within 3 years, and (3) spend 100% within 5 years. All bonds that reached one of the milestones

during FY2013 were in compliance with the federal spend down requirements.

22. It is the Commission's policy to pass those requirements through to state agencies and request they meet those same targets a project level. This helps agencies request bond proceeds when projects are ready to proceed and helps the State manage its debt program.

23. The summary provided is a snapshot as of June 20, 2013 of items that were non-compliant with either the 6 month or 3 year milestones. She added that each item on the list has a story and when you look at history you will notice an improvement. It was noted that the Construction Division meets with the agencies monthly to go over their projects. The summary shows a total of 469 projects as of June 30, 2013, of which 79 were non-compliant. Most non-complaint items fell in the first milestone (6 months) and were usually due to environmental issues or delays. Ms. Pope pointed out on the summary of agencies that TCSG shows 30 projects, but the reason the number increased over prior years is because TCSG separated its MRR projects into individual projects.

24. Lieutenant Governor Cagle asked about the Board of Regents' nine projects listed on the summary. Ms. Pope said that again every project has a story. Board of Regents has so many projects that nine is not necessarily a high number. Ms. Pope went on to explain that this report is for the Commission's information, but it is also an important tool for legislative budget offices as well as the Office of Planning and Budget in consideration of future bond requests.

FISCAL YEAR 2013-2018 DEBT MANAGEMENT PLAN

25. Ms. Pope asked the Commission to refer to the State Debt Management Plan information covering FY-2013 to FY2018. The State Debt Management Plan provides a five-year projection of the State's general obligation and guaranteed revenue bond issuances and the associated debt service requirements for all outstanding and projected new debt issuances. Ms. Pope noted that Georgia follows conservative debt management practices, which the rating agencies view as credit strength. The planning limit for the ratio of debt service to prior year's receipts remains at 7%, but the debt model is projected to be under that and peaks at 6.3% in FY2015. This is the result of limiting new annual authorizations for FY2015 through FY 2018 to \$850 million annually. She noted that the State plans to release its updated Debt Management Plan in January.

FISCAL YEAR 2013 SUMMARY OF ENERGY PERFORMANCE CONTRACTS

26. Ms. Pope informed the members that this item is due to a constitutional amendment that the voters approved in November 2010. The Commission’s adopted Fiscal Policies require that Georgia Environmental Finance Authority (GEFA) provide an annual summary to the Commission of any energy performance contracts (EPCs) that were entered into during the fiscal year. It also requires that GEFA provide actual savings based on their energy utilization. In FY2013 the Commission authorized an EPC for Department of Corrections for work at Phillips State Prison. The FY2013 summary has no actual data since the project is still under construction. Ms. Pope said that the Commission will receive more information in the next annual report.

FISCAL YEAR 2013 SUMMARY OF SPC MULTI-YEAR LEASES

27. Ms. Pope informed the members that this item is due to a constitutional amendment that the voters approved in November 2012. The Commission’s adopted Fiscal Policies require that State Properties Commission (SPC) provide an annual summary to the Commission of any multi-year leases that were entered into during the fiscal year. There were no multi-year leases that were signed in FY2013. She noted that the Commission authorized \$125 million in total contract value authority for multi-year leases for FY2014. Ms. Pope said that SPC is in negotiations to achieve savings for the State. Mr. Stancil added that currently there were 15 or 16 leases out for RFP. Ms. Pope said that the Commission will receive more information in the next annual report.

INFORMATION ITEM: PROJECT MANAGEMENT UPDATE BY THE CONSTRUCTION DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION.

28. Mr. Marvin Woodward of the Construction Division of the Georgia State Financing and Investment Commission presented a power point of selected GSFIC-managed projects.

29. The following updates on projects under construction were presented to the commission:

Georgia Regents University Commons & Gross Anatomy Lab	35% complete
University of Georgia Veterinary Medicine Learning Center	31% complete
Georgia State University Humanities and Law Building	31% complete
District 2 Office Georgia Department of Transportation	Groundbreaking

• Gainesville Poultry Lab	40% complete
Gwinnett Technical College North Campus	under design
Henry County Center Southern Crescent Technical College	95% complete
West Georgia Technical College	200 days past due

30. At the conclusion of Mr. Woodward's presentation, Chairman and Chief Executive Officer Governor Nathan Deal asked if there were any comments.

31. Lt. Governor Cagle noted that the Commission appropriates a significant amount of money for construction every year and there has been an ongoing discussion regarding CM at Risk vs. Select bid process.

32. Lt. Governor Cagle stated that after some research on the CM at Risk which typically shows a standard industry savings around 6%. The actual difference is only 1.8% versus a hard bid type process which has a savings of 3.7%. Lt. Governor Cagle states that he believes we have shifted away from the hard bid concept; potentially we can achieve significant savings in the end.

33. Lt. Governor pointed out that particularly the Board of Regents comes in significantly less when you consider that the Board of Regents comes in at 2% versus the Technical College System at 3%. Lt. Governor Cagle said that when the Board of Regents requests all this money every year to build a building, he believes the Commission should ask the appropriate questions regarding the amount being requested. The Lt. Governor Cagle said that he has not seen any significant savings.

34. Lt. Governor Cagle noted that he is going to research this situation deeper, particularly as it relates to the Board of Regents. He noted that the numbers are pretty glaring when you weigh the fact that in the Southeast, the Board of Regents is spending probably the least amount in classroom instruction. He said that in state tuition continues to increase while we provide significant waivers to out of state students in Georgia, which adds up to pretty big numbers.

35. He continued that there are 9,000 out of state students for which the Board of Regents waives the out of state tuition - this adds up to about \$55 million dollars. He noted that the Board of Regents is waving out of state tuition but the fees are going up. He further commented that tuition for the University

System as a whole has increased; public institutions have increased by 37% since 2010 and private colleges have increased by 19.8%. Specifically, there was an almost 70% increase in tuition at Augusta State University, and Gainesville State College increased by 60%. Lt. Governor Cagle said these are questions that he will be asking the Board of Regents and he wanted to make the Commission aware.

NEW BUSINESS

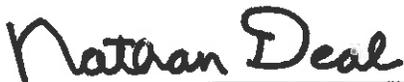
36. Chairman and Chief Executive Officer, Governor Nathan Deal then asked if there was any new business for discussion. No one responded in the affirmative to his question.

ADJOURNMENT

37. With no further business and upon a motion made by Speaker David Ralston, seconded by State Auditor Greg Griffin, and unanimously adopted, the Chairman and Chief Executive Officer declared the meeting adjourned at approximately 3:40 P.M.



STEVEN L. STANCIL, EXECUTIVE SECRETARY



GOVERNOR