

A CALLED MEETING

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

June 21, 2012

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 Members of the Commission were present: Governor Nathan Deal, Chairman and Chief Executive Officer, presiding; Lt. Governor Casey Cagle, Vice Chairman; State Auditor Russell W. Hinton, Secretary and Treasurer; Speaker of the House David Ralston; Commissioner of Agriculture Gary W. Black; and State Treasurer Steve McCoy. Attorney General Samuel S. Olens attended the meeting by conference call. In addition to the above Members, the following persons were present: Chris Riley, Chief of Staff and Debbie Dlugolenski Alford, Chief Financial Officer for the Office of the Governor and Director of the Office of Planning and Budget; Bart Gobeil, Chief Operating Officer for the Office of the Governor; Spiro Amburn, Chief of Staff for the Speaker of the House; Stephanie Beck of the Office of Planning and Budget; Denise Whiting-Pack, Wright Banks, Lisa Javorka, Nancy Gallagher and five interns (Matthew Pittman, Vicki Bass, Denise Letendre, John Forbes and Anne Berlow) of the Attorney General's Office; Woody Vaughan, Stephen Albright and Earline Crooke of King & Spalding LLP, Bond Counsel; Dave Amsden and Andrew Eagan of Kutak Rock, LLP, Disclosure Counsel; William Hayden of J.P. Morgan Securities; Ben Riden and Marty Nance of the Board of Regents; Melody DeBussey of the Senate Budget Office; Greg Griffin of the State Accounting Office; Director Susan Hart Ridley and Lee McElhannon, Diana Pope and Kelly Zurbrugg of the Financing and Investment Division of the Commission; Steven L. Stancil, Construction Division Director and Executive Secretary of the Commission; Marvin Woodward, Deputy Officer and Deputy Director of the Construction Division, Angela Gunter and Katy Pando, Adam Martin, Keenan Gist, Raquel Clements and Alex Volodarsky of the Construction Division of the Commission 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 2:05 P.M. It was noted that a quorum was present. Each member present was provided with a Briefing Book. The minutes of the previous Commission meeting held on November 2, 2011 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. Russell Hinton made a motion to approve the minutes, Speaker Ralston seconded the motion. A vote was taken and the motion passed unanimously. Attorney General Samuel S. Olens connection by conference call was disconnected, but a quorum was still intact.

* * *

REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION TO APPROVE FINAL PRICING OF THE GENERAL OBLIGATION BONDS AND TO MAKE THE AWARD OF THE SERIES 2012A, SERIES 2012B, AND SERIES 2012C BONDS TO THE BIDDER WITH THE LOWEST TRUE INTEREST COST.

3. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Ridley to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

4. Ms. Ridley referred to Tab "D" of the Briefing Book which provides a summary of the sale of the Series 2012A State of Georgia General Obligation Bonds, the Series 2012B State of Georgia General Obligation Bonds, and the Series 2012C State of Georgia General Obligation Refunding Bonds.

5. Ms. Ridley informed the Commission that Georgia's triple A rating was confirmed by all three rating agencies. Copies of the rating reports provided by Fitch Ratings, Moody's Investors Service and Standard & Poor's can be found under Tab "C".

6. On June 21, the Commission took competitive bids for \$520,055,000 of tax-exempt general obligation bonds and \$79,900,000 of taxable general obligation bonds. On June 20, the Commission took competitive bids for \$137,085,000 advance refunding of tax-exempt general obligation bonds. The results of the sale for new money bonds and the refunding bonds are being presented to the Commission today for approval. Ms. Ridley informed the Commission that J.P. Morgan won all three competitive bids that the State

had on both June 20 and June 21, 2012. The Attorney General rejoined the meeting by phone during this pricing summary.

7. The results of the lowest received competitive bids on the morning of June 21, 2012 are as follows:

<u>2012 A</u>	\$520,055,000
Average Life:	10.65 Yrs.
All-in-TIC	2.689%
<u>2012 B</u>	\$79,900,000
Average Life:	11.15 Yrs.
All-in-TIC	2.698%

Ms. Ridley shared with the Members that the low bid on the taxable 2012B Bonds was quite amazing, being only one basis point higher than the tax-exempt bid. Apparently there is a demand in the taxable market for our highly rated general obligation bonds. In addition, Ms. Ridley noted that investors are willing to pay a premium to receive interest coupon payments between 3% and 5% during the life of the bonds. Ms. Ridley noted that the Commission will utilize the premium received on the tax-exempt bonds to cover cost of issuance and to accomplish a current refunding of approximately \$87 million against FY2013 debt service payments.

8. The result of the lowest received competitive bids on the morning of June 20, 2012 is as follows:

<u>2012 C (Refunding bonds)</u>	\$137,085,000
Average Life	9 Yrs.
All-in-TIC	1.98%

Ms. Ridley stated that this refunding will provide \$16.7 million in cash flow savings over the life of the bonds with present value savings of \$14.4 million or 9.8%. The Commission opted to select a savings structure that reflects the savings taken on a level basis annually. She also indicated that this is consistent with the Commission's actions on the previous refunding and the conservative debt practices expected by the rating agencies for AAA states.

9. A list of projects funded with the 2012A and 2012B bonds and the bid summaries for each series can be found behind the summary sheet and comparison charts under Tab "D".

10. Upon conclusion of the presentation of the summaries, Ms. Ridley presented the Commission with the proposed resolution authorizing the issuance and award to the low bidder for the Series 2012A Bonds in aggregate principal amount of \$520,055,000; the proposed resolution authorizing the issuance and award to the low bidder for the Series 2012B Bonds in aggregate principal amount of \$79,900,000; the proposed resolution authorizing the issuance and award to the low bidder for the Series 2012C Refunding Bonds in aggregate principal amount of \$137,085,000. Ms. Ridley informed the Commission that the State has \$729.5 million remaining in authorized but unissued bonds.

11. The 2012A Bonds funded \$59.2 million of 5-year authorizations, \$31.3 million of 10-year authorizations, and \$429.555 million of 20-year authorizations. The 2012A Bond Proceeds are to be distributed as follows:

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$321,970,000	To provide projects and facilities for the Board of Regents of the University System of Georgia
\$2,255,000	To provide public library facilities through the Board of Regents of the University System of Georgia to the governing boards of various public libraries throughout the state
\$1,325,000	To provide public library facilities through the Board of Regents of the University System of Georgia to the governing board of the Royston Public Library
\$2,000,000	To provide projects and facilities for the Department of Community Health
\$3,985,000	To provide projects and facilities for the Department of Juvenile Justice
\$4,695,000	To provide projects and facilities for the Department of Natural Resources
\$5,255,000	To provide projects and facilities for the Department of Corrections
\$4,415,000	To provide projects and facilities for the Department of Defense
\$61,215,000	To provide projects and facilities for county and independent school systems and state schools through the State Board of Education (Department of Education)

\$6,400,000	To provide projects and facilities for the Department of Public Safety
\$4,040,000	To provide projects and facilities for the State Forestry Commission
\$2,950,000	To provide projects and facilities for the Georgia Building Authority
\$1,845,000	To provide projects and facilities for the Georgia Bureau of Investigation
\$20,750,000	To provide loans to local governments and local government entities for water or sewerage facilities through the Georgia Environmental Finance Authority
\$2,595,000	To provide projects and facilities for the Department of Public Safety (Georgia Public Safety Training Center)
\$3,370,000	To provide projects and facilities for the Department of Economic Development
\$60,000,000	To provide projects and facilities for the Georgia Ports Authority
\$625,000	To provide projects and facilities for the Georgia State Financing and Investment Commission
\$2,450,000	To provide projects and facilities for the Department of Revenue
\$7,690,000	To provide projects and facilities for the Technical College System of Georgia
<u>\$225,000</u>	To provide projects and facilities for the Department of Veterans Service
<u>\$520,055,000</u>	Total 2012A Bonds

12. The 2012B Bonds funded \$8 million of 5-year authorizations and \$71.9 million of 20-year authorizations, the 2012B Bond Proceeds are to be distributed as follows:

<i>Amount To Be Funded</i>	<i>Purpose</i>
\$8,000,000	To provide projects and facilities for the Board of Regents of the University System of Georgia
\$50,000,000	To provide projects and facilities for the Department of Community Affairs
\$7,900,000	To provide projects and facilities for the Department of Transportation
<u>\$14,000,000</u>	To provide projects and facilities for Technical College System of Georgia
<u>\$79,900,000</u>	Total 2012B Bonds

13. The 2012C Bond Proceeds are to be distributed as follows:

<i>Amount To Be Funded</i>	<i>Purpose</i>
<u>\$137,085,000</u>	Advance Refunding of various outstanding maturities of the 2004B and 2005A series of general obligation bonds. A total of \$146,350,000 was refunded.

14. A motion was made by Lieutenant Governor Cagle, seconded by Speaker Ralston and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia’s 2012A Tax Exempt New Money Bonds:

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-1/12.

15. A motion was made by Speaker Ralston, seconded by Lieutenant Governor Cagle and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia’s 2012B Taxable New Money Bonds:

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-2/12.

16. A motion was made by Speaker Ralston, Lieutenant Governor Cagle seconded and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State of Georgia’s 2012C Refunding Bonds:

NOTE: The resolution prepared by Counsel and Bond Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-3/12.

REQUEST OF THE JEKYLL ISLAND AUTHORITY SEEKING APPROVAL BY RESOLUTION TO SECURE A LOAN FROM THE ONEGEORGIA AUTHORITY NOT TO EXCEED FOUR MILLION DOLLARS FOR A PERIOD OF NO LONGER THAN TWENTY YEARS.

17. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Ridley to present the request on behalf of the Jekyll Island Authority.

18. Ms. Ridley informed the Commission that the Jekyll Island Authority is requesting approval to borrow four million dollars from the OneGeorgia Authority. This is a loan not to exceed 20 years. The interest rate initially is 0% until such time that the project becomes self-liquidating or begins paying for itself; at that time OneGeorgia will receive up to 3% interest from this loan.

19. Ms. Ridley explained that this loan helps to fund the retail development that goes along with the two hotels next to the conference center that opened in May. Ms. Ridley stated that this is a deal-closing, gap financing needed to ensure those two hotels are built. Lieutenant Governor Cagle commented on the impressive facility; one that the State can be proud of, and with the addition of these hotels, the State will be able to accomplish making Jekyll Island a real destination to attract tourists and conventions. Governor Deal concurred and added that this is an innovative funding source to get this vital link of the retail center started and constructed and this is a great step in the right direction to revitalize Jekyll Island.

20. With no further discussion, a motion was made by Lieutenant Governor Cagle, seconded by State Auditor Hinton and passed unanimously by all members present; the Commission adopted the following resolution in regards to the request of Jekyll Island Authority:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-4/12.

* * *

REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION TO EXTEND THE CONTRACT WITH PUBLIC RESOURCES ADVISORY GROUP FOR INDEPENDENT FINANCIAL ADVISORY SERVICES.

21. Chairman and Chief Executive Officer Governor Nathan Deal called Susan Ridley to present the request on behalf of the request of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

22. Ms. Ridley informed the Commission that Public Resources Advisory Group (PRAG) has been the state's Financial Advisor since 2001. The Commission approved a contract extension in 2009 with three one year renewals. Ms. Ridley, on behalf of the Financing and Investment Division, is requesting a renewal of the contract with three one year options. With no further discussion, Lt. Governor Cagle made a motion to approve and State Auditor Hinton seconded the motion and passed unanimously by all members present; the Commission adopted the following resolution in regards to the request of the Financing and Investment Division.

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-5/12.

* * *

REQUEST OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION TO AUTHORIZE THE ISSUANCE OF REQUESTS FOR PROPOSALS, IF NECESSARY, ON OR AFTER AUGUST 1, 2012, FOR AUDITING SERVICES, TRUSTEE SERVICES AND BANKING SERVICES RELATED TO THE TRANSPORTATION AND INVESTMENT ACT.

23. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Ridley to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission.

24. Ms. Ridley informed the Commission the Georgia State Financing and Investment Division is seeking approval to issue requests for proposals, if necessary, related to the Transportation Investment Act. She

stated that the Commission will need to issue Request for Proposals on August 1 or soon thereafter, if any of the special district taxes pass on the referendum that occurs July 31 in the twelve special tax districts. Ms. Ridley reminded the Commission that GSFIC has certain statutory responsibilities with respect to the disbursement of proceeds to local governments as well as to Georgia Department of Transportation and to the Georgia Regional Transportation Authority. She informed the Commission that staff is proposing to issue separate RFPs for auditing services, trustee services and banking services. Should any of the twelve district referendums pass, then staff would bring back a recommendation on those three items, if necessary, at the next Commission meeting.

25. With no further discussion, a motion was made by Commissioner Black and seconded by Speaker Ralston and passed unanimously by all members present; the Commission adopted the following resolution in regards to the request of the Financing and Investment Division of the Georgia State Financing and Investment Commission:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2012, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-6/12.

* * *

**REQUEST OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION
SEEKING APPROVAL BY RESOLUTION TO APPROVE THE COMMISSION'S FISCAL YEAR
2013 ANNUAL OPERATING BUDGET.**

26. Chairman and Chief Executive Officer Governor Nathan Deal called on Steve Stancil to present the request on behalf of the Georgia State Financing and Investment Commission.

27. Mr. Stancil informed the Commission the Georgia State Financing and Investment Commission is presently seeking approval by resolution of the proposed Fiscal Year 2013 Annual Operating Budget.

28. The Fiscal Year 2013 budget is \$16,939,140 which reflects a decrease of 3%, or approximately \$502,000. However, \$476,560 was added back for the fringe benefits and statewide adjustment for the State Health Benefit Plan and retirement plan contributions. Mr. Stancil explained that the Commission

presently has 104 filled positions and is budgeted for 136 positions, but has opted not to fill 15 positions. He noted that if you look at FY2012 budget for comparison you will see that FY2013 number is lower. He said that the actuals are running about 12.2% below budget, but he thinks that the Commission will finish about 14.50% below budget, which is comparable to last year.

29. With no further discussion, motion was made, by State Auditor Hinton and seconded by State Treasurer Steve McCoy and passed unanimously by all members present; the Commission adopted the following resolution in regards to the Commission's Fiscal Year 2013 Annual Operating Budget:

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2013, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-7/12.

* * *

REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING ADOPTION SEEKING BY RESOLUTION ADOPTION BY RESOLUTION OF THE FY2012 – 2016 DEBT MANAGEMENT PLAN.

30. Chairman and Chief Executive Officer Governor Nathan Deal called on Susan Ridley to present the request on behalf of the Georgia State Financing and Investment Commission.

31. Ms. Ridley informed the Commission that a copy of the proposed State Debt Management Plan FY2012-FY2016 can be found under Tab "L" in the briefing book. 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. The Executive Summary section of the State Debt Management Plan shows that after two years (FY2010 and FY2011) of exceeding the planning target, the debt service ratio target was not exceeded in FY2012, and is projected to remain in the 6% range, through FY2016. This is the result of limiting new annual authorizations through FY2016 to \$800 million annually. Ms. Ridley noted that the rating agencies consider this ratio an important factor when reviewing the State's AAA rating. Ms. Ridley highlighted in the report the outstanding state authority debt as well as debt associated with cooperative organizations affiliated with the University System of

Georgia. Ms. Ridley noted that staff has three recommendations she would like to present to the Commission:

(1) The University System of Georgia should provide an annual report to the Commission of outstanding and projected debt of cooperative organizations associated with the University System. (2) The Georgia Department of Transportation (DOT) has a large percentage of their budget dedicated to debt service and should work with Georgia State Financing and Investment Commission staff and Public Resources Advisory Group (PRAG), on a long-range plan for managing the overall debt service burden and bring that forward to the commission. (3) Georgia State Financing and Investment Commission would like to formalize an informal process that currently is in place between State Properties Commission and Georgia State Financing and Investment Commission and request that all proposed local government and authority financings that are secured by rental agreements with state agencies be reported to Commission. Lt. Governor Cagle had a question about the definition of “projected debt of cooperative organizations associated with the Universities”. Ms. Ridley explained that the intent is to capture all projects that are secured by rental agreements with the Board of Regents. Lt. Governor then commented on the prior discussions referring to Georgia Higher Education Facilities Authority (GHEFA) and wanted to confirm that the debt issued by Georgia Higher Education Facilities Authority (GHEFA) and supported by student fees will also be part of this report. Ms. Ridley answered yes. Lt. Governor Cagle also commended the proactive stance regarding Department of Transportation (DOT) going forward.

32. After a brief discussion, a motion was made by Attorney General Sam Olens and was seconded by Lt. Governor Cagle and passed unanimously by all members present; the Commission adopted the following resolution in regards to the State Debt Management Plan FY2012 – FY2016.

NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 21, 2021, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X21-8/12.

INFORMATION ITEM: UPDATE ON CONSTRUCTION OF THE LEGISLATIVE PARKING DECK.

33. Chairman and Chief Executive Officer, Governor Nathan Deal asked Mr. Stancil to present the update on behalf of the Georgia State Financing and Investment Commission. Mr. Stancil informed the Commission that the Legislative Parking deck is 10% complete, construction is on time and budget and should be completed in July 2013.

NEW BUSINESS

34. Chairman and Chief Executive Officer, Governor Nathan Deal presented to State Auditor Russell H. Hinton a resolution for his long dedicated service to the Commission and wished him well in his retirement from the State of Georgia. Governor Deal then asked if there was any new business for discussion. No one responded in the affirmative to his question.

ADJOURNMENT

35. With no further business and upon a motion made by State Auditor Russell Hinton, seconded by Lt. Governor Cagle and unanimously adopted, the Chairman and Chief Executive Officer declared the meeting adjourned at approximately 2:28 P.M.



STEVEN L. STANCIL, EXECUTIVE SECRETARY



GOVERNOR