STATE OF GEORGIA
DEBT MANAGEMENT PLAN
FY 2012-2016

Financing and Investment Division,
Georgia State Financing and Investment Commission

Governor Nathan Deal, Chairman

June 21, 2012

GEORGIA STATE
FINANCING AND INVESTMENT COMMISSION

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STATE OF GEORGIA
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FY 2012 – FY 2016

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STATE OF GEORGIA DEBT MANAGEMENT PLAN

EXECUTIVE SUMMARY

The State of Georgia's 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 debt and projected new debt issuances. The resulting projected annual debt service requirements are compared to estimates of annual State treasury receipts to determine the ratio of debt service requirements to the prior year's State treasury receipts. This ratio, along with several other ratios discussed in the debt management plan serve as a guide for the Governor and the General Assembly in their consideration of the annual authorization of new debt. Projected issuances of new debt may be increased or decreased depending on the capital needs of agencies and changes in revenue estimates. The plan also contains information regarding authority revenue debt.

GENERAL OBLIGATION AND GUARANTEED REVENUE DEBT

Under the State Constitution, additional general obligation and guaranteed revenue debt may be issued only if the maximum annual debt service for general obligation and guaranteed revenue bonds for any current or subsequent fiscal year does not exceed 10% of the prior year's State treasury receipts. Since 2005, the Georgia State Financing and Investment Commission (the "Commission") has adopted a maximum of 7% for this debt service ratio to:

1) establish a policy cap for budgetary purposes to ensure annual revenues are available for other state needs,
2) protect against unforeseen declines in state revenues which otherwise could curtail new issuances,
3) provide for additional borrowing capacity for large, unanticipated state capital needs, and
4) establish and maintain a ratio comparable with Georgia's AAA peer states.

The economic recession which began in December 2007 and lasted through June 2009 caused a precipitous decline in State revenues in fiscal years ("FY") 2009-2011, resulting in the debt service ratio for these years being in excess of 7%. While the increases in new bond authorizations in FY 2008 - FY 2010 also contributed to the higher ratios, debt service requirements were projected to stay below the 7% limit given the revenue estimates prior to the recession. As a consequence of budget reductions across State government and in recognition of the higher debt service ratios, the State significantly pared back new bond authorizations to $632 million in FY 2012, $808 million in FY 2013, and anticipates $800 million annually for FY 2014 through FY 2016.

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Historical and Projected Annual New Bond Authorizations (millions)									
$999	$1,201	$1,005	$1,182	$852	$632	$808	$800	$800	$800
Historical and Projected Highest Annual Debt Service Ratios (as a % of prior year Treasury Receipts)									
6.5%	5.9%	6.6%	7.2%	7.8%	7.0%	6.8%	6.5%	6.6%	6.2%

OTHER OBLIGATIONS: AUTHORITY DEBT, CAPITAL LEASES, FOUNDATION DEBT

Various agencies and authorities of the State are authorized by State law to enter into multi-year obligations secured by authority revenue. When these obligations take the form of debt as defined by the Commission Act, any such proposed debt is subject to review and approval by the Commission, prior to it being incurred by the agency or authority. These obligations are commitments of the issuing authority and, other than Guaranteed Revenue Debt, are non-recourse to the State.

Outstanding state authority debt, as of June 30, 2011 = $3.4 billion

Other forms of multi-year obligations do not meet the statutory definition of debt, but often 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 categories of such obligations are capital lease obligations of state agencies and debt of cooperative organizations associated with the University System of Georgia ("USG") and its institutions. The Board of Regents operates a public-private venture program which involves the issuance of conduit debt by local govern ent authorities secured by rental payments from the Board of Regents. This does not include the debt of the Georgia Higher Education Finance Authority ("GHEFA") to fund USG facilities which is included in the state authority debt figure above. Most of these obligations are reported in the State's Comprehensive Annual Financial Report.

Outstanding USG Foundation debt, as of June 30, 2011 = $3.3 billion

Outstanding capital lease obligations, as of June 30, 2011 = $404 million

RECOMMENDATIONS

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 of Georgia and its institutions.

2. The Georgia Department of Transportation, working with GSFIC staff and the State's independent financial advisor, should submit a long-range plan for managing the overall debt service burden of GDOT which incorporates an implementation plan for financing GDOT's proposed managed lane system.

3. All proposed local government or development authority financings which are proposed to be secured by capital lease obligations of agencies or instrumentalities of the State should be reported to the Commission.

INTRODUCTION

The State of Georgia ("State") is one of only eight states which currently are rated triple-A by all three of the major bond rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's. The preservation of the triple-A rating is dependent on the State's financial position, financial management, moderate debt levels, and strong and responsive leadership to economic and financial challenges. A formal debt management plan reflects the State's commitment to maintaining debt affordability standards generally deemed important by the capital markets and rating agencies for the preservation of triple-A ratings. The Debt Management Plan for FY 2012 - 2016 (the "Plan") serves as the guide for the State's capital financing plans and demonstrates the State's commitment to managing the State's debt burden on Georgia's taxpayers. The Plan also provides information concerning the policies under which the State and its authorities issue and manage debt obligations.

Constitutional and Statutory Framework for State Debt

In November of 1972, the electorate of the State approved a comprehensive amendment (the "1972 Amendment") to the State of Georgia Constitution of 1945 (the "State Constitution") which permitted the State to finance its capital outlay needs directly through the issuance of general obligation debt. Prior to the adoption of the 1972 Amendment, the State's capital outlay needs were met through the issuance of bonds by ten separate State authorities with these bonds being secured by lease rental agreements between the authorities and various State departments and agencies. With both the 1972 Amendment and the statutory implementation of the 1972 Amendment by the General Assembly by the enactment of the Georgia State Financing and Investment Commission Act in 1973 (the "Commission Act"), the State's ability to issue general obligation and guaranteed revenue debt backed by the full faith and credit of the State enabled the State to achieve higher credit ratings on its bond issues, and thus lower interest rates, than authority revenue debt secured solely by lease obligations subject to annual appropriations.

With the ratification of the 1983 Constitution, the ratio of maximum fiscal year aggregate debt service to prior year State treasury receipts was lowered to 10% from 15%. There have been amendments to the State debt provisions since the adoption of the 1983 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, and allowing for multiyear contracts for energy efficiency or conservation improvement projects.

The 1972 Amendment, the Commission Act, and the 1983 Constitution (as amended) established parameters regarding the incurring of general obligation and guaranteed revenue debt that establish a firm foundation for the high credit ratings by the rating agencies and contribute to the credit market's high regard for bonds issued by the State. Some of the key provisions include:

- the 10% limit on the ratio of maximum aggregate debt service to prior year State treasury receipts;
- a specific list of capital projects, consistent with the federal tax code, which could be funded with general obligation and guaranteed revenue bonds;
- a requirement that maximum annual debt service for proposed new bonds be appropriated at the time the bonds are authorized;

- a requirement for full appropriation each fiscal year of an amount sufficient to pay the debt service coming due for that year;
- a provision that debt service appropriations for new bond authorizations do not lapse at the end of the fiscal year in which they were authorized;
- a provision for repeal, prior to issuance, of unneeded bond authorizations by the General Assembly;
- limitations on how general obligation and guaranteed revenue bonds may be refunded so as to ensure savings in every year and to prohibit the extension of maturities;
- limitations on cash flow borrowing;
- a prohibition against issuance of any new bonds backed by authority lease agreements as was utilized by the State prior to the 1972 Amendment;
- a provision providing that should for any reason the amount appropriated 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
- a constitutional right for any general obligation bond 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 state debt is subject to approval by the Commission. The Commission is comprised of seven members with officer designations established in the Constitution. The Governor of the State of Georgia serves as Chairman, the President of the Georgia State Senate serves as Vice-Chairman, and the State Auditor serves as Secretary and Treasurer. Remaining members include the Attorney General, the Commissioner of Agriculture, the Speaker of the House of Representatives, and the State Treasurer.

Pursuant to the State 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 it,
- financial advisory services to State authorities and agencies,
- construction services for State agencies, and
- additional responsibilities as provided by law.

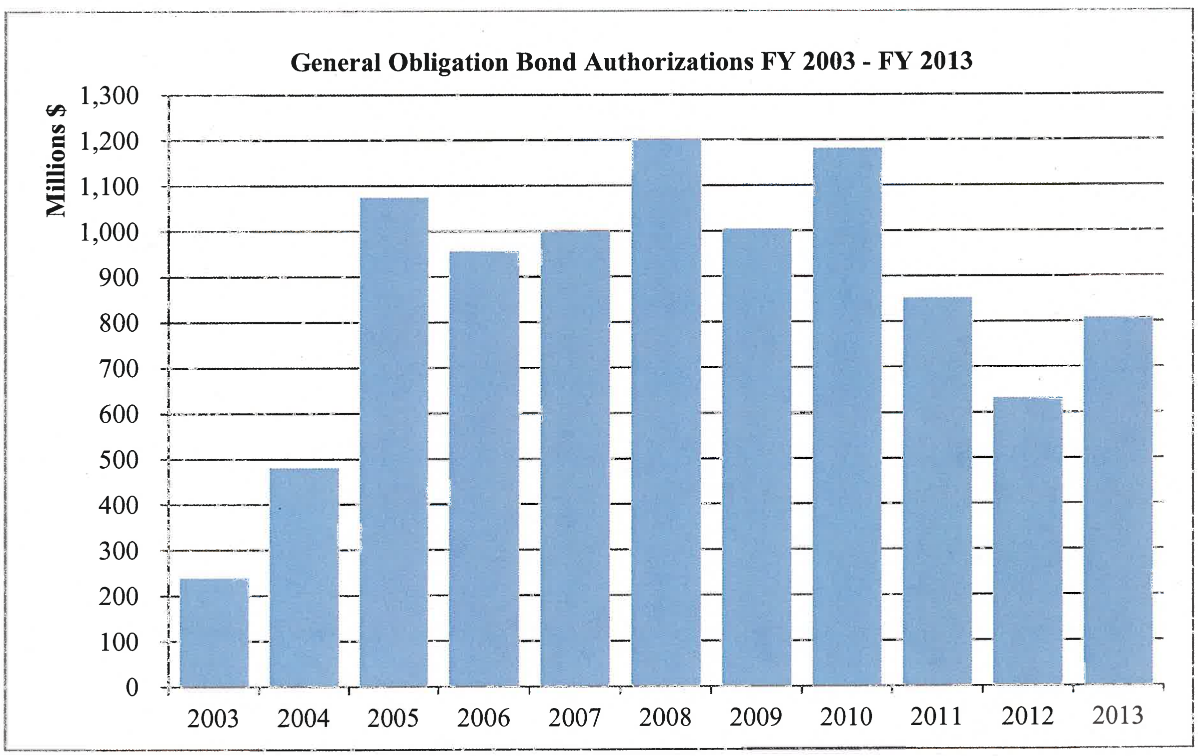
The State Constitution provides for the issuance by the State of both general obligation debt and guaranteed revenue debt. The State Constitution establishes that the full faith, credit and taxing power of the State is pledged to the repayment of both of these types of public debt. During the legislative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

TYPES OF DEBT OBLIGATIONS

General Obligation Debt

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

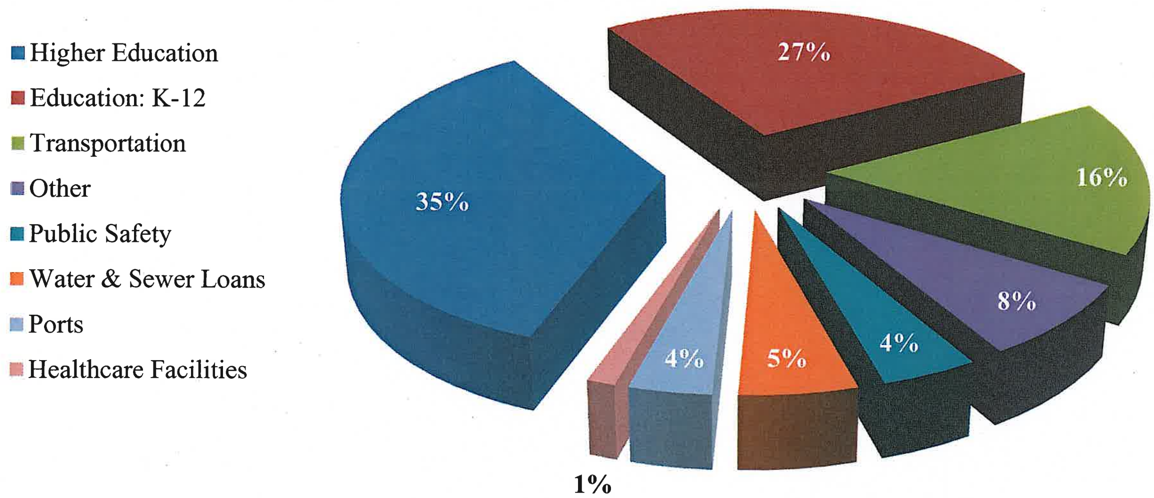
(1) to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the State, its agencies, departments, institutions, and of certain State authorities;
(2) to provide educational facilities for county and independent school 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,
(3) 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, the General Assembly typically approves the issuance of bonds with a 20-year final maturity for major construction and renovation projects, or with a 5-year final maturity for minor repair projects and capital equipment needs. Beginning with the budget for fiscal year 2007, the General Assembly also has approved the issuance of bonds with a 10-year final maturity to more closely match the useful life of specific projects and equipment.

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 bonds are to be issued, specifies the maximum principal amount of the bonds, and appropriates funds in an amount sufficient to meet the highest annual debt service requirement to amortize such bonds within a specified not-to-exceed time frame. Unless bond authorizations are repealed by the General Assembly prior to the bonds being issued, authorizations for bonds 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.

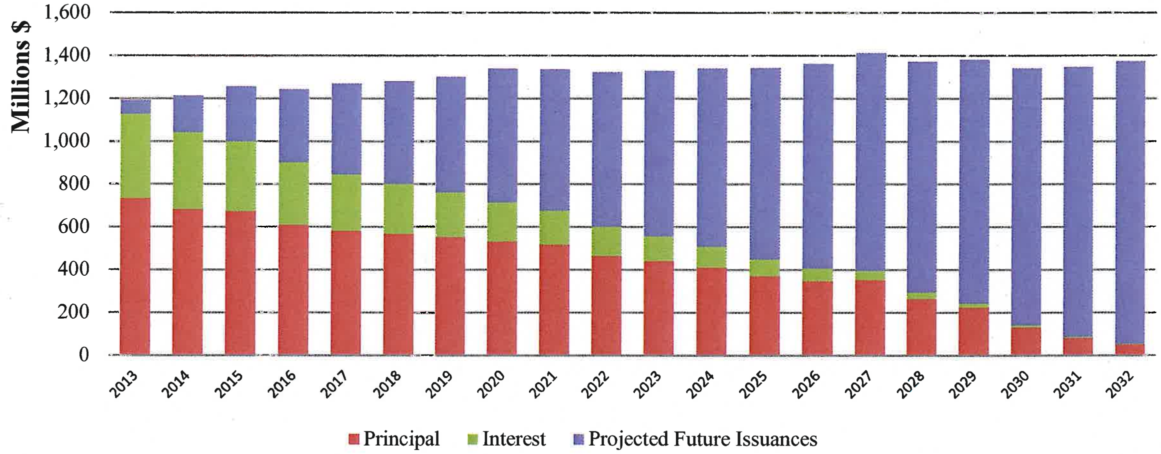
FY 2003-2013 General Obligation Debt Authorizations by Type



The State Constitution requires that appropriations for debt service payments on all general obligation bonds 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 State Constitution mandates that monies in the sinking fund shall be used solely for the retirement of general obligation debt.

As a safeguard against shortages in the sinking fund, the State 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.

Outstanding General Obligation Bonds Debt Service FY 2013 - FY 2032



"Build America" Taxable, Direct-Pay Subsidy, General Obligation Bonds

In April 2009, the American Recovery and Reinvestment Act ("ARRA") was approved by Congress and signed into law by the President. ARRA created several new categories of bonds which were intended to provide a stimulus to the economy and also to enable a lower cost of funding for state or local government issuers. The most significant of these was designated as Build America Bonds ("BABs"). (ARRA bond designations are for only the federal income tax treatment of interest paid on any bond issues so designated and did not alter the Georgia Constitution's provisions for, or definition of, general obligation and guaranteed revenue bonds.) For federal tax purposes, the interest paid by an issuer for BABs is treated as taxable income rather than tax-exempt income; the benefit of the BABs designation to the issuer is that the federal government pays the issuer a subsidy equaling 35% of the interest payments on the bonds. This allowed issuers of BABs to access a class of investors largely outside of the traditional tax-exempt bond investors and to achieve a lower cost of financing than otherwise possible with traditional tax-exempt bonds, as the 35% interest payment subsidy is more than the incremental interest cost of issuing the bonds as taxable bonds rather than tax-exempt bonds.

Other bond provisions of ARRA utilized by the State included Recovery Zone Economic Development Bonds ("RZEDBs"), which provided for a 45% subsidy of the interest payments on the bonds, and Qualified School Construction Bonds ("QSCBs") which provided for up to a 100% subsidy of the interest payments on the bonds. Many of the bond provisions of ARRA expired after December 31, 2010, including the ability to issue bonds designated as BABs or RZEDBs.

Prior to the expiration of the BABs and RZEDBs programs, the State designated a total of $756,965,000 of its general obligation bonds as BABs and $136,535,000 of its general obligation bonds as RZEDBs. The ability to designate bonds as QSCBs did not expire (provided the allocation cap has not been equaled) and to date the State has designated a total of $105,755,000 of its general obligation bonds as QSCBs; there remains approximately $159 million of QSCB allocation available to the State, which the State intends to use on future issues of general obligation bonds for the K-12 school construction programs. The State estimates that its use of the ARRA bond programs will result in debt service savings to the State in excess of $100 million over the life of these bonds, as compared to if the State had issued all the bonds as traditional tax-exempt bonds. The State's legal debt service obligation to bond holders, however, is the total amount of interest prior to the receipt of any subsidy payment(s) from the federal government. For purposes of calculating debt service obligations pursuant to the 10% Constitutional limitation, gross debt service obligations, prior to the IRS subsidy payments, are utilized.

Guaranteed Revenue Debt

Guaranteed revenue debt is revenue debt which has been issued by an instrumentality of the State and for which the State has guaranteed the repayment of the bonds. The State 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 State 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."
>
> and
>
> "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 having been made into the common reserve fund.

If revenues pledged to the payment of the guaranteed revenue bonds 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 10 days after the start of the next fiscal year. However, 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.

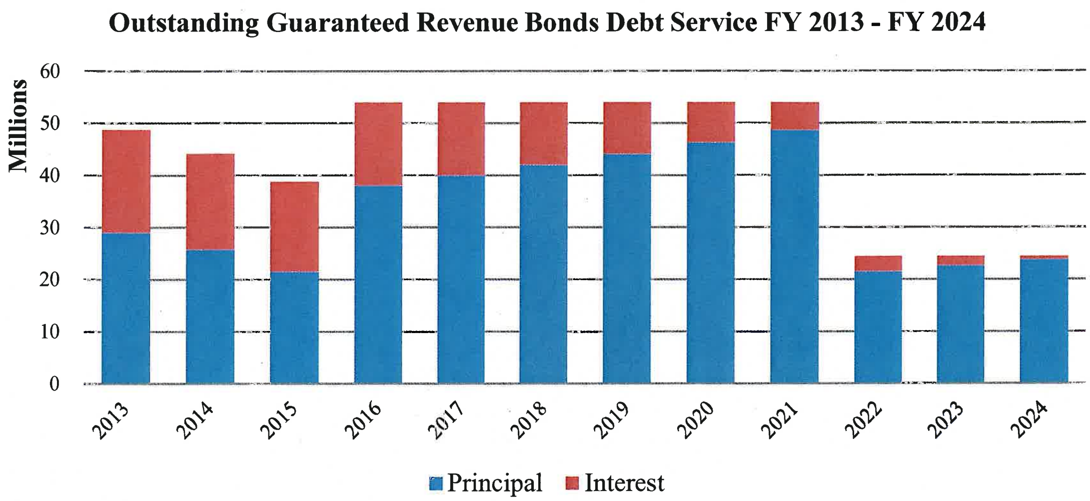
While the State Constitution requires that the amount to the credit of the common reserve fund at all times be at least equal to the aggregate highest annual debt service requirements on all guaranteed revenue obligations, the State Constitution also provides that any excess funding in the common reserve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

The General Assembly has authorized guaranteed revenue debt, which subsequently was issued, on five occasions:

- 1991 for the Georgia Environmental Finance Authority ("GEFA") to finance loans to local governments for water and sewer infrastructure secured by the repayments received from local governments (refunded in 1997, retired in 2011);
- 1992 for GEFA to finance loans to local governments for water and sewer infrastructure secured by the repayments received from local governments (refunded in 1997, retired in 2011);
- 1991 for the State Road and Tollway Authority ("SRTA") to finance the construction of the State Route 400 toll road secured by toll revenues (refunded in 1998, retired in 2010);
- 2001 for SRTA to issue guaranteed revenue debt for road projects secured by motor fuel tax receipts (partially refunded in 2011); and,
- 2002 for SRTA to issue guaranteed revenue debt for road projects secured by motor fuel tax receipts (partially refunded in 2011).

During fiscal year 2011, GEFA fully retired its remaining outstanding Series 1997 guaranteed revenue refunding bonds. Similarly, the State Road and Tollway Authority ("SRTA") fully retired its remaining outstanding Series 1998 guaranteed revenue refunding bonds. Also, during fiscal year 2011 SRTA issued guaranteed revenue refunding bonds which refunded, in part, both its Series 2001 guaranteed revenue bonds and its Series 2003 guaranteed revenue bonds. With the issuance of SRTA's 2011 guaranteed revenue refunding bonds, there are three series of SRTA guaranteed revenue bonds outstanding as of June 30, 2011 with a total principal value of $432,620,000 outstanding; all of the currently outstanding guaranteed revenue bonds will mature by the end of FY 2024.

The chart below shows the annual debt service for the period FY 2013 through FY 2024 inclusive on all outstanding guaranteed revenue bonds. There are no authorized but unissued guaranteed revenue bonds.



Refunding Opportunities

As a result of many factors, including less than robust economic growth subsequent to the 2007-2009 recession and the low volume of new issue tax-exempt bonds in the primary market relative to previous years, yields on tax-exempt debt obligations currently remain at, or very near, historic lows. This low interest rate environment has resulted in opportunities for the State to issue general obligation refunding bonds, and guaranteed revenue refunding bonds to realize debt service savings. During calendar years 2009, 2010, and 2011, the State issued six different series of general obligation refunding bonds for a total of $1,256,965,000):

- $149,730,000 General Obligation Refunding Bonds 2009E
- $640,825,000 General Obligation Refunding Bonds 2009I
- $69,440,000 General Obligation Refunding Bonds 2011E-1
- $244,715,000 General Obligation Refunding Bonds 2011E-2
- $63,985,000 General Obligation Refunding Bonds 2011J-1
- $88,270,000 General Obligation Refunding Bonds 2011J-2

The aggregate debt service savings from the general obligation refunding bond issues shown above is $77,184,871.

The State also issued $344,420,000 State Road and Tollway Authority Guaranteed Revenue Refunding Bonds Series 2011A and Series 2011B; the aggregate debt service savings from the guaranteed revenue refunding bonds is $34,591,019.

Refunding issues must comply with the requirements of both the State 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 (which revised the policy previously adopted on October 27, 1998); there are additional restrictions imposed by federal regulations if the refunding bonds are tax-exempt bonds. The proceeds of the refunding bond issues fund irrevocable escrow accounts into which purchases of non-callable U.S. Treasury securities are deposited; the cash flow from the interest payments on, and the maturities of, the U.S. Treasury securities is used to pay the debt service on the refunded bonds to their respective maturities or a specified call date. This relieves the State's General Obligation Debt Sinking Fund of the debt service payment obligations for the refunded bonds and allows for debt service payment obligations on the refunding bonds to be paid from the General Obligation Debt Sinking Fund, instead. As the debt service on the refunding bonds is less than the debt service on the refunded bonds, the result is debt service savings for the State. Until the refunded bonds mature or are called for redemption, they continue outstanding and can be traded in the secondary market; while in this status, the refunded bonds are known colloquially as "pre-re's." As of June 30, 2012, the State had outstanding a total of $1,243,885,000 of pre-re general obligation bonds (all or part of 15 different previous bond issues); all of the State's "pre-re" bonds will mature or will be called as of December 1, 2017.

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 revenue bonds issued by State authorities are not tax-supported and there is no State guarantee (except for the previously described guaranteed revenue bonds), the issuance of such bonds 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 issuing revenue bonds or otherwise engaging in any debt financing, 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. <u>Unless noted otherwise, all figures are as of **June 30, 2011**</u>. (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. GDA has outstanding approximately $4.89 million of bank loans and notes and has received Commission approval for an $8 million line of credit to be used as working capital to generate new loans. GDA has outstanding approximately $34.8 million of mortgage loans which have been sold to local financial institutions subject to repurchase agreements whereby the financial institution can "put" the loan back to GDA.
- The **Georgia Environmental Finance Authority** ("GEFA") is authorized to issue bonds (formula determined maximum allowed; see Official Code of Georgia Annotated 50-23-19) to finance environmental facilities for itself or for local governments. In March 2011 GEFA retired all of its outstanding guaranteed revenue bonds and has no other debt outstanding.
- The **Georgia Environmental Facilities Loan Acquisition Corporation** ("GELAC") is a non-profit entity and subsidiary of GEFA which was created in July 2010 to purchase water and sewer loans from GEFA. GELAC has $225 million of revenue bonds outstanding which were issued for the purpose of providing funds to enable GELAC to purchase water and sewer loans from GEFA. 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 Board of Regents of the University System of Georgia ("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—there were $292.91 million of bonds outstanding, from three separate issues. The outstanding bonds have financed eighteen projects at thirteen separate USG institutions throughout the state.
- 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. GHFA may not have, at any one point in time, more than $1.47 billion bonds and notes ($1.3 billion of which is applicable to GHFA's single family residential housing program), excluding refunding bonds and notes. GHFA's outstanding total of $943.205 million bonds is entirely for its single family residential housing 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. GPA currently has outstanding $35.575 million bonds, all of which currently pay interest in a variable rate mode and approximately $38.5 million outstanding on a line of credit for the Hutchinson Island project.
- 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, to achieve interest rate savings and reduce debt service, the GWCCA refunded its then outstanding revenue bonds for the Georgia Dome facility in Atlanta and now has $112.6 million of refunding revenue bonds outstanding.
- 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. LLIDA has a total of $24.2 million outstanding of revenue bonds and the GEFA loan.
- 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. SRTA has outstanding $1.78 billion of bonds comprised of seven separate issues of bonds. Three of the outstanding issues are the guaranteed revenue bonds cited in the previous section, there are three issues of GARVEE bonds outstanding, and there is $37.125 million outstanding of one series of toll revenue bonds for improvements to the State Route 400 highway. GARVEE bonds 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. The outstanding toll revenue bonds do not have any explicit or implied guarantee of the State for the payment of debt service (as described in more detail below).

Prior to the issuance of authority revenue bonds, the State authority's governing body must adopt a resolution requesting that the Commission authorize the debt as outlined in the Commission's debt policy entitled "State Authorities' Debt Issuance Approval Policy and Underwriter Selection Procedures." This policy requires that prior to issuance, any public offering or private placement of authority debt must secure a bond rating not lower than one letter grade below the State's general obligation bond rating from at least one of the nationally recognized bond rating agencies. This rating may be accomplished on the authority's own credit, through the purchase of bond insurance, or a bank letter of credit. The Commission may grant exceptions to this policy, and has done so for bond issues and other approved borrowings for GDA, GHEFA, LLIDA, SRTA and GWCCA. (Subsequent to the downgrade during the last several years of all but one of the bond insurance companies to below double-A ratings, there has been a general lack of economic value of bond insurance, making compliance with the policy more difficult and often cost prohibitive.) Upon receiving the Commission's approval, the State authority may proceed with its planned bond issue or debt financing, as outlined in the policy.

GARVEE Debt

The State's GARVEE program began with the issuance of $500 million of stand-alone GARVEEs 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 proposed GARVEE debt for additional debt to be issued on parity with the previously issued debt. In FY 2008 and FY 2009 additional stand-alone 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. Stand-alone GARVEE bonds are secured solely by federal highway grant revenues and reimbursements and do not carry either a direct or implied guarantee of the State. All of the State's GARVEE bond issues initially received ratings of Aa2/AA-/AA- from Moody's Investors Service, Standard & Poor's Ratings Service and FitchRatings, respectively. There have been no rating changes subsequent to issuance of the GARVEE bonds, although FitchRatings currently has a negative outlook on all stand-alone GARVEE bonds due to uncertainty regarding future federal appropriation levels for the federal highway program.

The following table summarizes the highest annual debt service requirements on issued GARVEE bonds, the most recent projected Federal Obligation Authority amounts, and the resulting debt service coverage ratios.

(Thousands)	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
New GARVEE Bonds Issued	$0	$0	$0	$0	$0
Debt Service Requirements	$185,711	$185,711	$185,247	$185,247	$185,247
Projected Federal Obligation Authority	$1,144,000	$1,172,000	$1,199,000	$1,227,000	$1,258,000
Debt Service Coverage	6.16x	6.31x	6.47x	6.62x	6.79x

The three rating agencies currently differ in their treatment of GARVEE debt--both Fitch and Moody's Investors Service include GARVEE debt in their calculations of net tax-supported debt while Standard & Poor's does not include GARVEE debt in its calculations. Given the size of the program, and that both Moody's Investors Service and Fitch include GARVEE debt in their calculations of tax-supported debt, the State believes it is important to analyze the effect that GARVEE debt will have on the debt ratios.

The Federal Obligation Authority funding levels currently are being considered by Congress and several different authorization bills are being considered; it is not possible to project which bill, and what Federal Obligation Authority level will be adopted.

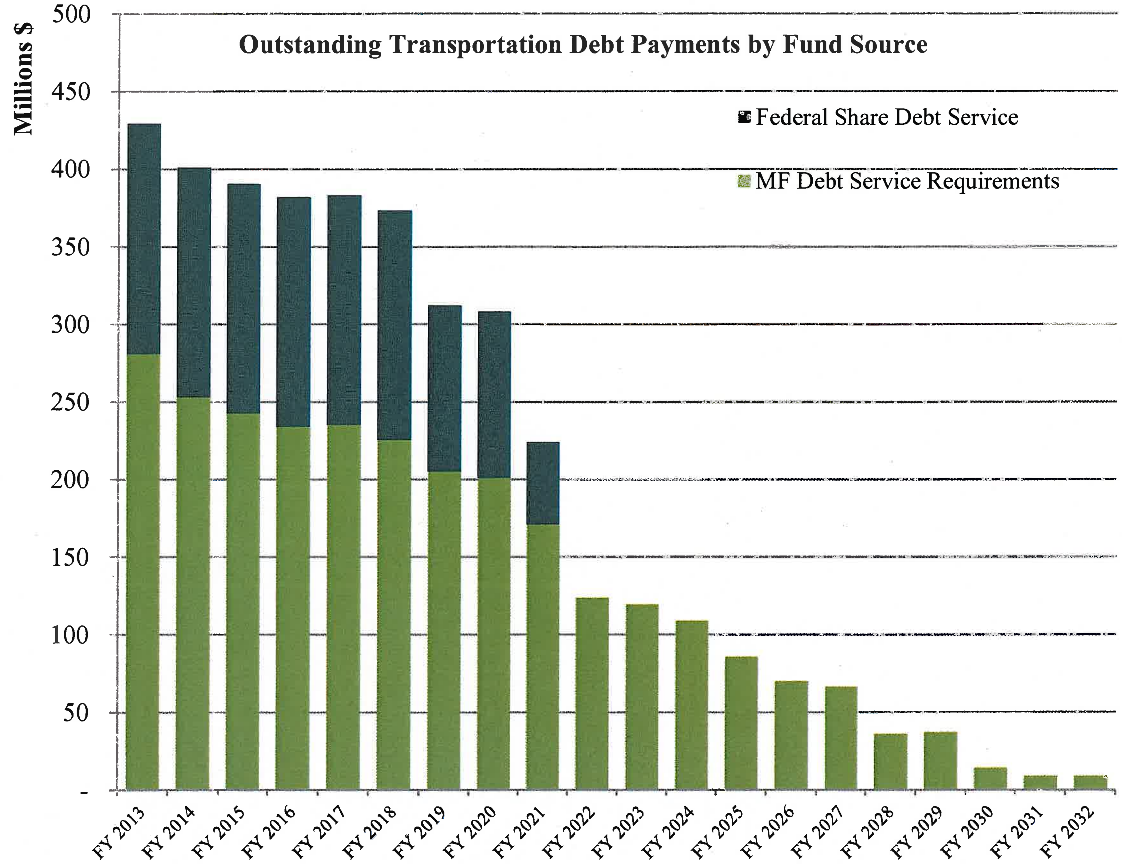
As shown in the table on page 33, including the GARVEE bonds in the debt ratio calculations increases the state's overall debt burden. Three of the five debt ratios peak in FY 2012 and two ratios (Debt Per Capita and Debt to Estimated Actual Value) peak in FY 2013. All ratios remain below the planning level limits inclusive of the GARVEE debt as established in the Plan. At this time, there are no definitive plans for the State to issue additional GARVEE bonds except for the possible issuance of $100 million for the Northwest Corridor managed lanes project in FY 2018 or later.

Department of Transportation Debt Service Obligations

A significant portion of the State's general obligation bonds and all of the currently outstanding guaranteed revenue bonds have been issued for Department of Transportation state road system improvement projects. To better match revenues and expenditures on a programmatic basis, the debt service payments for those bonds are being paid from motor fuel funds rather than State general funds. (It must be noted, however, that the bonds which are State general obligation bonds are secured by the full faith and credit of the State, not just motor fuel funds, which were not directly pledged as security for the bonds, except that motor fuel funds are a component of State treasury revenues.) For FY 2012, motor fuel funds will be used to make the following debt service payments for general obligation bonds and guaranteed revenue bonds:

- $193.6 million to the General Obligation Debt Sinking Fund for general obligation bonds debt service payments, and
- $49.7 million to the State Road and Tollway Authority for guaranteed revenue bonds debt service payments.

Additionally, motor fuel funds will be used to make 20% of the GARVEE bonds debt service payments – approximately $37 million each year from FY 2012 through FY 2016, the final year of the Plan. The total of debt service payments being made by motor fuel payments is approximately 30% of the motor fuel tax collections for FY 2012, with only marginal decreases in this percentage through FY 2016, provided motor fuel tax collections increase 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. This could have a significant effect on how the Department of Transportation finances its proposed managed lanes projects in the future.


Outstanding Transportation Debt Payments by Fund Source
Millions $
Federal Share Debt Service
MF Debt Service Requirements
500
450
400
350
300
250
200
150
100
50
-
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
FY 2023
FY 2024
FY 2025
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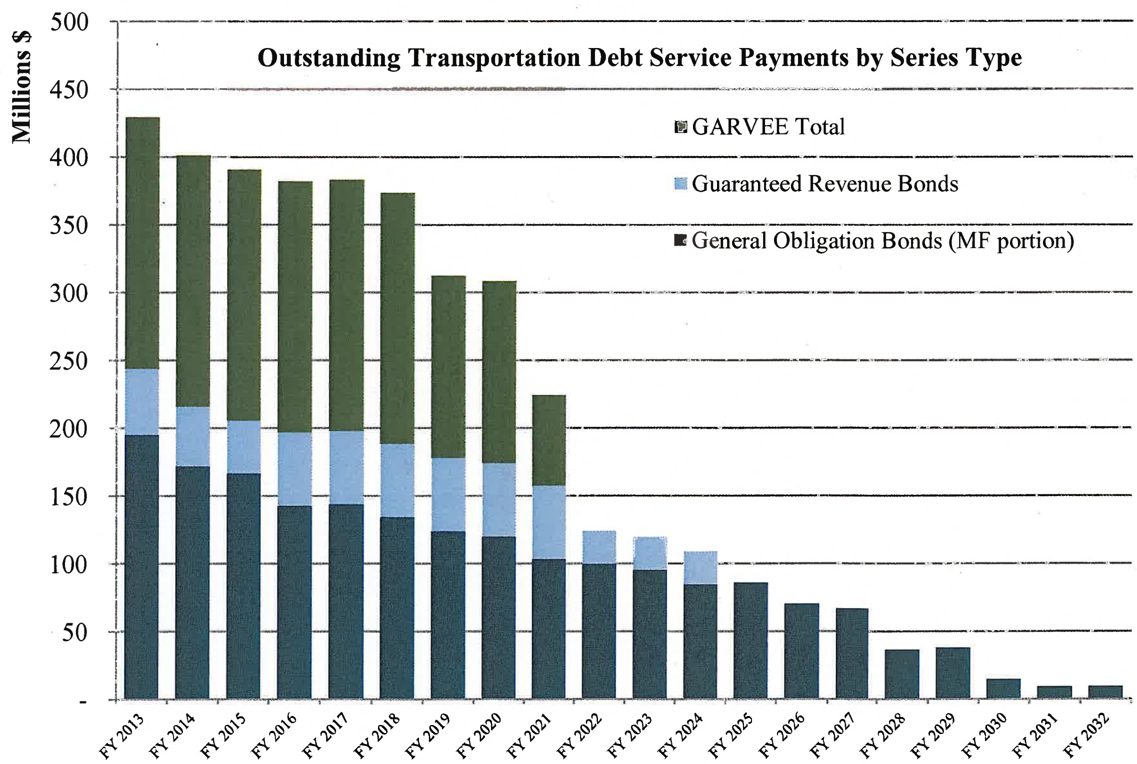

Outstanding Transportation Debt Service Payments by Series Type
Millions $
GARVEE Total
Guaranteed Revenue Bonds
General Obligation Bonds (MF portion)
500
450
400
350
300
250
200
150
100
50
-
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026
FY 2027
FY 2028
FY 2029
FY 2030
FY 2031
FY 2032

Multiyear Contracts for Energy Efficiency Projects

In November 2010, the electorate of the State approved an amendment to the State Constitution to provide for multiyear contracts for energy efficiency or conservation improvement (the "2010 Amendment"). The 2010 Amendment allows the General Assembly, through adoption of general law, 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. The authorizing general law adopted in 2011 by the General Assembly provided that the Commission 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 multiyear contract value authority, and the policies therefore, set by the Commission would be void and of no effect. As of the date of this Plan, GEFA has not requested multiyear contract authority, as required by the general law and no such energy efficiency or conservation improvement contracts have been entered into by any State agency. Unless the contracts are funded by either general obligation bonds, the annual debt service amount for the multiyear contract value authority will not be required to be included in the calculation of the 10% debt service ratio previously discussed in the Plan, although the State will make such calculations to maintain affordability standards.

OTHER LONG-TERM OBLIGATIONS

Capital Leases

The State occasionally acquires certain property and equipment through leases with varying terms and options. 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. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriations by the General Assembly are considered non-cancellable for financial reporting purposes. As of June 30, 2011, future commitments for leases currently considered to be capital leases for governmental activities equaled approximately $404 million. Due to the statutory restrictions applicable to these capital leases, however, they are not included as debt obligations in the Plan.

For a small portion of the leased properties, the lessor obtained acquisition and/or renovation financing for the property via a funding process which involved the issuance of lease revenue bonds by a local development authority (proceeds are loaned to the lessor for the acquisition and/or renovations). When this is the case, as with the specialized archives storage facility leased by the Secretary of State, 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 life of the bond issue would be viewed as an adverse credit event for the State. Such a non-appropriation event may jeopardize the State's triple A credit ratings as being indicative of an unwillingness or an 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, may effectively bind the State to making the debt service payments for the entire term of the lease and thus reduce the future financial flexibility of the State.

Public University Foundation Debt

Based on data from the Board of Regents of The University System of Georgia, as of June 30, 2011 there had been 143 projects funded by bond issues by local authorities for various cooperative organizations associated with the State's colleges and universities with approximately $3.296 billion of revenue bonds (GHEFA bonds excluded) outstanding. 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, research facilities, office buildings, parking, and student activity facilities, which is then leased by the cooperative organization to the Board of Regents on an annually renewable basis. Most of the projects generate revenues (such as housing fees), or the Board of Regents has adopted dedicated student fees (such as student activity or parking fees), that provide operating revenues which are designed to provide for the annual lease payment.

Each fiscal year, upon renewal of the lease, the lease payment becomes a legal and binding obligation of the Board of Regents and is secured by the entirety of the financial resources of the Board of Regents for that year. In accordance with the requirements of GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, for the fiscal year ended June 30, 2011, the State has determined that nineteen of the higher education foundations and similar organizations meet the criteria for a discretely reported component unit; therefore the financial information for those foundations is discretely presented in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.

The three major rating agencies have indicated that for their calculations of debt ratios, university foundation liabilities for revenue bonds is not considered debt of the State and is not included in the calculation of net tax supported debt of the State. Similarly, long-term obligations of cooperative organizations affiliated with USG are not included in the State's overall debt burden reflected in this Plan. Liabilities for revenue bonds payable are reported in the combining statement of net assets for non-major component units in the State's Comprehensive Annual Financial Report in accordance with GASB 39.

Beginning in FY 2013, USG will provide an annual report for informational purposes to the Commission regarding outstanding and projected debt of cooperative organizations.

Other Significant Liabilities of the State

Retirement Systems and Other Post Employment Benefits: The State has liabilities that do not directly impact the calculation of the debt service ratio as defined by the State 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 liabilities as follows:

ERS	TRS	OPEB-State	OPEB-School	OPEB-Regents
$3.989 billion	$10.56 billion	$4.31billion	$11.14 billion	$3.384 billion

These liabilities are not considered "hard" liabilities because they are based upon estimates of costs the State will incur in the future and because the payment schedule of the liability is uncertain. Also, TRS is a multi-employer plan. Significant proportions of the required employer contributions are provided by local school systems in addition to State general fund appropriations 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 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 State Constitution is the liability associated with funds borrowed from the Federal Unemployment Account ("FUA") to meet unemployment insurance benefit payments. This amount was approximately $747 million as of June 11, 2012. Based on current economic conditions, claims costs, and projected unemployment tax contributions, no additional advances are projected to be needed during calendar year 2012. In 2012, the General Assembly passed legislation (HB 347) to make changes to the employment security system to enable the outstanding balance of FUA borrowings to be repaid more quickly and to begin to rebuild reserves. Georgia is one of over 30 states that utilized this borrowing mechanism to meet unemployment insurance claims during and since the 2007-2009 recession.

Although these 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.

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 schedule following receipt of bond proceeds, as well as ongoing compliance with federal tax code requirements regarding tax-exempt bonds and arbitrage regulations. Prior to the Commission including agency projects in an upcoming bond issue, the Board of each agency or authority which wishes to receive funding is required to adopt a resolution which addresses the major tax-exempt financing requirements including specific references to the five percent expenditure requirement within six months, the eighty-five percent expenditure requirement within three years, and completion of projects within five years of the issuance of the tax-exempt bonds. The resolution 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 by the Commission.

6 Months: 5% Expenditure Requirement	→	3 Years: 85% Expenditure Requirement	→	5 Years: Completion of Project

Commission staff continuously monitors the spend-down of projects and submits a report of spend-down compliance annually to the Commission. Agencies that have not met spend-down guidelines are required to report on the status of the projects and also to detail the corrective action that they will implement to become compliant with respect to the next expenditure requirement.

Bond proceeds distributed to GEFA for purposes of its local government water and sewer loan program also 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 also that by the end of the third year after the issuance of the pooled financing bones, not less than ninety-five percent (95%) will have been used to make or finance loans to ultimate borrowers. To the extent that these time and expenditure 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 submits reports to the Commission by the end of both the one-year and three-year periods demonstrating compliance with the TIPRA requirements. To date, GEFA has met the TIPRA requirements and no bond redemptions have been necessary to comply with TIPRA requirements.

Project Selection

At the beginning of each fiscal year, Commission staff solicits input from agencies which have been authorized projects to be funded by the issuance of general obligation bond proceeds, or which have unsold bond authorizations from prior fiscal years, regarding a bond issuance schedule for the current fiscal year. 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 and construction, with the planning phase funded first and the construction phase funded in a subsequent issue of bonds. State agencies also are asked to request their preferred timing for bond project funding; these requests are aggregated and a proposed issuance schedule is developed. To the maximum extent possible, future State capital projects will be selected for bond issuance using such "readiness" criteria (in addition to general market and financial considerations) to help ensure that projects are completed both on a timely basis and to avoid potential difficulties with meeting the expenditure requirements for tax-exempt bonds.

Unexpended Bond Proceeds

It is the Commission's intention to prevent unexpended funds from remaining in completed project accounts and to be in compliance with all federal tax code requirements regarding tax-exempt bonds. To this end, 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 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. Also, for those active projects which experience difficulty with meeting the timely expenditure requirements previously described, the State has implemented a "compliance exchange" process. In these instances, older bond proceeds are "compliance exchanged" for newer bond proceeds between an older project which is in danger of not meeting the expenditure requirements and a newer project that is expending bond funds at a pace exceeding the various expenditure requirements. In this manner, the federal regulations regarding tax-exempt bond expenditure requirements can be met and potential non-compliance issues avoided.

Post Issuance Compliance

While ongoing compliance with the federal regulations regarding tax exempt bonds has been emphasized by the Commission for many years, several additional steps have been taken 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 internal compliance procedures regarding post issuance compliance and has devoted additional staff resources to review information provided by agencies and authorities. The Internal Revenue Service is also placing an increased emphasis on ensuring that the issuers of tax exempt bonds have procedures in place to ensure compliance with tax exempt bond regulations.

DEBT STRUCTURE

Debt may be issued with fixed interest rates or as variable rate debt. As of December 31, 2011, 98.6% of the State's outstanding general obligation debt and 100% of the guaranteed revenue outstanding debt had fixed interest rates. The State's objective for each general obligation and guaranteed revenue bond issue is to structure the issue with approximately level annual debt service for the life of the bonds.

The use of variable rate debt instruments introduces an element of interest rate risk into an issuer's debt portfolio. The potential savings of utilizing variable rate debt, however, should justify that exposure provided the risk is minimized by limiting the amount of the total variable rate debt to a maximum of approximately 15% to 20% of total debt, or possibly mitigating the risk by using hedging tools such as interest rate caps or interest rate management agreements, where appropriate. The primary benefit to an issuer such as the State of issuing bonds as variable rate debt is that the total cost of funds for the bond issue will be lower than if issued as fixed rate bonds because variable rates generally are at the lowest point on the yield curve.

In December 2006, the State issued $300 million of general obligation bonds to fund various transportation projects for the Georgia Department of Transportation as variable rate debt with a standby bond purchase agreement liquidity facility from a multi-national commercial bank. At the time, the issue was less than 5% of the total State general obligation debt outstanding. The State maintained an ongoing monitoring and evaluation process for the variable rate debt, and despite the market disruptions in 2008 and 2009 and intermittent concerns in the market with respect to the multi-national commercial bank, through FY 2011 the average interest rate, including fees, was approximately 247 basis points lower than if the debt had been issued in December 2006 as fixed rate bonds. The Commission estimates the cumulative interest savings to be in excess of $30 million over that period of time.

In July of 2011, the State refunded all of the outstanding variable rate debt by issuing a combination of fixed rate bonds (for the bonds maturing through fiscal year 2021) and a new form of variable rate debt (for the bonds maturing in fiscal years 2022 through 2027) structured as Floating Rate Notes ("FRNs"). This restructuring took advantage of very favorable fixed rates for the first ten years of the remaining maturity schedule and also took advantage of a newly available variable rate product that did not require a standby bond purchase agreement liquidity facility. $125,750,000 of the refunding bonds were issued as fixed rate bonds (series 2011F, maturing in FY 2012 through FY 2021) and $127,305,000 of the refunding bonds were issued as FRNs (series 2011G, maturing in FY 2022 through FY 2027) with the floating rate bonds repricing weekly at a spread of 40 basis points to the SIFMA index. (The SIFMA index is a composite index of highly rated variable rate bonds that reset interest rates on a weekly basis.) As of December 31, 2011, the average interest rate on the 2011G FRNs was less than 0.55%. The State has the ability to convert the FRNs to fixed rate bonds, should it determine fixed rate bonds would be more financially prudent or advantageous than continuing the floating rate debt. The Commission estimates over the life of the bonds this combination will provide a lower cost of funds than if the entire refunding bond issue had been issued as fixed rate bonds. The Commission maintains an ongoing monitoring and evaluation process for the 2011G FRNs and will act as necessary according to market conditions to either convert the FRNs to fixed rate bonds or another type of floating rate debt instrument. The 2011G FRNs constitute less than 2% of the State's outstanding debt portfolio.

The Commission currently does not have any plans for future issues of variable or floating rate debt.

DEBT AFFORDABILITY

The Plan will guide the State in raising sufficient capital necessary to meet authorized and approved infrastructure needs of the State without jeopardizing its triple-A ratings or adversely affecting the marketability of the State's bonds. With the State's constitutional debt limits, the control of debt issuance by the Commission, and the State's fiscally conservative leadership, the development of prudent debt capacity and affordability guidelines provides a sound basis for utilizing debt in the capital project budgeting process. This also helps to ensure that sufficient revenues are available for meeting the State's annual operating budget requirements. Furthermore, it provides protection against unforeseen declines in revenues and a cushion for any meeting unanticipated capital needs which might result from catastrophic weather or other events.

Constitutional Debt Limit

As previously discussed, the State Constitution limits the amount of debt that may be issued by restricting the level of debt service payments for which the State may be obligated. Specifically, additional general obligation and guaranteed revenue debt may not be incurred whenever the highest aggregate annual debt service requirements for the current year, or any subsequent year, exceed 10 percent of the immediate prior year's total net treasury receipts. To calculate debt service per the Constitutional debt limit definition, the Plan determines the highest annual debt service for all issued debt and adds additional debt authorization amounts (for both existing and projected authorizations). This calculation is often higher than the projected debt service payments that would be due in a single fiscal year.

Affordable Debt Capacity

The Plan helps to ensure the availability of funding for necessary capital projects required to meet the State's future needs and is a prudent method of maintaining an acceptable balance between the State's demand for capital and the ability and willingness of the State to repay additional debt. Appropriate targets for debt issuance based on the State's growth experience and expectations and the financial resources available to meet its debt obligations provide assurance that additional debt is authorized at prudent levels.

There is no specific formula for determining the maximum amount of debt that should be issued by the State in any particular year. Many factors must be considered including the State's current and projected programmatic and capital funding needs, revenue projections, available fund balances and an overall plan for managing the budget. A debt management plan also should take into account the concept of debt affordability in determining the maximum amount of tax-supported debt that the State can afford to issue without jeopardizing its ratings. It is recognized that any model for determining debt affordability will be dependent upon the reasonableness of economic forecasts and the resulting impact on the State's financial resources. Since 2005, for planning purposes the Commission has utilized a 7% cap for the debt service ratio, which is consistent with the State's peer group of states which are rated triple A by all three of the major credit rating agencies.

A debt management plan is better utilized in conjunction with a capital improvement program for a five-year period to include the current year, which often is referred to as the capital budget. Utilizing the Plan in association with the capital budget should provide policy makers with sufficient information to make informed decisions regarding the State's ability to finance capital improvements in a balanced and orderly manner over a multi-year period.

Rating Agency Considerations

Due to the economic and financial diversity among the 50 states, the tax-exempt bond market historically has 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. Due to the high degree of importance attributed to ratings by investors, each issuer's ratings have a major impact on the marketability of its bonds and the interest rates necessary to generate investor demand in the issuer's debt issues. Credits rated triple-A are "rewarded" in the market-place 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 credits were able to re-access the market sooner and in larger amounts than was the case for lower rated credits.

Rating agencies incorporate into their rating decisions trends relating to an issuer's debt burden, revenue base, fund balances and 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
- financial performance.

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 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. Such comparisons over time serve as an indicator of the effectiveness of fiscal management. Another criterion of sound fiscal management is the existence of laws, policies, and procedures which allow a state to maintain control over debt issuance.

Financial performance is a result of both the quality of a state's management and economic performance. One indicator of financial performance is a state's ability to adjust to meet 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.

The following are excerpts from credit reports released in June 2012 for the State's Series 2012AB General Obligation Bonds and 2012C General Obligation Refunding Bonds:

	Fitch	Moody's	Standard & Poor's
Georgia's Strengths	Debt burden is on the low end of the moderate range, overall debt management is conservative.	Conservative fiscal management including prompt responses to revenue declines.	Strong financial monitoring and oversight.
	Long history of conservative revenue estimation and balanced operations.	History of rapid reserve building.	History of making difficult decisions to restore fiscal balance.
	Pensions are well funded, benefiting from consistent funding of annual required contributions.	Relatively well funded pensions.	Full funding of the annual required contribution for TRS and ERS.
	After several years of recession-related fiscal challenges, the state is making progress in rebuilding balances.	Based on current revenue trends, we expect RSR replenishment in fiscal years 2013 and 2014.	Revenue shortfall reserve although significantly depleted is being gradually replenished.
	Despite the currently slow economic recovery, the state's economy has grown rapidly and diversified over time.	The state used recurring revenues to cover recurring expenditures in the fiscal year 2013 budget.	Well diversified economy.

	Fitch	Moody's	Standard & Poor's
Georgia's Weaknesses	The recession was more severe in the state than the nation overall and a return to growth remains uneven.	Near depletion of reserves.	Downside risk includes a weaker-than-projected economic recovery.
	Unemployment remains elevated, at 8.9% in May 2012 compared to 8.2% nationally.	Economic and revenue weakness.	Potential for significant reductions in federal funding.

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 revenues which are pledged (e.g. motor fuel taxes for State Road and Tollway Authority debt) for repayment of the debt are included in the State's net revenues and the guarantee is against all of the revenues of the State. Revenue bonds which are issued by an instrumentality of the State, but which do not carry the State's guarantee, are not included in the calculation of the State's net tax-supported debt. As mentioned 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 supports these issues. Also, these revenues are not included in the State's net revenues.

The following table summarizes the State's issued principal amounts, including the net effect of refunding bonds, as of June 30, 2012; additionally, there remain $521,085,000 of general obligation bonds authorized which have not been issued.

	Total Original Principal Issued	Outstanding Principal
General Obligation Debt	$20,727,175,000	$8,584,945,000
Guaranteed Revenue Debt	832,405,000	403,450,000
Total State Obligations	$21,559,580,000	$8,988,395,000

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 = $\dfrac{\text{Net Tax-Supported Debt}}{\text{State's Population}}$

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

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

Debt as Percent of Full Valuation of Assessed Property =	Net Tax-Supported Debt / Full Valuation of All Taxable Property
Debt as a Percent of State Gross Domestic Product =	Net Tax-Supported Debt / State Gross Domestic Product

Credit analysts also examine the rapidity of debt repayment ratio. This measure shows 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 favorably recognize the State's rapidity of debt repayment ratios.

These ratios serve as important tools to track and monitor the State's debt position. The Debt Management Plan establishes reasonable 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.

Further, as the State has issued $1.65 billion in GARVEE bonds since fiscal year 2007 to address transportation infrastructure needs and may utilize GARVEE bonds for that purpose in the future, it also is prudent to analyze the impact that GARVEE debt will have on the State's debt burden. However, GARVEE bonds are "stand-alone" which means they are secured solely from federal highway grant revenues and reimbursements and do not have a back-up pledge of the full faith and credit of the State or any other State funds—they are neither general obligation debt or guaranteed revenue debt of the State. As of June 30, 2011 there was $1,299,350,000 of GARVEE bonds outstanding.

The 2007 to 2009 recession resulted in dramatically reduced state treasury receipts and as a result, recent results reflect that that the "Debt Service to Prior Year Revenues" ratio exceeded the established planning levels. The Plan anticipates that setting new authorizations for general obligation debt in the range of $800 million per year during the FY 2014 – FY 2016 timeframe along with the projected growth of state treasury receipts will result in this ratio returning to a level below the planning target beginning in FY 2013.

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

Below is a historical comparison of the State's net tax-supported indebtedness and debt ratios.

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**
2007	$8,259.5	2.5%	$867	0.9%	6.5%	38%	67%
2008	8,444.1	2.5	871	0.8	5.9	38	67
2009	9,115.5	2.7	929	0.9	6.6	37	66
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

During the period of FY 2007 through FY 2011, the net amount of debt outstanding increased by 8.8 percent while the 'Debt as % of Personal Income' ratio decreased slightly. The ratio 'Debt Service as % of Prior Year Receipts' increased 1.3 percentage points over the same time period and for FY 2010 and FY 2011 exceeded the 7% maximum planning cap, primarily as a result of the revenue declines experienced by the State which was a result of the 2007-2009 recession. While the ratio for rapidity of debt payment showed very little change over this period, it remains considerably faster than the standard used by rating analysts. The rating agencies have noted that borrowing in the past few years has increased in response to population growth, but that ratios still remain moderate. The State's debt burden has been steady relative to other states and to in-state personal income; also, amortization of debt to be retired within ten years is consistent and high.

Comparison of Debt Burden to Other Triple-A States

Georgia continues to be one of eight states currently rated triple-A by each of the three major rating agencies. To validate the reasonableness of its own target debt ratios for the Plan, Georgia has compared its ratios to those of its ratings peer group—the triple-A rated states. 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, Georgia is close to the triple-A average in all of the categories.

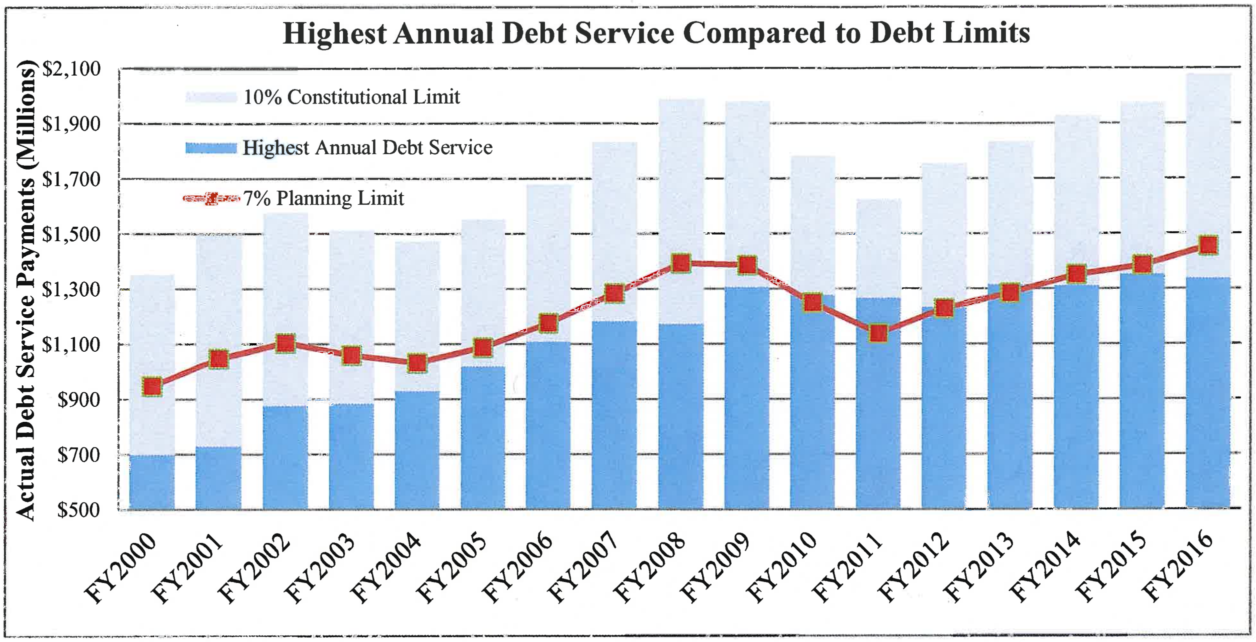
Comparison of Debt Ratios for Triple-Triple A States						
State	**Net Tax-Supported Debt Per Capita**	**Ranking Among 50 States**	**Net Tax-Supported Debt as a % of 2010 Personal Income**	**Ranking Among 50 States**	**Net Tax-Supported Debt as a % of Gross State Domestic Product**	**Ranking Among 50 States**
Georgia	**$1,099**	**26**	**3.1%**	**21**	**2.68%**	**22**
Delaware	2,674	6	6.8	5	3.89	14
Iowa	310	47	0.8	47	0.66	47
Maryland	1,742	14	3.6	18	3.44	16
Missouri	741	37	2.0	35	1.83	35
North Carolina	815	32	2.3	32	1.85	34
Utah	1,393	19	4.4	15	3.43	17
Virginia	1,169	21	2.6	28	2.23	29
Triple-A Median	1,492	--	3.8	--	2.28	--
Triple-A Average	1,243	--	3.2	--	2.50	--
50-State Median	1,117	--	2.8	--	2.40	--
50-State Average	1,408	--	3.4	--	2.96	--

Compiled from Moody's Investors Service, 2012 State Debt Medians

For comparison purposes, Moody's measures debt service ratios to current year receipts for all fifty states which varies from the State constitutional limitation on debt service to ten percent of prior year treasury receipts. When evaluating Georgia's budgetary requirements for debt service to projected *current* year receipts, the State's ratio is second to Delaware of all of the Triple-Triple A states at 7.2%, as shown in the chart below. This is indicative of the relatively slow revenue recovery following the 2007-2009 recession.

State	**FY 2011 Debt Service to FY 2011 Projected Revenues (%)**	**Ranking among 50 States**
Georgia	**7.2**	**15**
Delaware	8.2	10
Iowa	0.9	48
Maryland	5.7	20
Missouri	4.5	28
North Carolina	3.6	33
Utah	6.8	16
Virginia	5.3	23

Compiled from Moody's Investors Service, 2012 State Debt Medians



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**
2012	18,338	4.5	357	2.8	9.856	0.4	955	2.0
2013	19,292	5.2	379	6.2	9.985	1.3	986	3.2
2014	19,772	2.5	403	6.3	10.156	1.7	1,020	3.5
2015	20,775	5.1	427	6.0	10.359	2.0	1,057	3.6
2016	21,822	5.0	451	5.6	10.553	1.9	1,101	4.2

Debt Issuance Projections

For FY 2012, approved new bond authorizations totaled $632,410,000. There was $707,290,000 of unissued prior year general obligation bond authorizations carried over into FY 2012. The State expects to issue $803,615,000 of general obligation bonds during FY 2012 leaving $521,085,000 of authorized but unissued general obligation bonds which will carry over into FY 2013. New bond authorizations for FY 2013 total $808,395,000.

The following table summarizes the projected debt issuance through FY 2016. All currently authorized but unissued debt as of the date of the plan is shown as being issued in FY 2013 and all new authorizations for FY 2013 through FY 2016 are shown as being issued in the year of authorization.

Debt Issuance Projections
(thousands)

General Obligation Bonds Issued	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Prior Year Authorizations	$438,710	$521,085	$ -	$ -	$ -
Current Year 5 Year Bond Authorizations	49,345	84,540	100,000	100,000	100,000
Current Year 10 Year Bond Authorizations	28,000	31,300	-	-	-
Current Year 20 Year Bond Authorizations	287,560	692,555	700,000	700,000	700,000
Current Year 20 Year Bond Authorizations (Motor Fuel)		-	-	-	-
Total Projected Issuances	$803,615	$1,329,480	$800,000	$800,000	$800,000

Based on the currently outstanding debt, scheduled debt retirements, and projected debt issuance, the following table summarizes the projected debt outstanding for each year through FY 2016 and the projected highest annual debt service in each year.

(Thousands)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Debt at Beginning of Year	$8,983,765	$8,988,395	$9,554,995	$9,590,605	$9,598,485
G.O. & G.R.B. Issuances	1,523,080	1,329,480	800,000	800,000	800,000
Scheduled Payments/Early Retirements/Refunded bonds	(1,518,450)	(762,880)	(764,390)	(792,120)	(786,255)
Debt Outstanding at End of Fiscal Year	8,988,395	$9,554,995	9,590,605	9,598,485	9,612,230
Projected Annual Debt Service (Issued and Authorized but Unissued)	1,224,454	1,241,964	1,258,888	1,296,305	1,297,825

RISKS AND ASSUMPTIONS

External Risks

The Plan necessarily includes various assumptions regarding the State's financial condition and credit ratings as well as assumptions regarding external 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 will change because of an unexpected event, such as a catastrophic hurricane, which causes substantial damage to the State and its economy.

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 will result in higher debt service payments, which cause budgetary pressures and can lead to higher than desired debt ratios and/or down-sizing of bond issues and impairment of 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.

DEBT MODELING ASSUMPTIONS

In analyzing debt issuance levels for the Plan period, the State has made the following assumptions:

Budgeted and Projected Interest Rates for General Obligation Debt

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
5 Year G.O. Bonds	5.25%	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%	5.75%	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 bond trust indenture.

Timing of Debt

The Plan anticipates that there will be carryover from FY 2012 into FY 2013 of $521,085,000 of authorized but unissued general obligation bond debt. The Plan incorporates $808,395,000 of new bond authorizations for FY 2013, meaning that at the start of FY 2013 there will be a total of $1,329,480,000 of authorized but unissued general obligation bond debt. It is projected that the carryover of unissued bonds into FY 2013, as well as the full FY 2013 bond authorizations, will be issued in FY 2013 and that for FY 2014 through FY 2016 the planning level of $800,000,000 annually of new bond authorizations will be issued in full in the fiscal year it is authorized. All future debt issuances are assumed to be issued during the first half of the fiscal year. The first year's debt service for each projected issuance is calculated at one-half of the highest annual debt service; subsequent years' debt service is calculated at the full highest annual debt service amount.

Debt Service on Future Debt Authorizations

The model reflects new bond issuances structured with level annual debt service payments, calculated at the rates cited above, over the life of the bonds for all future issues of bonds.

Direct Payment Subsidies

The model does not reflect the interest rate subsidies expected to be received by the Internal Revenue Service for the State's issuance of Build America Bonds, Recovery Zone Economic Development Bonds and Qualified School Construction Bonds. To date, those subsidies have been utilized to offset appropriation requirements for debt service in the fiscal year following their receipt.

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 should assist the State in the preservation of 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. 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 is updated annually and all assumptions are revisited and reaffirmed or revised as needed to most accurately and conservatively project the State's debt capacity.

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% Constitutional debt limit as previously described. Additional tables present the outstanding general obligation debt and outstanding revenue debt of State authorities.

Georgia State Financing and Investment Commission

Projected Debt Levels Without GARVEEs - Projected as of June 30, 2012 (000's omitted)

	FY 2012	FY2013	FY2014	FY2015	FY2016	
Debt at Beginning of Year (General Obligation and Guaranteed Revenue)	$ 8,983,765	$ 8,988,395	$ 9,554,995	$ 9,590,605	$ 9,598,485	
Remaining From Prior Years Issued	438,710	521,085				
New 5 Year Authorizations Issued	49,345	84,540	100,000	100,000	100,000	
New 10 Year Authorizations Issued	28,000	31,300				
New 20 Year Authorizations Issued	287,560	692,555	700,000	700,000	700,000	
New 20 Year Authorizations (Motor Fuel) Issued						
Total Issuances	$ 803,615	$ 1,329,480	$ 800,000	$ 800,000	$ 800,000	
Refunding Debt	719,465					
Scheduled Retirements	(681,040)	(762,880)	(764,390)	(792,120)	(786,255)	
Early Retirements / Refunded Debt	(837,410)	-	-	-	-	
Outstanding Debt at End of Year	$ 8,988,395	$ 9,554,995	$ 9,590,605	$ 9,598,485	$ 9,612,230	
Projected Annual Debt Service-Issued (1)	$ 1,171,881	$ 1,241,964	$ 1,258,888	$ 1,296,305	$ 1,297,825	
Highest Annual Debt Service-Unissued	52,573	-	-	-	-	
Total Projected Annual Debt Service	$ 1,224,454	$ 1,241,964	$ 1,258,888	$ 1,296,305	$ 1,297,825	
Total Treasury Receipts (millions)	$ 18,338	$ 19,292	$ 19,772	$ 20,775	$ 21,822	
Population (millions)	9.856	9.985	10.156	10.359	10.553	
Personal Income (billions)	$ 357	$ 379	$ 403	$ 427	$ 451	
Property Valuation (billions)	$ 955	$ 986	$ 1,020	$ 1,057	$ 1,101	
Ratios for projected issued debt (based on Plan interest rate assumptions)						Debt Plan Target
Debt service to Prior Year Receipts	**7.0%**	**6.8%**	**6.5%**	**6.6%**	**6.2%**	**7.0%**
Debt service to Current Year Receipts	6.7%	6.4%	6.4%	6.2%	5.9%	n/a
Ratios for Outstanding Principal at the End of the Fiscal Year (Issued Debt Only)						
Debt to Personal Income	2.5%	2.5%	2.4%	2.2%	2.1%	3.5%
Debt per Capita	$912	$957	$944	$927	$911	$1,500
Debt to Estimated Actual Property Value	0.9%	1.0%	0.9%	0.9%	0.9%	n/a
Ratios for 10% Constitutional Limit (based on highest annual debt service for both issued and unissued debt) (2)						
Highest Annual Debt Service - Issued as of 6/21/2012	$ 1,181,196	$ 1,181,196	$ 1,094,579	$ 1,053,053	$ 955,189	
Highest Annual Debt Service (3)	52,573	134,269	217,289	300,309	383,329	
Total Highest Annual Debt Service	$ 1,233,769	$ 1,315,465	$ 1,311,868	$ 1,353,362	$ 1,338,518	
Debt service to Prior Year Receipts	7.0%	7.2%	6.8%	6.8%	6.4%	

(1) Projected Annual Debt Service is the best estimate (as of June 21, 2012) of debt service payments for each fiscal year.

(2) Highest Annual Debt Service for the 10% Constitutional limit calculation is not limited to a single fiscal year. For example, the highest annual debt service for issued debt as of 6/30/2012 occurs in FY2013.

(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 6/21/2012.

Georgia State Financing and Investment Commission

Projected Debt Levels (Including GARVEEs) - Projected as of June 30, 2012 (000's omitted)

	FY 2012	FY2013	FY2014	FY2015	FY2016	Debt Plan Target
Debt at Beginning of Year (General Obligation, Guaranteed Revene, and GARVEE)	$ 10,283,115	$ 10,165,185	$ 10,602,855	$ 10,503,935	$ 10,370,665	
Remaining From Prior Years Issued	438,710	521,085				
New 5 Year Authorizations Issued	49,345	84,540	100,000	100,000	100,000	
New 10 Year Authorizations Issued	28,000	31,300				
New 20 Year Authorizations Issued	287,560	692,555	700,000	700,000	700,000	
New 20 Year Authorizations (Motor Fuel) Issued						
Total Issuances	$ 803,615	$ 1,329,480	$ 800,000	$ 800,000	$ 800,000	
GARVEE Issuances						
Refunding Debt	719,465					
Scheduled Retirements	(803,600)	(891,810)	(898,920)	(933,270)	(933,895)	
Early Retirements / Refundings	(837,410)	-	-	-	-	
Outstanding Debt at End of Year	$ 10,165,185	$ 10,602,855	$ 10,503,935	$ 10,370,665	$ 10,236,770	
Projected Annual Debt Service-Issued (1)	$ 1,357,076	$ 1,427,675	$ 1,444,132	$ 1,481,550	$ 1,483,072	
Highest Annual Debt Service-Unissued	52,573	-	-	-	-	
Total Projected Annual Debt Service (1)	$ 1,409,649	$ 1,427,675	$ 1,444,132	$ 1,481,550	$ 1,483,072	
Total Treasury Receipts (millions)	$ 18,338	$ 19,292	$ 19,772	$ 20,775	$ 21,822	
Estimated Federal Reimbursements (millions)	1,144	1,172	1,199	1,227	1,258	
Total Revenues (millions)	$ 19,482	$ 20,464	$ 20,971	$ 22,002	$ 23,080	
Population (millions)	9.856	9.985	10.156	10.359	10.553	
Personal Income (billions)	$ 357	$ 379	$ 403	$ 427	$ 451	
Property Valuation (billions)	$ 955	$ 986	$ 1,020	$ 1,057	$ 1,101	
Ratios for projected issued debt (based on Plan interest rate assumptions)						
Debt service to Prior Year Receipts Plus Federal Reimbursements	**7.5%**	**7.3%**	**7.1%**	**7.1%**	**6.7%**	**8.0%**
Debt service to Current Year Receipts Plus Federal Reimbursements	7.2%	7.0%	6.9%	6.7%	6.4%	n/a
Ratios for Outstanding Principal at the End of the Fiscal Year (Issued Debt Only)						
Debt to Personal Income	2.8%	2.8%	2.6%	2.4%	2.3%	3.5%
Debt per Capita	$1,031	$1,062	$1,034	$1,001	$970	$1,500
Debt to Estimated Actual Value	1.1%	1.1%	1.0%	1.0%	0.9%	n/a
Ratios for 10% Constitutional Limit (based on highest annual debt service for both issued and unissued debt) (2)						
Total HADS (without GARVEE issued/unissued)	$ 1,233,769	$ 1,315,465	$ 1,311,868	$ 1,353,362	$ 1,338,518	
GARVEE Debt:						
Highest Annual Debt Service - Issued	185,711	185,711	185,247	185,247	185,247	
Highest Annual Debt Service - Unissued						
Total Highest Annual Debt Service	$ 1,419,480	$ 1,501,176	$ 1,497,115	$ 1,538,610	$ 1,523,765	
Debt service to Prior Year Receipts	7.6%	7.7%	7.3%	7.3%	6.9%	

(1) Projected Annual Debt Service is the best estimate (as of June 21, 2012) of debt service payments for each fiscal year.

(2) Highest Annual Debt Service for the 10% Constitutional limit calculation is not limited to a single fiscal year. For example, the highest annual debt service for issued debt as of 6/30/2012 occurs in FY2013.

Appendix A

Various Debt Service Schedules

As of June 30, 2011

Georgia State Financing and Investment Commission

General Obligation Bonds
Debt Outstanding as of June 30, 2012

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$ 733,845,000	$ 393,349,931	1,127,194,931
2013	682,480,000	358,098,062	1,040,578,062
2014	674,350,000	324,702,316	999,052,316
2015	609,585,000	291,503,179	901,088,179
2016	581,185,000	262,873,562	844,058,562
2017	566,830,000	234,446,286	801,276,286
2018	551,935,000	207,971,398	759,906,399
2019	531,770,000	182,727,923	714,497,923
2020	516,555,000	158,102,578	674,657,578
2021	464,490,000	136,075,118	600,565,118
2022	440,520,000	115,639,518	556,159,518
2023	411,210,000	95,960,389	507,170,389
2024	370,250,000	77,181,469	447,431,469
2025	346,220,000	59,231,073	405,451,073
2026	351,760,000	43,583,932	395,343,932
2027	264,900,000	29,804,354	294,704,355
2028	223,195,000	18,852,117	242,047,117
2029	131,125,000	9,003,714	140,128,714
2030	82,310,000	3,929,426	86,239,426
2031	50,430,000	1,008,600	51,438,600
TOTAL	$8,584,945,000	$3,004,044,945	$11,588,989,945

Guaranteed Revenue Debt obligations, which are included as general obligation equivalent debt in the state debt ratios, are included in the table of debt outstanding of the State Road and Tollway Authority

Georgia Development Authority
Notes and Loans
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Projected Interest *	Projected Annual Debt Service*
2012	$3,474,502	$200,698	$3,675,200
2013	1,365,514	56,044	1,421,558
2014	50,000	2,052	52,052
	$4,890,016	$258,794	$5,148,810

*Several of the Georgia Development Authority's loans are variable rate based on 30-day LIBOR plus a spread—interest rates have been projected to increase 25 basis points per year throughout the remaining term of the loan.

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, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$2,785,000	$8,949,180	$11,734,180
2013	750,000	8,933,316	9,683,316
2014	21,395,000	8,925,441	30,320,441
2015	770,000	8,630,316	9,400,316
2016	24,165,000	8,614,146	32,779,146
2017	13,175,000	8,034,186	21,209,186
2018	835,000	7,672,279	8,507,279
2019	860,000	7,646,811	8,506,811
2020	895,000	7,617,786	8,512,786
2021	52,160,000	7,585,119	59,745,119
2022	970,000	5,498,719	6,468,719
2023	1,015,000	5,457,979	6,472,979
2024	1,060,000	5,413,573	6,473,573
2025	1,115,000	5,362,693	6,477,693
2026	1,170,000	5,309,173	6,479,173
2027	1,230,000	5,253,013	6,483,013
2028	1,295,000	5,189,975	6,484,975
2029	1,365,000	5,123,606	6,488,606
2030	1,440,000	5,053,650	6,493,650
2031	88,020,000	4,979,850	92,999,850
2032	1,600,000	468,825	2,068,825
2033	1,690,000	384,825	2,074,825
2034	1,780,000	296,100	2,076,100
2035	1,880,000	202,650	2,082,650
2036	1,980,000	103,950	2,083,950
	$225,400,000	$136,707,160	$ 362,107,160

Georgia Higher Education Facilities Authority

Revenue Bonds
Series 2008, 2009, and 2010
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$3,600,000	$15,131,044	$18,731,044
2013	3,935,000	15,017,594	18,952,594
2014	4,215,000	14,876,344	19,091,344
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
	$ 292,910,000	$ 295,385,231	$ 588,295,231

Georgia Housing Finance Authority

Mortgage Revenue Bonds
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$ 34,400,000	$ 37,180,393	$ 71,580,393
2013	21,710,000	36,149,066	57,859,066
2014	22,280,000	35,446,840	57,726,840
2015	19,785,000	34,724,676	54,509,676
2016	23,655,000	33,972,283	57,627,283
2017	32,420,000	32,966,939	65,386,939
2018	27,355,000	31,652,726	59,007,726
2019	29,320,000	30,423,261	59,743,261
2020	28,785,000	29,116,107	57,901,107
2021	31,525,000	27,757,057	59,282,057
2022	32,815,000	26,288,053	59,103,053
2023	30,380,000	24,740,332	55,120,332
2024	29,245,000	23,367,325	52,612,325
2025	31,850,000	21,992,108	53,842,108
2026	29,495,000	20,462,840	49,957,840
2027	29,790,000	19,058,831	48,848,831
2028	31,225,000	17,564,865	48,789,865
2029	32,850,000	16,001,720	48,851,720
2030	33,050,000	14,443,641	47,493,641
2031	34,215,000	12,901,850	47,116,850
2032	35,435,000	11,294,909	46,729,909
2033	36,380,000	9,628,245	46,008,245
2034	35,645,000	7,949,787	43,594,787
2035	34,090,000	6,356,541	40,446,541
2036	34,500,000	4,805,119	39,305,119
2037	31,180,000	3,221,373	34,401,373
2038	20,745,000	1,940,105	22,685,105
2039	14,255,000	1,218,280	15,473,280
2040	13,100,000	678,108	13,778,108
2041	7,225,000	270,703	7,495,703
2042	94,240,000	2,326,902	96,566,902
2043	260,000	8,498	268,498
Total	$943,205,000	$575,909,483	$1,519,114,483

Georgia Ports Authority
Revenue Bonds
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Projected Interest (1)	Projected Annual Debt Service (1)
2012	$16,560,000	$2,608,132	$19,168,132
2013	19,015,000	646,881	19,661,881
	$35,575,000	$3,255,013	$38,830,013

(1) The Georgia Ports Authority's bonds are variable rate. Debt service for fiscal years 2012-2013 is based on a maximum interest rate of 12%.

Georgia World Congress Center Authority

Revenue Bonds
Series 2000 (Georgia Dome)
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$ 9,795,000	$ 6,282,719	$ 16,077,719
2013	10,375,000	5,731,750	16,106,750
2014	11,010,000	5,140,375	16,150,375
2015	11,680,000	4,507,300	16,187,300
2016	12,395,000	3,835,700	16,230,700
2017	13,130,000	3,153,975	16,283,975
2018	13,900,000	2,431,825	16,331,825
2019	14,720,000	1,667,325	16,387,325
2020	15,595,000	867,725	16,462,725
	$112,600,000	$33,618,694	$146,218,694

Lake Lanier Islands Development Authority
Revenue Bonds and GEFA Loan
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012	$ 977,247	$ 937,969	$ 1,915,216
2013	1,149,642	985,785	2,135,427
2014	1,199,134	936,293	2,135,427
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
	$24,238,207	$9,421,515	$33,659,722

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

State Road and Tollway Authority
GARVEE Bonds Series 2006, 2008, and 2009
Guaranteed Revenue and Refunding Bonds, Series 2001, 2003, 2011A and 2011B
Toll Revenue Bonds, Series 1998 and 2010 (GA400)
Debt Outstanding as of June 30, 2011

Fiscal Year	Principal	Interest	Annual Debt Service
2012*	$ 166,235,000	$ 84,303,796	$ 250,538,796
2013	163,925,000	77,308,986	241,233,986
2014	166,420,000	69,737,164	236,157,164
2015	168,930,000	61,869,119	230,799,119
2016	192,095,000	53,894,571	245,989,571
2017	201,095,000	44,885,731	245,980,731
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	$1,777,780,000	$482,820,407	$2,260,600,407

*FY 2012 figures include $8,685,000 of principal and $195,412.50 of interest as final payment for the GA400 Guaranteed Refunding Revenue Bonds, Series 1998. Both of these amounts were set aside on December 1, 2010, in a special escrow account to defease this bond.