

## **A CALLED MEETING**

### **GEORGIA STATE FINANCING AND INVESTMENT COMMISSION**

**June 10, 2015**

The Georgia State Financing and Investment Commission held its Called Meeting in the Office of the Governor, Room Number 107 of the State Capitol, Atlanta, Georgia. The following members were present: Governor Nathan Deal, Chairman and Chief Executive Officer, presiding; Lieutenant Governor Casey Cagle, Vice Chairman; Speaker of the House David Ralston; Attorney General Sam Olens, State Treasurer Steve McCoy and Commissioner of Agriculture Gary W. Black. In addition to the above members, the following persons were present: Chief of Staff Chris Riley for the Office of the Governor; Teresa MacCartney, Chief Financial Officer for the Office for the Governor and Director of the Office of Planning and Budget; Ryan Teague of the Office of the Governor; Spiro Amburn, Chief of Staff for the Speaker of the House; Stephanie Beck of the Office of Planning and Budget; Melody DeBussey of the Senate Budget and Evaluation Office; Kevin Clark of the Georgia Environmental Finance Authority; Susan Ridley, Daryl Griswold and others of the Board of Regents of the University System of Georgia; David Clark of the Department of Natural Resources; Wright Banks and Alkesh Patel of the Attorney General's Office; Woody Vaughan, Heather Ellis and Earline Crooke of Holland and Knight LLP, Bond Counsel; David Amsden and Andrew Eagan of Kutak Rock, LLP, Disclosure Counsel; Jon Pannell and Jim Woodward of Gray Pannell and Woodward LLP, Co-Issuer's Counsel; Director Diana Pope, Lee McElhannon, Mary Garver and Kelly Zurbrugg of the Financing and Investment Division of the Commission; Marvin Woodward, Paul Melvin and April King of the Construction Division of the Commission; Steven L. Stancil, Construction Division Director and Executive Secretary of the Commission; and others.

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**CALL TO ORDER AND MINUTES OF PREVIOUS MEETING**

2. Chairman and Chief Executive Officer Governor Nathan Deal called the meeting to order at approximately 9:40 A.M. It was noted that a quorum was present. Each member present was provided with a Board Book, and copies of all documents had been placed on the Commission's eBoard system. The minutes of the previous Commission meeting held on February 25, 2015 were approved without reading; distribution of the minutes were provided to all members of the Commission prior to the current meeting. Lieutenant Governor Casey Cagle made a motion to approve the minutes and Speaker of the House David Ralston seconded the motion. A vote was taken and the motion passed unanimously.

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**REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION OF THE FINAL PRICING AND AWARD TO THE WINNING BIDDERS(S) AND AUTHORIZATION OF THE ISSUANCE OF THE 2015A, 2015B, and 2015C GENERAL OBLIGATION BONDS.**

3. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request on behalf of the Financing and Investment Division of the Georgia State Financing and Investment Commission to seek approval by resolution of the Final Pricing and Award to the winning bidders and Authorization of the Issuance of the 2015A, 2015B and 2015C General Obligation Bonds.

4. Ms. Pope shared that there were fairly large increases in rates last week due to the strength of the May employment report, but with over \$1.2 billion of bonds to be sold, Georgia had the attention of many. She was pleased to report that overall June 9th proved to be a good day for Georgia to be selling bonds, expressing that although it was a challenging market, the high grade quality of Georgia's general obligation bonds had the interest of investors. The State's triple-A ratings was affirmed by Fitch, Moody's, and Standard & Poor's, with a stable outlook, based on the State's conservative debt management, a proven willingness and ability to support fiscal balance and rebuild reserves, and a diversified economy. The aggregate true interest cost for the State's three series of bonds is 3.04%.

5. The board actions involved awarding the general obligation bonds to those underwriters that submitted the lowest true interest cost, or TIC bid, and adopting the bond resolutions for the issuance of the three series of bonds – the 2015A tax exempt series, the 2015B federally taxable series, and the 2015C refunding series. These bonds will provide funding for over \$1 billion in capital projects, and the refunding series will provide \$29 million in debt service savings.

Bids were received as reflected below:

Bidders	TIC Bids				
	2015A Tax-Exempt		2015B Taxable		2015C
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Refunding
Bank of America Merrill Lynch	1.826692%	<b>3.383212%</b>	2.639768%	4.177258%	1.047214%
Barclays Capital Inc.	1.837484%	3.400112%	2.609922%		1.046617%
Citigroup Global Markets Inc.	1.823969%	<b>3.383171%</b>	<b>2.480136%</b>	<b>4.163318%</b>	<b>1.022789%</b>
Goldman, Sachs & Co.	<b>1.818950%</b>	3.412639%	2.595220%		1.040029%
J.P. Morgan Securities LLC	1.849779%	3.383780%	<b>2.502134%</b>	4.244838%	<b>1.031844%</b>
Morgan Stanley & Co, LLC	<b>1.822474%</b>	3.398335%	2.540961%		1.054691%
Wells Fargo Bank, National Association	1.845700%	3.408745%	2.581481%	<b>4.111754%</b>	
	7 Bids	7 Bids	7 Bids	4 Bids	6 Bids
Winning Bidder	<b>Goldman</b>	<b>Citigroup</b>	<b>Citigroup</b>	<b>Wells Farg</b>	<b>Citigroup</b>
Winning Bid	1.818950%	3.383171%	2.480136%	4.111754%	1.022789%
Cover Bid	1.822474%	3.383212%	2.502134%	4.163318%	1.031844%
Difference	0.003524%	0.000041%	0.021998%	0.051564%	0.009055%

(items noted in red bold font represent the low, winning bids)

6. A list of projects funded with these bonds, the bid summaries for each series and the Preliminary Offering Statement are provided on the Commission's eBoard system.

7. A motion was made by Lieutenant Governor Casey Cagle to award the following: 2015A Tranche 1 bonds to Goldman Sachs; 2015A Tranche 2, 2015B Tranche 1, and 2015C Refunding bonds to Citigroup, and 2015B Tranche 2 bonds to Wells Fargo. The motion was seconded by Speaker of the House David Ralston and passed unanimously by all members present. To further authorize the issuance of \$560,525,000 2015A tax exempt bonds, \$447,830,000 2015B federally taxable bonds, and

\$275,985,000 2015C refunding bonds, a motion was made by Lieutenant Governor Casey Cagle to adopt the 2015A, 2015B, and 2015C Bond Resolutions. The motion was seconded by Speaker of the House David Ralston and passed unanimously by all members present.

*NOTE: The resolutions prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolutions and a copy of the documents referred to in the resolutions under the date of June 10, 2015 for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 06X10-1/15, 06X10-2/15, 06X10-3/15.*

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**REQUEST OF THE GEORGIA ENVIRONMENTAL FINANCE AUTHORITY SEEKING APPROVAL BY RESOLUTION OF THE FOLLOWING: (1) THE APPROVAL OF FISCAL YEAR 2016 CONTRACT VALUE AUTHORITY FOR ENERGY PERFORMANCE CONTRACTS; AND (2) THE APPROVAL TO ALLOW FOR ALTERNATIVE OPTIONS FOR FINANCING ENERGY PERFORMANCE CONTRACTS**

8. Chairman and Chief Executive Officer Governor Nathan Deal called on Executive Director Kevin Clark to present the request on behalf of the Georgia Environmental Finance Authority

9. Before an energy performance contract can be executed, the Commission must first approve the contract value authority representing the aggregate amount of energy performance projects that agencies can finance.

10. Mr. Clark asked the members for their approval of a resolution that set a total FY 2015 and FY2016 Multiyear Contract Value Authority to \$93,178,000.

11. Mr. Clark also asked the Commission for approval to allow for alternate financing options for energy performance contracts. This would give the program flexibility to respond to situations where firms selected to participate in the financing pool were not able to provide favorable financing for a particular project. Chairman and Chief Executive Officer Governor Nathan Deal asked how effective the program has been; Mr. Clark responded that they expect to achieve a minimum of 20% energy savings.

12. With no further discussion, a motion to approve the requests was made by Commissioner of Agriculture Gary W. Black, seconded by State Treasurer Steve McCoy and passed unanimously by all members present.

*NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 10, 2015, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 06X10-4/15.*

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**INFORMATION ITEM: PRESENTATION TO THE COMMISSION OF THE BOARD OF REGENTS' DEBT MANAGEMENT PLAN**

13. Chairman and Chief Executive Officer Governor Nathan Deal called Susan Ridley to present the request on behalf of the Board of Regents (BOR).

14. Ms. Ridley presented the Board of Regents' Debt Management Plan pointing out that BOR had \$3.3 million in lease revenue debt outstanding on June 30, 2015 which reflects BOR's successful financial close on its housing public private partnership initiative which resulted in the retirement of \$300 million of lease revenue debt. Lieutenant Governor Casey Cagle asked when BOR anticipated doing another P3 initiative and if GSFIC board approval is required. Ms. Ridley replied that BOR plans to launch procurement for Phase 2 this summer, anticipating to reach financial close this time next year, and that no approval from the GSFIC board is necessary. Lieutenant Governor Casey Cagle asked Ms. Ridley about the size of the Phase 2 and stated he would like to be briefed regarding this next phase. Ms. Ridley replied that BOR was currently in the midst of the sizing procurement process but anticipates it being higher than \$300 million.

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**REQUEST OF THE BOARD OF REGENTS SEEKING APPROVAL BY RESOLUTION OF FISCAL YEAR 2016 CONTRACT VALUE AUTHORITY FOR MULTIYEAR RENTAL AGREEMENTS**

15. Ms. Ridley asked the Commission for their approval of the resolution for Board of Regents' request for multiyear leasing contract value authority in the amount of \$150 million for fiscal year 2016, noting that the Georgia Tech High Performance Computing Center project constitutes the bulk of the request, and that rental payments for that project would begin in FY 2018. A motion was made by Lieutenant Governor Casey Cagle to approve the request from the Board of Regents; Speaker of the House David Ralston seconded the motion. A vote was taken and the motion passed unanimously.

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

16. Chairman and Chief Executive Officer Governor Nathan Deal called Diana Pope to present the request on behalf of the Governor's Office of Planning and Budget. Ms. Pope asked the Commission to turn their attention to the tab "Redirections" in their Board Books. She informed the Commission that there are three redirects requests requiring Commission approval.

17. Ms. Pope introduced the first redirect request for the Georgia Building Authority. She explained that a \$15 million authorization was sold in June 2013 in the 2013D bond issue and applied to project GBA-179 for the purchase and renovation of the Reserve Command Building at Ft. McPherson for relocation of DPS and GEMA, and a \$4 million authorization was requested by GBA to be sold in the June 2015 sale in the 2015A bond issue. The State is no longer in negotiations for the purchase of the Ft. McPherson property, and funds are needed for the renovation of current DPS and GEMA headquarters at Confederate Avenue. Attorney General Olens expressed concern that the State should give consideration to using resources like these to strengthen the federal installations in the State including Dobbins Air Force Base and that this action may make it difficult to find partners potentially to assist the State in the future.

18. Several of the board members discussed this concern and were assured that due diligence was taken in this decision particularly with respect to evaluating the merits of renovating existing facilities versus other potential locations.

19. Diana Pope continued with the second redirection request, which is for the Soil and Water Conservation Commission (SWCC). She said that \$3,000,000 was authorized in FY 2016 to fund rehabilitation of flood structures in Harris County; the funding was included in the June 2015 bond sale in the 2015A bond issue. There is an opportunity to leverage federal funds with the Natural Resources

Conservation Service to address structural deficiencies that have occurred with Sallacoa Watershed Dam 77 in Gordon County. The redirection request is for \$650,000 to provide the 35% state match.

20. Diana Pope continued with the third redirection request for the Department of Natural Resources (DNR). In FY2016 DNR was authorized \$5 million for the purchase of a helicopter; this authorization was sold in the June 2015 sale in the 2015A bond issue. DNR plans to trade in an older helicopter and use those funds towards the purchase of the new aircraft, reducing the amount needed from the FY2016 authorization. The request is to redirect \$525,000 to be applied towards a study to determine design alternatives to eliminate the adverse environmental and fisheries impacts from the Noyes Cut Canal.

21. With no further discussion, a motion to approve the three redirect requests was made by Lieutenant Governor Casey Cagle, seconded by State Treasurer Steve McCoy and passed unanimously by all members present; the Commission adopted the following resolution in regards to the approval of these redirections for the Georgia Building Authority, Soil and Water Conservation Commission and the Department of Natural Resources.

*NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in this resolution under the date of June 10, 2015, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 06X10-6/15.*

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**RESOLUTION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION  
APPROVING THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE GEORGIA  
STATE FINANCING AND INVESTMENT COMMISSION AND THE OFFICE OF THE STATE  
TREASURER FOR INVESTMENT OF THE GSFIC BOND PROCEEDS PORTFOLIOS**

22. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request. Since 2002, the State Treasurer's office (OST) has helped manage the investment of the Commission's bond proceeds portfolio. Ms. Pope asked the Commission to approve the renewal of the contract for fiscal year 2016 and allow for the renewal of two additional annual terms.

23. With no further discussion, a motion to approve the Intergovernmental Agreement between GSFIC and OST was made by Lieutenant Governor Casey Cagle, seconded by Agriculture Commissioner Gary Black and passed unanimously by all members present.

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**REQUEST OF THE FINANCING AND INVESTMENT DIVISION TO APPROVE THE ENGAGEMENT OF PROFESSIONAL SERVICES FOR PURPOSES OF ADMINISTRATION OF THE SPECIAL DISTRICT TRANSPORTATION SALES AND USE TAX PROGRAM**

24. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request.

25. Ms. Pope said that when the TSPLOST was approved by the three districts GSFIC was given the responsibility to manage the administration of this program and this resolution allows GSFIC to renew the contracts for those services while this program is effect without having to come back to the Commission each time these contracts come due.

26. With no further discussion, a motion to approve the resolution was made by Speaker Ralston, seconded by Commissioner Gary Black and passed unanimously by all members present.

*NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 10, 2015, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 06X10-8/15.*

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**REQUEST OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION SEEKING APPROVAL BY RESOLUTION TO APPROVE THE COMMISSION'S FISCAL YEAR 2016 ANNUAL OPERATING BUDGET.**

27. Chairman and Chief Executive Officer Governor Nathan Deal called on April King. Ms. King informed the members that the Georgia State Financing and Investment Commission is seeking approval by resolution of the proposed Fiscal Year 2016 Annual Operating Budget; a summary is located

in the Board Books.

28. The Fiscal Year 2016 budget is approximately \$17,500,000 which reflects a budget increase of \$362,000 representing statewide adjustments to fund employer contributions for retirement increases and to fund the 1% merit increase.

29. With no further discussion, a motion to approve the fiscal year 2016 budget was made by Agriculture Commissioner Gary Black and seconded by State Treasurer Steve McCoy and passed unanimously by all members present; the Commission adopted the following resolution in regards to the Commission's Fiscal Year 2016 Annual Operating Budget.

*NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 10, 2015, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X10-9/15.*

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**REQUEST OF THE FINANCING AND INVESTMENT DIVISION OF THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION'S FISCAL YEAR 2016 ANNUAL OPERATING BUDGET FOR THE MANAGEMENT OF THE SPECIAL DISTRICT TRANSPORTATION SALES AND USE TAX ("TIA") PROGRAM.**

30. Chairman and Chief Executive Officer Governor Nathan Deal called on Diana Pope to present the request.

31. Ms. Pope informed the Commission that a summary of the Operating Budget for the TIA Program for FY 2016 can be found in the board book. The fiscal year 2016 budget request is flat to the prior year's budget.

32. With no further discussion, a motion was made by Lieutenant Governor Casey Cagle and was seconded Agriculture Commissioner Gary Black and passed unanimously by all members present. The Commission adopted the following resolution in regards to the Georgia State Financing and Investment Commission TIA Budget.

*NOTE: The resolution prepared by Counsel is incorporated herein by reference and made a part hereof. A copy of the resolution and a copy of the documents referred to in the resolution under the date of June 10, 2015, for the purpose of identification and have been filed in the Official Documents Register under File No. ODR 6X10-10/15.*

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

33. Chairman and Chief Executive Officer Governor Nathan Deal asked Mr. Marvin Woodward to present the power point of selected GSFIC-managed projects.

34. Mr. Woodward began with a breakdown of the State's customers stating that the Technical College System of the Georgia and Board of Regents are its largest customers. Currently there are 112 projects on the books, representing various stages of design, construction or closeout.

35. The presentation highlighted construction projects throughout the State. A copy of the presentation is provided on the Commission's eBoard system.

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**NEW BUSINESS**

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

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**ADJOURNMENT**

37. With no further business and upon a motion made by Speaker David Ralston, seconded by Agriculture Commissioner Gary Black, and unanimously adopted, the Chairman and Chief Executive Officer declared the meeting adjourned at approximately 10:15 A.M.



STEVEN L. STANCIL, EXECUTIVE SECRETARY



GOVERNOR