



# FISCAL YEAR 2011 ANNUAL REPORT



**GEORGIA STATE FINANCING  
AND INVESTMENT COMMISSION**



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*GSFIC team members, from left, Regional Quality Assurance Manager Rick Dockrey, Senior Contract Compliance Specialist Charles Abney and Project Manager Wes Berry review plans at Kennesaw State University.*

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## COMMISSION MEMBERS

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**CASEY CAGLE**

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Secretary and Treasurer

**DAVID RALSTON**

Speaker of the House of Representatives

**SAMUEL S. OLENS**

Attorney General

**GARY W. BLACK**

Commissioner, Department of Agriculture

**THOMAS D. HILLS**

State Treasurer

**STEVE STANCIL**

Director, Construction Division  
Executive Secretary

**SUSAN H. RIDLEY**

Director, Financing and Investment Division

## INTRODUCTION

The Georgia State Financing and Investment Commission (GSFIC), created by Constitutional Amendment in 1972, is responsible for the proper application of proceeds from general obligation debt and the issuance of all public debt by the State. No agency or authority can incur debt or employ other financial or investment advisory counsel without Commission approval. The Commission consists of the Financing and Investment Division and the Construction Division.

The Financing and Investment Division is responsible for the issuance of general obligation bonds, the review of state authority debt financing, and the investment and accounting of all general obligation bond proceeds. Investment earnings support the operations of the Commission and enable the Division to retire state debt prior to maturity. The Division also prepares the State's Debt Management Plan and monitors agency expenditures of bond proceeds for compliance with federal tax regulations. In 2006, the legislature created the Georgia Higher Education Facilities Authority (GHEFA). GHEFA is attached to GSFIC for administration purposes and staffed by the Financing and Investment Division.

The Construction Division provides all of the support services for the Commission and is responsible for disbursing bond proceeds and for managing capital outlay projects funded, all or in part, with bond proceeds.

The Construction Division also provides the following services for State Agencies:

- ADA Compliance Assistance
- Procurement Services
- Construction Services

## MISSION, VISION & CORE VALUES

The Georgia State Financing and Investment Commission core values are dedicated to continuous quality improvement in all of its activities. The GSFIC staff reviewed its Mission and Value Statements in FY2011 and has adopted the following:

### MISSION

Building Georgia's future by providing financial and construction management with the highest level of customer service, integrity, fairness and efficiency.

### VISION

To be the State's premier resource for financial and construction management services.

### CORE VALUES

- Excellence
- Leadership
- Fairness
- Stewardship

# YEAR-IN-REVIEW

Core functions of the Georgia State Financing and Investment Commission include the issuance and management of state general obligation debt and state authority debt, and providing construction management services for capital improvement projects.

## FINANCING AND INVESTMENT DIVISION

GSFIC, on behalf of the State of Georgia, issued general obligation bonds totaling \$653,925,000 during FY2011. Nearly \$835 million in revenue bonds were approved by GSFIC and issued by state authorities.

Georgia earned AAA credit ratings on its general obligation debt from Moody's, Standard & Poor's and Fitch, as it has every year since 1997. Georgia is one of only eight states with the coveted AAA rating from the three major credit rating agencies - the others are Delaware, Iowa, Maryland, Missouri, North Carolina, Utah, and Virginia. The AAA ratings result in lower interest rates for the state and savings to the taxpayers. The State's debt management plan, developed and executed by GSFIC, is a critical component of demonstrating Georgia's conservative fiscal management to the investment community.

A major accomplishment for Financing and Investment Division staff during FY2011 was assisting the

*Georgia earned AAA credit ratings from Moody's, Standard & Poor's, and Fitch, as it has every year since 1997.*

State Road and Tollway Authority (SRTA) in developing a bond issue to refund substantial portions of the SRTA's outstanding Series 2001 and Series 2003 Guaranteed Revenue Bonds. In March 2011, the

Commission approved the issuance of \$344,420,000 State Road and Tollway Authority State of Georgia (Full Faith and Credit) Guaranteed Revenue Refunding Bonds. The refunding bonds will provide debt service savings of \$34,591,019 in FY2011 through FY2020 by lowering the debt service payments from the original debt service schedule of the refunded bonds; present value savings relative to the par amount of the refunded bonds was 8.68 percent. The refunding bonds, with a weighted average life of seven years, were sold via competitive sale; eight bids were received and the winning bid was a true interest cost of 2.57 percent.

## CONSTRUCTION DIVISION

### Technology Highlights

GSFIC's team of information technology specialists and construction professionals is dedicated to leveraging today's technology to improve the state's construction program. A number of new initiatives were researched and launched during FY2011, all with the goal of improving GSFIC's procedures and processes with the end result enhancing the agency's ability to manage the state's construction projects.

### Internet Billing System

In FY2011, GSFIC began using an internet-based billing system known as GCPay to replace paper-based methods used to review, approve and process construction applications for payments and change orders. The GCPay system allows project teams with multiple approvers throughout the state to exchange construction project information electronically, eliminating paper and reducing postage and delivery time for the approval and billing process. The system allows GSFIC to streamline and reduce processing times while ensuring the accuracy and integrity of the information received.

Currently, 21 projects valued in excess of \$180 million are utilizing the GCPay system. Forty design and construction professional firms have been trained by GSFIC and are actively using the system.

The average payment application processing time was reduced from 20 to 16 days and the change order execution processing time from 45 to 10 days - both exceeding the target goals. Consistency in the management of GSFIC projects and processes has increased. In a customer satisfaction survey sent to all industry partners utilizing GCPay, the responses regarding the training and support, features and operations, benefits and overall impression of the system were consistently ranked in the "satisfied" and "very satisfied" categories.

Training for all new project teams and further enhancements of the system's functionality continues, including development of modules for the design professional and testing/inspection consultants' invoicing.

**Building Information Modeling**

GSFIC’s construction division identified Building Information Modeling (BIM) as an emerging technology that can improve the construction process from early design work through facility operations.

BIM covers geometry, spatial relationships, light analysis, geographic information, quantities and properties of building components and can be used to demonstrate the entire building life cycle. The three-dimensional technology provides the potential for a virtual information model to be handed from the design team to the contractor and subcontractors and, at the end of the project, to the owner. The result greatly reduces the information loss that occurs when a new team takes “ownership” of the project, as well as delivering extensive information to owners of complex structures.

While the technology is still relatively new and the computer requirements to run the software very demanding, GSFIC is preparing itself for this next generation in construction management. BIM Guidelines were published in FY2011 and a pilot project to be managed with BIM was selected. The classroom building at Southern Crescent Technical College in McDonough is being designed by Lord, Aeck and Sargent, a design firm with experience in building modeling.

GSFIC will focus first on the architectural and structural elements of design and construction and then phase in mechanical, electrical and plumbing elements.

**Phone Technology**

A team of 28 Contract Compliance Specialists (CCSs) are on job sites throughout Georgia everyday, working with contractors, designers and project managers. It is the responsibility of the CCS to ensure the project meets all specifications and stays on schedule and within budget. To assist this important GSFIC team, all CCSs have been equipped with ‘virtual offices,’ including cell phones, laptops, printers and digital cameras. Remote access allows the CCS to retrieve information from the GSFIC database, project updates and reports.

In FY2011, after surveying members of the field staff, GSFIC changed phone services and upgraded devices from cell phones to smart phones. The smart phones have enabled field staff, as well as project managers, to review emails, view technical attachments, photograph and video project progress, as well as utilize the internet for research. Additionally, the GPS functionality of these phones is a valuable tool for traveling staff.

In order to offset the cost of this initiative, project management staff went from two devices (desk phone and cell phone) to the single smart phone. Additional savings are realized by the elimination of a separate camera, which is required by the specialists for project documentation.

**Electronic Payment Program**

As part of its financial initiatives for the year, GSFIC continued to increase participation of construction vendors - both private contractors and public systems receiving reimbursement - in its electronic payment program. GSFIC established a strategic goal for FY2011 to have at least 40 private contractors receiving payment through Automated Clearinghouse (ACH), an electronic network for paperless financial transactions. ACH transfer is less costly to process than paper check, and ensures more timely payment as well. At year’s end, 44 contractors were receiving ACH payment and more than 175 customers had enrolled in ACH, up 22 percent over the previous year. (See table below)

**Expanded Vision**

Over the past several years, GSFIC has been moving from a paper to a digital environment. GSFIC staff are required to review documents that can exceed 200 pages and to manage construction pay applications, change orders and reports, as well as review full-sized drawings that are 36 inches by 24 inches when printed. As technology for computer monitors improved and the increased requirement to utilize computers during the review process is greater now than ever, GSFIC determined that larger screens would reduce the need to print these files for review and would improve staff productivity.

**AUTOMATED CLEARINGHOUSE**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>% CHANGE</b>
Total Vendors Enrolled in ACH	147	180	22%
Checks Processed	1719	1402	-18%
ACH Processed	958	1495	56%
<b>Total Amount Paid</b>	<b>\$ 838,126,761</b>	<b>\$ 939,193,432</b>	<b>12%</b>

GSFIC invested in 27-inch monitors for the project management staff and 42-inch touch screen monitors for the design review staff. Now project managers are able to open and clearly view multiple documents on the screen. This has reduced the need to print documents, improved the speed of reviews and reduced eye fatigue. To help design reviewers more easily access their oversized drawings, the touch monitors enable them to view the full sized drawings without running a print set. Also, with the touch functionality, the reviewer can move around in the file as well as mark the document up for review commentary.

**FINANCIAL UPDATE**

In an effort to ensure more timely spend down of construction funds, GSFIC’s accounting division revised its policy for reimbursing agency managed projects. The policy establishes a time frame for submission of reimbursement requests.

GSFIC receives an audit of its operating and construction funds each fiscal year. For FY2010, GSFIC’s auditors issued their unqualified opinion on the financial statements. This means the financial statements were presented fairly, in all material respects, and did not contain any deficiencies in internal controls or compliance matters.

**CONTRACT STANDARDIZATION**

In response to construction industry requests, GSFIC is working with the Board of Regents to develop standard form contracts to be used by both agencies. GSFIC and the Board of Regents procure and manage the bulk of Georgia state-funded construction projects. Differences in standard contract terms between the two agencies have caused confusion for industry partners. GSFIC and the Board of Regents have developed, and are using, a common Design Professional Contract for use with the CM/GC Delivery Method. GSFIC has developed a draft standardized Design Professional Contract for use with the Design-Bid-Build Delivery

Method. Once approved by the Board of Regents, that standard contract will be utilized by both agencies. The next contract to be standardized is the Construction Contract for the Design-Bid-Build Delivery Method. To further reinforce the cooperative effort to standardize contracts, GSFIC and the Board of Regents created a Contracts Alliance Committee to focus on improving form contracts. The Contracts Alliance Committee is chaired by representatives from BOR and GSFIC and consists of members from the construction, architecture and engineering fields. The Contracts Alliance Committee will advise GSFIC and BOR on contract matters to ensure that contracts fairly meet the needs of both the

owner and the industry. The Contracts Alliance Committee also will work closely with the State Construction Manual Editorial Review Board to suggest revisions and updates to the State Construction Manual.

**DAVIS BACON COMPLIANCE**

Several GSFIC-managed projects received federal funding in FY2011, resulting in a requirement to comply with the Davis Bacon regulations. The federal compliance requires all tradesmen on a construction job to be paid prevailing wage rates issued by the Department of Labor. GSFIC is utilizing a web-based Labor Compliance Management (LCM) function designed to streamline the reporting and

monitoring process of state and federal prevailing-wage laws, including the Davis Bacon Act. The LCM functionality collects electronic certified payroll data and automatically verifies it against applicable prevailing wage rates. The unique feature of the LCM functionality enables it to collect certified payroll data directly from the output file from a contractor’s payroll system. It also provides web-based reporting forms for those contractors who currently may not use an electronic payroll system in-house. This software helps GSFIC ensure contractors are compliant with Davis Bacon regulations and funding is not jeopardized.



*Athens Technical College’s Elbert County Campus*

## HUMAN RESOURCES

### Career Management Institute

The Human Resources division completed Phase III of the Career Management Institute, resulting in the selection of a Learning Management System (LMS). This software is an application for the administration, documentation, tracking and reporting of training programs, including classroom training, external events and e-learning programs. The LMS allows GSFIC to centralize and automate administration of training, identify career paths for each position at GSFIC, and allows employees to use self-service and self-guided services. Implementation of CMI is slated for FY2012.

### Leadership Training Roll-out

Human Resources implemented a Leadership Training initiative in FY2011. In conjunction with the graduation of six GSFIC managers from the State of Georgia Leadership Boot Camp, a monthly Leadership Curriculum was implemented. Topics covered included "Documentation for Performance Issues," "Positive Feedback and Documentation," "Difficult Discussions: Providing Feedback for Improvement," "Painless Performance Management" and "Developing and Setting Effective Performance Goals." All supervisors participated in the program, which continues next year.

### Employee Development

Education and growth for staff included the accomplishment of nationally recognized certifications. Eight members of Project Management earned the Project Management Institute's (PMI) Project Management Professional accreditation and one member of Human Resources earned both the Professional in Human Resources and the Senior Professional in Human Resources certifications.

### Project Recognition

While many employees were recognized for their accomplishments, so were several GSFIC-managed projects.

Three construction projects were recognized "Best of 2010" winners by Southeast Construction magazine. Receiving top honors in the category of Best Higher Education/Research Building was Georgia State University's Parker H. Petit Science Center. Receiving an Award of Excellence in the same category was Kennesaw State University Health Sciences Building. Georgia Military

College Prep School in Milledgeville also received the Award of Excellence in the category of Secondary Education.

The Petit Science Building also received the 2011 Build Georgia Award, given by the Georgia Branch of Associated General Contractors of America for outstanding performance on one of Georgia's most remarkable construction projects.

The Kennesaw State University Health Sciences Building also received the Award for Outstanding Achievement from the Georgia Chapter of the American Concrete Institute and the Project Achievement Award and Best Project Overall Winner Award from the Construction Managers Association of America.

Georgia Military College Prep School received the Project Achievement Award from the Construction Managers Association of America.

The Southern Polytechnic State University Design Studio II received the Gold Award for Design Excellence by the Brick Industry Association and the Engineering Technology Center received an Award of Excellence from the Georgia Chapter of the American Concrete Institute.

The Georgia Gwinnett College Library received the Honors Award from the Construction Managers Association of America.

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### Customer Service

Exceeding customer expectations when it comes to customer service remains a top priority for GSFIC. During FY2011, the Customer Service Committee launched a new initiative – the "E" Award for Excellence in Exceeding Expectations. The committee sponsors quarterly meetings for the entire staff, including those working in the field. The meetings include training opportunities for staff as well as an awards ceremony. Staff members and teams can be nominated by anyone in the organization. Recipients, selected by executive committee, are recognized for outstanding customer service to both internal and external customers.

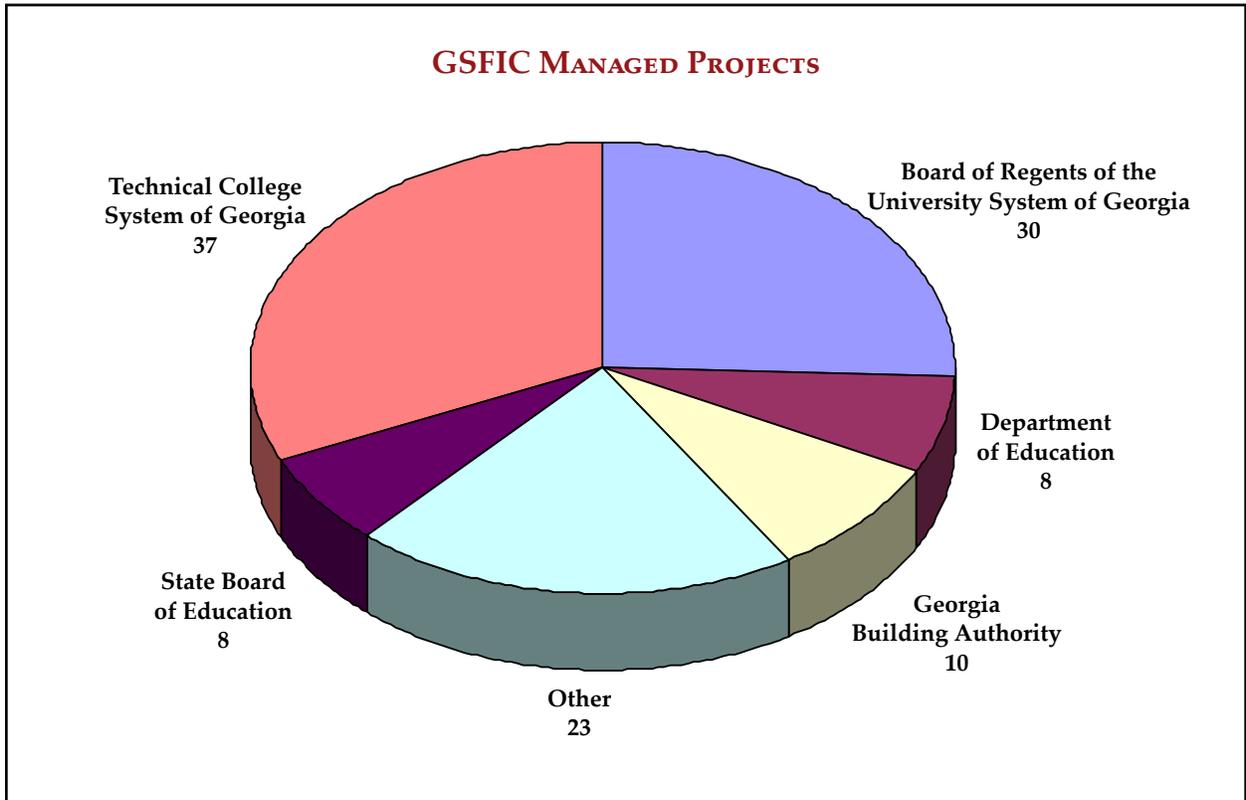
The committee also assisted with several employee engagement projects, including Employee Appreciation Week, the "12 Days of GSFIC" holiday celebration and an "Adopt-a-Family" gift and clothing drive during the holiday season.

*Three construction projects were recognized "Best of 2010" winners by Southeast Construction magazine.*

# CONSTRUCTION DIVISION FY 2011 PROJECT OVERVIEW

DELIVERY METHOD	No. PROJECTS	DESIGN CONTRACT	CONSTRUCTION CONTRACT	TOTAL BUDGET
CM/GC	41	\$ 70,580,041.28	\$ 588,605,676.58	\$ 889,640,991.83
Design-Bid-Build	71	29,320,335.60	203,585,457.72	351,231,112.21
Design-Build	4	1,469,722.54	17,969,158.39	29,578,800.33
<b>Project Totals</b>	<b>116</b>	<b>\$ 101,370,099.42</b>	<b>\$ 810,160,292.69</b>	<b>\$ 1,270,450,904.37</b>

PROJECT PHASE	No. PROJECTS
Planning, Programming, Pre-Design	14
Design	24
Construction	25
Close-out	54
<b>Project Phase Total</b>	<b>116</b>



October 2011

# GSFIC MANAGED CONSTRUCTION PROJECTS COMPLETED IN FY 2011

The Construction Division completed 36 projects in FY2011, including a state-of-the-art allied health building, classrooms and auditoriums, training facilities, public libraries, college libraries and livestock facilities. The total budget for these 36 completed projects was nearly \$500 million.

PROJECT	DESCRIPTION	SIZE	COST
J-050 Undergraduate Learning Center Georgia Tech Board of Regents	Clough Commons is a student-oriented facility outside the traditional classroom where students can take advantage of hands-on, collaborative, and technologically enhanced teaching and learning opportunities.	220,000 sq ft	\$85.327M
J-117 Classroom Building Whitfield Academy Board of Regents	Educational building that houses classrooms, laboratory space and faculty offices.	18,350 sq ft	\$4.200M
DTAE-210 Industrial Training Building Southern Crescent Technical College System of Georgia (TCSG)	Industrial Training facility for the Flint River campus of Southern Crescent Technical College housing programs in automotive, electronics and HVAC technologies.	31,702 sq ft	\$6.288M
J-135 Alpharetta Academic Facility Georgia State University Georgia Perimeter College Board of Regents	Academic building with classrooms, instructional labs, offices and library space.	44,989 sq ft	\$12.700M
J-131 Library Georgia Gwinnett College Board of Regents	Library and Learning Center with a capacity for 300,000 volumes. The facility houses the Academic Enhancement Center, the Heritage Lecture Room and Center for Teaching Excellence.	90,883 sq ft	\$28.450M
GPSTC-006 Burn Building Georgia Public Safety Training Center	State of the art Burn Building for public safety training classes, including structural fire control, smoke diver, interior search and rescue and basic firefighter.	4600 sq ft	\$1.240M
DTAE-144 Allied Health Building Atlanta Technical College TCSG	Allied Health Building with classrooms and supporting ancillary spaces.	70,341 sq ft	\$15.539M
J-133 Engineering Technology Center Southern Polytechnic State Univ. Board of Regents	The center is home to both the engineering and architectural programs at the university.	137,121 sq ft	\$39.995M
GAE-015 Livestock and Equine Facility Georgia Fairgrounds Georgia Agricultural Exposition Authority	Expansion of the existing livestock and equine facility to include a security office building, security booth, ticket booth, restroom building, conditioned arena, practice ring and covered walkway.	n/a	\$8.720M
DTAE-204 Canton Campus Building Chattahoochee Technical College TCSG	The new campus offers courses in adult education, medical assisting, respiratory technician training, marketing, business and machine tool technology.	62,838 sq ft	\$14.495M

**GEORGIA STATE FINANCING & INVESTMENT COMMISSION**

<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>SIZE</b>	<b>COST</b>
DTAE-213A Career Academy West Central Technical College TCSG	Construction of a Career Academy addition and modification.	8085 sq ft	\$1.110M
GDC-082 Headquarters Campus Department of Corrections	Renovation of the historic Tift College Campus to serve as headquarters for the Department of Corrections.	254,000 sq ft	\$46.300M
TCSG-234 Industrial Technology Building Athens Technical College TCSG	Classrooms and lab spaces for existing and new technical and industrial programs of study, including commercial truck driving, electrical construction, maintenance and industrial systems technology.	26,500 sq ft	\$4.395M
GBA-173 Parking Deck Renovations Georgia Building Authority	Structural repairs and to 90 Central Parking Deck, which extends its useful life by approximately 20 years.	n/a	\$2.870M
J-139 Nursing/Health Building Gordon College Board of Regents	Nursing and Allied Health Sciences Building is designed to function much like a teaching hospital.	55,000 sq ft	\$14.460M
DTAE-205 Academic Building Albany Technical College TCSG	The new Logistics Education Center includes classrooms for distribution and materials management training as well as a state-of-the-art culinary arts lab, student center and library.	41,878 sq ft	\$7.595M
DOL-021 Career Center Roosevelt Warm Springs Inst. Department of Labor	New Career Center and renovation of Georgia Hall in Warm Springs.	5853 sq ft	\$1.198M
TCSG-231 Library Renovation Atlanta Technical College TCSG	Renovation of the Atlanta Building, formerly the Georgia Public Broadcasting Television Building, to expand library facilities.	56,090 sq ft	\$4.469M
TCSG-237 Automotive Technology Building Southern Technical College TCSG	Automotive Technology Center and a career academy for four local boards of education. The career academy learning spaces consist of classrooms, offices and labs for cosmetology, IT, welding and health sciences.	35,200 sq ft	\$6.778M
J-153 Library Renovation University of West Georgia Board of Regents	The renovation of the historic Ingram Library is a tribute to late Speaker of the House Tom Murphy. On the ground floor, the renovation includes a re-creation of Speaker Murphy's House office and interpretive exhibits.	101,500 sq ft	\$8.187M
GBA-171 Energy Conservation Capitol Hill Georgia Building Authority	Installation of occupancy sensors, light fixtures, re-lamping, installation of variable frequency drives, domestic water decentralization, optimization and re-commissioning and chiller plant improvements.	n/a	\$5.400M
DTAE-111 Classroom Building Northwestern Technical College TCSG	Classroom and lab space for new and existing programs, as well as a large multi-purpose conference facility for industry-related training classes.	46,300 sq ft	\$11.679M
GDA-025 Fuel Oil Laboratory Tifton Department of Agriculture	Renovation of and addition to the existing Agricultural Laboratories facility. The addition houses a seed lab, new chemistry labs, disaster recovery/business continuity/IT, common spaces and multi-purpose areas.	78,439 sq ft	\$23.600M

**GEORGIA STATE FINANCING & INVESTMENT COMMISSION**

<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>SIZE</b>	<b>COST</b>
DOL-019 Residence Hall and Training Ctr. Warm Springs Vocational Rehabilitation Unit Department of Labor	Living and learning center that features 175 beds and 15,000 square feet of area of learning and support spaces.	72,760 sq ft	\$20.568M
J-143 Health Sciences Building Coastal College of Georgia Board of Regents	Three-story health science building housing the nursing program.	48,408 sq ft	\$15.800M
DTAE-223A Student Enrichment Center Savannah Technical College TCSG	Single-story academic center including classroom and administrative support space.	16,007 sq ft	\$3.405M
DTAE-201 Health Sciences Center Columbus Technical College TCSG	Located next to the existing school campus, the new building houses classrooms, laboratories and administrative facilities.	78,263 sq ft	\$22.700M
J-126 Health Sciences Complex Kennesaw State University Board of Regents	The WellStar Health Science Building houses the nursing education program, labs, classrooms and an auditorium.	196,000 sq ft	\$55.600M
DHR-139 Emergency Operations Center Department of Human Resources	Provide emergency power and HVAC for emergency generator for the DHR headquarters in Atlanta.	588 sq ft	\$568K
DTAE-149 Educational Facility Augusta Technical College TCSG	Classrooms, technical teaching labs and administrative space at the Columbia County Center.	26,665 sq ft	\$5.500M
GPL-034 Library Jeff Davis County Georgia Public Library	Single-story library.	9695 sq ft	\$1.345M
DTAE-143 Crisp Co. Campus Expansion TCSG	New wing with Quick Start labs, classrooms and a culinary arts facility.	23,915 sq ft	\$4.376M
SBE-015 Renovations Georgia Academy for the Blind Department of Education	Replacement of campus fire alarm systems, installation of a campus wide communications loop and improvements to cottages and the Hendricks educational building.	n \ a	\$1.852M
SBE-012C Mechanical Renovations School for the Deaf Department of Education	Replace fan coil units and kitchen exhaust fans.	n \ a	\$744K
SBE-020A Roofing Georgia School for the Deaf Department of Education	Re-roof three buildings at the Cave Spring campus.	n \ a	\$1.560M
GAE-15A/16A Storm Drainage Georgia Fairgrounds Georgia Agricultural Exposition Authority	Improvements to stormwater drainage and the facility retention pond.	n \ a	\$228K

## ARRA STIMULUS PROJECTS

A special task group within the GSFIC Construction Services Division was created to provide project administration services for over 50 energy efficiency projects in the State Facilities Retrofit Program. The Georgia Environmental Finance Authority (GEFA) received more than \$63 million in federal grants for the program. GSFIC's ARRA Project Management team is managing projects valued at more than \$36.4 million for 15 different state agencies. The remaining 50 projects are assigned to the Board of Regents (BOR).

The energy efficiency projects for state facilities include lighting system retrofits, HVAC system upgrades, replacement of inefficient chillers and boilers, advanced control systems, utility sub-metering and building retro-commissioning (a form of "tune up" of older systems). These projects, along with the BOR projects, are estimated to save the state approximately \$15.1 million a year in avoided energy costs, resulting in a projected four-year payback on the investment. The projects represent an energy savings of 976,692 million BTUs, which is equivalent to the amount of energy consumed by approximately 4,544 housing units in one year.

GSFIC assigned the team of project managers to the special task force in FY2010. The projects were programmed, designed and construction/installation contracts awarded during FY2011. A number of the projects are retro-commissioning studies, which require identification of still further energy projects to construct after the studies conclude. Work is being performed at over 200 individual facility sites across the state.

All construction and installation work is scheduled to be completed by December 31, 2011. Following construction and installation, there will be a brief period of measurement and verification to document the performance.



Energy conservation project for the Georgia Ports Authority

Some of the more challenging projects in this program include:

- An \$8 million project for Georgia Department of Corrections (DOC) requires installation of utility metering at all state prisons. The information is then communicated back to an Energy Management System at DOC's Headquarters in Forsyth, Ga. The metering project is designed to provide valuable data to DOC to identify future energy projects and to better manage energy budgets.
- Chiller Optimization Projects for the Georgia Building Authority and the Georgia Bureau of Investigation involve installation of sensors, valves and other devices in the HVAC systems to then read back to a computer program to increase energy efficiency of the chillers.
- A \$2.5 million project for the Georgia World Congress Center Authority includes retrofitting the main exhibition hall lighting and providing enhanced control systems.
- A \$1.5 million project for the Georgia Ports Authority will improve its lighting and control systems.
- The Department of Natural Resources received \$1.3 million for weatherization and energy improvements to state parks and recreational sites.
- \$2.8 million was awarded to the Georgia Building Authority for lighting retro-fit projects.

There are numerous smaller lighting retro-fit and retro-commissioning projects at facilities for Department of Juvenile Justice, Technical College System of Georgia, and other state agencies.

The GSFIC ARRA Project Team is proud of its accomplishments, including meeting stringent Federal and State requirements and constant monitoring and review by Federal inspectors. A report by the Federal Department of Energy Inspector in May reported:

*"The Grantee has implemented an exceptional project management structure for the projects under the State Facilities Retrofit market title. It was explained during the meeting with officials that a full-fledged construction project management methodology is being implemented along with a rigorous project inspection regime. This serves as a model of how to implement major retrofit projects." - Jose Benitez, U.S. Department of Energy*

The GSFIC interagency agreement with GEFA for project administration of these grants will conclude on March 31, 2012.

## HISTORIC COLLEGE NOW SERVING STATE

After four years of research, planning, infrastructure upgrades and a lot of hard work, the doors of the State Offices South at Tift College opened in Forsyth in FY2011.



*The new State Offices South at Tift College in Forsyth houses the Department of Corrections*

Tift College, a once dormant 40-acre campus, now serves as headquarters for the Department of Corrections (DOC). It also is home to the Georgia Corrections Academy, which provides training for the state's probation and correctional officers, as well as staff development training for all non-security staff, including counselors, food services and administrative.

The massive renovation and adaptive reuse project, encompassing 225,000-square-feet, began in 2006 and included 13 buildings. The project was a collaboration with Lord, Aeck & Sargent serving as the architects, Gilbane Building Co. managing the onsite construction, DOC providing an inmate work force and GSFIC managing the project on behalf of the state. "It would not have been possible to do this project without the labor force that the Department of Corrections had," said DOC Commissioner Brian Owens. The inmate work force independently renovated more than 50 percent of the site's gross square feet and built much of the furniture for the new headquarters.

"Moving our headquarters to Forsyth will position the Department to better protect the citizens of Georgia by effectively managing offenders," said Commissioner Owens. Because the majority of facilities are located

south of the Metro Atlanta area, the DOC will gain efficiencies through consolidation and reduced travel time and costs.

The \$46 million project, funded by the Georgia General Assembly, not only provided DOC with a more centrally located headquarters, but also preserved a former college campus with deep roots in Georgia.

Located 65 miles south of Atlanta, the Forsyth Female Collegiate Institute was founded in 1849 as a private liberal arts women's college. Better known as Tift College, the institution merged with Mercer University in 1986 and was left vacant. The State of Georgia acquired the property in 2000.

Preserving and enhancing the historic character of the campus, while making it functional and practical as an office and training facility, was a top priority for the architects. No buildings were demolished during the renovation. The oldest building, Ponder Hall, dates back to 1883 and now serves as open office space for the agency.

DOC is the fifth largest prison system in the United States and is responsible for supervising nearly 60,000 state prisoners and over 150,000 probationers. It is the largest law enforcement agency in the state with approximately 13,000 employees.

# CHATTAHOOCHEE TECHNICAL COLLEGE BUILDS CANTON CAMPUS

Almost two years after ground was broken on what would become the eighth campus for Georgia's largest technical college, a huge crowd gathered to see the doors officially open on Chattahoochee Technical College's Canton Campus in April. The celebration, which was attended by local and state elected officials, community leaders, administrators, faculty, staff and students, was the official kickoff for the college's newest campus.



*An aerial view of construction of the new Canton Campus*

"We are so proud of this building and what it represents to Chattahoochee Technical College and the Cherokee County community," CTC President Dr. Sanford Chandler said. "Our goal now is to see the seats in every classroom filled with students working toward their educational and career goals. We hope to see the campus develop into a center for workforce development and training for the many companies and industries here in Canton and the surrounding communities."

The 62,500-square-foot building took 16 months to complete after ground was initially broken in 2008. At a total cost of nearly \$12 million, the campus is now fully operational with more than 500 students enrolling during its first full quarter. More than 64 percent of those students are attending class close to home, as they are Cherokee County residents.

In addition to traditional classroom space, the new campus houses a library, four computer labs, medical and science labs, a bookstore, student center and tiered lecture hall. Faculty and staff offices are also located in the new facility, including a business office and a student/financial aid center.

Initial offerings for the campus include English, sociology, math, history, biology and psychology. Ultimately, course offerings will include HVAC, drafting technology and select classes in accounting, business administrative technology, management, supervisory development and marketing management.

"This beautiful new Canton Campus building is another important step in the growth of Chattahoochee Technical College and its mission of providing exceptional workforce development programs throughout its service delivery area," said Technical College System of Georgia Commissioner Ron Jackson. "The college worked closely with government and business leaders in Canton and Cherokee County who were highly committed to making this facility available to the citizens of their community. Now, local students will enjoy easy access to the world-class technical education programs and outstanding new career opportunities that are offered by the largest technical college in Georgia."

The building was designed by BRPH, Inc. and the construction professional was Brasfield & Gorrie.

## STATE ADA COORDINATOR'S OFFICE

The State ADA Coordinator's Office provides comprehensive educational and technical support for state agencies so that those programs, services and activities operated by the State of Georgia are usable and accessible to everyone, to the greatest extent feasible. The office serves as a technical resource to state agencies for the Americans with Disabilities Act (ADA); operates the Statewide ADA Facility Improvements Program; conducts general and customized training on ADA topics for state agencies; and increases the visibility of the ADA to help citizens understand the spirit and the letter of the law.

### OUTREACH

During FY2011 – the 20th Anniversary of the Americans with Disabilities Act - the Coordinator's Office was very proactive in partnering with other agencies and organizations to train, educate and provide resources to state agencies and the public.

The ADA Coordinator's Office, as a member of the Georgia Emergency Preparedness Coalition for Individuals with Disabilities and Older Adults, was interviewed by the Georgia Radio Reading Service, the state's only radio reading service. Its mission is to improve the quality of life for every Georgian who is blind, visually-impaired or has difficulty with access to the printed word. The half-hour segment "At Your Service", which aired in January, highlighted the ADA Coordinator's Office and the services it provides. The coalition also produced public service announcements featuring emergency preparedness tips and information for individuals with disabilities.

Two quarterly electronic newsletters also debuted in FY2011. Published by the State ADA Coordinator's Office, the newsletters – "Human Resources ADA Update" and "Georgia ADA Update" – provide resources and information to human resources professionals and ADA coordinators who work for the State of Georgia.

Both the radio broadcasts and the latest newsletters are available on the ADA Coordinator's Website found at [www.ada.ga.gov](http://www.ada.ga.gov).

### FACILITIES IMPROVEMENT PROGRAM

The State ADA Coordinator's Office operates the Statewide ADA Facilities Improvement Program. This program was established to ensure that state-owned facilities meet the Americans with Disabilities Act Title II "program access" mandate to provide equal access to these facilities for persons with disabilities.

The ADA Coordinator's Office works with state agencies to develop budget requests and undertake ADA-related construction projects. These projects concern accessible entrances, primary function areas, restroom alterations, site modifications, automatic doors, curb cuts, ramps, pathway renovation, door modification, and other accessibility elements and features.

During FY2011, the ADA Coordinator's Office closed out all projects funded by Bond Series 2006F & 2007A allocated in FY2008, meeting the state-mandated require-

ment to complete projects within five years. Totalling \$2.6 million, the early 40 projects for six state agencies were completed.

Additionally, a special project for the Department of Corrections at Johnson State Prison, totaling \$140,782, was completed. Required to meet Department of Justice compliance, the project included the alteration of 20 cells for access, accessible routing to areas inside the prison, accessible walks to outdoor areas and to the dining hall of the prison and accessible entrance access.

Projects funded by Bond Series 2009F, totaling \$1.2 million, included 37 projects for six state agencies. These projects were completed and four additional projects identified to complete with the remaining \$221,132.81. Those projects include:

- Wiregrass Georgia Technical College - \$7,450.00
- Okefenokee Tech - \$4,988.88
- Abraham Baldwin Agricultural College - \$7,515.10
- Southern Crescent Technical College - \$4,891.64

### TRAINING HIGHLIGHTS

The State ADA Coordinator's Office conducts general and customized training on ADA topics for state agencies and other targeted audiences to ensure familiarity with the Act's requirements. Training in FY2011 included:

- Interacting with Persons with Disabilities Customer Service training provided to over 300 state employees.
- Understanding and Applying the Revised ADA Requirements: 2011 and Beyond was conducted by the U.S. Department of Justice and it provided the latest information on the new ADA regulations, accessibility standards, implementation strategies and best practices. This event brought together state agency facility administrators, state agency ADA coordinators, disability service providers and architects.
- EEOC's New Regulations: Implementing the ADA Amendments Act of 2008 was presented by the United States Equal Employment Opportunity Commission. This two-hour training provided the latest information on the new ADA regulations, implementation strategies and best practices. The training was made available to state agency personnel administrators and state agency ADA coordinators.

Additionally, the ADA fulfilled publication requests from state agencies and disseminated 3287 "TIPS Guide for First Responders," 1382 "Best Practices when Interacting with Persons with Disabilities" and 3654 "Emergency Preparedness for Individuals brochures.

# FINANCING AND INVESTMENT DIVISION ANNUAL OPERATIONS SUMMARY

During FY2011, the Commission issued \$653,925,000 in general obligation bonds to fund new K-12 schools, higher education facilities, public safety projects and other crucial infrastructure projects. The low interest rates received on the October 6, 2010 competitive bond sale translated into annual debt service savings of over \$15 million compared to budgeted amounts. Net interest costs on the Series 2010B and 2010C Series bonds ranged from 0.97 percent for five-year tax exempt bonds to 2.14 percent for 20-year tax exempt bonds.

The 2010C bond series utilized a unique structure of traditional tax-exempt bonds and several taxable bond designations created by the American Recovery and Reinvestment Act (ARRA). \$233,515,000 of the bonds were sold as Build America Bonds ("BABs"), \$136,535,000 of the bonds were designated as Recovery Zone Economic Development Bonds ("RZEDBs"), and \$28,755,000 of the bonds were designated as Qualified School Construction Bonds ("QSCBs"). Pursuant to the ARRA provisions, the United States Treasury will remit to the State, on or before each interest payment date, an interest rate subsidy payment of 35 percent of the interest owed for the BABs, 45 percent of the interest owed for the RZEDBs, and 100 percent of the interest owed for the QSCBs. The subsidy payments for the 2010C bonds, combined with subsidies received from the State's 2009 BAB issue, result in estimated interest cost savings for the life of the bond issues of

\$125.5 million when compared to traditional tax-exempt bonds. While BABs and RZEDBs expired at the end of calendar year 2010, the State retains unused allocation of QSCBs for K-12 education projects and unused Qualified Energy Conservations Bonds allocation which allows for a 70 percent direct interest subsidy to the State for energy projects in state buildings.

*The federal government pays the State a subsidy from 35 percent to 100 percent of the interest payable on the bonds.*

The unique characteristic of ARRA Bonds is that, although the interest paid to bond owners is treated as federally taxable income rather than tax-exempt income, the federal government pays the State a subsidy from 35 percent to 100 percent of the interest payable on the bonds. The result is lower net interest payments that will be paid by the State than if the bonds had been issued as traditional tax-exempt bonds. Also, the interest remains tax-exempt to residents of Georgia for State income tax purposes.

## GENERAL OBLIGATION BOND ISSUANCES - \$653,925,000

DATE SOLD	SERIES	FINAL MATURITY	TRUE INTEREST COST (BEFORE SUBSIDY)	TRUE INTEREST COST (REFLECTING SUBSIDY)	ISSUE AMOUNT	WINNING BID
10/6/2010	2010B	10/1/2020	1.37%	1.37%	\$ 170,165,000	Citigroup Global Markets
10/6/2010	2010C-1	10/1/2016	3.66% *	2.44% *	84,955,000	Citigroup Global Markets
10/6/2010	2010C-2	10/1/2030	3.66% *	2.44% *	233,515,000	Citigroup Global Markets
10/6/2010	2010C-3	10/1/2030	3.85%	2.12%	136,535,000	Citigroup Global Markets
10/6/2010	2010C-4	10/1/2029	4.63%	0.0%	28,755,000	Barclays Capital

\* Series 2010C-1 and 2010C-2 were bid in combination.

**STATE OF GEORGIA GENERAL OBLIGATION BONDS  
FISCAL YEAR 2011**

<b>AGENCY</b>	<b>2010 B/C AMOUNTS</b>
Board of Regents, University System of Georgia	\$ 160,555,000
Department of Agriculture	1,500,000
Department of Behavioral Health and Developmental Disabilities	18,100,000
Department of Community Health	3,800,000
Department of Corrections	12,230,000
Department of Defense	3,750,000
Department of Juvenile Justice	8,770,000
Department of Natural Resources	40,880,000
Department of Public Safety	2,380,000
Department of Revenue	7,550,000
Department of Veterans Service	600,000
Georgia Bureau of Investigation	6,125,000
Georgia Environmental Finance Authority	34,000,000
Georgia Ports Authority	4,000,000
Georgia Public Safety Training Center	3,500,000
Georgia State Financing and Investment Commission	15,000,000
State Accounting Office	2,000,000
State Board of Education	222,955,000
State Forestry Commission	8,090,000
Technical College System of Georgia	98,140,000
<b>Total</b>	<b>\$ 653,925,000</b>

**AUTHORITY FINANCINGS**

The following authorities issued long-term debt during FY2011:

<b>AUTHORITY</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
Georgia Environmental Loan Acquisition Corporation	\$ 232,010,000	Local Government Loan Securitization Bonds
Georgia Higher Education Facilities Authority	94,210,000	Revenue bonds (USG Real Estate Foundation III, LLC Project)
Georgia Housing and Finance Authority	134,235,000	Single Family Mortgage Revenue and Refunding Mortgage Revenue Bonds
State Road and Tollway Authority	40,000,000	Toll Revenue Bonds
State Road and Tollway Authority	334,420,000	Guaranteed Revenue Refunding Bonds
<b>Total</b>	<b>\$ 834,875,000</b>	

**GUARANTEED REVENUE DEBT**

Both the State Road and Tollway Authority and the Georgia Environmental Facilities Authority retired outstanding series of Guaranteed Revenue bonds in FY 2011 returning over \$16 million in debt services reserves to the Treasury.

# GEORGIA HIGHER EDUCATION FACILITIES AUTHORITY

For the third consecutive year, GSFIC assisted the Georgia Higher Education Facilities Authority (“GHEFA”) with an issue of revenue bonds. GHEFA, created in 2006 by Senate Bill 562, is administratively attached to GSFIC and is authorized to issue and have outstanding at any one point in time a maximum of \$300,000,000 in revenue bonds to finance capital projects for units of the University System of Georgia and the Technical College System of Georgia. In FY2011 (August 2010), GHEFA issued \$94,210,000 in revenue bonds to finance seven projects for five institutions, all at units of the University System of Georgia (see chart below). Three of the projects had been completed as of June 30, 2011. The remaining projects are scheduled to be completed and put into service during FY2012.

## GHEFA REVENUE BONDS (USG REAL ESTATE FOUNDATION III, LLC PROJECTS), SERIES 2010A

PROJECTS	BUDGETED AMOUNTS	ANTICIPATED COMPLETION DATE
College of Coastal Georgia - Student Housing	\$ 15,590,000	Completed
College of Coastal Georgia - Student Center	13,365,000	August 2011
East Georgia College - Student Housing	8,910,000	Completed
Georgia College & State University - Wellness & Recreation Center	31,400,000	October 2011
Savannah State University - Stadium & Student Center	18,930,000	September 2011
University of West Georgia - Bookstore	6,015,000	Completed
<b>Total</b>	<b>\$ 94,210,000</b>	



*Students moving into the new dormitory at College of Coastal Georgia*

In FY2010, GHEFA issued \$100,850,000 in revenue bonds to finance four projects for three institutions, all units of the University System of Georgia. The projects included a student center at Bainbridge College, a student center at Columbus State University, and student housing and a dining facility at Southern Polytechnic State University. All projects have been completed.

In FY2009, GHEFA issued \$99,855,000 in revenue bonds to finance eight projects for seven institutions, all units of the University System of Georgia. The projects included a parking deck at Dalton College, a student activity center at Darton College, a stadium and student center at Fort Valley State University, a parking deck at Gainesville College, student housing at Georgia College & State University, and a parking deck at Southern Polytechnic State University. All projects have been completed.

# ARRA BOND ALLOCATIONS

In addition to Build America Bonds, ARRA provided for allocations of several types of tax credit and direct-pay taxable bonds to finance K-12 school construction, economic development and energy projects. Issuers of direct-pay taxable bonds receive interest rate subsidies from the US Treasury for qualified projects. GSFIC, in cooperation with the Department of Education, the Department of Community Affairs and the Georgia Environmental Finance Authority (GEFA), allocates the volume cap to state and local issuers for the following ARRA bond programs:

K-12 SCHOOL CONSTRUCTION	ECONOMIC DEVELOPMENT	ENERGY
Qualified School Construction Bonds (QSCBs)	Recovery Zone Economic Development Bonds (RZEDBs)	Qualified Energy Conservation Bonds (QECBs)
Qualified Zone Academy Bonds (QZABs)	Recovery Zone Facility Bonds (RZFBs)	



*ARRA bonds helped finance school construction projects throughout the state*

QSCBs provide a 100 percent direct interest rate subsidy to the issuer and are used to finance land acquisition, construction and renovation of K-12 school facilities. To date, 23 school districts and the State of Georgia have issued over \$450 million in QSCBs for K-12 school facilities. QZABs also provide a 100 percent interest rate subsidy, but contain provisions regarding private sector participation and curriculum development that have proven challenging for local school districts.

RZEDBs provide a 45 percent direct interest rate subsidy to the issuer and are used to finance public projects in economically distressed areas designated by the issuer as "Recovery Zones." RZFBs are similar to tax-

exempt private activity bonds and are used to finance private business developments in designated Recovery Zones. These two bond programs expired December 31, 2010. 32 issuers and the State of Georgia issued over \$560 million of Recovery Zone bonds.

QECBs provide a 70 percent direct interest rate subsidy to the issuer and can be used to finance a variety of energy projects. GSFIC provided \$63.4 million in direct allocations to 24 local governments in August 2009 in accordance with US Treasury regulations. GEFA is in the process of developing recommendations for allocation of the remaining state allocation of \$37 million and unused local allocations of \$19.4 million.

ARRA: 2009 AND 2010 QUALIFIED SCHOOL  
CONSTRUCTION BOND ALLOCATIONS TO GEORGIA

Allocations	2009	2010	Total
Treasury Direct Allocations	\$145,159,000	\$133,168,000	\$278,327,000
State of Georgia Allocation	201,062,000	234,431,000	435,493,000
<b>Total Available in Georgia</b>			<b>\$713,820,000</b>
Direct Allocations Waived to State	\$126,174,000	\$31,145,000	\$157,319,000
<b>GSFIC Allocations to Local Districts</b>	<b>Amount</b>	<b>Issued</b>	<b>Returned</b>
Bacon	\$12,215,000	\$10,155,000	\$2,060,000
Bartow	23,000,000	23,000,000	
Bulloch	15,000,000	13,705,000	1,295,000
Calhoun, City of	21,000,000	21,000,000	
Candler	17,625,000	17,625,000	
Carrollton, City of	8,000,000	8,000,000	
Cherokee	40,055,000	40,055,000	
Hall	3,000,000	3,000,000	
Heard	3,000,000	3,000,000	
Jefferson, City of	8,300,000	8,300,000	
Marion	15,000,000	7,595,000	7,405,000
Meriwether	1,240,000	1,240,000	
Newton	25,050,000	25,050,000	
Rabun	16,000,000	16,000,000	
Stephens	1,690,000	1,690,000	
Stewart (ref failed 3-15-11)	2,000,000		2,000,000
Thomasville, City of	2,000,000	2,000,000	
Treutlen	7,920,000	7,920,000	
Upton	6,000,000		6,000,000
Washington (expires 10-31-11)	17,500,000		
Wilkinson	16,500,000	16,500,000	
Atlanta, City of (return of 09 waiver)	37,934,000	37,934,000	
Dekalb (return of 09 waiver)	27,832,000	27,832,000	
Fulton (return of 09 waiver)	17,720,000	17,720,000	
<b>Total Local Allocations</b>	<b>\$345,581,000</b>	<b>\$309,321,000</b>	<b>\$18,760,000</b>
<b>Direct Treasury Allocations Retained</b>	<b>Amount</b>	<b>Issued</b>	
City of Atlanta (FY10 allocation)	\$34,526,000	\$34,526,000	
Dekalb (FY10 allocation)	29,940,000	29,938,000	2,000
Fulton (FY10 allocation)	17,917,000	17,915,000	2,000
Gwinnett (FY09 + FY10 allocation)	38,625,000	38,625,000	
	<b>\$121,008,000</b>	<b>\$121,004,000</b>	<b>\$4,000</b>
	<b>Amount</b>	<b>Issued</b>	
Total Local Allocations	\$466,589,000	\$430,325,000	
State of Georgia Allocation	\$215,755,000	\$106,395,962	
	<b>Amount</b>	<b>Issued</b>	
Total Allocations	\$682,344,000	\$536,720,962	
Balance for GSFIC to allocate	\$50,240,000		

As of June 30, 2011

ARRA: RECOVERY ZONE BOND ALLOCATIONS AND ISSUANCE IN GEORGIA

Recovery Zone Facility Bonds				
Amount allocated to GA local governments				\$533,677,000
Amount waived or deemed waived, as of 12/6/2010				\$360,396,000
Local Issuance			Initial Treasury Allocation	Amount Issued
City of Atlanta			\$34,163,000	\$10,000,000
Augusta-Richmond			3,627,000	3,625,000
Chatham County			3,562,000	3,560,000
Cobb County			55,796,000	24,016,000
DeKalb County			54,524,000	8,500,000
Gwinnett County			61,778,000	30,000,000
Savannah, City of			3,307,000	3,305,000
Walton County			5,991,000	2,975,000
			<b>\$188,585,000</b>	<b>\$75,981,000</b>
GSFIC Reallocations	Company	New Jobs (est)	Amount Reallocated	Amount Issued
Grady County Development Authority	Turner Furniture	35	\$2,386,000	\$2,386,000
Rabun County	Haberworks	200	12,890,000	12,890,000
Development Authority of Jefferson	Systemax	400	15,000,000	15,000,000
Walker County Development Authority	Canyon Ridge	290	18,341,000	0
Development Authority of Gainesville/Hall	Kings Hawaiian	126	45,000,000	35,000,000
Hart County Industrial Development Authority	Automotive Supply Co.	400	10,500,000	0
Franklin County Industrial Building Authority	NGTC Health Properties, LLC	20	39,000,000	39,000,000
Development Authority of Bartow County	AL7 LLC & Speciality Alloys LLC	50	13,340,000	13,340,000
Bulloch County Development Authority	Great Dane/Pines Trailer Corp	400	34,500,000	34,500,000
Harris County Development Authority	Hoover Universal	125	6,000,000	5,515,000
Moultrie County Development Authority	Kingdom Group	200	4,000,000	0
Kennesaw Downtown Development Authority	Multi-use facility		7,000,000	0
Monroe County Development Authority	Ga Power		120,000,000	0
<b>Total GSFIC Reallocations</b>		<b>2246</b>	<b>\$327,957,000</b>	<b>\$157,631,000</b>
<b>Total RZFBs Issued</b>			<b>32,439,000</b>	<b>\$233,612,000</b>

As of December 31, 2010

**ARRA: RECOVERY ZONE BOND ALLOCATIONS AND ISSUANCE IN GEORGIA**

<b>Recovery Zone Economic Development Bonds</b>		
Amount allocated to GA local governments		<b>\$355,785,000</b>
Amount waived or deemed waived, as of 12/6/2010		\$203,777,000
<b>Local Issuance</b>	<b>Initial Treasury Allocation</b>	<b>Amount Issued</b>
Atlanta, City of	\$22,776,000	\$22,776,000
Cherokee County	10,767,000	10,767,000
Clayton County	13,078,000	5,300,000
Columbus-Muscogee	2,090,000	2,090,000
Dekalb County	36,349,000	36,349,000
Floyd County	8,269,000	8,235,000
Fulton County	26,441,000	26,441,000
Gwinnett County	41,186,000	23,955,000
Paulding County	6,448,000	6,445,000
Savannah, City of	2,205,000	2,155,000
Stephens County	178,000	122,000
Whitfield County	8,562,000	5,600,000
<b>Direct Allocations Issued</b>	<b>\$178,349,000</b>	<b>\$150,235,000</b>
<b>GSFIC Reallocations</b>	<b>Amount Reallocated</b>	<b>Amount Issued</b>
Development Authority of Augusta-Richmond County	\$6,800,000	\$0
Brunswick Downtown Development Authority	9,000,000	0
State of Georgia	136,535,000	136,535,000
Effingham County Hospital Authority	28,690,000	28,690,000
City of Decatur	13,800,000	12,760,000
<b>Total GSFIC Reallocations</b>	<b>\$194,825,000</b>	<b>\$177,985,000</b>
<b>Total RZEDBs Issued</b>		<b>\$328,220,000</b>

As of December 31, 2010

ARRA: 2009 QUALIFIED ENERGY CONSERVATION  
BOND ALLOCATION TO GEORGIA

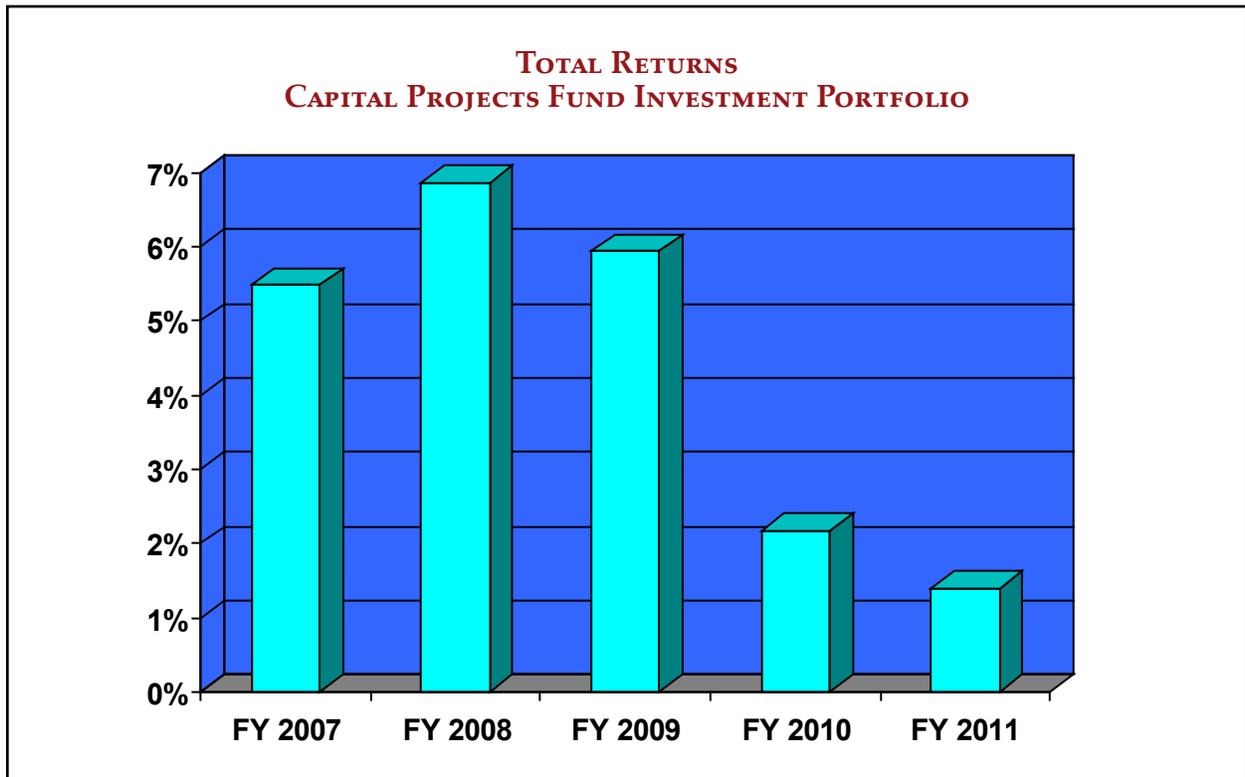
State of Georgia Allocation	\$100,484,000
<b>GSFIC Allocations to Local Governments</b>	
Athens-Clarke County	\$1,187,100
Atlanta	5,465,388
Augusta-Richmond Cty	2,022,808
Bibb County*	1,628,726
Carroll County*	1,178,615
Chatham County	1,243,718
Cherokee County	2,151,467
Clayton County	2,865,811
Cobb County	7,284,149
Columbia County*	1,148,569
Columbus-Muscogee Cty	1,969,159
Coweta County*	1,252,119
DeKalb County*	7,367,023
Douglas County*	1,310,643
Fayette County*	1,117,449
Forsyth County*	1,672,995
Fulton County	5,372,355
Gwinnett County	8,173,474
Hall County	1,896,823
Henry County	1,958,537
Houston County*	1,379,294
Lowndes County	1,071,612
Paulding County*	1,346,552
Savannah	1,372,082
<b>Total Local Allocations</b>	<b>\$63,436,468</b>
QECB Balance to State	\$37,047,532
*Returned allocation to State	\$19,401,985
Balance for GSFIC to allocate	<b>\$56,449,517</b>

## EARNINGS

Interest earnings and capital gains from the deposits and investment of bond proceeds during FY2011 were \$43,095,218.50 per book. At June 30, 2011, the Commission had the following deposits and investments:

DEPOSITS AND INVESTMENTS	MATURITIES	FAIR MARKET VALUE
Pooled portfolio managed by the Office of State Treasurer:		
Cash held for investment settlements	NA	\$ 275,790,331
U.S. Government Agency Obligations	0.95 year duration	785,056,591
NOW Account (Negotiable Order of Withdrawal)	NA	77,704,692
<b>Total</b>		<b>\$ 1,138,551,614</b>

The portfolio, with a total rate of return of 1.4 percent, consists of Fixed Income Securities comprised of Agencies of the United States Government and Repurchase Agreements.



## FY2011 REFUNDING

During FY2011, the Commission utilized premium received from the October 2010 sale of tax exempt bonds to execute a current refunding of \$35 million outstanding general obligation bonds maturing in 2010. The refunding provided an equal amount of debt service savings for FY2011.

# FY2011 AUTHORIZED INDEBTEDNESS AS OF JUNE 30, 2011

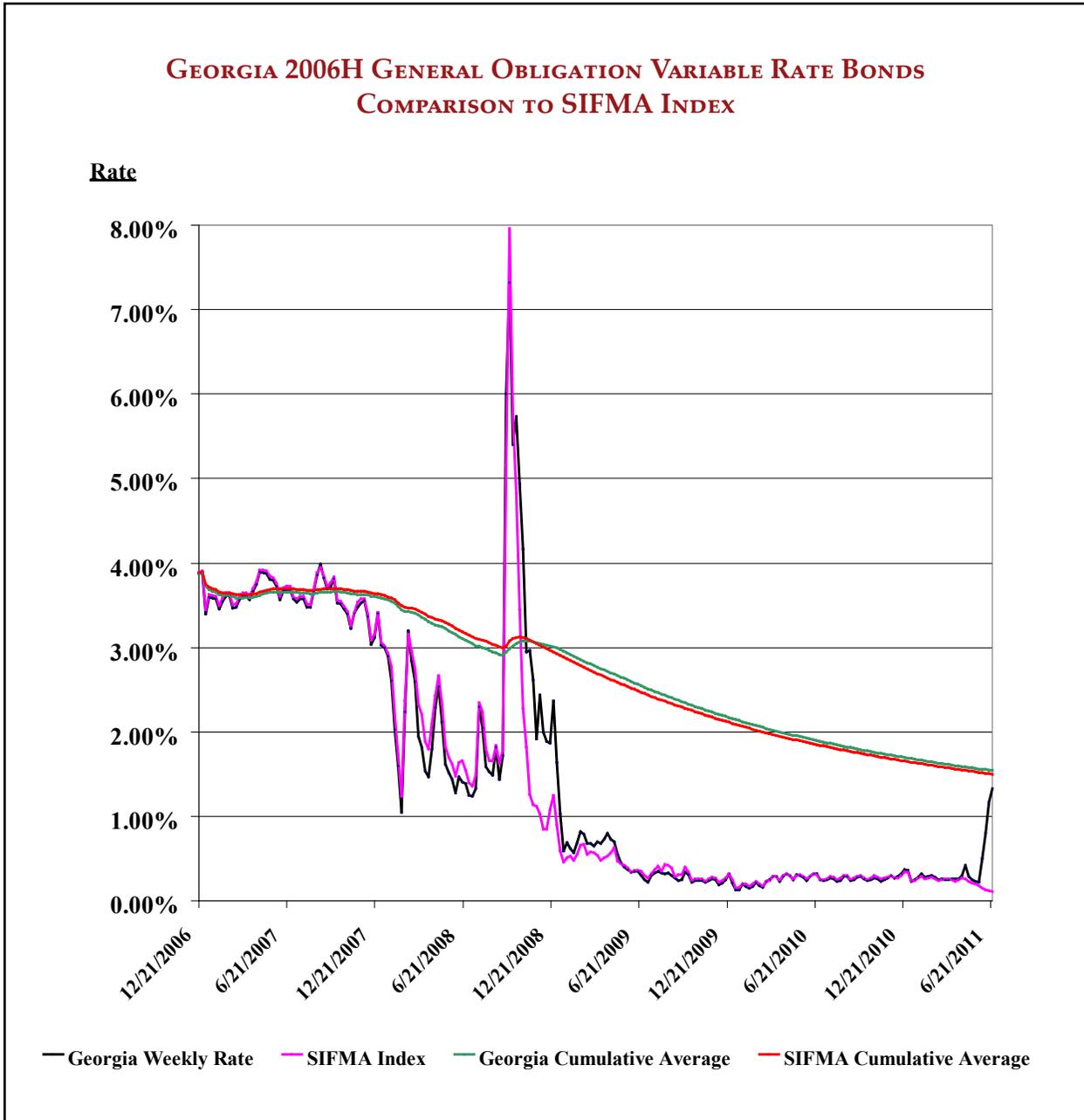
AGENCY NAME	OUTSTANDING BONDS	AUTHORIZED BUT NOT ISSUED	TOTAL
Department of Administrative Services	\$ 2,057,241		\$ 2,057,241
Department of Agriculture Georgia Agricultural Exposition Authority	54,688,193 6,806,322		54,688,193 6,806,322
Department of Behavioral Health and Developmental Disabilities	18,100,000		18,100,000
Georgia Building Authority	142,072,820	2,230,000	144,302,820
Department of Community Affairs Georgia Regional Transportation Authority	991,837 4,122,832		991,837 4,122,832
Department of Community Health	3,800,000		3,800,000
Department of Corrections	202,052,744	12,750,000	214,802,744
Department of Defense	13,430,825	3,280,000	16,710,825
Department of Economic Development Georgia Golf Hall of Fame Georgia World Congress Center Authority	182,366,393 1,730,830 130,819,407	10,000,000	192,366,393 1,730,830 130,819,407
Department of Education	2,271,839,221	201,420,000	2,473,259,221
Georgia State Financing and Investment Commission	31,812,841		31,812,841
Georgia Forestry Commission	16,557,891	1,010,000	17,567,891
Georgia Emergency Management Agency	67,322		67,322
Georgia Environmental Finance Authority	356,075,285		356,075,285
Herty Advanced Materials Development Center	521,009		521,009
Department of Human Resources	95,598,464		95,598,464
Georgia Bureau of Investigation	33,143,032		33,143,032
Jekyll Island Authority	51,206,645		51,206,645
Department of Juvenile Justice	126,523,318	4,930,000	131,453,318
Department of Labor	13,566,740		13,566,740
Department of Natural Resources	250,677,566	6,050,000	256,727,566
Georgia Ports Authority	158,975,849	98,350,000	257,325,849
Georgia Public Safety Training Center	5,390,737		5,390,737
Department of Public Safety	2,384,175	1,750,000	4,134,175
Board of Regents	2,079,842,378	60,800,000	2,140,642,378
Department of Revenue	24,289,453	6,750,000	31,039,453
Soil and Water Conservation Commission	4,078,926	5,000,000	9,078,926
State Accounting Office	2,000,000		2,000,000
Technical College System of Georgia	668,731,917	42,165,000	710,896,917
Department of Transportation	1,587,951,057	250,805,000	1,838,756,057
Department of Veterans Service	6,871,730		6,871,730
<b>Total General Obligation Bonds</b>	<b>8,551,145,000</b>	<b>707,290,000</b>	<b>9,258,435,000</b>
<b>Guaranteed Revenue Bonds - State Road and Tollway Authority</b>	<b>432,620,000</b>		<b>432,620,000</b>
<b>Total General Obligation Bonds and Guaranteed Revenue Bonds*</b>	<b>\$ 8,983,765,000</b>	<b>\$ 707,290,000</b>	<b>\$ 9,691,055,000</b>

\* The approved Fiscal Year 2012 budget authorized an additional \$632,410,000 of general obligation bonds; no additional guaranteed revenue bonds were authorized.

## VARIABLE RATE BOND PERFORMANCE

During FY2011, the average interest rate for the 2006H variable rate bond issue was approximately 0.32 percent. Together with the ongoing fees of approximately 0.12 percent this equates to an effective rate of approximately 0.44 percent. When compared to the estimated fixed interest rate of 4.14 percent at which the bonds would have been issued in December 2006, the total interest payments savings for FY2011 was approximately \$11.2 million.

The following chart illustrates the comparison of both Georgia's weekly and cumulative rates to the Securities Industry and Financial Markets Association (SIFMA) index from issuance through FY2011.



## EXPENDITURE OF BOND PROCEEDS

Federal arbitrage regulations require that the State “reasonably expects” to spend down proceeds of each bond series with the following key milestones:

- Five percent within six months of issuance,
- Eighty-five percent within three years of issuance; and
- Completion of projects within five years

These regulations are in place to: 1) minimize the benefits of investing the proceeds of tax-exempt bond proceeds at taxable rates, 2) remove the incentive to issue more bonds than required for the projects, and 3) remove the incentive to issue bonds earlier or leave bonds outstanding longer than necessary to carry out the governmental purpose of the bond issue.

In FY2011 all outstanding bond series in aggregate were in compliance with the federal expenditure milestones, although several individual projects did not meet those key milestones. In order to ensure overall compliance for each bond series, GSFIC’s General Obligation Bond Proceeds Expenditure Policy applies these expenditure requirements to individual projects. GSFIC policy also requires that bond proceeds be exhausted within five years.

The Financing and Investment Division, in coordination with the Construction Division and state agencies and authorities, has procedures in place to monitor if these milestones are met at both the series and the project level. Both divisions work with the respective agencies to spend down balances or return the unspent bond proceeds for the purpose of retiring debt.

### SUMMARY OF AGENCY SPEND DOWN COMPLIANCE

	NUMBER OF AGENCIES	NUMBER OF PROJECTS	AMOUNT OF BOND PROCEEDS REMAINING
Agency bond proceeds remaining after 5 years	1	1	\$ 70,039
15% or more of bond proceeds remaining after 3 years	15	44	148,730,694
95% or more of bond proceeds remaining after 6 months	12	57	163,908,237
Total not in compliance with expenditure milestones	18	94	312,708,970
<b>Total number in compliance with all milestones</b>	<b>15</b>	<b>410</b>	<b>\$ 695,799,359</b>



*The electronics lab at Athens Technical College*



*GSFIC design professionals review plans electronically*

## STRATEGIC INITIATIVES

GSFIC will continue to leverage the latest technology to improve its operations in the next fiscal year, as well as focus on training and education for both staff and customers.

### EDUCATION

#### Process Orientation

Whether a project is a \$100,000 renovation or a \$100 million state-of-the-art educational facility, it is important for the using agency to understand the process from design to construction to building operations. This year, Construction Services will launch an orientation program offered to all agencies with GSFIC-managed projects.

The orientation, available both at GSFIC headquarters and via webinars, is designed to answer the many questions agencies have as they embark on a new project and to gain consensus on expectations. A team of GSFIC project managers will develop the program and serve as instructors.

#### Design Professional Workshops

The Construction Division's Design/Review Group will develop a workshop for design professionals that will describe and explain the various aspects of GSFIC, including the roles and responsibilities of GSFIC, its processes and its expectations of design professionals engaged to provide services to the State.

The modules will include Procurement and Contracting for Services, Design Review, Special Inspections and Construction Materials Testing, Commissioning, Fire Marshal Permitting, National Pollutant Discharge Elimination System (NPDES) permitting and Construction Contract Administration. Longterm, the group hopes to expand the workshops to include Project Management, Project Closeout & Turn-over and Quality Assurance/Warranty.

GSFIC expects the educational workshops to reduce delays during design and construction caused by incomplete programming, inadequate design documents, budget over-runs, inadequate construction contract administration, and other issues that could be remedied by setting clear expectations and providing a mechanism to explain how to meet those expectations.

#### Contracts Training

With a goal of achieving consistency within the agency when administering contracts, the project management team will develop training for all construction services personnel on the specifics of both design professional and construction services contracts.

The modules will include Calculation of Permissible Weather Delay Days, Off-Site Materials Storage, Special Inspections, Commissioning, Fire Marshal Permitting

and Inspections, Change Orders, Force Accounts, Project Closeout and Quality Assurance/Warranty Enforcement. Classes will take place at the twice-monthly training for project managers and two comprehensive training days for Contract Compliance Specialists (CCSs), who are located throughout the State. Additionally, the project managers training will be videotaped and available via webcasts for the field staff.

#### Career Management Institute

Phase IV of the Career Management Institute will be launched in FY2012 and includes the configuration and implementation of 300 e-learning modules into the Learning Management System. These courses have been carefully selected to support the competencies identified for maximum success in 29 positions at GSFIC. Following the pilot of these performance solutions in both the personal development and job specific skills, the competencies and learning methods for the remaining positions at GSFIC will be identified and learning modules developed.

#### Leadership Training

In addition to monthly training modules for leadership, Human Resources will begin designing a multi-faceted Leadership Development Program. The structure of this program will include individual needs analyses, a mentoring program and blended learning opportunities.

### TECHNOLOGY

Without a doubt, the speed of change has become a defining characteristic of the information age. The way we conduct business has dramatically changed in just the past five years. The GSFIC staff is online, connected, communicating and sharing information in a way not imaginable 10 years ago. GSFIC will continue to research and invest in new technologies that will allow the organization to more efficiently and effectively serve the citizens of the State of Georgia.

#### Enterprise Project Management Solution

In order to improve efficiencies, drive productivity and deliver best in class customer service, GSFIC will implement a new Project Management Enterprise Solution. The new solution will be used to better manage the entire project management lifecycle. The real time data base will capture, analyze and compare data that will enable staff to better manage projects.

The web-based system will allow staff to access the application from anywhere and will help standardize the organization's processes. It will improve delivery and collaboration of data between all stakeholders and will reduce costs by allowing for real-time workflow, including required approvals, submittals and reviews. It should also improve efficiency, productivity and effective communication.

During the first half of FY2012, all internal processes will be reviewed as the GSFIC-specific software is developed. The new enterprise management system is expected to be launched in late FY2012 or early FY2013.

#### **WebX Teleconferencing**

GSFIC will take advantage of the latest technology to reduce travel costs by investing in web conferencing software and web camera equipment. Project team members will be able to participate in distant meetings by turning on a camera and logging into a website. The new teleconferencing technology will be launched in early FY2012.

#### **Field Tablets**

With a team of 28 Contract Compliance Specialists on job sites throughout Georgia every day, it is imperative to keep them in touch with the home office in Atlanta. All CCSs have been equipped with 'virtual offices,' including smart phones, laptops and printers. Remote access allows them access to the GSFIC database, expediting project updates and reports. The IT Division will research the viability of transitioning the computer equipment from traditional laptop to the new digital tablets. This will make GSFIC's workforce more mobile and responsive. Tablets can be transported easily onto the jobsite allowing real time research, reporting and plan referencing.

#### **Technology Outreach**

The IT department will continue to reach out to GSFIC staff to enhance the understanding and knowledge of the technology tools available to them.

The IT department will implement a Technology Support and Training Program focused on improving technology utilization throughout the agency. This program will include training, a hands-on lab, an IT Blog and working groups to focus on specific technologies, including the smart phones, teleconferencing and the new enterprise project management solution.

#### **State Construction Manual**

In 2007, in coordination with the Board of Regents, GSFIC published the State Construction Manual (SCM), the primary resource guide for vertical construction for the State. An Executive Order called for the publication of the SCM and OCGA requires all state agencies to follow it. The SCM provides detailed information and

procedures for project development leading to project approval and funding and project implementation, including design and construction.

In FY2011, the SCM Editorial Review Board and its committees began a thorough review of the document and revisions will be presented for approval to the full board in the second quarter of FY2012. The updated edition will then be published to the SCM website.

### **FINANCE AND INVESTMENT**

The Financing and Investment Division initiated the development of a web-based bond and debt management system ("eBonds") in FY2009. This comprehensive application integrates all data associated with capital projects funded by general obligation bond issues sold by GSFIC and also any cash supplements received. Authorized eBonds users are able to access data that includes specific language from the appropriations bill that originally authorized a particular capital project's funding, bond and debt service information, project budget and disbursement transactions, spend down compliance information, and post-issuance compliance information (asset tracking).

In August 2010, the eBonds bond sale request process was put into production and used by agencies to access their available authorized items and submit their requests. In March 2011, eBonds began tracking spend down compliance by sending monthly notifications for any projects that were either in non-compliance with the federal regulations, or approaching a milestone date. eBonds also automatically provides agencies quarterly with a list of projects that have had no disbursement activity during the previous quarter. Agencies are requested to submit comments regarding a project's status directly into eBonds. Based on those comments and other data in the system, eBonds will prepare the FY2011 annual spend down report for the Commission's review.

Also during the fiscal year, processes were put into production that included importing disbursement data directly from the Construction Division's Peoplesoft system, producing a check register and allowing for the clearing of checks, managing complicated bond debt service calculations, and providing many new exports for users.

In July 2011, a process was developed jointly with the Construction Division to automatically generate commitment letters for bond projects after the bonds have been sold and once complete asset tracking information has been submitted for the projects. Some of the items to be implemented during FY2012 include producing the annual construction-in-progress reports, generating outstanding debt service reports for a specific project, and producing various general ledger activities and reports.

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