

Georgia Fiscal Managers Council  
March 2015 Meeting

Bond Sale Process and Other Issues

Georgia State Financing and Investment Commission

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### Authorization, Sale and Use of Bond Proceeds

General Assembly authorizes bonds in the Appropriations Act  
Identifies specific projects in the tracking document

Agencies request bonds be sold for projects ready to proceed.  
Submit certifications to GSFIC.

GSFIC approves items to be sold and prepares offering statement,  
obtains credit ratings, issues tax certificate

Agencies implement projects  
(procurement, design, construction, etc.)

Project Management and Post Issuance Compliance  
(life of bonds plus 5 years)

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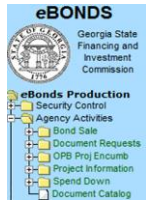
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### Bond Sale: June 9th

- Funds available early July
- Next bond sale: December
- <https://ebonds.gsfic.ga.gov>

To start the process --

- GSFIC sets up planned Bond Sale in eBonds
- Agencies will receive email from eBonds
- Agencies enter and submit requests



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## New User Information

<https://ebonds.gsfc.ga.gov>

**eBONDS**  
 Georgia State  
 Financing and  
 Investment  
 Commission

**eBonds Production**  
 Security Control  
 Support Tools  
 eBONDS Documents

| List of Documents                                |  |
|--------------------------------------------------|--|
| General Support Documents                        |  |
| 001 - How to Setup My PC for eBONDS              |  |
| 012 - How to Perform Initial Log In to eBONDS    |  |
| 014 - How to Recover a Forgotten eBONDS Password |  |
| 016 - How to Change Your eBONDS Password         |  |
| eBonds Agency Agreement                          |  |
| eBonds Request for Access                        |  |
| eBonds Rolls of Users                            |  |

If have questions with setup, contact Mary  
 404-463-5714  
 Mary.garver@gsfc.ga.gov

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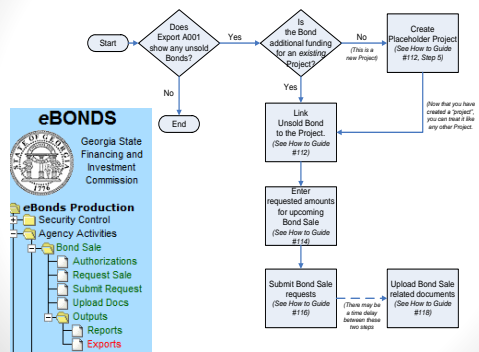
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## eBonds: Bond Sale Request Process



**eBONDS**  
 Georgia State  
 Financing and  
 Investment  
 Commission

**eBonds Production**  
 Security Control  
 Agency Activities  
 Bond Sale  
 Authorizations  
 Request Sale  
 Submit Request  
 Upload Docs  
 Outputs  
 Reports  
 Exports

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## Support Tools/eBONDS Documents

| Agency Support Documents                                             |
|----------------------------------------------------------------------|
| 110 - Bond Sale Flowchart - Before Sale                              |
| 111 - Bond Sale FlowChart - After Sale                               |
| 112 - How to Work with New Legislative Authorizations                |
| 114 - How to Enter Bond Sale Requests                                |
| 116 - How to Submit Bond Sale Request                                |
| 118 - How to Submit Required Documentation                           |
| 301 - How to Update Project Information Needed for Commitment Letter |
| 303 - How to Provide Asset Tracking Information for New Bond Funding |
| 305 - How to Submit Commitment Letter Request following a Bond Sale  |
| 410 - How to Record Comments for Inactive Projects                   |
| 412 - How to Update Spend Down Alerts with Agency Comments           |
| 414 - How to Enter Spend Down Encumbrance Transactions               |
| 416 - How to Request Spend Down Reports                              |
| 418 - How to Upload Documents to Support Spend Down Encumbrances     |
| 984 - How to Import Encumbrance Data Requested by OPB                |
| 986 - How to Manually Enter Encumbrance Data Requested by OPB        |

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## eBonds: Bond Sale Request Process

Enter in Amounts and Priorities

| Agency Capital Project Activities  |             |           |           |          |                                                                                                     |           |           |           |           |              |
|------------------------------------|-------------|-----------|-----------|----------|-----------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|--------------|
| Proposed Bond Sale: Jun 09, 2015   |             |           |           |          |                                                                                                     |           |           |           |           |              |
| Regents, Board of (472)            |             |           |           |          |                                                                                                     |           |           |           |           |              |
| Projects with Funding Availability |             |           |           |          |                                                                                                     |           |           |           |           |              |
| Agency No.                         | Fiscal Year | Issue No. | Term      | Priority | Project Title (click project folder or project title for detailed view of project data and history) | June 2015 | Dec. 2015 | June 2016 | Dec. 2016 | Total Needed |
| 1                                  | FY2014      | HB106     | 20        | 3        | Health Center, Georgia Southern University, Statesboro, Georgia                                     |           |           |           |           |              |
|                                    | 10,000,000  | 700,000   | 9,300,000 |          |                                                                                                     |           |           |           |           |              |
| 2                                  | FY2014      | HB106     | 5         | 3        | Veterinary Medical Learning Center, University of Georgia, Athens, Georgia                          |           |           |           |           |              |
|                                    | 5,000,000   | 0         | 5,000,000 |          |                                                                                                     |           |           |           |           |              |
| 3                                  | FY2014      | HB106     | 5         | 3        | Consolidated Medical Education Commons, Georgia Regents University, Augusta, Georgia                |           |           |           |           |              |
|                                    | 5,500,000   | 0         | 5,500,000 |          |                                                                                                     |           |           |           |           |              |
| 4                                  | FY2014      | HB106     | 20        | 3        | Renovation of TR Building, University of Georgia, Tifton Campus, Tifton, Georgia                    |           |           |           |           |              |
|                                    | 4,750,000   | 370,000   | 4,380,000 |          |                                                                                                     |           |           |           |           |              |
| 5                                  | FY2014      | HB106     | 20        | 3        | Renovation of Tech Ed Building for Health Sciences, Dalton State College, Dalton, Georgia           |           |           |           |           |              |
|                                    | 4,000,000   | 300,000   | 4,300,000 |          |                                                                                                     |           |           |           |           |              |
| 6                                  | FY2014      | HB106     | 20        | 3        | Renovation of Sturges Library, Kennesaw State University, Kennesaw, Georgia                         |           |           |           |           |              |
|                                    | 4,400,000   | 300,000   | 4,100,000 |          |                                                                                                     |           |           |           |           |              |

Review A-003 Export (Bond Sale Request)

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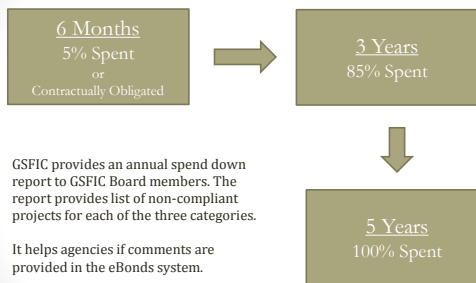
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## IRS Spend Down Rules



GSFC provides an annual spend down report to GSFC Board members. The report provides list of non-compliant projects for each of the three categories.

It helps agencies if comments are provided in the eBonds system.

ALL proceeds must be spent or forfeited **PRIOR** to reaching the 5 Year date.

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## Private Business Use Concerns

Notify GSFC if any requested projects may involve private business use.

- Private Business Use, as defined by the Tax Code is the use (directly or indirectly) of a facility financed with tax-exempt bonds in a business or trade carried on by a non-governmental user (state or local).
- While tax-exempt bonds are outstanding, GSFC must be notified and approval granted, in advance, for all proposed instances of private business use, or if considering a sale of assets funded by G.O. bonds.

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### Private Business Use May Include

- o management or service contracts
- o leases
- o research contracts (including any with federal government)
- o parking contracts
- o use of space within a public use facility by a private citizen or company for the operation of a business enterprise, even if that enterprise serves the visiting public, agency clients or customers, or state employees
- o naming rights for buildings and athletic facilities
- o use by the federal government
- o other examples include: food services located in a bond funded facility operated by a private vendor, prison facility operated by a private vendor, land leased to a private entity. (janitorial services ok)

If in doubt - Ask.

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### Qualified Management Agreements

One way to prevent private business use is through the use of "Qualified Management Agreements." (QMAs)

- In general, for a management, service, research or parking contract to be a QMA, the compensation for services rendered must:
  - be reasonable,
  - not give the service provider the equivalent of an ownership interest in the financed facility, or
  - not provide for compensation based in whole or in part on a share of the net profits of the operations of the facility.

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### eBonds: Bond Sale Request Process

Submit requests and certification statements

- Project is ready and proceeds will be spent timely
- Proceeds will be used for qualified tax-exempt use and no private use anticipated
- No private use has occurred in previously financed projects
- Proceeds will be used for eligible expenditures
- Life of assets will equal the life of the bonds

**Agency documentation shall support each of the certification items. Documentation must be maintained for the life of the bonds, plus five years.**

Upload any documents related to the bond sale request.

Agency request process is now complete.

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**Declaration of Official Intent to Reimburse** – Provides the State’s intent to reimburse **eligible** expenditures from the proceeds of **future** bonds.  
Funds are only reimbursed if the bonds are sold.

**Official Intent must be issued timely** – within 60 days after payment of the original expenditure

**Official Intent must include the following:**

- General description of the project
- AND
- Maximum principal amount of bonds expected to be issued for the project

**Reimbursement Rules**

Reimbursement must be made no later than 18 months after the later of:

- The date the original expenditure is paid; OR
- The date the project is placed in service.

However, in no event may the reimbursement be made more than 3 years after original expenditure.

**Reasonableness**

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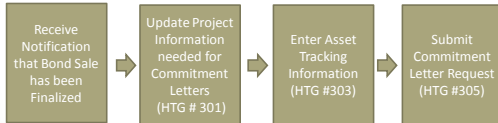
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## Next Steps

GSFIC approves items to be included in bond sale

Agencies notified via email from eBonds



Commitment Letter and Asset Tracking information required prior to the release of bond proceeds for reimbursement of expenditures.

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## Asset Tracking

- For each bond issue, the State must keep records documenting the:
  - actual assets financed with bond proceeds
  - actual placed in service dates
  - expected economic lives of the assets
- Preliminary information is required prior to releasing bond proceeds.
- Agencies must update eBonds for final information and if there is a change
- We are required to maintain documentation for the life of the bonds, plus five years.

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### Asset Tracking - Vehicles

- When tax-exempt bonds are used to purchase cars, vans, or buses, those vehicles must be used for the governmental purpose of the agency during the period the bonds are outstanding.
- The agency must maintain records of the amounts received pursuant to the disposition of the vehicles and the expenditures made with those funds. The agency also must maintain records for the secondary equipment purchased (through the final maturity of the bonds financing the initial vehicle purchase).
- For Agencies that have purchased vehicles with tax-exempt bonds, there will be a special asset tracking form to use in eBonds. GSFC will work with these agencies individually to go over the eBonds procedures.

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### Expenditures Eligible for Reimbursement

SAO Policy found under Accounting Policy Manual – GSFC Reimbursements for Bond Funded Construction Projects  
<http://sao.georgia.gov/accounting-policy-manual>

GSFC Reimbursement Policy found under Policies – Request for Reimbursement from GO Bond Proceeds  
<http://gsfc.georgia.gov/policies-0>

- ▶ State ownership required
- ▶ Only capital expenditures can be reimbursed from general obligations bonds proceeds. Agency operational expenditures may not be paid from bond proceeds. Examples of capital expenditures include:
  - Acquisition of land
  - Construction of new buildings, renovation of existing buildings
  - Equipment with a useful life commensurate with the term of the bonds
  - Fixed or loose equipment directly associated with new construction or renovation projects
  - Professional services as design, engineering, commissioning
  - Initial landscaping
  - Parking lots

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- ▶ Useful life of asset should match life of bonds.

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### Expenditures Ineligible for Reimbursement

- Examples of operating expenditures NOT eligible for reimbursement
  - Personal services
  - Lease payments
  - Maintenance agreements for copiers or computers
  - Depletable/disposable items
  - Moving Costs
  - Decorative items
  - Office supplies
  - Fuel oil
  - Termite inspections
  - Drug tests for employees
  - Annual fire inspections

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## 120 Day Rule for Invoice Submission

- GSFIC Reimbursement Policy effective July 1, 2011:  
<http://gsfic.georgia.gov/documents/request-reimbursement-form-0>
- In order to ensure timely compliance with federal spend down requirements and adherence to SAO's policy on Interagency Receivables and Payables
- "requests for reimbursement should be sent on a periodic basis, preferably monthly, but at least quarterly. Requests for reimbursement that are not received timely, or contain invoices that are over one hundred twenty (120) days old, are subject to denial by GSFIC."
- Invoices over 120 days old should be submitted as a separate reimbursement request and contain a reasonable and valid explanation of "why".

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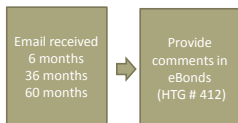
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## Monthly Spend Down Alerts

eBonds will send email alerts for projects that are nearing or have passed a spend down date and have not met the percent spent requirement.



For the 6-month milestone, agencies may enter encumbrances to help meet 5% requirement. (See HTG #414 and #418)

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## Project Inactivity during a 90-day period



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## Bond-Financed Assets – Post Sale Issues

- Sale/Transfer /Disposition of Asset
- Change in Use of Facility (see Private Business Use slides)

Notify GSFIC

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## QUESTIONS?

GSFIC Contacts:  
Director Bond Finance: Lee McElhannon, [lee.mcelhannon@gsfic.ga.gov](mailto:lee.mcelhannon@gsfic.ga.gov)  
Director of Accounting: Kim Site, [kim.site@gsfic.ga.gov](mailto:kim.site@gsfic.ga.gov)  
Sr. Financial Analyst: Junier Perez, [junier.perez@gsfic.ga.gov](mailto:junier.perez@gsfic.ga.gov)

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