

The House Committee on Ways and Means offers the following substitute to HB 1083:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 15 of Title 20 of the Official Code of Georgia Annotated, relating to the
2 Georgia Medical Center Authority, so as to provide for the comprehensive revision of said
3 chapter; to change certain provisions regarding definitions; to change certain provisions
4 regarding the corporate purposes and general nature of the authority; to provide for additional
5 powers of the authority; to provide for the issuance of bonds, refunding bonds, notes, or other
6 instruments; to provide for procedures, conditions, and limitations; to change certain
7 provisions regarding tax exemptions; to change certain provisions regarding the status of
8 certain moneys as trust funds; to provide for the supplemental nature of certain powers and
9 authority granted pursuant to the provisions of said Chapter 15; to provide for related
10 matters; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 Chapter 15 of Title 20 of the Official Code of Georgia Annotated, relating to the Georgia
14 Medical Center Authority, is amended by striking paragraph (3) of Code Section 20-15-2,
15 relating to definitions regarding the authority, and inserting in its place a new paragraph (3)
16 to read as follows:

17 "20-15-2.

18 (a) As used in this chapter, the term:

19 (1) 'Authority' means the Georgia Medical Center Authority.

20 (2) 'Bonds' or 'revenue bonds' means any bonds issued by the authority under this
21 chapter, including refunding bonds.

22 ~~(2)~~(3) 'Cost of the project' means the cost of construction; the cost of all lands,
23 properties, rights, easements, and franchises acquired; the cost of all machinery and
24 equipment; financing charges; interest prior to and during construction and for one year
25 after completion of construction; the cost of engineering, architectural, and legal expenses
26 and of plans and specifications and other expenses necessary or incident to determining

1 the feasibility or practicability of the project; administrative expenses; the cost of
2 intellectual property; and such other expenses as may be necessary or incident to the
3 financing authorized in this chapter, the construction of any project, the placing of the
4 same in operation, and the condemnation of property necessary for such construction and
5 operation. Any obligation or expense incurred for any of the foregoing purposes shall be
6 regarded as a part of the cost of the project and may be paid or reimbursed as such out of
7 the proceeds of revenue bonds issued under this chapter for such project.

8 ~~(3)~~(4) 'Project' means and includes one or any combination of the following: ~~biomedical~~
9 ~~and biotechnical research centers,~~ life sciences industry research and development,
10 manufacturing facilities, and programs based in ~~Augusta,~~ the State of Georgia, to include
11 office space, laboratories, treatment centers, and other related buildings, structures,
12 equipment, as well as associated facilities such as parking facilities and common areas;
13 and improvements of every kind and character deemed by the authority necessary or
14 convenient for its purposes.

15 (b) Any project or combination of projects shall be deemed 'self-liquidating' if, in the
16 judgment of the authority, the revenues, rents, or earnings to be derived by the authority
17 therefrom will be sufficient to pay the cost of maintaining, repairing, and operating the
18 project and to pay the principal of and interest on revenue bonds which may be issued for
19 the cost of such project, projects, or combination of projects."

20 SECTION 2.

21 Said chapter is further amended by striking Code Section 20-15-4, relating to purposes of the
22 authority, and inserting in its place a new Code Section 20-15-4 to read as follows:

23 "20-15-4.

24 The corporate purpose and the general nature of the business of the authority shall be:

25 (1) The provision of ~~biomedical and biotechnical research centers,~~ life sciences industry
26 research and development and manufacturing facilities, and programs based in ~~Augusta,~~
27 ~~Georgia, in cooperation with the board of regents~~ the State of Georgia;

28 (2) The commercialization of biomedical and biotechnical research results;

29 (3) The promotion of closer ties between academic institutions of the state and the
30 biomedical industry so as to capitalize on present and future state intellectual resources;

31 ~~(4) The generation of sustained research funding in the form of revenues from licensed~~
32 ~~and commercialized intellectual property with excess revenues reinvested in biomedical~~
33 ~~research infrastructure and programs;~~

34 ~~(5) The promotion of continuing investment in the intellectual capacity of the Medical~~
35 ~~College of Georgia by cooperating with the board of regents in the retention and~~
36 ~~recruitment of clinical faculty; and~~

(4) The facilitation of the development of a life sciences industrial cluster in the State of Georgia; and

~~(6)~~(5) The advancement of local and state economic growth.

Nothing in this chapter shall be construed to conflict with the powers and authority of the board of regents over its institutions."

SECTION 3.

Said chapter is further amended by striking Code Section 20-15-5, relating to powers of the authority, and inserting in its place a new Code Section 20-15-5 to read as follows:

"20-15-5.

The authority is authorized:

(1) To have a seal and alter it at pleasure;

(2) To acquire, by purchase, lease, or otherwise and to hold, lease, and dispose of real and personal and intellectual property of every kind and character for its corporate purposes;

(3) To appoint, select, and employ officers, agents, and employees, including but not limited to engineering, architectural, and construction experts and fiscal agents; to contract for the services of individuals or organizations not employed full time by the authority who or which are engaged primarily in the rendition of personal services rather than the sale of goods or merchandise, such as, but not limited to, the services of accountants, engineers, architects, consultants, and advisors, and to allow suitable compensation for such services; and to make provisions with regard to its employees for group insurance, retirement, or other employee benefit arrangements, provided that no part-time or contract employees shall participate in group insurance or retirement benefits and to establish conditions of employment of authority employees;

(4) To make contracts and to execute all instruments necessary or convenient, including but not limited to contracts for construction of projects or contracts with respect to the leasing or use of projects which the authority causes to be erected or acquired;

(5) To plan, survey, subdivide, administer, construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve, equip, operate, and manage projects as defined in this chapter, such projects to be located on property owned or leased by the authority or the State of Georgia or under the control and management of the authority.

The cost of any such project shall be paid from the authority's income or from such proceeds and any loan, gift, or grant from the United States of America or any agency or instrumentality thereof, or the State of Georgia or any county, municipal corporation, authority, or local government or governing body thereof;

1 (6) To extend credit or make loans to any person, firm, corporation, limited liability
2 company, or other type of entity for the planning, design, construction, acquisition,
3 refinancing, or carrying out of any project, which credit or loans shall be secured by loan
4 agreements, deeds to secure debt, security agreements, contracts, and all other
5 instruments, fees, or charges, upon such terms and conditions as the authority shall
6 determine reasonable in connection with such loans, including provision for the
7 establishment and maintenance of reserves and insurance funds, and to require the
8 inclusion in any contract, loan agreement, deed to secure debt, security agreement, or
9 other instrument, of such provisions for guaranty, insurance, construction, use, operation,
10 maintenance, and financing of a project as the authority may deem necessary or desirable;
11 (7) To acquire, accept, or retain equitable interests, security interests, or other interests
12 in any property, real or personal, by deed to secure debt, assignment, security agreement,
13 pledge, conveyance, contract, lien, loan agreement, or other consensual transfer, in order
14 to secure the repayment of any moneys loaned or credit extended by the authority;
15 (8) To borrow money for any of its corporate purposes and to issue negotiable revenue
16 bonds payable solely from funds pledged for that purpose and to provide for the payment
17 of such bonds and for the rights of the holders thereof;
18 (9) To borrow money for any of its corporate purposes, on either an unsecured or secured
19 basis, and to execute loan agreements, promissory notes, and other contracts and
20 instruments in connection therewith and to provide for the repayment of such loans and
21 for the rights of the lenders thereof;
22 (10) As security for repayment of its revenue bonds, loans, or notes, to pledge, mortgage,
23 convey, assign, hypothecate, or otherwise encumber any property, real or personal, of
24 such authority, to the extent of its interest therein, and to execute any trust agreement,
25 indenture, or security agreement containing any provisions not in conflict with law, which
26 trust agreement, indenture, or security agreement may provide for foreclosure or forced
27 sale of any part of the authority upon default on such bonds, loans, or notes, either in
28 payment of principal or interest in the performance of any term or condition as are
29 contained in such agreement or indenture. The state waives any right which it may have
30 to prevent the forced sale or foreclosure of any property of the authority so mortgaged or
31 encumbered, to the extent of the interest of the authority therein but not any interest of
32 the state therein, and any such mortgage or encumbrance may be foreclosed in
33 accordance with law and the terms thereof;
34 (11) To procure or to provide insurance against any loss in connection with its programs,
35 property, and other assets;
36 ~~(6)~~ (12) To accept loans or grants, or both, of money, materials, or property of any kind
37 from the United States of America or any agency or instrumentality thereof upon such

1 terms and conditions as the United States of America or such agency or instrumentality
2 may impose and to administer trusts;

3 ~~(7)~~(13) To exercise any power which is usually possessed by private corporations
4 performing similar functions and which is not in conflict with the Constitution and laws
5 of this state;

6 ~~(8)~~(14) To act as agent for the United States of America or any agency, department,
7 corporation, or instrumentality thereof, in any manner within the purposes or powers of
8 the authority;

9 ~~(9)~~(15) To adopt, alter, or repeal its own bylaws, rules, and regulations governing the
10 manner in which its business may be transacted and in which the power granted to it may
11 be enjoyed, as the authority may deem necessary or expedient in facilitating its business;

12 ~~(10)~~(16) To receive and accept loans, gifts, grants, donations, or contributions of
13 property, facilities, or services, with or without consideration, from any person, firm, or
14 corporation or from the State of Georgia, or any agency or instrumentality thereof, or
15 from any county, municipal corporation, or local government or governing body;

16 ~~(11)~~(17) To hold, use, administer, and expend such sum or sums as may hereafter be
17 received as income, as gifts, or as appropriations by authority of the General Assembly
18 for any of the purposes of this authority;

19 ~~(12)~~(18) To do all things necessary or convenient to carry out the powers and purposes
20 of the authority;

21 ~~(13)~~(19) To acquire, lease (as lessee), purchase, hold, own, and use any franchise or any
22 property, real or personal, tangible or intangible, or any interest therein; and to sell, lease
23 (as lessor), transfer, or dispose thereof whenever the same is no longer required for
24 purposes of the authority, or exchange the same for other property or rights which are
25 useful for the purposes of the authority;

26 ~~(14)~~(20) To fix, alter, charge, and collect fares, rates, rentals, and other charges for its
27 facilities and for admission to its grounds at reasonable rates to be determined by the
28 authority;

29 ~~(15)~~(21) To contract with the Georgia State Financing and Investment Commission for
30 the construction of the project as provided for in Article 2 of Chapter 17 of Title 50; or
31 to contract with other authorities, departments, or agencies of the State of Georgia; or to
32 contract with private developers, architects, and engineers for the construction of the
33 project; and

34 ~~(16)~~(22) To invest and reinvest any or all idle funds or moneys, including, but not limited
35 to, funds held in reserve or from contributions, gifts, or grants, which cannot be
36 immediately used for the purpose for which received, such investment to be made in any
37 security or securities which are legal investments for executors or trustees; provided,

however, that investments in such securities will at all times be held for and, when sold, used for the purposes for which the money was originally received."

SECTION 4.

Said chapter is further amended by adding seven new Code sections immediately following Code Section 20-15-5, to be designated Code Sections 20-15-5.1, 20-15-5.2, 20-15-5.3, 20-15-5.4, 20-15-5.5, 20-15-5.6, and 20-15-5.7, respectively, to read as follows:

"20-15-5.1.

(a) Revenue bonds issued by the authority shall be paid solely from the property (including, but not limited to, real property, fixtures, personal property, revenues, or other funds) pledged, mortgaged, conveyed, assigned, hypothecated, or otherwise encumbered to secure or to pay such bonds. No revenue bonds shall be issued by the authority under this chapter unless its members adopt a resolution finding that the project or combination of projects for which such bonds are to be issued will be self-liquidating.

(b) All revenue bonds shall be authorized by resolution of the authority, adopted by a majority vote of the full membership of the authority at a regular or special meeting.

(c) Revenue bonds shall bear such date or dates, shall mature at such time or times (not more than 40 years from their respective dates), shall bear interest at such rate or rates (which may be fixed or may fluctuate or otherwise change from time to time), shall be subject to redemption on such terms, and shall contain such other terms, provisions, covenants, assignments, and conditions as the resolution authorizing the issuance of such bonds may permit or provide. The terms, provisions, covenants, assignments, and conditions contained in or provided or permitted by any resolution of the authority authorizing the issuance of such revenue bonds shall bind the members of the authority then in office and their successors.

(d) The authority shall have power from time to time and whenever it deems it expedient to refund any bonds by the issuance of new bonds, whether or not the bonds to be refunded have matured, and may issue bonds partly to refund bonds then outstanding and partly for any other purpose permitted under this chapter. The refunding bonds may be exchanged for the bonds to be refunded, with such cash adjustments as may be agreed upon, or may sold and the proceeds applied to the purchase or redemption of the bonds to be refunded.

(e) Any limitations with respect to interest rates or any maximum interest rate or rates found in the usury laws of this state or any other laws of this state shall not apply to revenue bonds of the authority.

(f) The authority shall not have outstanding at any one time bonds and notes exceeding \$300 million; provided, however, that such limitations shall not apply with respect to bonds and notes issued to refund outstanding bonds and notes.

20-15-5.2.

(a) Bonds of the authority shall be confirmed and validated in accordance with the procedure of Article 3 of Chapter 82 of Title 36.

(b) Bonds issued by the authority may be in such form, either coupon or fully registered, or both coupon and fully registered, and may be subject to such exchangeability and transferability provisions as the bond resolution authorizing the issuance of such bonds or any indenture or trust agreement may provide.

(c) Bonds shall bear a certificate of validation. The signature of the clerk of the Superior Court of Richmond County may be made on the certificate of validation of such bonds by facsimile or by manual execution, stating the date on which such bonds were validated; and such entry shall be original evidence of the fact of judgment and shall be received as original evidence in any court in this state.

20-15-5.3.

(a) Subject to the limitations and procedures provided by this Code section and by Code Section 20-15-5.2, the agreements or instruments executed by the authority may contain such provisions not inconsistent with law as shall be determined by the members of the authority.

(b) The proceeds derived from the sale of all bonds issued by the authority shall be held and used for the ultimate purpose of paying, directly or indirectly as permitted in this chapter, all or part the cost of any project, or for the purpose of refunding any bonds or bond anticipation notes issued in accordance with this chapter.

(c) Issuance by the authority of one or more series of bonds or bond anticipation notes for one or more projects shall not preclude it from issuing other bonds in connection with the same project or with any other projects; but the proceeding wherein any subsequent bonds are issued shall recognize and protect any prior loan agreement, mortgage, deed to secure debt, trust deed, security agreement, or other agreement or instrument made for any prior issue of bonds, unless in the resolution authorizing such prior issue the right is expressly reserved to the authority to issue subsequent bonds on a parity with such prior issue.

(d) The authority shall have the power and is authorized, whenever bonds of the authority shall have validated as provided in this chapter, to issue from time to time its notes in anticipation of such bonds as validated and to renew from time to time any such notes by the issuance of new notes, whether or not the notes to be renewed have matured. The authority may issue such bond anticipation notes only to provide funds which would otherwise be provided by the issuance of the bonds as validated. Such notes may be authorized, sold, executed, and delivered in the same manner as bonds. As with its bonds, the authority may sell such notes at public sale or at private sale. Any resolution or

1 resolutions authorizing notes of the authority or any issue thereof may contain any
2 provisions which the authority is authorized to include in any resolution or resolutions
3 authorizing bonds of the authority of any issue thereof; and the authority may include in
4 any notes any terms, covenants, or conditions which the authority is authorized to include
5 in any bonds. Validation of such bonds shall be a condition precedent to the issuance of
6 such notes, but it shall not be required that such notes be judicially validated. Bond
7 anticipation notes shall not be issued in an amount exceeding the par value of the bonds
8 in anticipation on which they are to be issued.

9 20-15-5.4.

10 The authority may sell its bonds in such manner and for such price as it may determine to
11 be for the best interests of the authority. Whenever the authority shall determine to issue
12 its bonds, it shall request the Georgia State Financing and Investment Commission to
13 approve the bonds and carry out other services for the authority as provided by Article 2
14 of Chapter 17 of Title 50.

15 20-15-5.5.

16 Revenue bonds may be issued without any other proceedings or the happening of any other
17 conditions or things than those proceedings, conditions, and things which are specified or
18 required by this chapter. In the discretion of the authority, revenue bonds of a single issue
19 may be issued for the purpose of paying the cost of any one or more, including combination
20 of, projects at any one unit or any number of units. Any resolution providing for the
21 issuance of revenue bonds under this chapter shall become effective immediately upon its
22 passage and need not be published or posted. Any such resolution may be passed at any
23 regular or special or adjourned meeting of the authority by a majority of its full
24 membership.

25 20-15-5.6.

26 Revenue bonds issued under this chapter shall not be deemed to constitute a debt of the
27 state or a pledge of the faith and credit of the state, but such bonds shall be payable solely
28 from the property provided for in Code Section 20-15-5.1; and the issuance of such revenue
29 bonds shall not directly, indirectly, or contingently obligate the state to levy or to pledge
30 any form of taxation whatever therefor or to make any appropriation for their payment; and
31 all such bonds shall contain recitals on their face covering substantially the foregoing
32 provisions of this Code section.

1 20-15-5.7.

2 The bonds authorized in this chapter are made securities in which all public officers and
3 public bodies of this state and all municipalities and all political subdivisions; all insurance
4 companies and associations and other persons carrying on an insurance business; all banks,
5 bankers, trust companies, savings banks, and savings associations, including savings and
6 loan associations, building and loan associations, investment companies, and other persons
7 carrying on a banking business; all administrators, guardians, executors, trustees, and other
8 fiduciaries; and all other persons whatsoever who are now or may hereafter be authorized
9 to invest in bonds or other obligations of the state may properly and legally invest funds
10 including capital in their control or belonging to them. The bonds are also made securities
11 which may be deposited with and shall be received by all public officers and public bodies
12 of this state and all municipalities and political subdivisions for any purpose for which the
13 deposit of the bonds or other obligations of this state is authorized."

14 SECTION 5.

15 Said chapter is further amended by striking Code Section 20-15-6, relating to public purposes
16 and tax exemptions of the authority, and inserting in its place a new Code Section 20-15-6
17 to read as follows:

18 "20-15-6.

19 It is found, determined, and declared that the creation of the authority and the carrying out
20 of its corporate purposes are in all respects for the benefit of the people of this state and
21 constitute a public purpose and that the authority will be performing an essential
22 governmental function in the exercise of the powers conferred upon it by this chapter. The
23 State of Georgia covenants with the holders of the bonds that the authority shall be required
24 to pay no taxes or assessments upon any of the property acquired or leased by it or under
25 its jurisdiction, control, possession, or supervision or upon its activities in the operation or
26 maintenance of the facilities erected, maintained, or acquired by it or any fees, rentals, or
27 other charges for the use of such facilities or other income received by the authority, and
28 that the bonds of the authority, their transfer, and the income therefrom shall at all times
29 be exempt from taxation within the state; provided, however, in no event shall the
30 exemptions granted in this Code section extend to any lessee or other private person or
31 entity. The exemption from taxation provided for in this Code section shall include
32 exemptions from sales and use taxes on property purchased by the authority."

SECTION 6.

Said chapter is further amended by striking Code Section 20-15-7, relating to the status of certain moneys as trust funds, and inserting in its place a new Code Section 20-15-7 to read as follows:

"20-15-7.

All moneys received pursuant to the authority of this chapter, whether as proceeds from the sale of revenue bonds, as grants or other contributions, or as revenues, rents, and earnings, shall be deemed to be trust funds to be held and applied solely as provided in this chapter."

SECTION 7.

Said chapter is further amended by adding a new Code section at the end thereof, to be designated Code Section 20-15-16, to read as follows:.

"20-15-16.

This chapter shall be deemed to provide an additional and alternative method for the doing of things authorized by this chapter, shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing."

SECTION 8.

All laws and parts of laws in conflict with this Act are repealed.