

A Special Called Work Session of the Sandy Springs City Council was held on August 9, 2022 at Following the Special Called Meeting, beginning at 4:04 p.m., Mayor Rusty Paul presiding.

1. New Business

- A. **2022-205** Update on the Site of the Anne Frank in the World Exhibit, the Georgia Holocaust Memorial, and Associated Programming and Office Space in Partnership with the Georgia Commission on the Holocaust

Dan Lee, City Attorney, provided an update on the Anne Frank in the World Exhibit, the Georgia Holocaust Memorial, and associated programming and office space in partnership with the Georgia Commission on the Holocaust. The Anne Frank in the World Exhibit was located at 5920 Roswell Road from 2009 - 2020. It is currently located at 6110 Blue Stone Road. The Sandy Springs City Council has voted several times related to the Georgia Commission on the Holocaust (the Commission) lease and Holocaust memorial. Since July 2019, the Commission has been raising funds to support the construction.

The Georgia Commission on the Holocaust is a State agency, whose employees are funded by the State. Uniquely, the Commission does not have a State designated place-to-be. From 2009 - 2015, the City contracted with the Commission to display the Anne Frank Exhibit within the City, for \$50,000 annually. From FY 2016 - January 2020, Visit Sandy Springs took over the contract, providing the \$50,000 annual payment.

The City Council appropriated \$2,500,000 in FY 2020 to create Capital Project F0008 - Cultural Center. To-date, the City has expended \$51,850 for an architectural firm (Houser Walker) and \$8,302.49 for property taxes. In FY 2019, the City expended \$151,082 for Houser Walker programming, conceptual design, and schematic design.

Conceptual Options Summary

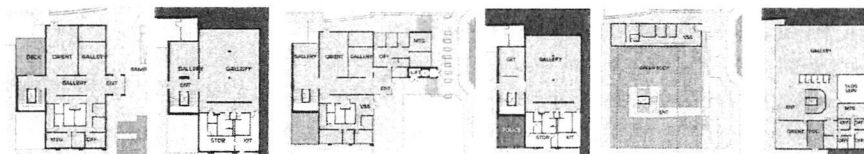
Option A
11,990 sf
GCH 9,390 sf



Option B
15,100 sf
GCH 11,200 sf
VSS 1,500
SSPD 600 sf



Option C
13,230 sf
GCH 8,750 sf
VSS 2,000 sf
SSPD 500 sf



Special Called Work Session of the City of Sandy Springs City Council
Studio Theatre, Sandy Springs City Hall and Broadcast Via Live Webinar and Teleconference
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Conceptual Cost Estimate - Construction Costs

Option A	Option B	Option C
Renovation of Existing Heritage	Renovation of Existing Heritage	New Construction
GCH Galleries	GCH Galleries, Police, VSS	GCH Galleries, Police, VSS
Area: 11,990 gsf	Area: 15,100 gsf	Area: 13,230 gsf
Jan. 2022 Construction Estimate:	Jan. 2022 Construction Estimate	Jan. 2022 Construction Estimate
\$300 per sqft	\$345 per sqft	\$448 per sqft
\$3,600,000 total	\$5,223,800	\$5,928,000 total
	Estimated City portion: \$1.6M	Estimated City portion: \$1.0M
Recommended contingency: 15%	Recommended contingency: 15%	Recommended contingency: 15%

SANDY SPRINGS HERITAGE BUILDING CONCEPT STUDIES FOR 100%

DESIGN BUILDING 11

ARCHITECT: WALKER GROUP, LLC

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The City Council has had several discussions on the location for the cultural center. In November 2021, the Council voted to place the exhibit on Heritage property, and to evaluate renovating the existing facility or construct a new building. The Council has also established the cultural center building uses, which is to include, Anne Frank in the World Exhibit, Georgia Holocaust Memorial, Holocaust exhibits, Visit Sandy Springs Offices, and a Sandy Springs Police Department satellite office.

Currently, the City is working with the Commission to establish the term sheet. Proposed term sheet components include:

- The City, via the Public Facilities Authority, is the fee owner of the building site
- The Center is anticipated to be a new, 2-story building containing approximately 13,230 square feet of which the Commission will occupy 7,000 - 8,750 square feet, with no common areas to be shared.
- Prior to commencement of construction, both parties will agree to mutually approved plans, budgets, and construction schedule.
- Design and construction costs for the tenant's portion of the project shall be calculated to determine annual rental rates, as applied to the square footage leased
 - The Friends of the Holocaust Commission will provide a Letter of Credit for a sum of \$3,000,000
- City Responsibilities:
 - Maintenance, upkeep, and repairs of the major systems, including HVAC, roof, electrical, doors, glass and plumbing, common grounds, and parking
 - Providing 1st class janitorial services consistent with government center
 - Insuring the Center's real property improvements, excluding the contents of the leased area
 - Security at the same level as provided for the government center
- Normal utility costs are included in tenant's base rent. Tenant is responsible for any inordinate or unusual costs outside normal consumption
- Tenant is responsible for cost of FF&E for leased premise
- Tenant's employees, patrons, and guests may utilize public parking serving the government center and Performing Arts Center on a nonexclusive, first come first serve basis

Staff also requires guidance on several points of discussion of the current proposal:

- **Lease Term.** The initial term of the lease shall be 20-years with two, five-year extension options after the 20th year, with each option subject to the following conditions: the agreed upon use of the facility remains the same; the Georgia Commission on the Holocaust continues to be a State agency, or at the City's discretion to approve a substitute sponsor entity; and the Georgia Commission on the Holocaust demonstrate financial ability to pay for the lease and all operating costs during the extension term(s).
- **Rent.** Rent shall increase 1.5% at the beginning of the 4th year of the lease.
- **Sublease.** No assignment or sublease permitted.
- **Default.** No obligation for the Public Facilities Authority (the actual lease holder) to mitigate damages on tenant default.

Mayor Rusty Paul stated during the Townhall Meeting those providing public comment will have two minutes.

Councilmember Jody Reichel stated the Council is tasked with the fiduciary responsibility to protect the community, which demands that we ask the tough questions. Will City proceeds or tax payer dollars be used to build and plan this building? How will the \$600,000 design fee be paid?

City Attorney Lee replied yes, they will be used, and they have been. The \$600,000 is for the entire building, and the Commission will share pro rata in the shared reimbursement of that, just like Visit Sandy Springs. The other two tenants will repay that. The money for the construction is budgeted and will be paid by the City. The proposal was that because of the partnership to promote the cultural aspects, the money will be paid by the City. The \$600,000 will be paid by the City.

Councilmember Reichel continued, the City is asking for a letter of credit, which is currently discussed to be \$3,000,000. Will the letter of credit include all of the rent included for 20 years plus ongoing, operators costs?

City Attorney Lee replied the operating expenses are secondary expenses and are difficult to determine in terms of what to include in the amount of the credit letter. The Council will have to determine if \$3,000,000 is the appropriate amount. The \$3,000,000 is the number the Bank has agreed to post, and was determined much earlier in the process.

Councilmember Reichel stated the Commission has not provided a 10-year revenue projection sheet. How is Commission receiving revenue? How can the City make a lease without reviewing a performa?

City Attorney Lee replied this idea was born out of something other than a start-up business deal, as it is about the advancement of the culture that will be displayed in the facility. I believe a \$3,000,000 letter of credit will secure the lease payment well into the 20-year term, albeit not knowing the final costs.

Mayor Paul stated the Commission is a State-funded agency that receives an annual appropriation of \$275,000, to cover operating costs. We can expect the ability of the State, who will be signatories to the lease, to cover any shortfalls.

City Attorney Lee stated the Commission is the only State agency whose home is not paid for. This needs to change. The City's protection is two-fold: 1. Both parties will know what the rent payment will be when the City receives a construction bid, which will be the cost of construction divided by 20 years. 2. If both parties then move forward, then the \$3,000,000 is there to ensure the City will be protected.

The Council will have to decide if the \$3,000,000 is enough. The \$6,000,000 construction estimate is for the entire facility construction, including the space dedicated the additional two tenants.

Councilmember Reichel replied the additional tenants do not need this new building as they can be placed elsewhere.

Councilmember Andy Bauman asked, as currently negotiated, is the letter of credit a declining letter of credit. Is it the intent to tie the letter or credit as closely as possible to the future obligations of the lease? If the tenant defaults, the remedy is to return the building to the City, and the City can then collect an accelerated balance due under the lease.

City Attorney Lee replied yes. Also, what is presented are concepts. And there is volatility and costs that should be considered. The best way to do this is to design with everyone's input, is to put it out to the market and receive a bid contract, and return that for everyone's consideration.

Councilmember Reichel asked is there a minimum square foot of the building. This is a prominent acre in the heart of the city. Have there been studies on the highest and best use of the property? Also, the \$600,000 in design fees should be paid up front by the Commission.

City Attorney Lee stated when the concept first came up in 2018, the City wanted control of the design as it would be city-owned.

Councilmember Tibby DeJulio the number presented is \$3,600,000. Originally, the \$3,000,000 came about by calculating a 20 year lease with a rental amount of \$150,000 per year. If it does come that the Commission construction share is \$4,000,000, for example, will the annual rent be \$4,000,000 divided by 20? Should that happen, is the letter of credit going to be 20 times the annual rent?

City Attorney Lee stated the rent will be the actual cost of the construction divided by 20. The \$3,000,000 was a guess of the total amount of the lease. The City Council would have to decide if the letter of credit would have to grow with the cost of construction.

Mayor Paul stated there is also a 1.5% escalator beginning at year 4. So it is not exactly divided evenly by 20.

City Attorney Lee replied additionally, the escalator will compound annually after year four. This is proposed to better protection for the City.

Councilmember Bauman stated it is reasonable to ask if the letter of credit should dollar-match the 20-year lease. It is also reasonable to ask if the declining balance should start at a date when it would dollar-match. What is presented is a fixed value default clause.

City Attorney Lee advised Staff needs to know now if Council desires the letter of credit to equal the actual rent over the life of the lease.

Councilmember Bauman stated lease terms should also include that if Commission plans to charge admission, then Sandy Springs citizens admission fees should be waived in perpetuity. Additionally, the City should always be noted at the highest level of recognition as partners of the facility.

Councilmember Melissa Mular asked can the the City Springs Master Plan Update study identify other public uses that can be part of the building.

Kristin Smith, Assistant City Manager, replied yes.

Councilmember Mular stated the current zoning is conservation and public use. Is the museum consistent with this zoning designation, or would a rezoning be required.

City Attorney Lee replied it would not.

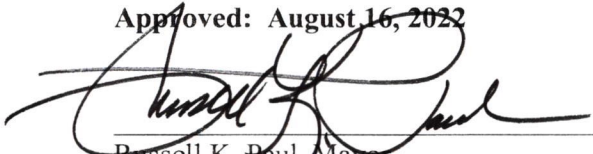
Councilmember John Paulson stated it is a good idea that the letter of credit would not start declining until the balance owned gets below the \$3,000,000. This project is not strictly a real estate deal. This is an opportunity for the City and State to put together a facility that could be a world class facility. It is worth pursuing. This discussion is a step in the process. The City Council will also have to review the final design for the facility as it will require Council's approval.

Council consensus: Include terms as presented and: (1) Sandy Springs residents will be allowed to enter for free even if the Commission charges admissions to others; (2) City of Sandy Springs will always receive top recognition as facility partners; and (3) if the cost of construction is over \$3,000,000, then the \$3,000,000 letter of credit does not decline until it is paid down to that amount.

Mayor Paul stated the Council will need to use its best judgement. This is an opportunity for Sandy Springs to say this is what our values stand. This is about children who can see what the outcome of hate really is.

There being no further discussion, the meeting adjourned at 4:57 p.m.

Approved: August 16, 2022



Russell K. Paul, Mayor

Karina Reyna, Assistant City Clerk