City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on May 21, 2013, at 11:30 a.m.

Call to Order

Chairman Rusty Paul called the meeting to order at 11:36 a.m.

Board Members Present: Rusty Paul, Ralph Thurmond, Jennifer Steele, Carla Sweetwood, Gabriel Sterling and Jimmy Glenn. Dave Nickles was absent

Staff and Representatives Present: Assistant City Manager Eden Freeman, City Attorney Wendell Willard, Assistant City Clerk Kelly Bogner, and Staff Attorney Kathy Williams were present.

I. GENERAL BUSINESS

A. Approve minutes of last meeting

Motion and Vote: Councilmember Sterling moved to approve the September 26, 2012, Sandy Springs Development Authority minutes. Jennifer Steele seconded the motion. The motion carried unanimously.

Motion and Vote: Councilmember Sterling moved to amend the May 21, 2013 agenda to add the REBA grant as Item D. Jennifer Steele seconded the motion. The motion carried unanimously.

B. Introduction of any new members

Councilmember Gabriel Sterling introduced himself as a new boardmember.

II. BUSINESS RELATING TO REVENUE BOND ISSUANCE TO BE DESIGNATED "CITY OF SANDY SPRINGS DEVELOPMENT AUTHORITY REFUNDING REVENUE BOND (THE ALFRED AND ADELE DAVIS ACADEMY, INC. PROJECT), SERIES 2013 (led by Chairman or Vice Chairman of Authority after presentation by Ken Pollock, counsel for The Alfred and Adele Davis Academy and Bond Counsel)

A. Adopt bond resolution in substantially final form, with exhibits, including:

1. Exhibit "A" - Form of Bond Purchase Agreement;
2. Exhibit "B" - Form of Loan Agreement;
3. Exhibit "C" - Form of Series 2013 Promissory Note;
4. Exhibit "D" - Form of Deed to Secure Debt and Assignment of Rents and Leases;
5. Exhibit "E" - Form of Security Agreement; and
6. Exhibit "F" - Form of Assignment and Security Agreement.

City Attorney Wendell Willard stated the City was recently contacted by Ken Pollock, counsel for The Alfred and Adele Davis Academy. Several years ago, the school financed a bond through the Fulton County Development Authority. The school is interested in refinancing the bond to receive a better rate of interest on the bond. The school approached the Sandy Springs Development Authority to ask if they have interest in this.

Ken Pollock, counsel for The Alfred and Adele Davis Academy, stated he will describe the purpose of the bond, the legal structure of the bond, and provide an explanation on what the school is asking of the Authority.

He introduced Head of The Davis Academy Amy Shafron, President of Board of Trustees Sam Tuck, and CFO of The Davis Academy Bonnie Vavra.

Amy Shafron, Head of The Davis Academy, stated The Davis Academy is Atlanta's reformed Jewish day school. The school is celebrating its 20th year operating. The Davis Academy is the largest reformed Jewish day school in the country. The school is associated with The Union for Reformed Judaism. The school interacts with other schools in competitive athletics and through professional growth with many of the private schools throughout the City. The school is accredited through Southern Association of Colleges and Schools, (SACS), the Southern Association for Independent Schools (SAIS), and the Georgia Accrediting Commission. Currently, the school has 611 students and approximately 150 faculty and staff on both campuses. The lower school is located at 8105 Roberts Drive and the middle school is located at 7901 Roberts Drive. The school is a 501(c)(3) nonprofit. A majority of the school's revenue comes from tuition and donations.

Sam Tuck, President Board of Trustees, stated he is a resident of Sandy Springs and a certified public accountant. As the Board President, his duty is to be a liaison between the school and the board. The board does not get involved in the day-to-day operations of the school. The board is made up of about thirty members that include parents and individuals from the community.

Bonnie Vavra, Chief Finance Officer for The Davis Academy, stated the Board started reviewing the school's bonds last summer. The school will continue to use BB&T as the bond purchaser. The school decided to approach the Sandy Springs Development Authority

Mr. Tuck stated the school has a 2.54% interest rate for the bond for the next fifteen years. The school is refinancing the original bonds that financed the building of the lower school and were used to purchase the land for the middle school. The bonds were issued in 1999 to buy the land from a church. The school held a campaign and raised $10 million to construct a building on that site. This bond issue has no new projects involved. It is just a refinance of the current bonds.

City Attorney Willard stated The Davis Academy middle school assists the children in the Dunwoody Springs public school through tutoring school work.

Mr. Tuck stated he will describe the structure of the transaction and what the Authority is being asked to do. The legal purpose of a development authority is to promote trade, commerce, industry and employment within a particular jurisdiction. The Development Authority is being asked to issue bonds for the benefit of an entity. The Davis Academy employees teachers and other employees. The bonds will help retain employment at the school. The Authority is being asked to issue up to $10,590,000 of a revenue refunding bond. This is a single bond that would be purchased by BB&T bank. The bank has signed a commitment letter to purchase the bond. The reason for the cost of the bond is due to the bonds the school is paying off that were issued in 1999 at the outstanding principal amount. The school will pay all of the closing costs and any costs associated with the closing. This bond will solely pay off the 1999 bond. The documents the Authority is being asked to approve today are listed as Exhibit A-F. Exhibit "A", the Form of Bond Purchase Agreement, is an agreement between the Authority and the bond purchaser BB&T. In that document the authority agrees to issue the bond for an amount not to exceed $10,590,000. The interest rate on the bond will be 2.54% and the bond will mature on June 1, 2028. The payment provisions are included in this agreement as well. This agreement clearly states the Authority is issuing this bond as a limited obligation of the Authority. The Authority is only obligated to pay the debt service on this bond to the extent that the school makes the payment. The Authority has no liability on the bond except making sure the money that the school pays makes it to the bond holder. Exhibit "B", the Form of Loan Agreement, is between the Authority and the school. Under this document, the Authority agrees to $10,590,000 and to lend it to the school. The school has agreed to make loan payments in an amount sufficient to repay the bond. The school has agreed to pay the cost and expenses on the amount owed on the bond. The loan agreement allows the school to make the payments directly to BB&T. Exhibit "C", Form of Series 2013 Promissory Note, the school will sign evidencing its obligation to make the loan repayments. The Authority will endorse the note over to the bank for the benefit of the bank. Exhibit "D", Form of Deed to Secure Debt, will be granted to the Authority for The Davis Academy property. The Authority will assign its rights under that deed to the bank, so the bank has the collateral to secure the loan. Exhibit "E", Form of Security Agreement, is also collateral on personal property that will be granted to the Authority and assigned to the bank to serve as collateral for the bond. Exhibit "F, Form of Assignment and Security Agreement, makes the assignment of all the Authority's rights under the other documents to the bank, so the bank can receive all the payments and have the benefit of the collateral. The bond resolution is the document that the Authority is being asked to vote on today. The resolution specifies that the Authority has determined this is a project that qualifies under the Development Authority law as a project.

City Attorney Willard stated the financing of a private or public educational building are both authorized under the Development Authority Act.

Mr. Tuck stated the resolution approves the Authority to enter into the documents and authorizes the Chairman to execute all of the documents subject to further changes. The bond resolution also authorizes Sandy Springs City Council to initiate a validation proceeding in the Fulton County Superior Court. It is required by law that the bond be validated by the court. Once the court rules on the validation, the bond security and the security for the bond can no longer be challenged by anyone in the public. This process gives the public an opportunity to give objections to the issuance of the bond. If no one objects, the court will rule the bond as validated. The resolution authorizes Sandy Springs City Council to hold a public hearing. This is a requirement under the federal tax law that the public be informed. The hearing is scheduled to be held on June 17th and will be publicly advertised. After the hearing is held, the Mayor will be asked to sign a document acknowledging that the hearing was held and a formal approval.

Councilmember Gabriel Sterling asked if the approval of the resolution should be one motion.

City Attorney Willard stated the Authority would approve the resolution and the exhibits are part of the resolution.

Jimmy Glenn stated the City of Sandy Springs would not liable.

City Attorney Willard responded that is correct. There is nothing in the documents that provides liability to the City or the Authority.

Chairman Paul stated the bank's only recourse is to the assets of the school.

Mr. Tuck stated the question may be asked why the school did not go directly to the bank to obtain a loan. The reason is because as a 501(c)(3) , the school is entitled to a tax advantage on the municipal bond market. The tax exempt bond has to be issued by a governmental entity. By this Authority issuing the bond, the bond can be considered tax exempt to the holder. The holder of the bond, in this case will not have to pay income tax on the interest earned. Due the benefit to the bond holder, the bank offers the borrower a lower interest rate. If the school were to go directly to the bank, the school would pay a higher interest rate. In the documents the school indemnifies the Authority for any claim or anything the Authority might be held responsible for.

Chairman Paul stated once a judge issues a validation, these bonds cannot be challenged by the public.

Motion and Second: Councilmember Sterling moved to adopt the bond resolution as discussed. Jennifer Steele seconded the motion.

Jimmy Glenn asked if the Authority would be liable.

Mr. Tuck stated the bond has language that states that the bond shall never constitute an indebtedness or general obligation of the State of Georgia, the City of Sandy Springs, or any other political subdivision of the State of Georgia within the meaning of any constitutional provision or statutory limitation whatsoever, nor pledge of the faith and credit or taxing power, nor shall any of the forgoing be subject to any pecuniary liability. The issuer has no taxing power. This means the Authority cannot levy a tax to pay the bond. There is language in the document that states there would be no liability to the Authority.

City Attorney Willard stated there is language in the documents that state BB&T will only be able to approach The Davis Academy for payment and collection of the debt. The process occurs throughout the State with all the local jurisdictions that have established a development authority. This is used to help attract businesses to purchase property.

Vote on the Motion: The motion carried unanimously.

B. Authorize the Chairman and Secretary of the Authority to execute the following documents and to take all actions and to do all things as Authorized Authority Representatives required or permitted thereunder:

1. Bond Resolution of the Authority;
2. Bond Purchase Agreement between the Authority and Branch Banking and Trust Company, as Bond Buyer;
3. Loan Agreement between the Authority, as Lender, and The Alfred and Adele Davis Academy, Inc., as Borrower;
4. Deed to Secure Debt and Assignment of Rents and Leases between The Alfred and Adele Davis Academy, Inc., as Grantor, and the Authority, as Grantee;
5. Security Agreement between The Alfred and Adele Davis Academy, Inc., as Borrower, and the Authority, as Issuer; and
6. Assignment and Security Agreement between the Authority, as Issuer, and Branch Banking and Trust Company, as Bond Buyer.

Motion and Vote: Councilmember Sterling moved to authorize the Chairman and Secretary of the Authority to execute the documents under Section B. Ralph Thurmond seconded the motion. The motion carried unanimously.

C. Authorize the execution of various closing documents in connection with the Bond issue.

Motion and Vote: Ralph Thurmond moved to authorize the execution of various closing documents in connection with the bond issue. Councilmember Sterling seconded the motion. The motion carried unanimously.

Chairman Paul stated this is a service the City is providing through the Authority. Most Development Authorities do charge a fee. The fee is then used to assist the City.

D. REBA Grant

Assistant City Manager Eden Freeman stated the Department of Community Affairs awarded a $350,000 REBA grant as a result of the last meeting held on September 26, 2012. The package distributed to the members includes additional documents that need to be authorized and signed in order to use the funds. The first document is the award document. As a result of receiving the award, City staff met with the Department of Community Affairs staff. DCA staff requested the leased equipment provision be amended. This program requires that the company transfer title or ownership of the equipment to the Development Authority subject to the terms of the grant agreement. The Development Authority would then lease the equipment back. In addition to the award are the first amendment to the equipment lease and the first amendment to the bill of sale. She suggested authorizing the amendments.

Motion and Vote: Councilmember Sterling moved to adopt the amendment to the bill of sale for the REBA Grant. Jennifer Steele seconded the motion. The motion carried unanimously.

Motion and Vote: Jennifer Steele moved to accept the first amendment of the equipment lease for the CBS Corporation. Carla Sweetwood seconded the motion. The motion carried unanimously.

Assistant City Manager Freeman asked for consideration by the Authority to accept the grant award on behalf of the CBS Corporation. The two single documents are required special conditions as a statement to the award document.

Chairman Paul asked if the amendment documents execute what the Authority has approved.

City Attorney Willard responded yes.

Motion and Vote: Councilmember Sterling moved to accept the REBA grant award from the State of Georgia for the CBS Corporation. Jennifer Steele seconded the motion. The motion carried unanimously.

III. OTHER BUSINESS

City Attorney Wendell Willard stated the Authority needs errors and omissions insurance. He suggested the Authority proceed with obtaining errors and omissions insurance to protect the boardmembers.

Chairman Paul asked if the insurance would be covered under the City's errors and omissions insurance.

City Attorney Willard stated an insurance rider would need to be obtained that specifically covers boardmembers of the Authority. He asked the board to authorize obtaining errors and omissions insurance to and authorize payment, if it is needed, from the funds of the Authority.

Motion and Vote: Councilmember Sterling moved to allow City's general counsel to apply for errors and omissions insurance for the Sandy Springs Development Authority board and its members and payments to be made through the proceeds from the revenues of the Authority. Jennifer Steele seconded the motion. The motion carried unanimously.

IV. ADJOURN

There being no further discussion, the meeting adjourned at 12:16 p.m.

Date Approved: January 9, 2014

Rusty Paul, Chairman	Michael Casey, City Clerk