City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on February 21, 2014, at 3:00 p.m.

Call to Order

Acting Chairman Gabriel Sterling called the meeting to order at 3:03 p.m.

Board Members Present: Jennifer Steele, Carla Sweetwood, Gabriel Sterling, Jimmy Glenn, Craig Johns, and Chip Collins. Dave Nickles was absent.

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

Assistant City Clerk Kelly Bogner asked the Boardmembers to state their name whenever they speak to facilitate creation of the minutes.

Motion and Vote: Jennifer Steele moved to adopt the February 21, 2014 agenda. Carla Sweetwood seconded the motion. The motion carried unanimously.

I. 2014 Officer Election

Motion and Vote: Jimmy Glenn nominated Chip Collins as the Chairperson. Jennifer Steele seconded the motion. The motion carried unanimously.

Motion and Vote: Carla Sweetwood nominated Gabriel Sterling as the Vice Chair. Jennifer Steele seconded the motion. The motion carried unanimously.

Motion and Vote: Gabriel Sterling nominated Jennifer Steele as the Secretary/Treasurer. Carla Sweetwood seconded the motion. The motion carried unanimously.

II. Approval of Minutes from meeting held January 9, 2014

Motion and Vote: Gabriel Sterling moved to approve the January 9, 2014, Sandy Springs Development Authority minutes. Jennifer Steele seconded the motion. The motion carried unanimously.

III. New Business: Letter of intent for Taxable Revenues Bonds for the JLB Partners Project

City Attorney Wendell Willard introduced Attorney Jim Woodward who previously worked with the City when there was a bond issue dealing with the Hammond Half Diamond interchange. He is now assisting with the JLB Partners project.

Attorney Jim Woodward stated in every state tax incentives are offered to companies to induce them to move to certain jurisdictions. All companies are required to pay property taxes, but government entities are exempt. The Development Authority is charged to promote entering into long term lease agreements with companies. Since the Authority will own the property, the ownership interest is exempt from property taxes. The company will then have a leasehold and interest in the property. The Fulton County Tax Assessor's office has an evaluation formula that shows savings or less ad valorem taxes during the term of the lease. Once the transaction occurs, the property will be transferred to the Development Authority.

Craig Johns asked what property Mr. Woodward is referring to.

Mr. Woodward stated the dirt, buildings, fixtures, and some equipment. This includes the real property and long term personal property.

Craig Johns asked if this is a $3.7 million transaction to develop a roadway.

Mr. Woodward stated JLB wants a taxable revenue bond to be issued in connection with the transaction. The main purpose is to have a bond validation on the structure. The Authority will take title to this project and lease it back to the company. All management and operations of the property will be done by the company. At the same time, the Authority will issue a revenue bond equal to the amount of the project. The revenue bond is a limited obligation to the Authority, which means there is no obligation to the City. The lease payments are the only thing that can be used to pay the principle and interest on the bond. The bond is typically sold back to the company. The company purchasing the bond is the bond holder. Sometimes the bonds can be sold to banks, but typically the bonds are sold to the company for tax abatements. The company is providing the funds to build the project itself. This is structured this way for a zero sum gain for the company. The bond will be about $100 million. Once the Authority agrees to move forward with the bond, the document is approved and the memorandum of understanding of the tax valuation then goes to the Fulton County Board of Tax Assessors and they sign off on the document as well. The company will pay 10% more each year after the documents are signed. There will be significant tax savings with the lease purchase agreement to JLB. This will provide excess cash for JLB and they will be paying the City to fund the $3.7 million. This will be a payment in lieu of taxes.

Craig Johns stated the City has the motivation of cleaning up an old C apartment complex by constructing a new mixed use complex and realigning the road.

Councilmember Sterling stated GRTA told the City if Windsor Parkway is not realigned, the City would not be allowed to receive any State or federal funds for the road. This is a way to pay for the realignment without using taxpayer's money.

Craig Johns asked if this item came about just as a result of the JLB development.

Councilmember Sterling responded no. The City staff met and discussed how the Development Authority could fund the infrastructure of this project. If the JLB project was not occurring, the City would have to take $2 -$3 million from other projects for the construction of the road. The City approached JLB and asked if they would be willing to work with the City to accomplish the road improvements.

Hudson Hooks, JLB Development Partner, stated the latest budget for this project is approaching $160 million in total cost to build. This amount is much larger than the original cost, because the apartments are much larger and the retail is much nicer. There is a difference in the amount of taxes this project will pay in ten years versus what is currently being paid on the property.

Councilmember Sterling stated he believes the current tax income is $11 million.

Mr. Hooks stated Sprouts, an organic grocery store, will be located in the complex. It is a competitor of Whole Foods, Fresh Market, and Trader Joe's.

Craig Johns asked if there will be solar or high speed internet at this property.

Mr. Hooks stated there will be internet capability, but he does not know if there will be solar capacity on the roof. The project will be green to some degree.

Craig Johns asked about JLB.

Mr. Hooks stated JLB is a national apartment developer with its headquarters located in Dallas and a regional office located in Atlanta. In the southeast, JLB has been responsible for over ½ billion dollars of development. Most recently JLB built a project on Pharr Road. That project will be developed with USAA, who is also a partner on the Windsor Parkway project. That project was just sold to Met Life for $106 million at $284,000 per unit. These are condo quality type units. The units will have ten foot ceilings, stainless steel appliances, and granite counter tops.

Craig Johns asked how many units are currently at this location.

Mr. Hooks responded 436 units are currently on the property and the new apartments will contain 630 units. The average rental rate will be approaching $2,000 with about 900 to 950 square feet per unit. The units will be built to be converted to condos as an option. The demolition has already started. The retail is expected to be open in April or May 2015 and the multi-family housing will be open by the end of that summer. The construction of the second phase, which is the southern building, will be completed in another thirty-six months.

Jennifer Steele asked about the AAA building.

Mr. Hooks stated his company received pressure from the seller to either work the deal out or pass, because they had a backup contract.

Craig Johns asked how many stories the development will be.

Mr. Hooks responded the retail is obviously one story. The back retail buildings are two stories with office space on the top with about 30,000 square feet, which is already leased. The multi-family is about four stories with a basement on the northern section and five stories with a basement on the southern side. The buildings will have brick exteriors. For the most part the Cherokee Park neighborhood is happy with the plans. The last apartment tenant was relocated today. The abatement has begun on the southern part of the apartment complex and within the next few weeks the buildings will be demolished.

City Attorney Willard stated the Development Authority and the City will not assume liability of the tax abatement.

Mr. Woodward stated the next step is to move forward with the documents. In the next two to three weeks the documents will be approved by the Authority.

Jimmy Glenn asked if the City is paying for the road and the developer is lending the City money.

Mr. Woodward stated the City will be building the road and the money for the road will come from the developer.

Councilmember Sterling stated the majority of the tax abatement and overall percentage includes Fulton County school taxes and Fulton County taxes. A very small percentage of the funds will be Sandy Springs money, which will only be about 4%. The 96% comes from the other two entities. The percent is about 60% school funds and 36% Fulton County funds.

Jimmy Glen asked how much money the City will lose in taxes.

Councilmember Sterling stated much less than the City would have lost if the City would have had to pay for the road. The City will lose $114,000 in taxes to gain $2.5 million.

Jimmy Glen asked about the $3.7 million figure.

Councilmember Sterling stated that cost is for the construction of the road.

Mr. Woodward stated there will be one transaction for the tax abatement and then another contract that will not be part of the document package. The contract will be between the City and the developer for the funds.

Councilmember Sterling asked what the timeline is for the entire process.

Mr. Woodward stated once the Board of Tax Assessors signs off on the valuation schedule, the validation will be filed. The whole process may take about eight weeks.

Councilmember Sterling asked if the payment in lieu of taxes goes through the Development Authority.

Mr. Woodward stated that will go through the City.

Motion and Second: Jennifer Steele moved to authorize the Chairman and the City Attorney to move forward with the letter of intent for Taxable Revenues Bonds for the JLB Partners Project. Councilmember Sterling seconded the motion.

Councilmember Sterling stated Jennifer made a motion to authorize the City Attorney to complete all the paperwork and bring it back to the Authority with a resolution that will be passed at a later date.

Chairman Chip Collins suggested the City Attorney create a presentation on this item for the public in order for them to understand.

Mr. Hooks stated some of the public will see this as the City giving the developer $100 million. The City is not giving the developer anything. The developer is coming up with all of the money for this project.

Jennifer Steele stated there is a lot of bad information about what the Development Authority truly does and some see it as very threatening. Whatever the City can do to clarify this for the public is good.

Chairman Collins stated he would like to have seen a diagram of the complete process.

Jimmy Glen asked if the boardmembers can have documents and information regarding upcoming meetings distributed at least a few days before the meeting.

Vote on the Motion: The motion carried unanimously.

Mr. Hooks stated if costs were to be displayed, they would all be guestimates. As the documents are drafted they will be brought back to the Authority for the final approval and there will be more details.

Director of Economic Development Andrea Hall stated Council approved the money for the road in July 2013.

ADJOURN

Motion and Vote: Councilmember Sterling moved to adjourn the meeting. Jennifer Steele seconded the motion. The motion carried unanimously. The meeting adjourned at 3:47 p.m.

Date Approved: May 1, 2014

Chip Collins, Chairman

Michael Casey, City Clerk