City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on December 18, 2014, at 9:00 a.m.

Call to Order

Chairman Chip Collins called the meeting to order at 9:09 a.m.

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

Staff and Representatives Present: City Attorney Wendell Willard, Staff Attorney Kathy Williams, Finance Director Karen Ellis, Director of Economic Development Andrea Hall, City Clerk Michael Casey, Assistant City Clerk Kelly Bogner, and Attorney Jim Woodward

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

I. Approval of Minutes from meeting held July 8, 2014

Motion and Vote: Gabriel Sterling moved to approve the July 8, 2014, Sandy Springs Development Authority minutes. Carla Sweetwood seconded the motion. The motion carried unanimously.

City Attorney Wendell Willard stated there have been ongoing negotiations regarding the JLB project that the Development Authority is participating in by assisting with the underwriting of the loans through the Authority.

Attorney Jim Woodward stated at the last Authority meeting the bond resolutions were approved as three separate transactions. From that approval, the issuance of tax abatement bonds occurred for the three entities, JLB Chastain LLC Phase I and II, and the Sandy Springs Gateway Owner. The validation occurred in October, 2014. There were negotiations with all the of lenders and the three entities up until this point. The three companies will make payments to defray a majority of the costs associated with the Windsor Parkway project.

Dave Nickles arrived at this time.

Attorney Woodward stated the three contracts are identical in format and are the Memorandum of Agreements that were approved by the City at the City Council meeting this past Tuesday evening. They are currently being approved by the three companies as well. The three companies have requested the Authority be involved in the transaction, because the deal is based off of a percentage of the tax abatement they will receive under the bond transaction. There is also another contract besides the three presented that was already approved by the bond resolution. This agreement is for the ground lessor. This is regarding the JLB/Chastain City portion of the project. One of the lenders requested the Authority give an interest in the property to the lender. The additional contract was probably already approved with the bond resolution, but he requested a motion be made to approve the agreement.

Councilman Gabriel Sterling asked if that item needs to be added to the agenda.

City Attorney Wendell Willard responded yes. The first three agreements should be approved and then the final agreement can be added to the agenda for approval.

Attorney Woodward stated the closing should occur on Monday December 22, 2014. All funds will be wired, including the Authority fees. The retail portion of the agreement will be signed tomorrow.

Chairman Chip Collins asked Attorney Woodward to go over the payment agreements.

Attorney Woodward stated the agreement is with JLB Chastain LLC. The Authority will receive 1/8 of 1% of $65 million.

Councilman Sterling asked if the amount the Authority will receive between the three agreements is about $83,000.

Attorney Woodward stated that amount is about $200,000. How the payments work is the first year after completion of each project phase, in 2016 or 2017, the JLB Chastain LLC will make payment to the Development Authority and the Authority will in turn make the payment to the City for the road project. The first year is 56% or 57% of the tax abatement. The amount increases in years two and three to 100% and then for years four through ten the amount will be 67% of the tax abatement. The second phase will be completed in 2018 and that ten year repayment period will begin in 2019 with the same payout schedule. The retail portion is the Sandy Springs Gateway and will be finished in 2015. These payments will begin in 2016. The payments will be 41.5% in the first year, 100% in years two and three, and 67 2/3% for the remaining seven years. The net result is about $4.9 million in payments made to defray the cost of the Windsor Parkway project.

Chairman Collins asked how much the total project will cost.

City Attorney Willard stated he does not have a final total cost figure yet.

Craig Johns asked about the numbers on page 5 of the agreement.

Attorney Woodward stated page 5 shows the tax abatement cost of 50% of the Fulton County Tax Assessors schedule. In year one, the company will pay 57.5% of that 50% to the Development Authority and then the funds will go to the City. The companies will receive a 50% savings in taxes and over half of that dollar amount will be paid to the City.

Councilman Sterling stated the rationale for the developer is paying the closing costs with the City letting them recuperate the closing costs on the front end.

Craig Johns asked if 100% is paid to the Development Authority for the first five years and then 20% for the last five years.

Attorney Woodward stated the first draft of the documents were submitted before the percentage amounts were finalized.

City Attorney Willard stated the amounts were changed to give a greater revenue up front for the reason the City is not guaranteed the tax abatement will continue for the full time. The banks can sell the property and end the tax abatement.

Attorney Woodward stated the first draft was 100% for the first five years and 20% for the last five years. Those numbers were negotiated down. There is a lockout period of six to eight years which is built into the agreement.

Craig Johns stated on page six there is an agreement by the City to get the project completed within one year. He asked what happens if the project is not completed in one year.

City Attorney Willard stated the timing of new traffic light will work with the existing traffic light for egress and ingress to the commercial area. There is no expectation for a delay in the project, but also no guarantee the project will be started and finished by certain dates.

Jimmy Glenn asked about the synopsis of the cost to the City.

Attorney Woodward stated there are three projects, two of which are about $65 million each and the other is about $39 million, for a total of $169 million.

Councilman Sterling stated the amount is in the small hundreds of thousands, but is less than $200,000 and is based on 50%.

Jimmy Glenn stated he understands the math, but would like an overall synopsis. The Board seems to be voting on something they have never seen the numbers on or an overall projection for.

Councilman Sterling stated the numbers are a moving target.

Finance Director Karen Ellis asked if they want the numbers of the total abatement versus what money will come back to the City.

Councilman Sterling responded no.

City Attorney Willard stated the numbers should reflect the current tax situation and then what the tax situation is for the redevelopment of the property based on the land value improvements.

Councilman Sterling stated he spoke to one of the developers. The $169 million and the $120 million are below what the developers will spend, even though the City is abating the $169 million.

Jimmy Glen stated if he is being asked to vote on something, he wants to know what he is voting on.

Councilman Sterling stated the current value of the property is $11 million.

Attorney Woodward stated currently the property owner is paying $18,000 annually in property taxes to the City. Fifty percent of the tax abatement will be received by the City.

Jimmy Glen stated if the Board is voting on something of this magnitude, the Board should be presented with a simplistic answer.

Attorney Woodward stated in the first year after the project is built, without the tax abatement the City would have received is $282,000. The City is giving up about $140,000 that year. The second year the City will receive $132,000 for the year.

City Attorney Willard stated staff can prepare a spreadsheet with the numbers after this meeting.

Councilman Sterling stated if the City did nothing, it would net about $770,000 over ten years. The City will receive a loan from the State to help fund part of the project from the State Road and Tollway Authority (SRTA).

Craig Johns stated he is confused by looking at the last minutes where it states "Councilman Sterling stated the amount of taxes received for this project is $11 million".

Councilman Sterling stated that language has been corrected in the minutes. It should have read what the two properties combined are valued at.

II. Unfinished Business

A. Consideration of a Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and JLB Chastain LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $65,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (JLB Chastain LLC Project), Series 2014 (Led by Jim Woodward, Bond Counsel)

Motion and Vote: Councilman Sterling moved to approve the Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and JLB Chastain LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $65,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (JLB Chastain LLC Project), Series 2014. Dave Nickles seconded the motion. The motion carried unanimously.

B. Consideration of a Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and JLB Chastain Phase II LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $65,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (JLB Chastain Phase II LLC Project), Series 2014 (Led by Jim Woodward, Bond Counsel)

Motion and Vote: Craig Johns moved to approve the Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and JLB Chastain Phase II LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $65,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (JLB Chastain Phase II LLC Project), Series 2014. Carla Sweetwood seconded the motion. The motion carried unanimously.

C. Consideration of a Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and Sandy Springs Gateway Owner, LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $39,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (Sandy Springs Gateway Owner, LLC Project), Series 2014 (Led by Jim Woodward, Bond Counsel)

Motion and Vote: Dave Nickles moved to approve the Memorandum of Agreement by and among the City of Sandy Springs Development Authority, the City of Sandy Springs, and Sandy Springs Gateway Owner, LLC regarding the Windsor Parkway/Roswell Road intersection realignment project in connection with the issuance of $39,000,000 in aggregate principal amount of the City of Sandy Springs Development Authority Taxable Revenue Bonds (Sandy Springs Gateway Owner, LLC Project), Series 2014. Jennifer Steele seconded the motion. The motion carried unanimously.

Chairman Collins stated an item needs to be added to the agenda for consideration of the agreement between the ground lessor and the City of Sandy Springs Development Authority, and for the benefit of U.S. Bank and JLB Chastain as described by Attorney Woodward. This will be Agreement #4.

Motion and Vote: Jennifer Steele made a motion to add Agreement #4 to the agenda. Carla Sweetwood seconded the motion. The motion carried unanimously.

Motion and Vote: Dave Nickles moved to approve Agreement #4. Jennifer Steele seconded the motion. The motion carried unanimously.

III. Other Business

Discussion regarding process by which Development Authority members can be informed of City financing plans which might involve the Development Authority

Chairman Chip Collins stated based on the emails he has seen and comments he has heard, he believes there is a desire for this group to do more than just approve documents that are placed before them. The Board wants to be informed and fully understand the things they are representing and be able to explain to the public. The desire is to receive more clear information and to receive the information earlier in the process.

Jimmy Glen stated the intent was to receive more information sooner and in some cases, if the information is very detailed, the Board should meet and discuss it.

City Attorney Wendell Willard stated when staff receives documents they will be corresponding with Attorney Woodward or the lender's attorneys discussing provisions. Attorney Woodward will send legal staff the documents, staff will review the documents and then send them back to him. Once the documents are prepared for the Authority board members, they are then sent to the board. Staff may want to send a layman's explanation of what the document's purpose is. This will be added to the process of distributing the documents.

Chairman Collins stated the explanation document can be similar to the memo attached to City Council agenda items.

City Attorney Willard stated the boardmembers are reviewing documents they have seen for the first time and do not know the purpose behind the document. When staff receives comments from Authority members, staff responds to them. He believes there should be a cover sheet memo that explains what the Authority will be voting on.

Chairman Collins asked what the current thinking of the City Council is for financing the City Center.

City Attorney Willard stated the construction cost will be about $135 million for the public facility and the roadwork around the center. The City has ongoing discussions with partners/developers who will be building the apartments and working out a financial compensation for those properties. The City has had a great advisor, Mr. Haddow, who is considered the best in the Atlanta area regarding land and property values. The City is about to come to an understanding with Carter/Selig for the ownership and transfer of their property interest. This process will involve fee simple ownership of some property, air rights, underground parking, and ground lease on a long term basis. The City will probably utilize its Facilities Authority for most of that. The City is limited to how long and the scope of financial arraignments with other parties. The Authority can make long term arraignments with a public authority, but not a private entity. In 2006, the City created a Facilities Authority. An example of this process is that the current City building is leased by the owner of the properties to the Sandy Springs Facilities Authority who then subleases the buildings to the City. The reason for this is because there are limitations under the State Constitution as to how long a City government can make a contract and commit financially for the appropriation of funds. The Council cannot bind the next Council for a contractual obligation to pay money. The Constitution has an exception clause that allows two governments to agree to commit funds for up to fifty years. This is a mechanism through which the City will be able to arrange for long term financing to assist in the acquisition and construction of the facilities for the City. The Development Authority exists for the purpose of improving the work and tax base in the City. The Facilities Authority can help the City in potential revenue bond financing. The City government will be pledging payments to the Facilities Authority and that pledge of payment will be the base by which the Facilities Authority can buy bonds on the market. The City will need to find a financial institution that will help with the underwriting of the bonds. There will be revenues projected for what the City will pay as rent for the office building used by the City. The rent will have a cash benefit of the Performing Arts Center (PAC). There is expected to be revenues coming into the City. Those funds can be used as a source of revenue flow that will allow for the sale of bonds.

Dave Nickles stated the Authority may be involved with the City Center project, but have nothing to do with the government buildings. If a developer purchased the Kroger shopping center and wanted to build a mixed use development, the Authority may be involved.

City Attorney Willard stated even on the City Center project there is a private developer who may want to do something through the Development Authority.

Councilman Sterling stated there are twelve City projects that have gone through the Development of Regional impact (DRI) in the Perimeter CID area. Traffic is awful in this area. Hines may be redeveloping soon and is looking to do a similar project to help fund the MARTA tunnel. The plan for the tunnel would be to go down the middle of Mount Vernon. The City can condition a developer to build a turn lane, but other improvements need to be done offsite. This type of mechanism can be used to pay for the large costs of transportation and infrastructure improvements. A system like this will not cost the taxpayers as much.

City Attorney Willard stated he envisioned the Development Authority being much more involved moving forward. There are a lot of major developments in the City. From 2008-2014 there was not much development and now things are changing. There will be opportunities for the Development Authority to look at ways to assist the City.

Councilman Sterling stated the City has a fiduciary role. If deals are available, the City should pursue them. The $210,000 the City receives will help Economic Development Director Andrea Hall with business retention and help bring more businesses to the City.

Attorney Woodward stated another good thing about the current transaction is the Board of Tax Assessors has recognized the Sandy Springs Development Authority in connection with the tax abatement deal.

City Attorney Willard stated the Board will receive better information in the future such as a layman's explanation of what is going on.

Jimmy Glenn stated from what he understands, the City is paying for the project. The developer is just giving the City the money upfront.

City Attorney Willard stated that is true to an extent. As this development begins it will impose greater needs and use of the infrastructure the City has such as roads, traffic lights, and sidewalks. The City will charge a user fee to the developer in order to have that benefit.

Jimmy Glenn stated the City is paying for this project. The developer is fronting the money, but due to tax abatement the City will later lose that money.

Councilman Sterling stated that is not correct. The City is not just abating the City's portion, but also Fulton County and Fulton County schools portion. While the City will lose $770,000 the City will then have access to $4.9 million that it would not have ever had access to that will go towards the project. That is money that the developer would have paid in taxes towards Fulton County schools and Fulton County. That money will now go to the City for the road improvement. The City will be investing $770,000 over ten years to get $4.9 million and eighty percent of that money will be received within the first four years.

Jimmy Glenn asked if the $4.9 million is a cumulative total. At one point Councilman Sterling discussed the Sandy Springs share of funds and then related that to the overall share.

Councilman Sterling stated the City will receive all of those funds.

Jimmy Glenn asked if the City is giving tax abatements in the future.

Councilman Sterling stated that is correct, but it is only $770,000 of the City's money. The City is paying for the project and the developer is lending the City the money on the front end. The City will then pay back through the tax abatement.

Chairman Collins stated it is correct that the taxpayers are paying for this. The difference is the City is taking some of the taxpayer money that would otherwise be going to Fulton County to pay for the courthouse and schools. The City can use that money to put back into this project. The developer is not having to pay anything for the project.

Jimmy Glenn stated he understands the benefit to Sandy Springs. The developer is not paying for the Sandy Springs share of funds. The developer is lending Sandy Springs the money, which is then paid back to the developer by getting a tax break.

Councilman Sterling stated the developer is not receiving a tax break, but will pay taxes every year during that period of time.

Jimmy Glenn stated he disagrees with Councilman Sterling's analysis.

Councilman Sterling stated the money will go to the City and the developer will not keep the money.

City Attorney Willard stated a tax abatement is a reduction over a period of time with a change of ten percent each year. The theory behind that is the City is trying to encourage the developer to do something with property that needs improvement.

Jimmy Glenn stated he is questioning the clarity. Sandy Springs is losing future tax dollars with this development.

Councilman Sterling stated 57% of the money comes back to the City every single year.

Jimmy Glenn stated if the board is voting on this, that point needs to be understood and he will respectfully disagree. Sandy Springs is losing future tax revenue to this developer, because the developer is receiving the tax abatement.

Councilman Sterling stated that observation is incorrect. The City will lose a small percentage of the 33% in the final seven years of the contract. The developer will pay back the $770,000 that the City would have gotten the first two years. The developer will pay the City fifty-six percent in year one, because the City is letting the developer recoup the cost of the closing on the front end. The developer will pay back the whole $126,000 that they would receive as a tax break. That is another $112,000 fully backed up out of the Sandy Springs funds. Then starting in year four, the developer will pay 2/3 of the $98,000.

Jimmy Glenn stated in this case the developer will not be paying the full taxes for ten years.

City Attorney Willard responded that is correct.

Councilman Sterling stated the developer will pay 100% of taxes the first three years.

City Attorney Willard stated when the project is completed, the property owner will receive an abatement of a tax.

Councilman Sterling stated the property owner is claiming back 67% of the tax. When comparing dollars to dollars the property owner will receive a zero abatement from the City. This is a payment in lieu of taxes (PILOT) which is equal to what the property owner would have paid otherwise.

Chairman Collins stated the City is getting $770,000 in taxes, but what we are getting in return is a $6 million road improvement. In the end, the taxpayers are paying for their share of the road.

Jimmy Glenn stated the developer is not paying for the improvement. The City is paying our share.

Councilman Sterling stated the City would not have had access to a large part of the money.

Craig Johns stated that is why a one to two page business summary should be provided to the Board as soon as possible for every transaction.

Chairman Collins asked if there is anything the Board can do proactively that helps with the mission of economic development.

Director of Economic Development Andrea Hall stated small projects will not make sense for the Board to pursue, because of the fees involved. She asked the boardmembers to contact her if they become aware of a particular project that may need financial assistance, rental space, or City incentives. She will distribute the City's incentive policy to the Board.

Councilman Sterling asked what is the smallest amount that can be included in the City's incentive policy.

Director of Economic Development Hall stated an employer is required to create fifteen new jobs for the City and spend $1 million in capital improvements. There is also a job wage threshold. The fifteen jobs are required to have an average wage of approximately $65,000 annually. If a business qualifies, the City can waive their filing permit fees and potentially the occupational tax fees. The reason this policy is structured like this is to encourage headquarters type corporations.

Councilman Sterling asked for an example of where the incentive has been used already.

Director of Economic Development Hall stated the City has used the incentive program for Cox Enterprises and GT Software. Some companies may not use an incentive. An example is Intercontinental Exchange. When they purchased a building on Powers Ferry Road there was discussion about an incentive, but the companied declined to use it. It was great to offer this to the company as an option.

Jennifer Steele asked about a press release.

Director of Economic Development Hall stated a second press release can be created.

Jennifer Steele stated this project has been in the newspapers for some time. She recalls there being discussion of a second press release, but this has not occurred as of yet.

Chairman Collins stated the purpose of the press release is to get in front of any questions the public might have.

Director of Economic Development Hall stated for future deals there should be more press coverage.

IV. Adjourn

Motion and Vote: Carla Sweetwood moved to adjourn the meeting. Gabriel Sterling seconded the motion. The motion carried unanimously. The meeting adjourned at 2:53 p.m.

Date Approved: January 28, 2016

Chip Collins, Chairman

Michael Casey

Michael Casey, City Clerk