AGENDA FOR MEETING OF THE
CITY OF SANDY SPRINGS DEVELOPMENT AUTHORITY

City of Sandy Springs Turtle Conference Room
August 18, 2016
8:30 A.M.

1. **DA16-024 Roll Call**

2. **DA16-025 Approval of the Minutes from Meeting Held April 26, 2016**

3. **DA16-026 Consideration and Adoption of Bond Resolutions Authorizing, Carter & Associates LLC, the Issuance of not to Exceed $70,000,000 in Aggregate Principal Amount, of the City of Sandy Springs Development Authority Taxable Revenue Bonds**
   (Presentation led by Jim Woodward, Bond Counsel)

4. **DA16-027 Proposed Development Authority participating in a Sandy Springs Innovation Center**
   (Presentation by Lever Stewart, Sandy Springs Perimeter Chamber)

5. **DA16-028 Other Business**

6. **DA16-029 Adjourn**

City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on April 26, 2016, at 8:30 a.m.

Chairman Chip Collins welcomed new Authority member Jim Squire.

I. DA16-017 Roll Call

Chairman Chip Collins called the meeting to order at 8:41 a.m.

Board Members Present: Chip Collins, Jim Squire, Carla Sweetwood, and Jimmy Glenn. Jennifer Steele present via phone conference. Dave Nickles and Gabriel Sterling were absent.

Staff and Representatives Present: Staff Attorney Kathy Williams, Director of Economic Development Andrea Hall, City Clerk Michael Casey, Assistant City Clerk Kelly Bogner, and Bond Counsel Jim Woodward.

II. DA16-018 Approval of Minutes from Meeting Held February 18, 2016

Motion and Vote: Carla Sweetwood moved to approve the February 18, 2016, Sandy Springs Development Authority meeting minutes. Jennifer Steele seconded the motion. The motion carried unanimously, except for new Authority member Jim Squire who abstained.

III. DA16-019 Discussion Regarding Proposed Issuance by City of Sandy Springs Development Authority of Taxable Revenue Bonds in Connection with the City of Sandy Springs Mixed-Use Development Project

Bond Counsel Jim Woodward stated he has worked with the Development Authority on all of their tax transactions. Being discussed today is a proposed tax incentive transaction. To date, the Authority has completed four tax incentive transactions for various projects such as residential and commercial developments in Sandy Springs. The developer will take title to the property and the ownership interest in the property will be exempt from property taxes.

Jim Squire stated he was the Chair of the Housing Authority of Fulton County, which is a bond granting agency.

Bond Counsel Woodward stated the purpose of this meeting is to discuss a potential project. If the Authority feels comfortable moving forward with this project, they can select a date in the future on which to move forward. This is a Carter construction project. Legal staff met with Jerome Hagley from Carter to discuss this project which is connected with the City Center residential and commercial project. The project is on a four-acre site on Bluestone Road with 294 residential units, which includes 19 townhomes, and 275 flats with two separate residential buildings. There will be 234 above ground parking spaces and 209 underground parking spaces and about 26,000 square feet of retail. The property will receive a 50% tax incentive in year one and a 45% tax incentive in year two going down five percent more each year. The developer will also complete a Payment in Lieu of Taxes (PILOT) payment to the Authority to make up the cost of certain expenses from the City Springs project. The PILOT payment is normally based off a percentage of how much money the developer saves each year. In year one there will be a 50% tax savings. The developer pays 75% of that savings to the City. The developer will receive 25% of the tax abatement and 75% comes to the City to offset certain costs.

Jim Squire asked about the agreement.

Bond Counsel Woodward stated the agreement will be between the Development Authority and the developer.

City Attorney Wendell Willard stated the City needs to be ready to make a transaction and have a closing to sell the property where the two buildings will be located. One of the buildings will contain part of the commercial area and the other portion of the commercial area will be located in the City Hall building.

Staff Attorney Kathy Williams stated those documents were approved by Council at the April 19th City Council meeting. That deal will close during the first or second week in May.

Bond Counsel Woodward stated this is purely a discussion item. If the Authority decides to move forward, another meeting will be held adopting a bond resolution. The final terms and PILOT payment will be negotiated before that meeting. Legal staff met with Carter about three weeks ago and they requested this information be presented to the Authority for consideration. The City Council has given the general approval, if the Authority wishes to move forward. This will be a $70 million project. The jobs created will be both construction and permanent jobs. Once Carter has the number of jobs that will be created from this project, that number will be distributed to the Board.

Director of Economic Development Andrea Hall stated currently the property is owned by the City.

Chairman Chip Collins stated obviously this is not an incentive project, because the deal will happen with or without a bond. The question is why would the Authority approve this and what is the benefit to the City and/or the Authority. The potential answer is the PILOT payment that is using the tax savings that might be going somewhere else to funnel to the City. He asked if that is a fair statement, how much will be come to the City from the PILOT payments, and is there a specified use for the funds.

Bond Counsel Woodward stated the construction started last year. The project will be completed by December 2017. The project will offset certain costs between Carter and the City, such as the cost and design which are yet to be determined. There have been cost increases in other areas of the project. Tax exempt bond funds cannot go to this, but City funds could go to this. As the project is developed and in place, the costs are a little higher than what was anticipated. This is one mechanism to offset the additional costs. Part of the benefit is to offset costs to the City. The PILOT payment structure has not yet been negotiated. For the first three years, the Authority and the City will benefit and then at the end the benefit will go to the developer. A majority of the benefit will go to the project itself. If the Authority approves this deal, the payment plan will be negotiated prior to closing.

Jim Squire asked if the Authority is competing with the Fulton County Development Authority.

Bond Counsel Woodward stated both Authorities have an informal agreement. The Sandy Springs Development Authority will look first at any projects within Sandy Springs. The tax incentive structure will be the same as what Fulton County offers.

Jimmy Glenn asked if Bond Counsel Woodward has a rough idea of the tax savings to Carter and the benefits to the City.

Bond Counsel Woodward stated legal has not begun negotiating percentages. He believes the JLB project was negotiated so that 70% of the tax savings went to the City and 30% went to the developer at the end of the ten year period.

Jimmy Glenn asked why the City would be subsidizing a private developer in this matter.

City Attorney Willard stated he is not sure it would subsidizing. Regarding the JLB project, a program was agreed upon by which the City receives a fair sum of money that will go towards the road improvements. There is a similar situation with the City Center in that there are a great deal of road improvements around the entire project that are currently being funded by the City. It is anticipated that the money coming from the project to the Authority will be an offset the City's expenses. The Authority is not subsidizing the developer with what they are doing as a private development. The developer will get a lower interest rate through the Authority than what they might receive in an open market. The tax expense will be what is being saved as payments are going to Fulton County as a tax assessment. The Authority is not saying the developer can offset part of their costs by what they are saving. The City needs the funds to help in what we are doing in terms of infrastructure. The City has paid millions of dollars to install all of the power lines underground. There are other infrastructures improvement needs within the project. The elevator will be commonly used and the City has an obligation to pay for that cost.

Jimmy Glenn stated this is just a dollar swap.

City Attorney Willard stated the City is receiving more savings, because we are not paying the Fulton County tax. There is about a 3:1 ratio of County to City tax.

Chairman Collins stated it is more than that, probably 4:1.

City Attorney Willard stated there will be an offset of taxes for which about 80% would have been paid to Fulton County as taxes.

Jimmy Glenn asked if the City will be taking tax income away from the school system.

City Attorney Willard stated there is currently no structure on the property that has any value. A new structure will be built on the property that will have a value of up to $70 million. Now you are going from what was a nominal tax basis to what will be a building worth $70 million. There are school board, county, and city taxes to be paid based on the value assessed to the property. So if the number is $35 million, that valuation will now produce school, county, and city taxes. The developer pays 50% and the savings will be on the other 50%.

Jimmy Glenn stated the $70 million would be there anyway, because the developer is committed to the project.

City Attorney Willard stated the developer is committed to the project and working on the design phase.

Jimmy Glenn asked if this project is costing Fulton County and the school system money.

City Attorney Willard responded yes, if you look at it that way.

Jim Squire stated we can say it either way, that it is costing Fulton County and the school system, or it is benefiting Sandy Springs.

Chairman Collins stated it is important to determine whether this is truly an incentive project. If this is an incentive project, it will not happen if the Authority does not approve the tax abatement. Mr. Glenn is talking about a loss of dollars that would not exist without the project. He agrees with Mr. Glenn in that we are talking about taking school funds and funneling them over to the City. Some would say maybe the City uses those dollars more efficiently than the school board does.

City Attorney Willard stated if you look at what is occurring on I-285 and Abernathy Road, there has been much new development in the last four to five years. City Center should be completed in 2017. This is all economic development and looking at how this project will benefit the City long term.

Jim Squire stated if the Authority decided to not move forward with approving this project, the developer would have latitude to go to the Fulton County Development Authority.

Chairman Collins stated the developer will.

Jim Squire stated whether the City benefits from this deal or not, the Fulton County school system will still lose that $35 million tax assessment.

Chairman Collins stated this is moving ahead on the agenda, but at the last meeting, or two meetings ago, there was discussion about the Authority having a mission statement. The Authority should have a mission statement, so we have a guide on what we prefer to approve. Instead of just deciding we like a project or we don't like it, there should be a guiding principle which the Authority will pass on. One part of the mission statement is supporting City projects. He suggested this project is an example where the City Council has already clearly decided on the project and they decided they are fine with using Development Authority bonds for this project. The Authority can include this as part of the mission statement, as long as it is part of the statutory guidance. The Authority should not be voting on whether we agree with the City Council's adopted policy or not. The Authority should also not be rubber stamping every project unless it is a City sponsored project, because that is different than just some other developer's non City project. This is informational and this project will be kept in mind when discussing the Authority's policy.

Carla Sweetwood asked about the residential units.

Bond Counsel Woodward stated there will be 294 units total with 19 townhomes and 275 flats. There will be a parking deck underground for the apartments along with 26,000 square feet of retail space.

City Attorney Willard stated the buildings with be on both sides of what is called the circle.

Chairman Collins asked if this includes the restaurant pads and the interior.

City Attorney Willard responded yes. There is an outparcel area on the southeast corner that is not included. That is a portion the City will own and consider for future use.

Staff Attorney Williams stated for a portion of the government building, according to the agreement, there will be a contingent payment based on the success of the residential development.

City Attorney Willard stated the City has a private contract based on how successful the development is renting out units. There could potentially be a sharing of those funds with the City.

IV. DA16-020 Presentation on City's Economic Development Program

Director of Economic Development Andrea Hall gave a Sandy Springs Economic Development Authority PowerPoint presentation. This presentation details how the Development Authority fits into overall economic development in the City. Economic development for any city, jurisdiction, or state falls under the categories of recruitment, which includes marketing, project management and project support. The marketing funds are generally spent by the State in Georgia and the Metro Atlanta Chamber. Those two have large budgets and actually do recruitment missions. This is not something the City can do due to budget constraints. Project management is when you have a big company that is coming to Georgia and that is usually lead by the State, Metro Chamber, and Georgia Power. The City of Sandy Springs role is more of project support. For example, today after this meeting she is going downtown for a State recruitment meeting. She will provide information about Sandy Springs, the environment in the City, how the City can help from a workforce perspective, and potential incentives. The most important thing we do on a local level is retention. That is where 80% of the job creation comes from. The people that are already here and expanding. There are State tax incentives available for businesses that are creating jobs. The other portion that has grown in the last five to ten years is talent attraction and retention. This is led by the Metro Chamber and the State where they talk about how great it is to live here and the quality of life. The City helps support that process. The workforce development is led by the partners at Fulton County and the State with training programs available. It is the City's job to meet with the individuals from retention to let them know about the available resources. There are many resources that small businesses do not know about. The City has a Council policy that supports redevelopment of certain sites. The City has an adopted Economic Development Program created in 2012. The City's plan includes retention, recruitment, and redevelopment. The City offers different services and one of them is site selection. Costar is like the FMLS of commercial real estate. With Costar, she can track what leases are expiring, who resigned a lease, and what spaces are available. Anyone can call and state they are looking for a space that is 10,000 square feet and request help. The City provides demographics on an area. The City has incentives that include expedited permitting, inspections, and fee waivers. It is good to have an incentive, but very few businesses qualify under the City's adopted policy. To qualify, a new business is required to create 15 new jobs and pay the Fulton County average wage of $67,000 annually and have a minimum $1 million investment in the building. City Council is required to vote on the incentive requests. There is a Roswell Road Opportunity Zone that is a State program that Council adopted, which is a plan for redevelopment along Roswell Road and I-285. This is an incentive for existing businesses to expand and can qualify for a job tax credit on the State income taxes. This is a program that small businesses benefit from. The City also speaks to businesses about bond financing on larger deals. The State of Georgia offers the job tax credits and this is by each County. Fulton County is a tier below and is at a "disadvantage" because DeKalb County can offer a better tax incentive, since they are a less well-off county. Cobb County is a tier above Fulton County, so they are at a disadvantage to both Fulton and DeKalb. There are also workforce development resources.

Jim Squire asked what the Sandy Springs average wage is.

Director of Economic Development Hall stated she is not sure.

Carla Sweetwood asked if a business has to have a Roswell Road address for the Roswell Road Opportunity program.

Director of Economic Development Hall stated this area is centered around I-285 and Roswell Road and includes specific properties. This area extends to the Prado to the south and to the north it goes to the City Springs site. This is a better incentive for multi-tenant office space, because they are creating more jobs. This is also an incentive for small businesses.

Carla Sweetwood stated when talking about the Powers Ferry area, she knows through the Chamber that they are trying to get an incentive program in that area.

Director of Economic Development Hall stated that area would probably not qualify. The business has to be located adjacent to or within a poverty level. As part of the Next Ten process, the City is looking at making some recommendations for that area. She referenced a Sandy Springs Office Vacancy Rate chart for 2011 to 2016. This chart includes the Powers Ferry area, which is really part of the Cumberland market, and the Perimeter property. The office market is extremely tight in Sandy Springs and rental rates are increasing. She referenced the available 50k+ office spaces. The rentals in the Cumberland submarket are competing more with Cumberland than with the Perimeter area.

Chairman Collins asked which is the Pavilion Building.

Director of Economic Development Hall stated this is where Voya, formerly known as IGH, is located. The property is located on the south side of I-285. Three Glenlake and Falls Pointe are 100% occupied at this point, but they are available for sale on the market. Three Glenlake is where Newell Rubbermaid is currently located. The brokers are already marketing the property as being available. That is the difference between leased or total vacant versus total available. Rental rates are lower in the Powers Ferry area because that area is considered to be the outlying part of the Cumberland market. She referenced the Sandy Springs Retail Vacancy Rate chart. The vacancy rates in the City are below six percent. The biggest vacancies are the buildings that are getting ready to undergo redevelopment, such as Big Lots. The North River shopping center owners are trying to re-tenant part of the property and hope to redevelop the property. For the FY2017 Program (proposed) Council will see this today for the first time. She referenced the outlined goals to market the City and support the retention and expansion efforts. The change that is being proposed is the City needs to do a better job supporting the retail recruitment efforts. For the FY16 highlights the City has 5,500 businesses. That is double the number of businesses than in Dunwoody. The City has a marketing budget of $47,000. The City is reactionary in its marketing efforts. The retention meetings are proactive and she met with 33 large employers and 41 small businesses. She also met with 59 prospect companies. The Economic Development department is composed of 1.5 FTEs and she is proposing 2.0 for FY2017. The role of the Development Authority in economic development is they are a great entity to discuss taxable and tax exempt bond financing. There are other development authorities in the area that do a very good job supporting marketing/branding initiatives. She has not brought any to the Authority at this time, because it has been covered by the City budget. In the future, she may bring opportunities to the Authority to review. One event in particular is the North Fulton Opportunity Outlook. This was an opportunity for the brokers in the Atlanta area to discuss what redevelopment sites are available in the City. The Authority may want to have a sponsorship which could place Sandy Springs Development Authority name on the banner. She will bring that to the Authority at a future date, if she thinks that is appropriate. As another possible opportunity she included a revolving loan funds/grants on the list. That is something that other development authorities do. At this time, the Authority does not have that large of a budget, because that would be an ongoing item on a yearly basis. She does have a potential marketing branding initiative for the Authority to consider. The Sandy Springs Perimeter Chamber is working on a potential Sandy Springs Technology Center. There is one in Alpharetta, which is the Alpharetta Technology Commission, and it is an incubator space. This is a partnership between the Development Authority, the City, and the Technology Commission. There is a small space which is a city owned property. The City offers the property at a nominal cost. The Development Authority has paid for furnishings and build-out for the building. The building is used for small technology businesses looking to begin a startup. There are about four companies currently occupying the space. This technology center is good for the branding of Alpharetta in terms of this is where the Alpharetta Technology Commission meets and technology orientated companies also meet there. The Sandy Springs Perimeter Chamber sees the benefit of Sandy Springs being able to brand itself better. The Chamber is working on negotiating a place with temporary signage. She may be coming back to the Authority with a more formal presentation to ask if the Authority would be interested in potentially sponsoring something such as startup costs for a buildout of the space or for furniture. She is not sure the incubator creates a lot of jobs, but it would brand the City as being a technology space. The space they are trying to negotiate is in North Park at Peachtree Dunwoody and Abernathy on the bottom floor. She asked if the Authority would be willing to entertain that idea.

Chairman Collins stated this is an interesting concept. He asked how much money does the Authority have at the moment.

Director of Economic Development Hall stated about $200,000.

Chairman Collins stated at some point we need to figure out a productive way to use it. There is no such thing as a bad idea. Every great thing starts with an idea. You do not have to accept every idea, but you at least need to consider it.

There was a consensus of the Authority to explore this option.

Director of Economic Development Hall stated she wants to be sure the business's financial model is in place to provide for furniture or whatever the City is doing. This would be long term and not something that could run out of funding in two years.

Jim Squire stated technology companies like First Watch and others would like having this sort of thing in the City.

Director of Economic Development Hall stated Mike Bivone, who is in the current Leadership Sandy Springs Class, works at the Alpharetta Technology Center for Juice Analytics. They have run out of space and he is now looking for paid space somewhere else. The intent of this idea is to not have a long term discounted lease, but to provide affordable space for a startup. Some members of City staff have toured the Alpharetta Technology Center. She is sure they would be happy to let the Authority tour the facility as well.

V. DA16-021 Discussion of Development Authority Policies

Chairman Chip Collins stated he and Director of Economic Development Hall have created a draft mission statement for the Authority to review. The Authority will not be voting on anything today, but will be discussing it.

Jim Squire asked about having a better understanding of the word "sponsored" in City sponsored projects, versus what he assumes would be City supported projects.

Chairman Collins stated City supported project is probably a better term. Any mission statement should give enough "wiggle room". He agrees that the word sponsored fits most. Sponsored implies monetary skin in the game versus the Authority simply liking the plan. The Authority may like the term sponsored. "City supported" may be too broad. If the Mayor supports a project, would the Authority be bound to approve the project, versus the City actually having skin in the game, such as at City Springs and the JLB project, because the City had to reconstruct Windsor Parkway. He suggested first discussing City sponsored versus City supported. He asked Jim Squire how he views the difference.

Jim Squire stated he thinks City sponsored is almost like saying the Authority is totally limited to things that have been endorsed. The term sponsored takes it to another level beyond that the City may be supporting something.

Chairman Collins stated sponsored is just one of the categories. There are also the redevelopment and economic development goals that support those. Even if the City is not involved financially, it is a goal the City has. He likes the word "sponsored", because it states a City funded project.

Bond Counsel Jim Woodward suggested changing the mission statement language. Regarding the mission statement he suggested it state, "and other incentives pursuant to the Georgia Development Authorities Law."
There was a consensus of the Authority members to add the suggested language.

Chairman Collins asked if everyone is fine with leaving the phrase City sponsored or supported in the language.

Bond Counsel Woodward suggested inserting "or other nonprofit organizations" after educational institutions.

Chairman Collins stated any additional comments will be circulated before the next meeting and hopefully the Authority can then adopt a mission statement. He asked if there are any more comments regarding the mission statement.

Director of Economic Development Hall stated at the last meeting there was discussion about holding a meeting on May 3rd with the City Council. She sent a calendar cancellation on that, because the proposed meeting conflicted with a budget meeting.

VI. DA16-022 Other Business

Chairman Chip Collins asked if it would be within the Authority's statutory authority to do a bond financing for a project that is purely residential.

Bond Counsel Jim Woodward stated there are no court cases that state the Authority would legally not be able to approve the bond financing.

Chairman Collins stated there are two important City goals. One goal is the redevelopment of older apartment complexes. The other problem is a lack of workforce housing. There are primarily two levels of housing in the City and those are either expensive housing or housing that is for low income families. There is not much housing for teachers, firefighters, or police officers. The City has not had a lot of redevelopment of older apartment complexes, particularly on this side of town. The redevelopment is occurring inside the Perimeter because that is close to Buckhead. He asked if the Authority can be used as a tool. The class C apartments will not transform into fancy townhomes overnight. The fancy townhomes are being constructed closer to the Perimeter.

Director of Economic Development Hall stated the land cost to purchase an apartment complex has decreased.

Chairman Collins stated there is not a huge demand for new retail in the north area. This is the part of town where it would be a natural fit to construct workforce housing. He asked if there is some program the Authority can be involved in. There are a couple of really bad apartment complexes that have the highest crime rates. It would be nice to take one of those and put in a mix of housing of both rental and owner occupied, such as detached housing. This would bring single people and families to the area.

City Attorney Willard stated from a political standpoint, it is a great idea. This is something that would need to be set up with guidelines on what type of projects would be acceptable to receive City Council's support. From a political standpoint, there is a desire for redevelopment of the older apartments. A certain amount of the new development will be maintained for a working class citizen.

Bond Counsel Woodward stated in the State of Georgia the Development Authority is charged with promoting trade commerce. That does not mean governmental buildings. In the private sector it could be housing or office commercial. The Fulton County Development Authority has several apartment complex deals that they have approved.

Chairman Collins stated when discussing workforce housing the City is trying to make the residential housing a nicer area. The Authority is trying to add another tool to sell, such as relocating headquarters, that there is housing available for the executives as well as for the mid-tier employees.

Director of Economic Development Hall stated to add to City Attorney Willard's point about Council creating a policy, the City is working on updating its Comprehensive Plan. She has seen drafts of the document that will be up for discussion soon on the north end of the City. It is anticipated that the Comprehensive Plan will be published before the end of this year. She feels the outcome of this will be to take policy making steps to address workforce housing.

Chairman Collins stated it will probably be a multifaceted deal. There are many deals that are not bond incentives.

Director of Economic Development Hall stated there are also tools the City can use. One thing to be discussed is the redevelopment of existing housing complexes that promote workforce housing, perhaps if the impact fees are waived.

Chairman Collins stated he would like the Authority members to think about sending a message to the City that the Authority supports this concept of trading out Class C apartments for workforce housing. The Authority would gladly entertain any projects that fit within that as part of a global incentive program.

Jim Squire stated he thinks it is a good idea that needs to be tied in with transportation. The concern of the Mayor is transportation and that when projects like this are done, that the transportation side is considered.

Chairman Collins stated he does not think this concept would necessarily add that many more people in these places.

Bond Counsel Woodward stated redevelopment powers has a separate set of laws. There is urban redevelopment powers law that gives cities or counties the ability to redevelop certain areas that are blighted. The City could create a redevelopment agency. Many cities have appointed the Development Authority as their redevelopment agency. That grants more powers under that statute to redevelop. He suggested the Authority do this.

Director of Economic Development Hall stated that is something she will be discussing at a future meeting.

Chairman Collins stated he is a believer that there are many things that need to be done to make things better. It would be good if the City can have some group that is focused on one thing. City Council should be the ones making the final decision on these things. He is not aware of a group that is focused on this one issue of the redevelopment of Class C apartments. The Authority could be that group and this would be a positive thing for the City.

Jim Squire stated he believes there is an Alpharetta Housing Authority.

Chairman Collins asked if Director of Economic Development Hall can look into the Development Authority members being appointed as the Redevelopment Agency.

Jimmy Glenn stated as we consider projects, the competition with Fulton County Development Authority is a factor on why this Authority needs to move forward to do certain things. At a previous meeting the members had an extensive conversation on what can be done to not be in competition with Fulton County. He asked where the Authority stands with that.

City Attorney Willard stated he does not believe anything is happening. The City can approach Fulton County leadership asking that anything pertaining to development be discussed with the Sandy Springs Development Authority and that this authority have the first right on anything occurring within the City.

Chairman Collins stated that is an unwritten agreement. There is another unwritten agreement that Fulton County will not do any deals without the approval of the Sandy Springs Council and Mayor.

Jimmy Glenn stated the point in that discussion is there were certain things to be discussed by the City Council to figure out what can be done. He is disappointed we have done nothing. That is a significant reason why the Authority has to affirmatively vote for another project that is being put before us.

Chairman Collins stated he is confused about what Jimmy Glenn is looking for. The Authority does not have to approve any deals. The Authority does not have control over what the Fulton County Development Authority can or can’t do. The response to that concern is the mission statement. It is not in the mission statement that we are going to do something if Fulton County will do it anyway. To him that issue is taken care of, because the Authority is saying that is not a legitimate reason for the Authority to approve a deal.

Jim Squire stated when he served on the Fulton County Housing Authority Board, there was a memorandum of understanding with the Atlanta Housing Authority. He asked if that is something that can be put in place.

Bond Counsel Woodward stated he does not think that will happen with the Fulton County Development Authority.

City Attorney Willard stated there are projects at the State level that do not come down to the City, such as the Mercedes deal. That involved the Fulton County Development Authority and went around the City. City staff can ask the Fulton County Development Authority if they will consider this.

Jimmy Glenn stated it was discussed that Fulton County is only interested in bigger projects. He has no idea how to approach this, but he does not want to get into a situation as a member of the Authority when the Carter project comes up. He does not agree with the concept if the Authority does not approve it, Fulton County will. That is what he is trying to push, so the “elephant” is not sitting in the room.

Bond Counsel Woodward stated outside of a formal agreement with Fulton County, an option is to look at their agenda. He does not believe that Fulton County will tell the City anything in advance of the meeting.

Director of Economic Development Hall stated we do not want this body to be necessarily approving deals just because the Fulton County Development Authority is considering the deal. From a State perspective, we also do not want to create the possibility that large prospects feel obligated to use one Authority over the other. As much as she would like the business to be in Sandy Springs, the Authority may not be willing to consider the deal, but the Fulton County Development Authority will. She would hate to tell the customer they cannot ask permission when under State law they have the ability to ask.

Jim Squire asked if she thinks the Sandy Springs Development Authority would not have considered the Mercedes Benz deal.

Director of Economic Development Hall responded no, she is not saying that. Surely, the Authority would have considered it, but she does not speak for the Authority. In a free market, legally, a company can use any Authority they want, such as Fulton or DeKalb County.

City Attorney Willard stated there could be a policy for both bodies to understand how they will consider potential applicants coming before them. If there is one from within the City that is for a certain size of company, this can be explored.

Director of Economic Development Hall stated it would be good to have a discussion with the Fulton County Development Authority. She believes they do not consider projects that are under $50 million.

Bond Counsel Woodward stated he believes the relationship with the Fulton County Development Authority stems from the Atlanta Development Authority, where they competed for different projects.

Jimmy Glenn stated he defers to the legal counsel on whatever is appropriate. As a board member, he does not want to be put in a box when the voting occurs. He may be against a project proposal or philosophically opposed to it, and he would have to vote in favor or Fulton County would receive the deal.

Chairman Collins stated some have heard that Fulton County will approve almost any deal over a particular threshold. They will not approve the deal if they receive a call from Mayor Paul asking them to not approve the deal. If a deal is passed up by the Sandy Springs Development Authority, it will go to Fulton County and will be approved. He asked Mr. Glenn if there is something specific that staff and the attorneys should do before the next meeting.

Jimmy Glenn stated he is opposed to public financing for private developers when there is not a need. If there is a reason to approve the deal, he is all in favor. He is opposed to Carter receiving any incentive whatsoever, because they were in the deal and committed to the deal. We are simply subsidizing a developer after the fact. A developer who develops another piece of property does not receive that benefit. He does not feel that government should be involved in subsidizing. For instance, he is in favor of the actual structure for the new City Hall because having that facility is a public benefit. He is opposed to having retail and apartments just because they happen to be part of that development.

City Attorney Willard asked the Authority if they want staff to move forward on what will be the figures to bring back for consideration of the Carter proposal.

Chairman Collins stated there is a consensus of the Authority. Director of Economic Development Hall's whole job is incentivizing private development. What he is hearing is that Mr. Glenn is against using the City's Authority for any incentive of private developers. He asked if that is correct.

Jimmy Glenn responded not at all. When the Authority voted on the Gateway project he was in favor of that. That serves the public good of replacing something with something better to increase the tax rolls. That project was a benefit to everyone. If the City Springs project was here or was not, it would not affect the economic viability of Sandy Springs. He does see a public benefit to the project.

Chairman Collins stated Mr. Glenn raised a good point that is philosophical of who should be making that policy decision. Should the City be making that policy decision that we want to use bond financing to go to the private partner, or should the Authority be making that policy decision. In this particular case, since the City has skin in the game, is the Authority just an arm and should be following the policy set by elected officials. That would go towards the part of the mission statement. It would be different if the

City were not involved and this were a mixed use project by Carter. This is part of a City project that Council said they want to happen. He asked if anyone else has more input.

Jimmy Glenn stated from everything he reads, a Development Authority is supposed to be completely independent and that is why it is not a branch of the City government. It is a checks and balances thing. There is a distinction in that he is in favor of constructing a public building for City Hall. Because the City Council said they would like this component, and it is a private component, he thinks it is different than a public building or a Gateway project.

Chairman Collins stated he does not think anything should be automatic. He asked if everyone is at least willing to listen to more specifics of the deal as they are ironed out, find out what the PILOT payments will be compared to the tax savings, and what they will be used for.

Jimmy Glenn stated he is not opposed to hearing what the deal is.

There was a consensus of the Authority to allow legal counsel to move forward and bring the payment plan back for consideration.

Bond Counsel Woodward stated once the job numbers and information is received, an Authority meeting will be held. Once there is approval of the final numbers for the contract, a meeting will be held for that as well.

VII. DA16-023 Adjourn

Motion and Vote: Jim Squire moved to adjourn the meeting. Carla Sweetwood seconded the motion. The motion carried unanimously. The meeting adjourned at 10:01 a.m.

Date Approved: August 18, 2016

______________________________	______________________________
Chip Collins, Chairman	Michael Casey, City Clerk

SANDY SPRINGS
GEORGIA

To: Sandy Springs Development Authority

From: Andrea Hall, Economic Development Director AHH

Date: August 18, 2016 Meeting Agenda

Subject: Proposed Development Authority financing related to Carter development at City Springs

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Background:

At the May 3, 2016 meeting, City Council closed an agreement with Carter & Associates, LLC and Selig Enterprises, Inc. ("Carter/Selig") to develop residential and retail components of the City Springs site. The private components that portions of the Project that Carter/Selig will develop include:

- Approximately 4 acre site- located to the west of the Blue Stone Rd. extension through the site
- 294 for rent residential units consisting of a mix of 19 townhouses and 275 flats; the residential units will be split between two residential buildings
- 234 above grade parking spaces dedicated for residential use only, located in the southern residential building; in addition to this there will be 209 spaces in the underground parking deck that will be nested for resident use
- Approximately 26,000 square feet of retail which will be comprised of the eastern and western sections of market square
- Carter/Selig has the option to ground lease the corner of Roswell Rd. and Mt. Vernon for future build-to-suit restaurants, should the appropriate tenant arise

The private components of the Project is part of a larger $250 Million mixed-use development designed and built by the City of Sandy Springs. The entirety of the development has been branded "City Springs". The public components of which include:

- 5 Story Civic Office Building totaling approximately 85,000 rentable square feet housing all City departments
- Office building will have meeting space and outdoor terrace overlooking public park
- 1,025 seat Performing Arts Center with frontage on Roswell Rd.
- Performing Arts Center will be built to accommodate concerts, plays, community theatre, symphony
- Studio Theater, ("Black Box"), which will be used as the City Council chambers as well as the ability to host functions for up to 250 people depending on configuration

- A total of approximately 1,000 parking spaces on site through a combination of 150 street parking spaces and approximately 750 spaces in a 2 level below grade parking deck
- Surface parking lot across Mt. Vernon from site to accommodate approximately 120 spaces
- A 2 acre central park which will include a central green space, shaded seating areas, water fountains, including an interactive fountain adjacent to the park
- Roadwork on all 4 perimeter roads to slow traffic down around the site, in addition to the creation of two new interior roads on site: Blue Stone Rd. and Eva Galambos Way

The City of Sandy Springs anticipates having all components of the public program completed and open for patrons by December 2017. Demolition of the existing buildings and surface parking lots on site began in June 2015. Construction of project infrastructure on site began in July 2015 and continues to track for an on time completion in late 2017.

The estimated value of the private development component of the project is $68,250,000.

The City of Sandy Springs has a desire to partner with the private developers as much as possible to offset costs of public infrastructure. City staff have discussed the possibility of participating with the Sandy Springs Development Authority and the City of Sandy Springs in a taxable revenue bond financing for the project that would result in a portion of the tax savings being returned to the City for the purposes of offsetting construction costs for the public infrastructure components of the City Springs project.

Discussion:

Over the past two years of negotiating a public-private partnership, many changes to original City Springs plans have taken place. All partners have incurred increased costs and schedule delays, primarily due to changes in design criteria requested by the City and managing a complex construction schedule to lessen impacts on existing Sandy Springs businesses and residents in the area.

These changes will ultimately result in a better quality City Springs project and benefit the citizens of Sandy Springs overall. However, these changes have all resulted in a more expensive, and less profitable private development for Carter / Selig. The initial budget presented in the RFP to the City for the Carter / Selig portion of the development was $54,150,000, but the final budget is $68,250,000 (an increase of more than 25%). In addition, since the public-private project was first approved by Council in 2014, several other large-mixed use projects that have begun construction in the immediate area. These projects directly compete with this development.

Due to the unique nature of the City's relationship with this project, Staff's proposal is for the Sandy Springs Development Authority to approve taxable revenue bond financing for the Carter/Selig portion of project. Tax savings from this financing would be used to offset increased costs of the project and be shared between the City of Sandy Springs and the private Developer.

Staff's proposal is for the Sandy Springs Development Authority to approve taxable revenue bond financing for the Carter/Selig portion of project of up to $70,000,000. This will result in a tax savings of approximately $5,877,000 over the 10 years of the agreement.

An additional agreement is needed between the City of Sandy Springs, the Sandy Springs Development Authority and the Company to outline how the tax savings for this project will be allocated between the Company and the City's portion of the City Springs project. This agreement will result in an allocation of approximately $770,000 for the public infrastructure portion of the City Springs project.

Overall, this will result in Carter/Selig agreeing to participate with the Sandy Springs Development Authority and set aside 33 percent of the tax savings to fund public infrastructure for City Springs.

Fiscal Impact

The following table outlines the impact of this redevelopment on tax revenues and the proposed allocation of abatement funds. <u>Note that because the entire site was owned by the City of Sandy Springs, there is no tax revenue currently being collected on the property</u>.

Recommendation:

Staff recommends approval.

Alternatives:

The Sandy Springs Development Authority could deny the request by Carter/Selig.

As it is an important capital project, the City will construct the public portion of the City Springs regardless of any financing from the Sandy Springs Development Authority. Funds for the project would be allocated from other general fund revenues.

SANDY SPRINGS
GEORGIA

		As Redeveloped	Difference
Appraised Value		$70,000,000	$70,000,000
Estimated Tax Revenue (over 10 Years)			
Fulton County (31%)			
	Total Tax Revenue	$2,555,266	
	- Value of Abatement	($733,346)	
	= Total 10 year Tax Revenue, Net of Abatement	$1,821,919	$1,821,919
Fulton County School Board (55%)			
	Total Tax Revenue	$4,533,536	
	- Value of Abatement	($1,301,099)	
	= Total 10 year Tax Revenue, Net of Abatement	$3,232,437	$3,232,437
City of Sandy Springs (14%)			
	Total Tax Revenue	$1,153,991	
	- Value of Abatement	($331,189)	
	= Total 10 year Tax Revenue, Net of Abatement	$822,802	$822,802
TOTAL (100%)			
	Total Tax Revenue	$8,242,793	
	- Value of Abatement	($2,365,634)	
	= Total 10 year Tax Revenue, Net of Abatement	$5,877,159	$5,877,159
Application of Abatement Funds			
	Infrastructure Construction (33%)	*$770,391*	
	Developer Incentive (66%)	*$1,595,242*	
	TOTAL	*$2,365,634*	
Available Funds for Infrastructure			
	Abatement Funds		
	County (31%)	*$238,821*	
	School Board (55%)	*$423,715*	
	City (14%)	*$107,855*	
		$770,391	

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DRAFT DATE: 08/12/16

INDUCEMENT RESOLUTION

WHEREAS, the Development Authority of Sandy Springs (the "Issuer") has been informed by officials of Carter & Associates, LLC and Selig Enterprises, Inc. (the "Companies"), that the Companies propose the development of the residential and retail portion of the City Springs project in Sandy Springs, Georgia, consisting of the planning, design, construction, acquisition, improvement and/or financing of certain land, buildings, structures, machinery, equipment and/or related real and personal property deemed necessary or desirable in connection therewith (collectively, the "Project");

WHEREAS, the Companies anticipate that the Project (the "Project") will result in the creation of jobs and a capital investment of approximately $70,000,000 in Sandy Springs, Georgia on or before December 31, 2017;

WHEREAS, the Companies anticipate that the planning, design, acquisition and equipping of Project may require expenditures of up to $70,000,000;

WHEREAS, after careful study and investigation of the nature of the Project, the Issuer has determined that, in assisting with the financing of the same [and assisting with the award of certain project incentives (the "Project Incentives") to the Companies as described in Schedule 1 to the inducement letter attached hereto as Exhibit A], the Issuer will be acting in furtherance of the public purpose for which it was created and that the Issuer has the power and authority to do so;

WHEREAS, the most feasible method of financing the proposed Project is for the Issuer to issue its revenue bonds for that purpose and for it to plan, design, acquire and carry out the proposed Project and to lease the proposed Project to the Companies, or to a related company or a subsidiary thereof or to a designee thereof satisfactory to the Issuer, for specified periodic rental payments sufficient to pay the principal of, and the redemption premium (if any) and the interest on, said revenue bonds as the same become due and payable;

WHEREAS, the Companies have requested that the Issuer indicate its willingness [to assist with the award of the Project Incentives and] to issue revenue bonds to finance the proposed Project, and its official intent to reimburse expenditures heretofore or hereafter made by or on behalf of the Companies in connection with the Project so that said planning, design, acquisition, installation, equipping and carrying out of the proposed Project may move forward;

WHEREAS, the Issuer has determined that it is in the best interest of the inhabitants of the area served by the Issuer that the planning, design, acquisition, installation, equipping and carrying out of the proposed Project move forward without delay.

NOW, THEREFORE, BE IT RESOLVED by Development Authority of Sandy Springs, and it is hereby resolved by authority of the same as follows:

1. In order to indicate the Issuer's willingness [to assist with the award of the Project Incentives and] to issue its revenue bonds and to finance, in whole or in part, the planning, design, acquisition, installation, equipping and carrying out of the proposed Project, and in order to indicate the Issuer's official intent to reimburse expenditures heretofore or hereafter made by or on behalf of the Companies in connection with the Project, the execution and delivery to the Companies of an inducement letter is hereby authorized, said inducement letter to be in substantially the form attached hereto as Exhibit A, subject to such minor changes, insertions and omissions as may be approved by the Chairman or Vice Chairman of the Issuer and the execution of said inducement letter by the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer shall be conclusive evidence of any such approval.

2. The Companies, from time to time as it may deem necessary prior to the issuance of the proposed revenue bonds, may advance funds necessary to begin the planning, design, acquisition, installation, equipping and carrying out of the proposed Project and any such funds so advanced shall be repaid to the Companies from the proceeds of said revenue bonds when the same are issued and delivered.

3. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Issuer are hereby authorized to take any and all further action to execute and deliver any and all of the documents as may be necessary to issue and deliver said proposed revenue bonds and to effect the undertaking for which said revenue bonds are proposed to be issued.

4. Based upon representations of the Companies to the effect that the Companies intend to apply all or a portion of the proceeds of proposed revenue Bonds to reimburse itself for all or a portion of the costs of the Project paid prior to the date of issuance of said revenue bonds, the Issuer hereby declares its official intent to apply all or a portion of the proceeds of said proposed revenue bonds to reimburse such expenditures.

5. The maximum principal amount of revenue bonds expected to be issued for the Project described herein is an amount not to exceed $70,000,000.

Adopted this 18th day of August, 2016.

DEVELOPMENT AUTHORITY OF SANDY SPRINGS

By:__________________________________
Chairman

(CORPORATE SEAL)

Attest:

____
Secretary

EXHIBIT A

DEVELOPMENT AUTHORITY OF SANDY SPRINGS

August ___, 2016

Carter & Associates, LLC
Selig Enterprises, Inc.

Re: Proposed Financing of Development of Residential and Retail Components of the City Springs Project

To the Addressee:

The Development Authority of Sandy Springs (the "Issuer") has been informed that Carter & Associates, LLC and Selig Enterprises, Inc., or a related company or a subsidiary thereof (the "Companies"), are developing the residential and retail portion of the City Springs project in Sandy Springs, Georgia (the "Project). The planning, design, acquisition, equipping and carrying out of the Project may require expenditures estimated at no more than $70,000,000. The Issuer understands that [the proposed Project Incentives (as defined herein) and] the availability of revenue bond financing in the area served by the Issuer for the purpose of the planning, design, acquisition, installation, and equipping and carrying out of the proposed Project is an important factor under consideration by the Companies. The Issuer understands that the Project will result in the creation of jobs and a capital investment of $70,000,000 in Sandy Springs, Georgia on or before December 31, 2017.

1. The Issuer will issue its revenue bonds from time to time in one or more series in an aggregate principal amount estimated to be not more than $70,000,000 (the "Bonds"), for the purpose of paying the cost of the planning, design, acquisition, installation, equipping and carrying out of the Project. The Project will be acquired, constructed and installed on a site acquired or leased by the Companies or acquired or leased by the Issuer. Any advances made by the Companies in connection therewith prior to the issuance of the Bonds shall be repaid to the Companies from the proceeds of the sale of the Bonds when the same are issued and delivered. The issuance of the Bonds may take place, upon the request of the Companies, at any time prior to December 31, 2016.

2. The terms of the Bonds (maturity schedule, interest rate or rates, denomination, redemption provisions, etc.) will be determined by bond purchase contracts or similar agreements on terms satisfactory to the Issuer and subject to the approval of the Companies, to be entered into between the Issuer and the purchaser or purchasers of the bonds. The Issuer acknowledges that the Companies presently intend to purchase the bonds, or to have an affiliated company purchase the bonds, and the Issuer hereby consents thereto.

3. Simultaneously with the delivery of the Bonds, the Project may be leased by the Issuer to the Companies to enable the Companies to plan, design, acquire, construct and carry out the Project, and the terms and provisions of such lease agreement shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Issuer and the Companies. The Companies, as agent of the Issuer, may, at the direction of the Issuer, proceed to carry out the planning, design, acquisition, installation, and equipping of the Project in accordance with the terms and provisions of such lease agreement between the Companies and the Issuer.

4. The Issuer, at the request of the Companies, will enter into a trust indenture with a corporate trustee satisfactory to the Companies to pledge revenues derived from said lease agreement to said corporate trustee for the benefit of the owners of the bonds, and the terms of such trust indenture shall be agreed upon by the Issuer, the Companies and said corporate trustee.

5. The Issuer will assist in the prompt preparation of the documents and will proceed with arrangements for the issuance of the Bonds upon request of the Companies.

6. [Upon delivery of the Bonds, the Companies will be awarded the project incentives (the "Project Incentives") as more fully described in Schedule 1 attached hereto.]

7. Upon delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Companies shall have no further effect and in the event of any inconsistency between the terms of this proposal and the terms of the lease agreement referred to above, or any trust indenture, bond purchase contract or any security agreement, promissory note or other agreement, the provisions of such agreement shall control.

8. Gray Pannell & Woodward LLP is hereby designated as the bond counsel for the transaction.

9. All costs and expenses in connection with the financing and acquisition of the Project, including the expenses of the Issuer and the fees and expenses of bond counsel and counsel to the Issuer, shall be paid from the proceeds of the revenue bonds issued by the Issuer. The fees and expenses of bond counsel and counsel to the Issuer shall be equal to $100,000. The Issuer's fee shall be equal to one eighth of one percent of the bond amount. If for any reason such revenue bonds are not issued, it is understood that all such expenses shall be paid by the Companies and that the Issuer shall have no responsibility therefor.

If the foregoing proposal is satisfactory to the Companies, the Companies may so indicate by having the following acceptance executed by a duly authorized officer of the Companies and returning a copy to the Issuer.

Yours very truly,

DEVELOPMENT AUTHORITY OF SANDY SPRINGS

By: ___________________________________
Chairman

ACCEPTED:

CARTER & ASSOCIATES, LLC

By: ___________________________________
Name:
Title:

SELIG ENTERPRISES, INC.

By: ___________________________________
Name:
Title:

[SCHEDULE 1

PROJECT INCENTIVES]

SECRETARY'S CERTIFICATE

The undersigned Secretary of the Development Authority of Sandy Springs (the "Issuer") DOES HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of a resolution adopted on August 18, 2016, by the members of the Issuer in a meeting duly called and assembled, which was open to the public and at which quorum was present and acting throughout, and that the original of said resolution appears of record in the Minute Book of the Issuer which is in the undersigned's custody and control.

WITNESS my hand and the official seal of the Issuer, this 18th day of August, 2016.

____
Secretary, Development Authority of Sandy Springs

SANDY SPRINGS
GEORGIA

To:	Sandy Springs Development Authority
From:	Andrea Hall, Economic Development Director AHK
Date:	August 18, 2016 Meeting Agenda
Subject:	Proposed Development Authority participation in a Sandy Springs Innovation Center

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Background:

The Sandy Springs Perimeter Chamber ("Chamber") has been exploring the concept of an "Innovation Center" in Sandy Springs to serve both startup and established companies in the Perimeter area. As currently proposed, the Sandy Springs Innovation Center ("SSIC") would be a public/private partnership aimed at marketing Sandy Springs as an innovation center hub with the metro Atlanta area. This center is modeled on several others in the metro Atlanta area, including the ATC Innovation Center in Alpharetta.

The Chamber is requesting that the Development Authority consider contributing $50,000 in start-up funding for SSIC.

Discussion:

The Chamber has negotiated with Cousin's to lease a 3,500 SF ground floor space at 1000 Abernathy Road (Northpark) at a below-market rate. As a part of the lease, additional conference rooms and outdoor space would be available to the SSIC by reservation. This location offers excellent access to the Sandy Springs MARTA station, a geographically central location within the Perimeter office market, and mixed urban use retail/parks/living space within walking distance. The ground floor space also offers good visibility from the street.

The Chamber's proposed operating model:

- The Center would be managed and programmed by the Chamber. The Chamber will be responsible for obtaining additional sponsorships, recruiting SSIC members and any operational shortfalls.
- Membership to SSIC would be sold to both individual workers and companies in the area, providing common workspace for tech workers to gather and work on their own (24/7 secured access). Members could schedule and host events there, using large conference rooms and rooftop space. Space would also be available to area technology associations to reserve and host events (ATDC, TAG, Ga Tech)

- The Chamber would recruit small tech company members and offer meeting space as a benefit.

Recommendation:

The proposed SSIC is in line with the goals outlined City's Economic Plan (adopted by City Council in 2012) of attracting and recruiting both corporations and small businesses to the City. The concept of an innovation center is also a good branding tool for the City from an economic development perspective.

The proposed project also meets the Sandy Springs Development Development's mission to support City-sponsored projects, City redevelopment and economic development goals.

As a part of any commitment of funding for the SSIC, Staff recommends a Memorandum of Understanding to be executed between the Development Authority and the Chamber that outlines expectations of both parties. Some items that the agreement should address:

- Financial commitments from the Authority should be limited to start up funds. The Authority should not commit to ongoing operational subsidies of the Project, including Staff.
- Authority commitments should be for specific start-up costs related to the project, such buildout of interior space, furniture costs or signage. These items would remain property of the Authority once the relationship ends.
- A detailed project pro forma should be presented to the Authority and Staff that shows expected operational revenues and expenses for a five year period (the expected length of lease to be executed between Cousins and the Chamber).
- Minimum level of private and in-kind sponsorships commitments from other parties prior to funding by the Authority
- Annual reporting requirements to the Authority