City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on August 18, 2016, at 8:30 a.m.

Chairman Chip Collins welcomed new Authority member Joe Houseman.

I. DA16-024 Roll Call

Chairman Chip Collins called the meeting to order at 8:43 a.m.

Authority Members Present: Chip Collins, Gabriel Sterling, Jennifer Steele, Carla Sweetwood, Jimmy Glenn, Joe Houseman. Jim Squire was 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.

Other Representatives Present: Senior Vice President Selig Enterprises, JoAnn Chitty; Carter Representative, Jack Dellecker; Carter Executive Vice President, Jerome Hagley; Executive Director of Sandy Springs Perimeter Chamber, Tom Mahaffey; Board Chairman of Sandy Springs Perimeter Chamber, Lever Stewart; Chairman Elect for Sandy Springs Perimeter Chamber, Dan DiLuzio; and Sandy Springs Perimeter Chamber volunteer, Dan Giannini

II. DA16-025 Approval of Minutes from Meeting Held April 26, 2016

Motion and Vote: Authority Member Sterling moved to approve the April 26, 2016, Sandy Springs Development Authority meeting minutes. Authority Member Steele seconded the motion. The motion carried unanimously.

III. 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

Bond Counsel Jim Woodward stated this item is for the tax incentive for the private portion of the City Center project. The capital investment is $70 million. What is being presented today is an inducement resolution. This is the initial step and that allows the legal staff the authority to move forward to draft and negotiate documents for Carter and move to the next step of the bond resolution. The documents will be finalized and approved and the tax incentive transaction will be closed before October or November. Included in the inducement resolution is a letter sent to Carter, outlining how to move forward with the tax incentive transaction of $7 million and closing this year. The latest draft of the incentive letter has a description of the project incentives. The incentives are Fulton County has a ten-year abatement program, which is universal for all tax incentive transactions. For the first year, it is a 50% reduction in property taxes and then it goes down 5% each year for the following years. That will be in place once the Authority receives the approval from the tax assessor's office. There is also a 25% benefit that Carter receives that will be paid back to the Authority for some portions of the City projects.

Chairman Chip Collins stated Director of Economic Development Andrea Hall created a memo that is very detailed and descriptive. It would also be useful for the Board to hear from Jerome Hagley, from Carter.

Executive Vice President Jerome Hagley, Carter, stated he does not want to be presumptuous that everyone on the Board is fully aware of everything that is occurring at City Springs. He will discuss

Carter's involvement in working with the City, the development of the Master Plan, where it started and where we are now. Carter is excited to be a part of this development, but they have come across challenges along the way. As far as the private development is concerned, Carter is developing 294 residential units that include a mixture of flats, apartments, 19 townhomes, and 25,000 square feet of retail. This is all part of the mixed use development. You will see how the Master Plan has evolved to encompass all of these various activities.

Authority Member Gabriel Sterling asked if the townhomes are owner occupied or are they rental units.

Mr. Hagley stated the townhomes are rental units. All of the residential units will be rentals. A lot of that has to do with the fact that the original townhome concept was converted from a fee simple townhome as part of a mix use building, because the townhomes had to be incorporated into the face of the building. He referenced the rendering of the Performing Arts Center (PAC) and the office building. Below the office building is about 10,000 square feet of retail that Carter and Selig are master leasing from the City on a 50 year term. The bottom picture is the park looking north over at the office building. Over the past month, there have been several changes to the Master Plan from the original plan that was submitted as part of the RFP. The townhomes were converted from fee simple to rental units, because they had to be incorporated into the building. Another change is that a majority of the retail is internally focused as part of the market square. The original proposal had a majority of the retail along Roswell Road and Johnson Ferry Road. There have also been changes with the parking deck structure. He referenced the original site plan where one building was on the far west side of the site and the townhomes were separate. All of the retail was originally along Roswell Road and Johnson Ferry. A lot of changes were made to the site plan that we all see in this rendering. The residential building was split into two buildings and a road was created named Galambos Way to bisect the site. This change made it more pedestrian friendly and opened up the site to Sandy Springs Circle. The City combined the Performing Arts Center, family theatre, and office building into one structure that is currently under construction. All of the parking will be underground, whereas before there was an above ground parking deck and the parking for the City would be underground. When the parking was changed, all of the parking was placed underground and a parking deck was created at the corner of Mount Vernon and Sandy Springs Circle. The parking will eventually be wrapped with residential units and the townhome units along Galambos Way.

Authority Member Sterling asked if the townhome units will have a stoop that will allow the resident to walk out onto the street.

Mr. Hagley responded yes. The changes have caused a lot of impacts to the project. He referenced a slide that summarized the schedule impacts, market design, and financials. What you see on the far left is what was originally proposed when the project was to be delivered, which was July 2016. The projected opening is the first part of January 2018 or the end of December 2017. Carter closed about one month ago with the City on the private development portion and has commenced construction. The construction schedule is eighteen months. In terms of market impact, a lot of changes were made to the project. What has happened is the number of residential units was reduced in response to the City's request to have less than 300 units. A lot with the design has been changed. He referenced the original design of City Springs, before it was changed to two buildings. Brick was not carried to the top of the building; it stopped at the third level. Going through the process he referenced the design that Carter ended up with in which the brick elements were taken to the top of the building and more masonry was added. He referenced the townhomes, of which there are approximately fourteen, and they are all two story with two bedrooms and two bathrooms. With the townhomes being under the residential buildings, steel was added to the buildings. Steel costs more than wood and this was done for the support of the buildings. In terms of the financial impact, Carter has incurred about a $12 to $13 million increase in costs. That is primarily due to the fact of the cost of construction given everything that is happening with the stadiums being built around the City, and extending the project an additional eighteen months from what was originally planned. There have been a lot of questions as to what Carter is paying the City and what the City is receiving in terms of compensation for the development. From the original RFP proposal, Carter was projected to pay the City approximately $10 million for this site. Where we are today Carter is paying the City a little over $11 million. We have not gone down in what was projected to be paid to the City. He referenced a slide showing what the City's share in the profits will be. Carter recognizes they are working with the City in a public/private partnership and what we proposed from day one is that in the event there is a windfall and solid returns on the investment, Carter will share those profits with the City. Carter has maintained what was originally proposed and what was finally closed on with the City about one month ago. His partner, Jo Anne Chitty with Selig, and Jack Dellecker with Carter, are also in attendance. He appreciates the opportunity to be able to present to the Board what they are asking for and to give the commitment to make this a great project for the City.

Authority Member Carla Sweetwood asked if the townhomes will be only two bedrooms and two bathrooms with no half bath.

Mr. Hagley stated there will be 2 ½ bathrooms in the townhomes. There will be two bedroom apartments that will have only two bathrooms.

Authority Member Sterling asked what percentage of the impact is from the City asking Carter to make changes, such as splitting the building. He knows the shared parking was different from the beginning as well.

Mr. Hagley stated that was probably about $6 to $7 million worth of the cost. You don't think that splitting a building is a big deal, but here is one set of elevators, one lobby, and everything is centralized with one fire system. Once that is split, there are two sets of elevators, two lobbies, and two fire systems. What also happened had to do with efficiency when laying out the residential units. After the structure changed there are only units on one side, because the other side would be looking into a parking deck. The original plan included units on both sides of the hallway. It does not sound like a lot, but when the efficiency decreases about 10% to 15%, you are then paying more per unit.

Chairman Collins asked, when the changes were made from the original plan, were they included in the original contract, or was the contract renegotiated as to price?

Mr. Hagley stated originally Carter proposed to pay X for the apartments and Y for the retail. When the changes were made and the letter of intent (LOI) was negotiated with the City, Carter came up with an amount we were paying for the apartments and created a separate category to pay for the shared parking. Under the original proposal, Carter was not paying for shared parking. Carter will now pay for shared parking. Retail was included in the land price for apartments, whereas a portion of the retail was under a master lease. There were a lot of changes, but at the end of the day the land price that is being paid to the City is about $10 million. The land price was lowered, the master lease was added and Carter started paying for the shared parking. The cost ended up being a little over $1 million to the City.

Chairman Collins asked what the value of the tax abatement is to Carter.

Mr. Hagley stated that amount is approximately $2 million.

Chairman Collins asked about Carter's original proposal and what the current profit will be if the tax incentive is received. Will the tax incentive bring Carter back to where they thought they would be cost wise?

Mr. Hagley stated it will not bring Carter all the way back to the original cost. There was about a $12 million increase in Carter's budget for the hard costs and the soft costs were about an additional $2 million. We have also increased what we are planning to rent the apartments for, and all the information has been shared with the City. Carter has absorbed a majority of the cost increases by taking on more risk. The tax incentive will not get Carter back to where it was for the original proposal.

Authority Member Sterling asked how it is measured when profits are made.

Mr. Hagley stated that will be determined when the property is sold.

Authority Member Sweetwood asked what the projected rental rates will be.

Mr. Hagley stated the one bedrooms will be $1,110 to $1,200 or $1,400. The two bedroom units will rent for $2,500 to $3,000. There will be a few three bedroom units and they will be priced higher. The townhomes will rent in the $2,500 to $2,700 range.

Authority Member Sterling stated this is not Carter's first try at trying to close the difference. They came to the City and asked for more units, but Council did not think it was appropriate. Council figured 294 units was enough. Carter tried to be creative and worked well with the City on the site and the shared parking.

Mr. Hagley stated Carter is currently working on the north parcel and the south parcel. One parcel will be deliverd to Carter next Monday. The wall has already been installed along with foundation. You can see columns being built for the retail. This area is a tight site with both contractors working in the same area. Eventually, the plan is the City will turn over the entire west parcel to Carter and a fence will be located in this area.

Authority Member Sterling stated the City will take back that area when Galambos Way is built.

Mr. Hagley stated this is a collaborative effort that will continue during construction and when the project is completed. Carter and the City will also be working together on the management and operations.

Authority Member Jimmy Glenn asked what the $770,000 going to infrastructure will be used for.

Director of Economic Development Andrea Hall stated that is the City's portion. There were increased costs associated with some of the delays and that amount will be used to offset some of those costs, such as new roadways and underground parking.

Authority Member Sterling stated there is a giant pot of money and the $770,000 will add to the giant pot of money. The City will use the money on the City Springs project only. Regarding the labor costs, sometimes the City cannot find people to do rebar. The City is trying to find all kinds of ways to cut costs. The concrete pours that are being done on the Performing Arts Center are complex. There will be people that go their entire career and never do anything as complex as this again. That is part of the reason the costs feel bigger and why we need to get some of the money back, if we can. The application of abatement funds is 33% of this document and 25% of the inducement resolution.

Director of Economic Development Hall stated that may be a misprint. The 33% and 66% is a misprint on her behalf. The amount should state 25%. The number on the sheet is correct and the number on the inducement resolution should be 33%.

Mr. Hagley stated his recollection is the amount would be 1/3 and 2/3.

Chairman Collins stated the Authority's mission includes that by law the bonds have to create jobs and this clearly does that. The mission also includes supporting City projects and this is the ultimate City project, the largest project the City has ever undertaken. Selig and Carter have been great partners to meet the needs of 100,000 different opinions of what City Springs should look like. He appreciates the partnership they have provided. He asked Bond Counsel Woodward to talk about the projects that don't even make it to this table and why they don't.

Bond Counsel Woodward stated the Mill Creek project that was approved earlier this year helped build the Mill Creek Road. The other company, Davis, has approached the Authority to do a tax incentive transaction and we have not received a recommendation by the City that is for or against. The City stated the funds are not needed to build the road. Staff has already discussed it with him and the recommendation would probably be to not approve that transaction. The project does not meet the criteria already addressed in previous transactions. That is an example of a project the City does not need.

Chairman Collins stated he asked Bond Counsel Woodward to bring this up to contrast with the City Springs project.

Motion and Vote: Authority Member Sterling moved to approve DA16-026, 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 with amendment to Schedule 1 under company payments to amend the amount from 25% to 33%. Authority Member Steele seconded the motion. The motion carried 5-0-1, with Authority Member Glenn abstaining.

IV. DA16-027 Proposed Development Authority participating in a Sandy Springs Innovation Center

Chairman Chip Collins stated the Authority has an amount of money and is looking to use it to create jobs and support the mission statement.

Chairman of the Sandy Springs Perimeter Chamber of Commerce, Lever Stewart, stated the Chamber is interested in seeking seed money, financial support from the Authority, for an initiative we think Sandy Springs is perfectly positioned to take advantage of to meet a need that currently exists in the City. This is the concept of an innovation and technology center. The proposed center and its unique nature do not exist anywhere in the State. This is not a for profit incubator center. He gave the Innovation & Entrepreneurship PowerPoint Presentation.

Authority Member Gabriel Sterling stated they are building technology suites that are renting for $35 per square foot.

Chairman Collins asked about the lease.

Mr. Stewart stated the lease would be in the Chamber's name. The Chamber would take sole responsibility for operating the technology center. Cox Enterprises stated they would be a lead sponsor on this project.

Authority Member Sterling asked how much that sponsorship will be.

Mr. Stewart stated a dollar amount has not been decided on as of yet, but probably in the $10,000 to $20,000 range. The reception has been good so far in terms of the companies he has spoken to with different levels of interest. There will be annual memberships for companies that will allow employees to use the center. The Perimeter has a new member, Dan Giannini, who formerly ran a technology group. He has had years of work experience at Advanced Technology Development Center at Georgia Tech (ADEC) and experience working at Georgia Tech. He will be working for the Perimeter in an executive director role to start with.

Chairman Collins asked about recognizing the Authority on this venture. He knows there has been discussion regarding signage for this.

Mr. Stewart stated there are two primary recognitions that are valuable. This will be a Chamber operated function. He does not think the Chamber will need to occupy a lot of window space on the front of the building. This is a great example of promoting public/private partnership. There will be private promotions for lead sponsors. The other category will be promoting the City. The Chamber would love the Authority and the City to give any ideas on how they would like to promote this initiative for the community.

Authority Member Jimmy Glenn stated there is about 50% of the budget left. He thinks this is a great idea. There was mention of a shuttle that will operate to get people to this location.

Mr. Stewart stated his understanding is that could be part of the Next Ten project for the City.

Authority Member Glenn stated as he understands it, the New City Hall will have excess space. If the City is not using the space he asked if the Chamber has considered using that space.

Authority Member Sterling stated the way the City Hall is being built, he does not think there is excess space at this point. If there is extra space, the City will be required to rent the space to anyone that comes to the City.

Authority Member stated let's assume for a moment that when the Authority grants tax subsidies we ask the City if they can help. There could be a way to get around the rental cost, if it is a City sponsored deal.

Mr. Stewart stated this is a good question, but he cannot comment on the availability of space in the future City Hall building. The initial response would possibly be negative to that because of the MARTA location and the visual view of space from Abernathy Road. There are other locations that could work well. The benefit of the subsidized rent would be dwarfed quickly by the financial success of the sponsorships.

Authority Member Sterling stated there is more available office space in Sandy Springs than in Midtown. In his opinion, this is the right location for the innovation center. There has been discussion about this for two years to find the right location. This is the right thing to do and a very positive thing for branding alone. Programming and making this right always worried him. Having Dan Giannini help with this will be beneficial and lower the learning curve. The amount of $30,000 for sponsors will end up being low.

Authority Member Jennifer Steele stated if you think about it, in the history of the City this is probably the smallest deal the Authority has ever considered approving. There will be a great impact, if this project is approved.

Authority Member Sterling stated the Authority has about $230,000 to $240,000. There was discussion about paying for half an FTE for retention. This amount is a onetime capital investment to meet the Authority's goals.

Authority Member Steele stated the REBA grant was for $350,000 and that was our lowest amount for the CBS Corporation. This is a phenomenal return. The Authority needs to think about the parameters and what this will bring to the City as a whole.

Authority Member Glenn stated he was not aware of the REBA Grant.

Authority Member Steele stated it is the Regional Economic Business Assistance grant. If you look at the Authority's portfolio in its entirety, this is very little input for a maximum return.

Authority Member Glenn stated he was trying to understand what the REBA grant is, because he was not aware of it.

Authority Member Sterling stated the City was allowed funds from the State to provide capital for a project.

Authority Member Joe Houseman stated it seems that all of the members want to be good stewards of the Authority's money. There has been discussion about sponsorships. At what point, if any, should the sponsorship level exceed $80,000?

Chairman Collins stated the sponsorship levels are lower than the numbers he previously heard about.

Authority Member Houseman stated he is not opposed to a higher sponsorship dollar amount.

Chairman Collins stated say for example Cox Enterprises wants to be a large donor for sponsorship, that would be a good problem to have.

Mr. Stewart stated the Chamber believes we can get the sponsorships. He needs permission to negotiate signing a lease with Cousins Properties in order to lock down this space. He wants to get the initiative started this fall. Even if the Chamber did not need the money, it is valuable to have the Authority involved in this project. It is also important if the message is this is to be a public/private partnership effort to drive marketing value to the City and value to the purpose of the Authority

Chairman Collins stated he believes there is support for this project.

Dan Giannini, Sandy Springs Perimeter Chamber volunteer, stated this is a departure from traditional economic development. Without the Authority and without economic development in this, it would be a not for profit that might not succeed. The question is how do you build sustaining organizations. He worked with the Business and Technology Alliance by consolidating all the industry groups in Georgia, the Technology Association of Georgia, and recently worked with not for profit organizations. We are looking for a sponsor driven and sponsor owned organization. If the sponsors do not support it, there is no reason for it to exist. The more we get from the sponsors, the more we can accomplish. Ultimately, the operating budget and variable cost of having someone on staff fulltime and having more staff are a function of how many sponsors we can get. Events pay for themselves. What is created is the opportunity to partner with all these organizations that are paying for a hotel for meeting space. People are looking for meeting space they can get to in five or ten minutes and if they are parking or taking the MARTA, then they will attend the meeting. If they have to worry about parking, they will not go to the meeting. These people are all about convenience.

Mr. Stewart stated people will pay to have the events held here. Membership gets certain benefits, but when ADEC and Venture Capital groups come in they will be renting the space.

Authority Member Carla Sweetwood stated there is a new hotel located at the nearby corner.

Authority Member Sterling responded it is a potential hotel. There is also a discussion for a potential hotel to be located near the new Mercedes development. There will be two potential hotels within a five-minute walk of this innovation center.

Motion and Vote: Authority Member Glenn moved to approve DA16-027, the Development Authority participating in a Sandy Springs Innovation Center, allowing the Development Authority to invest $50,000. Authority Member Sterling seconded the motion. The motion carried unanimously.

City Attorney Wendell Willard stated there should be a letter of understanding created between the Development Authority and the Chamber as to the allocation, use, and drawdown of the funds.

Chairman Collins thanked Mr. Lever.

V. DA16-028 Other Business

There was no other business.

VI. DA16-029 Adjourn

Motion and Vote: Authority Member Sweetwood moved to adjourn the meeting. Authority Member Houseman seconded the motion. The motion carried unanimously. The meeting adjourned at 10:06 a.m.

Date Approved: November 4, 2016

Chip Collins, Chairman

Michael Casey, City Clerk