City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on February 23, 2017, at 8:30 a.m.

I. DA17-008 Call to Order

Chairperson Chip Collins called the meeting to order at 8:40 a.m.

II. DA17-009 Roll Call

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

Staff and Representatives Present: City Attorney Wendell Willard, Director of Economic Development Andrea Hall, and City Clerk Michael Casey.

III. DA17-010 Approval of the Meeting Agenda

Motion and Vote: Authority Member Sterling moved to approve the February 23, 2017, Sandy Springs Development Authority meeting agenda. Authority Member Squire seconded the motion. The motion carried unanimously.

IV. DA17-011 Approval of the Minutes from the January 12, 2017 Meeting

Motion and Vote: Authority Member Sterling moved to approve the January 12, 2017 meeting minutes. Authority Member Steele seconded the motion. The motion carried unanimously.

V. DA17-012 Consideration of Resolution Acknowledging and Approving, the Sale and Assignment of Leasehold Interest in the JLB Chastain LLC Project

Chairperson Chip Collins stated this item was to be presented by Bond Counsel Jim Woodward, who is out of town. Mr. Woodward sent a memo to the Board explaining this item and the next agenda item.

Hudson Hooks, JLB, stated he can go through the mechanics of the deal. Initially, when the construction of Phase I was financed, USAA was the partner in the project. They will continue to be a partner and will transition the project from a short term project to a long term project. They are issuing long term money for Phase II as well. The challenge is that the money is from a German pension fund. When they reviewed the structure of this deal, they saw the bond and it created an issue because of the way it is looked at in Germany. It is viewed as a security and not real estate in Germany. That created the need to modify the documents. There were eight different attorneys working on this deal, two different lenders and multiple pension fund partners. This was a challenging process trying to get everyone to where we are now. This will allow us to close out the first transaction, shift it over into a long term loan, and facility construction on Phase II.

Chairman Collins asked if Mr. Hooks will still be involved.

Mr. Hooks responded yes.

Chairman Collins stated what he originally understood is that this is removing JLB from part of the phase.

Mr. Hooks stated it removes him partially on Phase I. We remain involved in the global deal as well as with Phase II.

Chairman Collins stated he does not understand the cancellation of the bond documents to satisfy the German authorities. He thought the bond documents were the mechanism that provides the tax incentive for this whole project. He asked how the tax incentive remains in place, which creates the pool to pay the City for the roads.

Mr. Hooks stated the way it was described to him was that there are multiple layers and this is the outside layer. The deal still remains in place. He spoke with Bond Counsel Jim Woodward, Dan McCray and the bond counsel for the Germans, who is a tax attorney in the Atlanta area. All three attorneys agreed this is a safe and viable means to move this deal forward.

City Attorney Wendell Willard stated the incentive was given for the development occurring, which has created jobs and increased the tax base. The bond program comes in conjunction with that, because the Development Authority is partnering with them for the lending of the money for that purpose. As part of the assignment, the Authority will still have the German partners. Once the tax revenue bond is cleared off, the incentive transaction is terminated, but the lease agreement for the tax incentive and the road realignment agreements remain in place. The lease agreement will still be in place and the overall control of the property to ensure that the obligations are met.

Authority Member Gabriel Sterling asked where the money is coming from and if the City will still be receiving the abatements.

Mr. Hooks stated the ground lease still exists.

City Attorney Willard stated the abatement of the taxes is an agreement with the tax assessor based upon what the Authority agrees to. The abatement agreement states the tax base will be increased and jobs will be created.

Authority Member Sterling stated the only way to have an abatement is to have the Development Authority own the paper and the ground while leasing it back. If the Authority does not have the bonds and does not own the ground, there is a contract that states the City needs to be paid for the lease. He asked how an abatement legally occurs.

Mr. Hooks stated we are still under a ground lease.

Chairman Collins stated there will still be a lease. The theoretical concern of the Authority is that as long as we have a bond, the Authority on the hook. From the Authority standpoint, we will be fine. The debt will be extinguished and the Authority still owns the property. The City just needs to satisfy itself that nothing being done will undermine the obligation of Mr. Hooks to pay the money for the roads.

Mr. Hooks stated the only concern he has is that if the German group does not show up, we are more at risk for this structure, compared to the initial structure. The risk is if they are going to show up or not. We are weeks away from transferring the ownership into the Phase I project. He believes that the Authority will be in a stronger position.

City Attorney Willard stated the changes in the documents and agreements between the parties have not diluted the rights of the City to the tax abatement. The road construction will continue. Along with addendums received yesterday there were lender suggestions for very minor changes to the documents.

Director of Economic Development Andrea Hall stated the amendments are stated in the email.

City Attorney Willard suggested having a motion to approve the document and a motion to approve the amendment.

Motion and Second: Authority Member Sterling moved to approve Agenda Item No. DA17-012, a Resolution Acknowledging and Approving, the Sale and Assignment of Leasehold Interest in the JLB Chastain LLC Project. Authority Member Steele seconded the motion.

City Attorney Willard stated the documents are part of the resolution. Within the resolution itself is this document.

Vote on the Motion: The motion carried unanimously.

VI. DA17-013 Consideration of Resolution Acknowledging and Approving, the Sale and Assignment of a Leasehold Interest in the JLB Chastain Phase II LLC Project

Chairman Chip Collins asked Mr. Hooks to explain the difference between Phase I and Phase II.

Hudson Hooks, JLB, stated he believes Phase I has to do with residential projects. There are two different residential projects. There is Phase I that has been completed and leased. There is Phase II that is yet to be built. This item is what the Authority is being asked to approve. The lender will not provide financing for Phase II until they are paid off from Phase I. There is a permanent lender that will take over the lending for Phase I. The German group is removing the short term partner for Phase I. The Germans and the old construction lender, as well as USAA, will be the parties in Phase II. The Authority is being asked to vote on the Phase II transaction. This should be identical to the Phase I documentation.

City Attorney Wendell Willard stated the lender wanted a couple of words added to the document in Sections 6 and 7. As the Authority approves the resolution with the documents attached, there will be an amendment to have this added to the documents.

Chairman Collins asked if the motion can be for the approval of the resolution with the documents as amended by the email.

City Attorney Wendell Willard stated that is fine.

Motion and Vote: Authority Member Squire moved to approve Agenda Item No. DA17-03, a Resolution Acknowledging and Approving, the Sale and Assignment of a Leasehold Interest in the JLB Chastain Phase II LLC Project, and the amendments presented for Sections 6 and 7 and approved by lender. Authority Member Steele seconded the motion. The motion carried unanimously.

VII. DA17-014 Update on the Sandy Springs Innovation Center

Lever Stewart, Sandy Springs Perimeter Chamber, stated the Authority received a package regarding the update on the Innovation and Technology Center. The Chamber has completed and executed a lease with Cousins Property at 400 NorthPark. The lease is executed at the rate originally set forth in the Pro forma, which is substantially below market value. The lease is a little under $14 a square foot, while the landlord was asking $32 to $34 a square foot. Cousins Property is very interested and have been very supportive regarding the build out he thought would exceed the budget. Cousins did a value engineering assessment and found people to contribute time. The work has started and should be completed by March 15th. The Chamber is already discussing the time and form for the grand opening. There has already been an inquiry for use from a local high school who are having a technology event with various businesses around the City. The negotiations with Comcast are almost complete. Instead of the $50,000 that was originally requested as a corporate sponsorship, the Chamber was able to close the deal for $100,000. There will be $50,000 contributed in year one and $25,000 contributed in year two and year three. A portion of that will come from in-kind contributions by Comcast for setting up the telecom and IT connections.

Authority Member Gabriel Sterling asked about the size of the in-kind portion.

Mr. Stewart stated the minimum cash up front is $35,000 through the MOU. The in-kind donations may be $10,000 to $15,000, but cannot exceed $15,000. Part of the ongoing support that is included is the subsidization Comcast is providing with the internet connectivity. Comcast has state of the art hardware and technology items they want to display that will not occupy too much space. That is part of the arrangement. The Chamber already has the $50,000 in hand from Comcast. There is an initial interest from Microsoft for another sponsorship. There has been good local press coverage from the Sandy Springs Neighbor, Sandy Springs Reporter, and the Atlanta Journal Constitution. The timing is good, because there are a couple of other places that are trying to do similar things, such as a technology park in Gwinnett County. They have a City subsidized innovation center in Gwinnett County. Sandy Springs is the only metropolitan area that has MARTA access. This brings in the millennials and those living in the Downtown and Midtown areas who want to be involved in technology. The proof of concern was the recent move by West Rock of their national headquarters to Sandy Springs because of the Innovation and Technology Center. The Chamber wanted the Center in an exciting mixed use area. There is proof of the concept of having a public/private partnership that markets the attractiveness of Sandy Springs as being a great place to locate a business for innovation and technology. He asked if there are any questions.

Authority Member Sterling asked how many desks are planned for the Center and how many spaces.

Mr. Stewart stated on the pro forma the concept is for a rental of fifteen desks. The layout of the space is a large open area with four separate offices, one of which is a conference room. Initially, the concept would be to have a small company that would like to move into the space. They can actually place three to four desks in a single room and have a small work space, versus the open area.

City Attorney Willard asked about expansion in terms of space.

Mr. Stewart stated that if we outgrow the 3,700 square feet, the Chamber can talk to Cousins about moving to other space within the building. At this point, the object is to not become a landlord of technology, startups, or entrepreneurs. The goal of the Center is we want people in there to create energy and activity. We are not intending to be an incubator. We are intending to be a base front and center presence/marketing booth in partnership with the City, so people can see that Sandy Springs is a good place to locate. The purpose is to also provide a library space for those innovators to come and conduct research. There has been good feedback from large companies. The idea of a company buying a corporate membership is so there is a place outside of their home office where their creative young workers can go and continue to collaborate with other companies and other people. This is the model that Comcast followed in Philadelphia and that is why they are excited about it. The corporations like that idea. Otherwise, their entrepreneurial workforce is just leaving that area, going home at night and doing work on their own.

Authority Member Sterling asked if Dan Giannini will be doing specific programming to bring speakers in.

Mr. Stewart stated that will be part of this, whether it is Mr. Giannini or another individual. The concept is that we would have retired, experienced, innovation and technology industry experts who will stay in touch with TAG and ATDC. They would communicate with these organizations about having gatherings at the Innovation and Technology Center. One complaint he has heard regarding the Midtown or Downtown area is that if someone wants to go for an education forum, they are having to come from Alpharetta, which is a long way from Downtown. Anyone that is located Downtown has no interest in coming to the Gwinnett Technology Center. The Sandy Springs Center will be at the midway point. We are not limited to the one conference room or the 3,800 square feet. As a tenant, we have the right to use three different conference rooms. The rooms hold approximately thirty-five, seventy-five, or 150 people. He already reviewed the calendar booking and they are readily available. The Chamber has the right on behalf of the City and the Chamber to use the third floor plaza that can accommodate 300 or more people.

Authority Member Jim Squire asked if the Chamber is working with the colleges and universities.

Mr. Stewart stated once the center opens, we will work with colleges and universities. They would use the Center for recruiting and job placement. They will also use it for educational forums.

Authority Member Squire stated that speaks well for Sandy Springs being able to support higher education.

Chairman Collins asked how they plan to keep out the businesses that just want an address.

Mr. Stewart stated the Center will be operated by the Chamber and they will vet the people who inquire about renting a desk. The Chamber will execute the right, if someone is not in there visually being productive and working for a good purpose. There will be written criteria for the month to month desk rental.

Chairman Collins asked if the Chamber is asking for a specific amount from the Authority.

Mr. Stewart responded yes. He will be asking the Authority for $25,000. A primary concern of the Development Authority was how viable is this plan and can the MOU get the matching funds required for it. It needed to be demonstrated that this could be independently run. We have seen that with $100,000 in hand while actively recruiting an additional corporate sponsor. The primary reason for the $25,000 is a onetime grant as part of the startup to provide some additional cushion. The original budget was very lean on multiple items. The promotion and signage budget has only $2,500 in it. That only gets one placard.

City Attorney Willard asked what is the opportunity for signage.

Mr. Stewart stated the whole exterior space that is visible to the street is all glass.

City Attorney Willard stated there will be limitations for the signage by City standards.

Chairman Collins asked if this will need to be part of the initial grant or something that can be considered to be paid in year two.

Mr. Stewart stated he would be happy if the $25,000 was paid in year two as a known item. Due to the capital expense of startup, we would prefer to receive the funds in year one. There are other ways, especially with Comcast, plus getting some other corporate sponsors, to pay for a good percent of the initial startup. The additional $25,000 is for purely capital expenses and not to subsidize ongoing operations. The funds would pay for the initial startup and also give a cushion. There are some line items that were under budget. The build out was basic. There is an outdoor patio where a door could be installed and Cousins is happy to explore that, but it is not in the buildout. He would like to make the patio into a useable space. That would be beneficial, because it sits right off the retail space.

Authority Member Sterling stated this is a nice outdoor space for people that want to sit outside.

Mr. Stewart stated the buildout would be a onetime additional cost. Repairs needs to be made to the patio. These costs were not budgeted in the buildout. There is one typo on the budget. It should state "Less Comcast in-kind contribution". What that amounts to is the $10,000 in-kind contribution from Comcast, supplying computers and equipment. The project could use more than $10,000. He does not want to use the Comcast contribution to try and fund that. On the administration cost side, the Chamber will have to devote staff time to keep track of the accounting. The budgeted cost was initially $3,000. He would like to have an additional $2,000 to help fund the Chamber side. When the memberships come in, it will be ongoing in year two and year three. The second thing he wants to raise with the Authority is the idea of trying to build up what he calls a recruiting budget. He is not aware of a good funding source.

Authority Member Sterling asked what Mr. Stewart means by recruiting a prospect.

Mr. Stewart stated for example; the Chamber and City are working on recruiting a new technology innovation orientated company to move to the space. There could be funds when the company comes to town to take them to dinner after visiting the Center.

Authority Member Sterling stated the City's bucket of money is to be used exclusively for Economic Development purposes.

Mr. Stewart stated the reality is this will be a public/private partnership that will be used as an asset by the City to promote the attractiveness of innovation and technology locating in Sandy Springs.

Authority Member Sterling asked how much money does the Authority have left in the budget after the $50,000.

Director of Economic Development Hall stated she does not know the answer to that right at this moment.

Authority Member Sterling stated he believes there is about $170,000.

Chairman Collins stated obviously this is a great project that Mr. Stewart has worked really hard on. This is an innovative forward thinking project the City is interested in. He supports this project and the initial contribution of $50,000. With regards to the next $25,000, he is fine with that. He defers to Director of Economic Development Hall in her capacity, if she thinks this is a good use of the Authority funds. He knows there has been talk of an FTE and a support person for her department. He is neutral on the timing. If Mr. Stewart is fine with the $25,000 paid in year two and it does not jeopardize the project, that is the conservative approach to take.

Director of Economic Development Hall stated in her role, the best use of the Development Authority funds from a marketing perspective is something like this. The only other things that have been successfully executed are the small business loans. This group does not have the capital or capacity to do that. The marketing funds will be well spent on this for the Chamber. The Chamber and the City work together as a team already, and this will be a good use of the funds.

Mr. Stewart stated the additional request for these funds is to cover startup expenses and not to fund ongoing operations. This project is not intended to be funded by the taxpayers in order to keep the doors open. This is intended to be a public/private partnership assisting the City with initial funding support coming from the Development Authority. The support from Comcast demonstrates to us this is something that is very viable. The Chamber will be focused on the corporate sponsorships, which are the primary revenue stream. He would prefer the additional $25,000 in year one due to the additional expenditures. He would offer a compromise, if the Authority would be more comfortable with half of that amount in year one at and the second half in year two. The budget is tight in finishing the space. From a budgetary standpoint, Comcast will be helping in year two and year three. The extra funds will give the project a head start on the sponsorships.

City Attorney Willard asked if incentives are offered to companies to come to the City.

Director of Economic Development Hall responded no.

City Attorney Willard stated he has had an office at NorthPark and the traffic can be an issue.

Authority Member Squire stated he has difficulty with any situation where someone asks for an original amount of money and wants 50% more before the doors open. He would support the $25,000 in the second year. As a compromise, he is comfortable with a ten percent increase, such as $5,000, and then $20,000 the second year.

Chairman Collins stated for the sake of conservativeness, there are three boardmembers that are not present. He does not want them to think we are running amuck. He really wants more input and would like to know what the other three members would agree to.

Authority Member Jennifer Steele stated we have already granted the $50,000. Looking at the history of the Authority and what we have done, this is the smallest amount of money we have ever committed to with a substantial amount of impact. The next jump up is the $350,000 REBA grant that the Authority approved for CBS. He liked City Attorney Willard's idea of having the Chamber show the Authority the invoice for renovations. That is a great way to keep the checks and balances in and also demonstrate the Authority supports this. The location is stellar. She has done independent research on facilities like this for job sharing spaces in another capacity, and the Center seems right for Sandy Springs.

Authority Member Sterling stated he wants it to be a stellar space from day one. He likes the invoice idea and approving up to $25,000. The signage needs to be really visible.

Mr. Stewart stated that will work, and he fully supports the concept of the Authority that this is focused on capital expense to open the Center and make it look right.

Authority Member Squire asked who are the voting members in attendance.

Chairman Collins stated the four members in attendance. He asked what happens in the event of a tie.

City Attorney Willard stated there will be no action if there is a tie.

Motion and Second: Authority Member Steele moved to extend funds for the capital expense up to $25,000, per invoice in this location for leasehold improvements, subject to approval. Authority Member Sterling seconded the motion.

Mr. Stewart asked about capital expenses.

City Attorney Willard stated it would be for leasehold improvements to the facility.

Chairman Collins stated capital improvements would be the broader term. If Mr. Stewart asked for an odd request, does the Authority have the ability to say no.

Authority Member Squire stated a presentation of invoice is after the fact, not before the fact.

Authority Member Steele stated an estimate is usually received before an invoice is submitted.

Withdrawal of Motion and Vote: Authority Member Steele made the motion to with the motion to extend funds for the capital expense up to $25,000, per invoice in this location for leasehold improvements, subject to approval. Authority Member Sterling seconded the motion. The motion carried unanimously.

Chairman Collins stated if Mr. Stewart came to the Authority and explained what he wants to do, it can then be approved or denied by the Authority. Once Mr. Stewart receives an invoice, the Authority will then pay for it.

Authority Member Squire stated he wants this to be worked through. The Authority has given the Chamber $50,000 with no specific obligations. The $50,000 could be moved aside for some other item. They could take the new money and place it in the leasehold improvements bucket of funds. That is why he has an issue with giving another $25,000 without the doors of the business being opened.

Chairman Collins stated Mr. Stewart is saying he can get the doors open with the $50,000.

Authority Member Squire stated there is a $100,000 commitment from Comcast and $25,000 in years two and three. There are a lot of other things that money could be used for in the first year for getting the doors open with quality space. He would have thought the private partnership would be a place to get more money from, instead of coming to the public partnership.

Authority Member Sterling stated this is the role of the Authority and the money is from doing bond deals in the past. This is the type of investment the funds could be used for.

City Attorney Willard read the resolution which states, "For capital improvements to include leasehold improvements, signage, and furniture and equipment used in the operations of the facility with proposals for these expenditures to be presented to Economic Development Director Andrea Hall for approval by the Chairman of the Development Authority in use of the funds allocated up to $25,000."

Authority Member Sterling stated his point is the Authority has not used this money for many years. This is the best use of the funds that we have seen. There is now an FTE that works under Director of Economic Development Hall.

Authority Member Squire stated if Mr. Stewart stated he needed $100,000 from the beginning, he would not have a problem with that. He has a problem with someone coming back requesting 50% more, which indicates the cost was lowballed from the very beginning.

Authority Member Sterling stated it may not have been lowballed. The Chamber could have learned more about the cost as they went along and reviewed the project. He understands the hesitance for this request.

Chairman Collins stated he believes there was a previous conversation that $50,000 was an initial number and anything over that was too large. It makes sense to be conservative at the beginning, to make sure everyone is on board, and to get the project moving forward. From both the Chamber and the Authority side he agrees that sometimes this scenario might cause skepticism, but he knows what Mr. Stewart has done from day one on the project. The project has evolved.

Mr. Stewart stated he would like to address Mr. Squire's questions, since he was not at the first meeting. He originally wanted to come in and ask for the $75,000, but the Authority was prudent in saying they would like to see proof and the support behind this project.

Authority Member Sterling stated the Chamber was trying to get outside corporate sponsors to start the project.

Mr. Stewart stated he understands the point from an outsiders perspective that he is asking for 50% more. There was an initial request and those that are skeptical wonder if the Chamber can settle for less money.

Authority Member Squire stated he wished on the front end the Authority would have made that more known. The Chamber could have stated it would be an initial $75,000.

Chairman Collins stated he does not have a problem with this, since Mr. Stewart stated the Center can be opened with the $50,000, but it would be a better facility with an additional $25,000. Mr. Stewart could have stated there is no way he can open the facility unless there is an additional $25,000, but he is not doing that. The Authority has held up its end of the original bargain.

Authority Member Sterling supports making this the best possible space for the success of the facility.

Authority Member Squire asked if the Chair will vote in favor of this motion.

Chairman Collins stated he cannot say which way he will vote. He can agree with the concept of the Authority deferring some of the funds. The City Attorney's suggestions is a good compromise. The $25,000 can be spread out over time and the Authority controls the ability to approve the invoice or not.

Authority Member Squire asked if it is possible to get an accounting for the $50,000 to the Chairman.

Mr. Stewart stated that is part of the MOU.

Authority Member Squire stated he wants the Chair to see the accounting documents before approving any additional requested funds.

Chairman Collins stated he thinks this should not be a guarantee of $25,000, but the Authority is authorizing him and Director of Economic Development Hall to approve the requests following a careful review of each request. He is asking the Authority to approve the requests on a project by project basis.

Mr. Stewart stated that will work for him and is a good approach. The time to build the space out right and make it attractive is now, and not after the facility is open. He did initially come to the Authority with a request and a budget that was extremely skinny. He wanted to prove to people that this idea would sell.

Authority Member Squire stated he likes what Mr. Stewart proposed and it shows the Authority still wants oversight of the project.

Motion and Vote: Authority Member Sterling moved to approve that the Sandy Springs Development Authority provide money for capital improvements to include leasehold improvements, signage, furniture and equipment used in the operation of the Sandy Springs Innovation Center with proposals for the expenditures to be presented to the Economic Development Director Andrea Hall for approval by the Chairman of the Development Authority for use of funds allocated up to $25,000. Authority Member Squire seconded the motion. The motion carried unanimously.

VIII. DA17-015 Other Business

Authority Member Sterling asked what will get in the way of being able to redevelop some of the City's older apartments. He asked if there is anything tactical the City is doing that gets in the way and is there anything the Development Authority can do to help. The redevelopment of the older apartments is something the City has been trying to do long term.

Hudson Hooks, JLB, stated it is very difficult when you are trying to make these deals work. You have to be able to present an offer to a land owner. Often times when you meet with the land owner you do not know what the mix will before you are able to pull everything together. Redevelopment should be for mixed use and the apartment piece is fairly easy. All apartments that are built are speculative and there is no preleasing before you begin construction. For office use you have to have a tenant in place and for retail as well. Often times the challenge in buying a C Class apartment is that there is a lot of competition, because investors think they are profitable. Because the City has been successful in tearing a lot of them down, a lot of the older communities are now doing better than they were before, so that value has increased. He talked with a property owner yesterday about his property across from the Fountain Oaks Shopping Center. Initially, his company made an offer on this property three years ago. The continuous development going north would help increase the value of that development in the south area of the City. His company offered $18 million for the property, which was significantly higher. This property had a Colonial Pipeline running through the middle of it. The owner at first accepted the offer, but the documents were not signed. The owner then changed his mind and would not sell for anything less than $21 million. He spoke to the owner about the property yesterday and the lowest price he would now take is $24 million. It is now very competitive to purchase the C Class apartment properties. What people are doing is buying the older apartments and putting a lot of money into them to make them look nicer for another ten years. The apartments are being turned from C Class into maybe a B Class. When Phase I for the JLB project was built, it was built for $200,000 a unit, and Phase II is going to be $260,000 a unit. We are making improvements to the product, but we are not making $60,000 a unit improvements. It shows that the cost of construction has increased. The land values have increased as well as lending reluctance. His company did a study on the south Sandy Springs and Buckhead area. There are about 5,000 units being delivered over the next two to three years. The demand has been running ahead and we are starting to fall behind. On an average year over the last seven years, about 1,700 new units are being leased.

Authority Member Sterling asked about Phase I.

Mr. Hooks stated his company is at about 90% percent capacity. Usually, after the winter, there is a slowdown of people moving.

Authority Member Sterling asked what the cost is per square foot.

Mr. Hooks responded the cost is about $1.90 a square foot. On average, the tenant incomes are over $100,000 and there is a good tenant base. You always have issues in the apartment business with people who move in through fraudulent identification. There has been discussion about having more electric car charging stations for Phase II. They may be able to add Google Fiber throughout the building in order to draw more millennials. They have met with the City of Atlanta to construct sidewalks along Wieuca Road all the way to Chastain Park. His company is trying to improve the resident experience and the neighborhood connectivity.

Authority Member Sterling asked is there anything the City is doing or has done that is impeding the ability to redevelop these C Class apartments.

Mr. Hooks stated the way the zoning is today, people want to know the answers before the developers have the answers. When the process was started, it began with Publix. You cannot state Publix will be a tenant until a letter of intent is signed. Some people speculated it was going to be a Walmart. The retail companies do not want to give away who the tenants are, but in some respect they end up having to. There was a Starbucks in the original deal and if the zoning for the Starbucks did not occur, people would have been upset about that. There needs to be flexibility. People need to understand the deals are complex and there needs to be the ability to adjust a deal.

Authority Member Sterling stated the City's building code includes steel and concrete impediments to redeveloping.

Mr. Hooks responded yes. The only place in Sandy Springs that makes sense for that type of construction is next to State Farm. A developer can tie into the existing parking deck and may be able to get a steel building constructed, because a $7 million parking deck will not have to be constructed. The cost difference between wood frame and steel frame is about $70 a foot.

Authority Member Sterling stated he heard the cost difference is only twenty percent more.

Mr. Hooks stated that is a large difference and can sometimes be the difference between getting a deal done or not getting it done. There was a lot of conversation with their lender about the ability to finance Phase II. There is not an abundance of capital to fund these projects. That is part of the cycle of real estate. When there is a recession the demand will decrease.

IX. DA17-016 Adjourn

Motion and Vote: Authority Member Sterling moved to adjourn the meeting. Authority Member Squire seconded the motion. The motion carried unanimously. The meeting adjourned at 9:01 a.m.

Date Approved: May 11, 2017

Chip Collins, Chairman

Michael Casey, City Clerk