City of Sandy Springs Development Authority Meeting was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on March 8, 2018, at 8:30 a.m.

I. DA18-008 Call to Order

Vice Chairperson Gabriel Sterling called the meeting to order at 8:37 a.m.

II. DA18-009 Roll Call

Authority Members Present: Chip Collins, Gabriel Sterling, Jennifer Steele, Jimmy Glenn, Jim Squire, and Dan DiLuzio. Joe Houseman was absent.

Staff and Representatives Present: City Attorney Dan Lee, Director of Economic Development Andrea Worthy, Staff Attorney Kathy Williams, Finance Director Karen Ellis, Assistant City Clerk Kelly Bogner, Bond Counsel Jim Woodward, and Sandy Springs Perimeter Chamber Board Member Dan Giannini.

III. DA18-010 Approval of the Meeting agenda

Motion and Vote: Authority Member Steele moved to approve the March 8, 2018 Meeting agenda. Authority Member DiLuzio seconded the motion. The motion carried unanimously.

IV. DA18-011 Approval of Minutes from Meeting held January 11, 2018

Motion and Vote: Authority Member Steele moved to approve the January 11, 2018, Sandy Springs Development Authority meeting minutes. Authority Member Glenn seconded the motion. The motion carried unanimously.

New Business

V. DA18-012 Budget Amendment for the Development Authority Operating Budget

Finance Director Karen Ellis stated this item is a budget amendment. The Authority's budget was approved last year, but was not formally approved. There have not been many expenditures by the Authority. The budget is based on closing out the Innovation Center payment that was agreed to in the prior year and the insurance that covers the officers. This is an amendment to the budget, because there will be an inflow and outflow of over $250,000. Those funds are related to the Gateway project for the bonds that were issued. There are tax abatement payments that are due. In order for staff to properly record those, we need to amend the budget for audit purposes. This amendment amounts to the JLB and SSGO tax abatement billings that the City has completed. We have received the JLB payment, which is the larger of the payments. The payment for the retail has not been received as of yet. The amendment will increase revenues by the tax abatement billings and increase expenses by transfers out to the general fund. The transfers go back to the general fund to pay for a GTIB loan that the City took out for the Windsor Parkway project intersection.

Authority Member Gabriel Sterling asked if the City is ahead or behind on projections for the amount of money being paid to the Authority.

Finance Director Ellis stated Director of Economic Development Worthy's projections were based on a period of time. She can analyze those numbers and report back to the Authority.
Authority Member Sterling asked who is not paying at the moment.

Finance Director Ellis stated it is John Graham, the Sandy Springs Gateway owner.

Authority Member Sterling asked when the funds were due.

Finance Director Ellis stated the amount was due when the tax bills were due. They stated they are having cash flow issues and believe they should be able to make the payment in April.

Authority Member Sterling asked if the City will appropriately fine them.

City Attorney Dan Lee responded yes. He was just speaking to Assistant City Manager Tolbert about this. The City was confronted with an issue regarding a parking dispute on the property. When the property was developed, there was a requirement to have shared parking. Pieces of the property were sold off and someone forgot to give one of the property owners an easement. Sprouts had designated some parking spaces for its employees. The residential section, which was supposed to have 106 parking spaces, removed the "Employees Only" signs. This is how the dispute started. This is not something the City will get involved in. The zoning requires both owners to share the 106 parking spaces, but it does not specify which ones.

Authority Member Jimmy Glenn asked if the Authority will be making an amendment to just the budget.

Finance Director Ellis responded yes. When the City is audited annually, Auditors take note of anything that is over budget by an exorbitant amount, which this item is at over $300,000. City staff likes to make midyear amendments to true up the budget. Due to the Authority not meeting again before the end of the fiscal year on June 30, she prefers to true up the budget now.

Authority Member Glenn asked if the Authority should have the numbers.

Finance Director Ellis stated the numbers are in the memo. The numbers are the two payments that were billed to the property owners under the Windsor Parkway bond issue. This is a tax abatement billing that the Development Authority makes.

Authority Member Glenn asked if those numbers are a net additional income to the Authority.

Finance Director Ellis stated the funds transfer out to the City. The funds will be a net in and a net out.

Authority Member Glenn asked if the Authority can get a detail of those numbers instead of a net.

Finance Director Ellis stated there are two billings; one is for $92,000 and one for $260,000.

Authority Member Glenn asked if that is net additional dollars.

Authority Member Sterling stated he would prefer to have a spreadsheet showing where the numbers started at and what will be added.

Authority Member Jim Squire arrived at 8:42 a.m.

Finance Director Ellis stated the budget was not formalized through the Authority, because there are not a lot of expenditures that are incurred throughout the year. The budget was zero revenue and now it will be $322,000. The expenditures were only $31,000. That amount will pay the balance of the Innovation Center grant that was approved and the insurance that covers the officers of the Authority. The zero revenues will now be $322,000 and the expenditures will be $31,000 plus the $322,000.

Authority Member Sterling asked the amount of funds that are in the bank.

Finance Director Ellis stated the amount is around $200,000 to $300,000.

Authority Member Glenn asked why the Gateway project that has been on the books for a year was not on the budget.

Finance Director Ellis stated because the budget is based on the actual taxes. She waited for the tax bills to arrive and that is how she calculated the billing. Staff receives a copy of the tax bill, it is input according to the schedule of which discounts are allowed. She inputs actual numbers and not guestimates.

Authority Member Glenn stated he is trying to understand. When he does budgets, he knows the prior year's taxes or the anticipated amount. He is trying to understand why the amount was not there and the need for this amendment.

Authority Member Sterling stated there was no anticipated amount, because the entity had never been taxed before, because it is a new development. There were issues with the Fulton County tax digest and we did not receive the tax bills until November. The Authority never formally adopted a budget.

Finance Director Ellis stated the City Council adopted the Authority's budget, because the Authority is a component of the City. The current budget is $31,000. Moving forward the budget will be formally adopted, because the abatement billings will be an annual occurrence.

Authority Member Sterling stated the reason for this is because the City's auditors may notice something not accounted for. There is no real revenue gain or loss with the Authority as a pass through entity. The budget amendment has to be formally approved, because when there is a paper trail between the Development Authority and the City, the auditors will know it was taken care of.

Motion and Vote: Authority Member Steele moved to approve Agenda Item No. DA18-012, Budget Amendment for the Development Authority Operating Budget. Authority Member Squire seconded the motion. The motion carried unanimously.

VI. DA18-013 Sandy Springs Innovation Center Update

Sandy Springs Perimeter Chamber Board Member Dan Giannini stated he at a Development Authority meeting about 1 ½ years ago. He will speak on five items including: source and use of funds, sense of commitment, financial position, Center direction, and needs. The Economic Development Authority gave $75,000 of which the corporation spent $78,920 on capital assets and leasehold improvements. The funds provided by the Authority were used for capital assets and leasehold improvements and no money went to the operating fund. Comcast gave unrestricted funds. There is a detailed agreement with Comcast he received yesterday that he has not finished reviewing. Comcast has a five year agreement as an exclusive sponsor. Comcast gave $95,000 for the exclusivity agreement, he believes, and another $50,000, all of which is unrestricted for exclusivity rights and sponsorships. At this point, the sense of commitments and how to move forward should be determined. The Comcast agreement has performance obligations for marketing and services and exclusivity. The Authority needs to make sure we are complying with the performance obligations, because the agreement contains termination rights and a right of recession. The second commitment is from Cousins Properties, which is on a five year lease that started in January 2017. The lease rent is $4,100 a month escalating up to $4,500 a month. There are companies that are month-to-month. Currently, Helium, that does mobile applications, has two offices and one work station. Four Winds does website design and graphics, and She Sparks does brand strategy. The rate of the rental commitment is $2,500. The operating cost is $4,000 for the lease and $1,000 for whatever else, for a total of $5,000.

The burn rate is $2,500 a month. That places the Authority in a financial position for 1/1/17 through 3/7/18 at total receipts of $228,000. This is $75,000 from the Economic Development Authority, $145,000 from Comcast, and $8,000 in month-to-month rental payments. The capital cost is $79,000 and operating cost is $65,000 for a total expenditure of $144,000. The Center has $84,000 left of available operating cash. The cash flow is a negative $2,500 a month. If nothing else changes, it is good for 34 months. The original purpose of the Center was to create a business community network asset. This was to be a center where there is a consolidation of anything and everything related to business and job development in Sandy Springs. This was also to provide a relationship bridge across industries. The term "technology" was removed from the name. The term "innovation" deals with anything from anybody, anywhere, anyplace. The Center was never intended to be and continues not to be an incubator. We are not just a rental operation. There have been two meetings, so far, of the committee with the Chamber. The current focus is in three specific areas: economic development, business, and education. Economic development will focus specifically on that Center as being an access center and an ability to get available economic development assistance from anywhere such as the City, County, or State. For example, if you think in terms of people going to libraries, they Google things. If you are a business and are confused on how to get started, you come to the Center. The Center will help you get the information you need. We are looking to help companies that want to get started. The companies will be able to use the desks and receive help. If you have a smaller business and are trying to figure out where to grow, the Center will help with that. The business focus is a lot deeper than what he is summarizing. We are looking at startup companies, existing companies, and the "big fish" in the marketplace. There is also an education piece that deals with training skills, job training, and helping larger corporations and companies in the Sandy Springs area with the skillsets that they need and how to create a job bank. We are also going to the high school level and trying to get extensions of entrepreneurship clubs and other activities. The North Springs High School has already approached the Center, but they could not be accommodated. The Center will also work with the Sandy Springs Education Force. We need to identify potential companies, attracting anywhere from concept companies to companies in different developmental stages of growth and create in center access. This would be helping the company out on a no fee basis. We are trying to bring everything to one location at the Center. The first thing needed is a market assessment. He spoke to representatives from Kennesaw State University. From a research and student standpoint, the school will give a commitment to give the Center students as a project or as an internship to look at the market and how to attract and retain these companies. The second portion is to leverage resources, such as representatives from Ignite HQ. That is the State project with $800,000 invested. Their real focus is to move forward on economic development. Ignite HQ has agreed to affiliate with the Innovation Center, so we can use their logo. The next portion will be an operating model. Comcast was originally looking at whether or not this center will be their innovation center in Atlanta. They decided to open up a 12,000 square feet facility at the Battery. Comcast now has their own facility and management that is networking with their other centers around the country. The Center is looking at the possibility of membership fees as part of the Chamber. This would be done as part of funding the Center. If you are a Chamber member, you would pay an additional fee. We are also looking for additional sponsors. In addition to their sponsorship money, they would receive logo affiliation and the ability to have lunch and learns on site. We are trying to look at space rental in order to try and break even. Ignite HQ received $800,000 from the State and they are trying to break even with their real estate costs. He believes their rental cost is $10,000 a month. He is a free volunteer and will continue to volunteer, but there needs to be an executive director for the Center. Currently, the companies that are in the Center are the ambassadors for the Center. There needs to be a director on site operating the facility and directing the traffic. Tom Mahaffey with the Chamber is directing the traffic at the moment.
Authority Member Squire asked how long the Comcast sponsorship is for.

Mr. Giannini stated the commitment is for five years and they have given all the money they will give to the Center he believes. There is a representative from Comcast on the Chamber board. We tried to bring her onto the committee but she was not able to commit to that. If you review the agreement there is about a page and a half of obligations.

Authority Member Squire stated Comcast has another four years in the contract from an exclusivity standpoint.

Mr. Giannini stated exclusivity is only one area. Another internet service provider cannot be used at the Center. From a liability perspective, the Center needs to make sure we are meeting the requirements of the contract.

Authority Member Dan DiLuzio stated Comcast is allowed to have meetings at the Center at no charge.

Authority Member Squire stated Comcast is the sole sponsor. He asked if they are looking to brand the Center.

Mr. Giannini stated it will be called the Sandy Springs Innovation Center. There will be sponsors on different levels.

Director of Economic Development Andrea Worthy stated the Chamber created a brand and logo for the Center. There is a separate portion of their website for this.

Authority Member Sterling asked about the sponsorship levels.

Mr. Giannini stated he just saw the financial information yesterday. He has a sense of where they are, where they could get money, and how to start. He and Tom Mahaffey will create a budget. The question is, where is the target market for businesses that would be users of the Center who may or may not be members of the Chamber. His speculation is they are not members of the Chamber.

Director of Economic Development Worthy stated the committee for the Chamber just got started and they have held two meetings. She is representing the City and the Authority's interests on that committee.

Authority Member Squire asked if it is necessary for it to be called the Sandy Springs Innovation Center. Mercedes-Benz is one of the major companies, as well as Cox Enterprises. What if they came forward and gave the funds necessary to be the principle sponsor?

Authority Member Sterling stated it is the decision of the Chamber. He thinks the Chamber would want to continue the brand of Sandy Springs.

Mr. Giannini stated the intent in the beginning was probably to name it the Comcast Innovation Center. The Chamber has created different avenues of branding. The Chamber owns the domain name called Sandy Springs Connects.

Authority Member Sterling thanked Mr. Giannini for the update.

VII. DA18-014 Sandy Springs Foundation Update

Staff Attorney Kathy Williams stated the Foundation is off to a good start. They meet every other month. They have an impressive board and trustees, and four established committees that consist of education, development, programming, and finance. The Foundation had a meeting yesterday and they voted to move forward on an education program that is associated with theatre events and programs. Staff will be working on that contract. The Foundation made the decision that they need an executive director to move things forward. They received value from First Community Development, but they thought the money would be better spent by hiring an executive director. They purchased the deliverables from First Community Development, which consisted of a database First Community had developed for potential donors, evaluations of potential donors, forms of gift agreements, letters of correspondence, brochures, solicitation documents, a plan of campaign, development of the campaign calendar, and development enclosure of major gifts. First Community Development was successful in procuring a $2.5 million donation for the naming of the PAC Theatre. Emily Hutmacher has now been brought on board as Executive Director. She previously worked at Emory University and decided to take on this job. Right now she is in the middle of assessing boardmembers, getting to know donors, and moving the board forward. She began February 12th and has done a lot of work.

Authority Member Jimmy Glenn stated it was discussed at the last meeting that next time the Authority will receive a more detailed report on where our money was used and the results.

Finance Director Karen Ellis stated the Foundation held a meeting yesterday. Staff provided financials for the Foundation and she can forward that information to the Authority members.

Authority Member Glenn stated he is particularly interested in following the money. He was opposed to the contribution to the individual's position and in the manner it was made. If he understands it correctly, the position that was funded did not work out.

Authority Member Gabriel Sterling stated Authority Member Glenn is pointing out the fact that the Authority was to be funding the first part for First Community Development. We were told a very similar thing last time. He recalls Authority Member Glenn requesting a written report.

Finance Director Ellis asked if they are looking for what First Community Development provided for the funds that the Authority gave.

Authority Member Glenn stated he was very opposed to making the contribution on a basis to hire someone incentivized to raise funds. We all agreed to make a contribution to the PAC, but he did not agree with the manner in which it was done, and has significant concern about that. Not long after the check was issued, that person's contract was terminated.

Finance Director Ellis stated the committee provided staff with feasibility studies.

Authority Member Glenn asked why that person was terminated.

Authority Member Squire stated it was not a person. The money the Authority provided was for the organization.

Authority Member Glenn stated it was specifically to fund a position. As an investor, if he makes an investment and it does not go well, he wants to know what happened.

Authority Member Sterling stated the understanding at the time was that Steve Dorough worked for the contractor and was the point of contact. Mr. Glenn's question is why it did not work out.

Authority Member Squire stated he would like to review the last meeting minutes where we approved this. He does not believe the Authority funded Mr. Dorough's position. He believes the money was to fund the activity of the organization to do the fundraising. This included all of the items that were mentioned.

Authority Member Glenn stated he would be happy to review the previous minutes.

City Attorney Lee stated the money the organization gave went to the Foundation to help pay their expenses. The initial expense was the fundraiser. Mr. Dorough just did not work out. There was a lot of administrative work that was not bringing in any money. He believes there were misconceptions by the company as to what they would be able to do as far as selling naming rights. Due to tax considerations and the tax free bonds that were used for this facility, you cannot sell the naming rights. The City wanted people to contribute money, but not give this person an asset to sell to make money for their percentage and the Foundation. They decided to go in-house and find someone who is working for the Foundation.

Authority Member Glenn stated he does not understand the pushback he is getting. He asked a very simple question. He understands this is all new. He, as a boardmember, invested $50,000 in a position. Shortly after the position was funded, it was eliminated.

City Attorney Lee stated it was not a position.

Authority Member Sterling stated City Attorney Lee is explaining that they thought they would be able to do one thing and they could not do it. The Foundation decided to go a different route. The reason they thought it could not be done is mainly because of the tax issues.

Finance Director Ellis stated we also cannot say that your money was spent on Mr. Dorough. We have over $400,000 left for the Foundation to be spent in designated spaces. Someone else's money may have been spent on the close out of First Community Development. She is not able to tell the Authority what their money was spent on, because it was pooled together with all the other donations.

Authority Member Sterling stated the Authority did not give funds for a specific purpose.

City Attorney Lee stated at the very least, it was seed money.

Authority Member Glenn stated he does not understand why he is getting so much pushback.

Authority Member Sterling stated he does not think it is pushback, but a misunderstanding of a question.

Authority Member Glenn stated at the last meeting he asked the same question and he was told the Authority members would be given a report. He has not received a report. He sits on this board and if he spends the Authority's money, it is like he is spending his own money. The funds were said to fund a position. He does not like being told one thing and then something else. He is not getting the information he wants. The funds were to hire a gentleman on a percentage basis to raise funds for the PAC.

Authority Member Squire stated he does not think that is correct.

Authority Member Glenn stated he challenged this purpose at the time. Regardless, this is contentious. All he wants to know is what happened with the individual.

City Attorney Lee stated the organization did not work out.

Authority Member Glenn stated those things happen. As an investor, if he makes a contribution, he just wants to know what happened.

Authority Member Sterling stated what happened is it did not work out.

City Attorney Lee stated he thinks the City has a policy of trying to contract with entities to accomplish goals, instead of hiring people. The City has worked well on that basis and that is the process the Foundation is following. It was thought that they could bring in an organization to complete the work, rather than hire an individual. He believes the Foundation thought there was experience there that could be brought to bear.

That experience should have included the knowledge that you cannot sell these naming rights to a tax free bond financed facility, but that was not the case. The Foundation then decided to go a different direction.

Authority Member Glenn stated those are the answers he is looking for.

Finance Director Ellis stated the company was not meeting the needs of the Foundation's direction.

City Attorney Lee stated the Foundation entered into a contract with a company designating a primary person for Sandy Springs, but that did not fulfill the needs of the Foundation.

Authority Member Glenn stated he understands that. He asked if it was because Mr. Dorough was under the impression he could do certain things that he could not do.

City Attorney Lee stated that is probably safe to say. He believes Mr. Dorough thought he would be able to sell the naming rights and that the amount of money gained from contributions to the Foundation would be from the sales of the naming rights.

Authority Member Squire stated he remembers the presentation and the organization that was hired. He would like clarification on this. From the presentation, the company that was proposed to do this had experience in this type of work. The company was fully vetted on what they proposed to do. Somewhere, there was a breakdown in communications from the City, the Foundation, or someplace regarding the course they could take. The Foundation did complete the Byers deal for $2.5 million. This is a good return on the money by giving $50,000 and receiving $2.5 million. He knows about this because the Rotary Club of Sandy Springs is trying to find a naming opportunity within City Springs. The Rotary wants to contribute in the area of water, because that is what the Rotary does best internationally.

Authority Member Sterling asked Authority Member Glenn if there is any other specific information that Ms. Worthy may be able to provide.

Authority Member Glenn responded no.

Authority Member Sterling asked about the status of Kennesaw State offering a Master's program at City Springs.

Director of Economic Development Worthy stated we are waiting on final approval from the Board of Regents. We are taking Kennesaw State along on our meetings and talking about recruiting for their fall class.

Authority Member Sterling asked if we know where they will be located.

Director of Economic Development Worthy stated they are looking at renting space at City Springs on the conference level. They are hopeful there will be an official sign off from the Board of Regents prior to interim President Ken Harmon speaking at the Chamber event in April.

VIII. DA18-015 Adjournment

Motion and Vote: Authority Member Squire moved to adjourn the meeting. Authority Member Steele seconded the motion. The motion carried unanimously. The meeting adjourned at 9:26 a.m.

Date Approved: May 10, 2018

Chip Collins, Chairman

Michael Casey, City Clerk