Special Called Meeting of the Public Facilities Authority was held at Sandy Springs City Hall, 7840 Roswell Road, Building 500, Sandy Springs, Georgia, 30350, on September 15, 2015, at 9:30 p.m.

Call to order

Chairman Rusty Paul called the meeting to order at 9:30 p.m.

Roll call

Secretary Michael Casey called roll.

Authority Members Present: Chairman Rusty Paul, Member John Paulson, Member Ken Dishman, Member Graham McDonald, Member Gabriel Sterling, Member Tibby DeJulio, and Member Andy Bauman were present.

Motion and Vote: Member Sterling moved to approve the Public Facilities Authority Agenda for the September 15, 2015 meeting. Member DeJulio seconded the motion. The motion carried unanimously.

1. 15-370 Consideration and Adoption of a Bond Resolution of the Authority Authorizing the Issuance of its Revenue Bonds (City of Sandy Springs City Center Project), Series 2015, in One or More Series, in the Aggregate Principal Amount of Not to Exceed $222,712,000, to Provide Funds to (I) Finance the Cost of Acquiring, Constructing and Installing Certain Public Facility Projects, and (II) Pay Expenses Necessary to Accomplish the Foregoing; to Provide for the Issuance under Certain Terms and Conditions of Additional Bonds; to Provide for the Creation and Maintenance of Certain Funds; to Provide Remedies for the Holders of the Bonds Issued Thereunder; to Authorize and Approve the Execution of a Lease Agreement with the City of Sandy Springs, Georgia; and for Other Related Purposes. (*Presentation led by Jim Woodward, Bond Counsel*)

City Attorney Wendell Willard stated the Public Facilities Authority was created for the purpose of being a conduit and ownership of properties and leases that are completed on behalf of the City. The Facilities Authority is a separate entity from City Council and the City itself, because it has different powers and is able to enter into long term contracts. As a part of the program for financing of the City Center, the Authority is being used as a contracting body that will eventually have ownership of all the properties of the City Center. The City of Sandy Springs will be a leasing tenant of those properties. The City will be paying rent to the Facilities Authority. The Authority will use that income as a means for retiring the bonds that will ultimately be sold as part of the construction financing of the property. There were several questions about the amount of the bonds. We do not know, as of yet, the amount of bonds that will be actually needed. The amount is not to exceed a figure of the amount of potential income for the City and the hotel/motel that will come to the City. Through those calculations, it has been set up as a sum not to exceed $222,712,000. Earlier this evening, Council approved the resolution from the City authorizing the City to move forward and enter into a master lease. This also recognized the bonding to be done and the City supporting the funding of the needs for that bond. Jim Woodward, who is the City's Bond Counsel, is in attendance this evening.

Jim Woodward, Bond Counsel, stated this item is a bond resolution to be approved by the Facilities Authority this evening. The resolution is the initial step for authorization of the full amount of the bond. This resolution allows the City to move forward with this process. There will be up to three or four phases of the bond. He will come back and present a supplemental resolution to approve the final terms of the bonds to City Council and the Authority. Counsel will look at the market and work with Raymond James in coming back to the Authority with what those terms will be. This is the initial parameters that allow this process to go through a bond validation hearing with Fulton County. This allows Counsel to prepare an initial statement with the price of the bonds. It also authorizes the form and lease agreement that Council authorized this evening. This is the initial step for authorization to determine the final terms, rates, and issuance of the bonds. This item will come back before the Authority at a later date this year.

City Attorney Willard stated subject to Council's approval of the resolution tonight, the next step to be taken, as mentioned by Mr. Woodward, is seeking validation of bonds. That is done by a legal action filed with Fulton County Superior Court and getting a court order approving the issuance of bonds for the Facilities Authority. Once that is completed, the process can proceed forward.

Mayor Rusty Paul stated we know that the amount of money that we need and the bonds we issue will be significantly less than $222 million. He asked why this amount is being used.

City Manager John McDonough stated this gives the City flexibility, depending on what the cash flow is. Bill Camp from Raymond James is in attendance to talk about the specific structure and the timeline. There are a couple of slides to show the Authority on the amount that the City plans to move forward with, which is an amount less than the $222 million.

Mr. Woodward stated the importance of the not to exceed numbers is to set the parameters and validation. You can only issue less, once the amount is validated. You cannot go above that amount. That is the reason why the amount was intentionally set higher.

City Manager McDonough stated the guaranteed maximum price is due on or about October 20th. At that point in time, the City will have a better idea of the actual maximum price of the project.

Mayor Paul stated he wants to make it clear that the City has no intention of borrowing $222 million.

Bill Camp with Raymond James stated he has a summary prepared. The parameters are greater than the expectation of what is being issued. The issuance will be of approximately $156 million, given the current market conditions, for a total of about $180 million of proceeds. On page two it lists estimated sources and uses. The $171 million will be deposited to the construction fund. This ties to staff's development of particular projects and everything that would contemplate being issued and financed with tax exempt debt. Capitalized interest will be using bond proceeds to make interest payments in advance of paying those payments from future budget. During the construction period, the Authority will pay interest with bond proceeds. This would be to keep the debt service lower in the first few years during the construction period. The City will have the ability to use the tax dollars for capital expenses, as opposed to borrowing money that will be given back to the bond holder a year or so later.

Member Andy Bauman asked if the pay as you go funding will extend longer.

Mr. Camp responded yes. There will be more pay as you go and less from bond funds.

Member Tibby DeJulio asked if the interest will only be capitalized for one year.

Mr. Camp responded yes, that is the anticipation right now, through November 16.

City Manager McDonough stated it will extend for one calendar year and two fiscal years.

Mr. Camp stated this will extend into 2016 and into part of fiscal year 2017 before having to come out of pocket.

Member Sterling asked if the City will pay a bulk interest rate at the end of that time or pay as you go.

Mr. Camp stated the interest will be paid every six months. That is the gross total of the payments to the bond holders. These numbers are all estimates, but these are the numbers being budgeted. The bond yield number is 3.25%. He referenced the fees that are required to be paid for a publicly rated bond issue.

Member DeJulio asked what the ideal syndicate is.

Mr. Camp stated when a publicly offered bond is issued, the issuer and everyone in the business, such as investors and traders, can see the real time trading and how we change the pricing as we go. This will be a software service charge. One question that is often asked is what the market looks like right now. He referenced a bar column that shows the highs and lows within the last twenty-three years since Raymond James has been tracking tax exempt rates. The darker curve on the chart is the average where yields have been. The red curve shows where the AAA scale is currently. We may not be at the low point, but historically speaking, if you need to borrow money, it is a good time to do so.

Member DeJulio asked if the bonds will be rated AAA.

Mr. Camp stated that is his hope and that will be with no insurance. He referenced a slide that shows a time table. At the end of the month Moody's and Standard and Poor's rating services will visit the City and visit with staff. The rating will be received and produced on a document that will be distributed to market the bonds. This item will then come to a Regular City Council meeting and a Special Called meeting of the Authority on October 20th, and close later in the month of October.

Member Bauman asked if there is a drop schedule or is it fully funded up front.

Mr. Camp stated the assumption is one issuance of bonds, but it is yet to be determined. The Authority has the ability to issue one series or multiple series. The Authority will validate a larger amount than will actually be issued.

City Manager McDonough stated the City has a sense of its cash flow needs, so we are trying to evaluate whether to issue one or two release of funds, but we are leaning towards one.

Member DeJulio asked if he is referring to issuing premium bonds.

Mr. Camp responded yes, five coupons.

Member DeJulio asked what about the maturity schedule.

Mr. Camp responded the maturity will be thirty-one years.

Member DeJulio stated that is for the term bonds. He asked about serials.

Mr. Camp stated the serial bonds have a combination of terms. The total maturity will be about thirty-one years.

Member DeJulio asked why Mr. Camp decided to go with premium bonds instead of par bonds.

Mr. Camp stated it will result in the best yield. In the current market investors anticipate rates are going to rise and the five coupons will be sold. The investors will then have a more liquid investment that can be sold two to three years later when the rates are higher, and have a more marketable security. There is a combination of a par structure that will be sold as well. On average, the premium will be based on a dollar price of about 115. The investors are willing to pay for that coupon.

Member DeJulio asked if Mr. Camp anticipates selling all the bonds institutionally.

Mr. Camp responded no. Raymond James would offer the bonds retail in small denominations as $5,000 piece or institutionally. The bonds will be rated with the City's excellent credit.

Mayor Paul asked if a citizen of Sandy Springs wanted to buy the bonds, could they buy them.

Mr. Camp responded yes.

Member Bauman asked about the taxes on the bonds.

Mr. Camp responded the bonds are tax exempt.

Member Bauman asked if through the process Mr. Camp would be able to share issuances by rating, size, and duration with the Authority members. He would like to see something that is priced when it is closer in time to pricing the bonds of this deal. This is a market driven deal and it is important to know that this is within the market.

Member DeJulio asked since the Authority is a new issuer of bonds, does Mr. Camp anticipate there will be a premium demand for a new name to go into this, especially for some of the mutual funds and larger bond portfolios.

Mr. Camp responded yes. The Authority has good credit and a new name.

Member DeJulio asked if it would be better at that point in time to do this as one deal.

Mr. Camp stated the construction schedule should drive that decision. The questions are how much money, when is it needed, what the money can be reinvested for, and what long term interest rates will do. Reinvesting the money depends on the draw schedule. He is looking at information on behalf of the Authority in order to do better than Georgia Fund1 at ½%, which doubles the yield.

City Manager McDonough stated the number will be in the range of $100 million for the new twelve months.

Mr. Camp stated if the issuance is split it will be a smaller piece to come along later on.

Mayor Paul stated if the payments are split, there will be interest rate risks.

Member DeJulio stated there will also be underwriting costs.

Mr. Camp stated the legal fees costs are usually tied to the par amount when the bonds are issued. The Authority is indifferent to multiple series because there are potentially more costs with the ratings by having a second series with the offering document.

Member Sterling asked if that number is in the thousands.

Mr. Camp responded yes.

Member Bauman asked what the draw schedule is and if there is one payee on the main contract. He asked if the schedule will be for every thirty days.

Finance Director Karen Ellis stated all the draw requests are reviewed by the engineer and project manager, and the draw should occur within thirty days. The draws will occur with all the certifications. The City advisors will review the draws and the City Manager will approve them. There are multiple vendors, but only one draw per month.

City Manager McDonough stated this will be under the construction contract for the hard costs. There will also be soft costs.

Member Bauman stated in a private business, for quicker pay and turnaround you may get discounts. In this case, it is better to review and do it quickly. This is balancing the rate risks versus using unused money.

Mr. Camp stated Raymond James is able to quantify to a certain degree how much the Authority could afford the rates to go up on the second release of funds.

Member Bauman asked if this pricing is close to a thirty year.

Mr. Camp stated the average life is around twenty years.

Member Bauman asked if yield spreads have been stable.

Mr. Camp responded yes. The treasury yields are taxable. This Municipal Market Data scale shows the tax exempt yields.

Motion and Vote: Member DeJulio moved to approve of Agenda Item No. 15-370, Adoption of a Bond Resolution of the Authority Authorizing the Issuance of its Revenue Bonds (City of Sandy Springs City Center Project), Series 2015, in One or More Series, in the Aggregate Principal Amount of Not to Exceed $222,712,000, to Provide Funds to (I) Finance the Cost of Acquiring, Constructing and Installing Certain Public Facility Projects, and (II) Pay Expenses Necessary to Accomplish the Foregoing; to Provide for the Issuance under Certain Terms and Conditions of Additional Bonds; to Provide for the Creation and Maintenance of Certain Funds; to Provide Remedies for the Holders of the Bonds Issued Thereunder; to Authorize and Approve the Execution of a Lease Agreement with the City of Sandy Springs, Georgia; and for Other Related Purposes. Member Paulson seconded the motion. The motion carried unanimously.

2. 15-376 Consideration of Letter of Intent for Underwriting Services, authorizing Chairman of Authority to execute same

City Attorney Wendell Willard stated this letter authorizes the Chairman of the Board to sign this letter on behalf of the Authority.

Motion and Vote: Member Sterling moved to approve Agenda Item No. 15-376, Letter of Intent for Underwriting Services, authorizing Chairman of the Authority to execute same. Member Dishman seconded the motion. The motion carried unanimously.

3. 15-371 Other Business

There was no other business.

4. 15-372 Schedule the next regular meeting for the Authority

City Attorney Wendell Willard stated there will be a meeting of the Sandy Springs Public Facilities Authority on October 20th at 5:30 p.m.

Motion and Vote: Member DeJulio moved to approve scheduling a Special Called Meeting of the Sandy Springs Public Facilities Authority on October 20th at 5:30 p.m. to adopt the series 2015 Bond resolution Intergovernmental contract and to sign a bond purchase agreement. Member Paulson seconded the motion. The motion carried unanimously.

5. 15-373 Adjourn

Motion and Vote: Member DeJulio moved to adjourn the meeting. Member Paulson seconded the motion. The motion carried unanimously. The meeting adjourned at 10:25 p.m.

Date Approved: June 6, 2017

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Russell K. Paul, Chair Michael D. Casey, Secretary