**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 October 20, 2015, at 5:30 p.m.

## CALL TO ORDER

**Chairman Rusty Paul** called the meeting to order at 5:37 p.m.

## ROLL CALL

**City Clerk 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 October 20, 2015 meeting. Member Dishman seconded the motion. The motion carried unanimously.

## NEW BUSINESS

**1. PFA-15-02** Consideration and adoption of a Supplemental Resolution of the City of Sandy Springs Public Facilities Authority to approve the final bond pricing terms for the City of Sandy Springs Public Facilities Authority Revenue Bonds (City of Sandy Springs City Center Project), Series 2015, to reaffirm the Bond Resolution adopted by the Authority on September 15, 2015, relating to the Bonds, and for other related purposes

**Tom Owens, Raymond James,** gave Council a handout. He thanked City staff members Finance Director Karen Ellis, City Manager John McDonough, Director of Economic Development Andrea Hall, and Director of Communications Sharon Kraun. All those individuals helped do a great job on relaying information to Moody's rating service, who gave the City a AAA rating. Standard and Poor's gave the City a AA+ rating. He has a summary of the high points of the process.

**Bill Camp, Raymond James,** gave a presentation on Pricing Summary for the City of Sandy Springs Public Facilities Authority (City Center Project) Revenue Bonds Series 2015. The delivery date of 10/28/2015 is when the funds go into the account and when interest starts accruing. The first two interest payments on the bonds are capitalized, because the project will be in a construction period. The money is set aside from proceeds from the account to make the first two payments, so they are not a budget item for the City next year. The average coupon on the bonds was at a rate of 4.58%. The bonds are premium and there are a few discounts. The premium bond means the investors are paying more than face value. The amount of bonds sold was $159,475,000. The Authority generated over $20 million in premium for a total source of $179,700,000. The vast majority of that money goes into the project construction fund. There is some money that goes into the capitalized interest fund. There is a contingency amount, just in case there are fees that were missed. On an aggregate basis, the seller pays just over $6 per $1,000, or 6/10 of 1%, in cost of issuance. That is as low as he has ever seen on a bond issue. There is a ten year call option in which the bonds are callable on May 1, 2026. The City may find lower funding at that time.

**Council Member John Paulson** asked which column on the presentation is the most important.

Mr. Camp responded the bottom line is the far right column. The spread is primarily the most important column, because all the bonds are priced at different points in time. The far right is the difference of each issue to the same benchmark. On page seven for this particular issue there were two AAA ratings, but they were also limited in terms of the amount of tax they could raise to make payments. A negative number means the City's spread was lower than the other issuer. On page eight is the Gwinnett County School District that had a sale date in February 2015, has two AAA ratings and an unlimited tax pledge. There are areas where the City is slightly better than the school district and areas where they are slightly better than the City. Some of that can be attributed to couponing. The benchmark is based off of selling five percent coupons. He compared the Texas Water Development Board to the Sandy Springs Public Facilities Authority. One question he is always asked is how much demand there was for the Sandy Springs Public Facilities Authority bonds. He referenced page twelve of the presentation of where the bond pricing started this morning and where it ended up. This is a mix of retail orders, institutions that want bonds, very large funds, and insurance companies. All those types of buyers are individually submitting orders and the goal in this type of issuance is to build a large book of orders and pair that down by getting more aggressive on the rates as the day goes on. Throughout the day there were over 220 separate orders for bonds. Those orders totaled $470 million. His company was able to lower the interest rates and a number of maturities from two to six basis points, which is a very significant movement. One basis point from top to bottom has a value of about $140,000. If it was four basis points on average and those rates got cheaper with the same payment, the bond holder paid the Authority another $600,000 from the price adjustments. It was a very significant movement to be able to lower those yields throughout the day, but that was done because the sale attracted such a large book of orders early on. The Authority will receive documents this evening that memorialize the bond transactions.

**Council Member Tibby DeJulio** asked how much public retail participation was received for the sale of the bonds.

Mr. Owens stated he can report back to Council on the exact amount of retail orders. He knows there were retail orders and individual orders within Sandy Springs close to the City government.

Mr. Camp stated ads were run and the ads and ratings report were on the internet for two weeks.

Council Member DeJulio asked if Raymond James was the main selling agent on the bonds.

Mr. Camp responded yes.

Mr. Owens thanked the members of the Authority for allowing his company to assist with the transactions.

**Jim Woodward, Bond Counsel,** stated he spent the day with Mr. Camp and Mr. Owens watching the activity of the bond sales. On September 15th the Authority adopted a bond resolution with a not to exceed amount of $2,212,000 and not to exceed the interest rates and final maturity dates. That allowed the Authority to move forward without a bond validation hearing. A hearing occurred last Tuesday when the bonds were validated through a court order in order to allow the Authority to move forward with the transaction. This also allowed the preparation of the disclosure documents which City staff helped prepare. He thanked all of City staff that was involved. They helped prepare the offering document that is a magazine used to help market the bonds. The bond resolution approved on September 15th will come back to the Authority and the City to approve supplemental resolutions, final insurance for the bonds, principal amounts and yield and interest rates of the bonds. The supplemental bond resolution that is presented for approval this evening approves the terms from Raymond James as presented. It also approves the final form of the bond purchase agreement, which is the agreement between the Authority, City, and Raymond James including all the final terms. The agreement is where Raymond James, agrees to buy the bonds at those yields or interest rates and sell them to the public. The resolution also approves the final lease agreement between the Authority and the City. The only thing different that was approved, compared to the last meeting, is the principal and interest amortization schedule attached.

**Council Member Andy Bauman** stated for flexibility reasons the Authority authorized up to $225 million. The Mayor and Council never intended to borrow that much money. The Authority borrowed $159 million. He asked what will happen to the unutilized portion of the validation.

Attorney Woodward stated the only thing being approved tonight is the $159,475,000. The Authority is allowed under the validation documents to approve up to the full maximum amount, but the item would have to come back before the Authority and the City Council for approval. The only item being approved tonight is the $159 million.

Council Member Bauman asked if before any offering goes to market, would it have to come before the Authority.

**City Attorney Wendell Willard** responded yes.

**Mayor Rusty Paul** stated once the Authority passes this resolution, the amount is capped at the $159.7 million. The Authority is authorized to go beyond that, but the Authority is placing a cap on this bond issuance at this amount.

Council Member Bauman stated the citizens know the Authority will not borrow any more money unless other action is taken by the Authority and Council.

**Motion and Vote:** Member DeJulio moved to approve Agenda Item No. PFA-15, adoption of a Supplemental Resolution of the City of Sandy Springs Public Facilities Authority to approve the final bond pricing terms for the City of Sandy Springs Public Facilities Authority Revenue Bonds (City of Sandy Springs City Center Project), Series 2015, to reaffirm the Bond Resolution adopted by the Authority on September 15, 2015, relating to the Bonds, and for other related purposes. Member Paulson seconded the motion. The motion carried unanimously.

## OTHER BUSINESS

**2. PFA-15-03** Other Business

There was no Other Business.

## ADJOURNMENT

**3. PFA-15-04** Adjournment

**Motion and Vote:** Member Sterling moved to adjourn the meeting. Member Paulson seconded the motion. The motion carried unanimously. The meeting adjourned at 6:03 p.m.

Date Approved: April 19, 2016

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| Russell K. Paul, Mayor | Michael D. Casey, City Clerk |