

Special Called Meeting of the City of Sandy Springs Public Facilities Authority

SUMMARY MINUTES

Studio Theatre, Sandy Springs City Hall and Broadcast Via Live Webinar and Teleconference

June 17, 2025 at 6:00 PM

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Special Called Meeting of the Sandy Springs Public Facilities Authority was held on June 17, 2025 at 6:00 PM, Mayor Rusty Paul presiding.

I. Call to Order

Chair Rusty Paul called the meeting to order at 6:00 p.m.

II. Roll Call and General Announcements

Members Present: Chair Rusty Paul, Member John Paulson, Member Melody Kelley, Member Melissa Mular, Member Jody Reichel, Member Tibby DeJulio, Member Andrew Bauman

III. Approval of Meeting Agenda

Motion and vote. A motion was made by **Member Tibby DeJulio**, seconded by **Member John Paulson**, to approve the meeting agenda. The motion carried by unanimous vote.

IV. Approval of Meeting Minutes

Motion and vote. A motion was made by **Member Jody Reichel**, seconded by **Member Melissa Mular**, to approve the meeting minutes. The motion carried by unanimous vote.

1. **PFA2025-06** June 3, 2025 Public Facilities Authority Special Called Meeting

V. Old Business

There was no old business.

VI. New Business

2. **PFA2025-07** Request for Public Facilities Authority Consideration of a Resolution to Approve a Memorandum of Understanding by and between 6150 Sandy Springs Owner, LLC, the Sandy Springs Development Authority, and the City of Sandy Springs Public Facilities Authority

Chris Burnett, Director of Economic Development, presented a recommendation to approve a Memorandum of Understanding by and between 6150 Sandy Springs Owner, LLC, the Sandy Springs Development Authority, and the City of Sandy Springs Public Facilities Authority.

Trammell Crow Company, through its subsidiary, 6150 Sandy Springs Owner, LLC (collectively referred to as "TC"), has contracted with Sandy Springs Methodist Church ("SSUMC") to acquire an 8.1 acre land parcel at 6150 Sandy Springs Circle. TC plans to develop a mixed-use development known as Hillcrest, containing multi-family housing, restaurant and retail space, and a parking garage for residents and patrons. Since the City's completion of City Springs, it has maintained a parking usage agreement with SSUMC for the 105 surface parking spaces currently on the property. With SSUMC's pending sale of the property to TC, unless the City is able to structure an agreement, it will lose access to future parking on

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this site. As such, the City has negotiated an MOU with TC regarding the construction of 111 parking spaces to be added to the new parking garage that TC will build.

In order for the City to pay for these parking spaces and fund other road and infrastructure improvements, the Sandy Springs Development Authority ("DA") has approved an MOU outlining potential terms of a parking agreement and tax abatement structure with TC. The City's PFA is a party to this agreement and is therefore asked to review and approve this MOU so that the City can continue its work related to this parking project.

To fund the City's investment in its 111 parking spaces and additional road and infrastructure work, the proposal is to provide a 10-year property tax abatement under the standard terms offered in Fulton County. The City will fund the investment dollars into this project on the front-end (projected over 12 to 18 months) and recover its investment over the 10-year term of the abatement. Under the abatement, upon completion of the development project and commencement of property tax payments, in the first year, taxes will be abated by 50%, declining by 5% per year through the end of year 10 when the property taxes return to their full value.

Based on the minimum anticipated value of the tax abatement over the 10-year term, the City will receive \$4,877,333 of the tax savings to pay for the construction costs of its 111 parking spaces, plus road and infrastructure work and the expenses associated with the transaction. Any tax savings above \$4,877,333 will be retained by TC. Below is a chart of how the tax abatement proceeds will be used by the City:

City's Estimated Project Investment by category

Estimated City Parking Cost (111 spaces)	\$3,312,303
Developer Fee (paid to Trammell Crow)	\$115,931
Sandy Springs Development Authority Fee	\$163,784
Other Infrastructure Improvements (road work, streetscape & sidewalks)	\$900,000
Estimated Legal / Closing Costs (City's attorney & Trammell Crow's attorney)	\$219,700
Contingency (5%)* (covers potential cost overruns on City's parking spaces)	\$165,615
Total Estimated Project Investment by City	\$4,877,333

1. Instead of doing the tax abatement to fund the parking and road work, the City could pay for the spaces within its capital budget without reimbursement from the abatement, which would require a budget amendment to reappropriate funding.

2. City could choose not to do this transaction and lose access to the parking spaces currently on the SSUMC site.

Member Andy Bauman asked when referring to annual tax, is it correct that is not just Sandy Springs tax?

Director of Economic Development Burnett said that is correct. It would compose of county, school, and city.

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Member Bauman asked of which the City's portion is roughly 15%?

Director of Economic Development Burnett said that is correct.

Member Bauman asked for every \$1,000,000 of taxes that would be paid, would \$150,000 come to the City and \$800,000 would go the schools and counties?

Director of Economic Development Burnett said that is correct. The City's portion in that scenario, about 15% would be about \$240,000 a year. Under this scenario, we will show how the recuperation through the abatement is going to going to significantly increase that over the 10-year term.

Motion and second. A motion was made by **Member Melissa Mular**, seconded by **Member Tibby DeJulio**, to approve a Memorandum of Understanding by and between 6150 Sandy Springs Owner, LLC, the Sandy Springs Development Authority, and the City of Sandy Springs Public Facilities Authority.

Member Melissa Mular said this is a great deal for the City. We will be paid back over time and not those spaces. This will help people from being caught in the garage when out of capacity. Before the discussion I did not know parking spaces for garages are so expensive at \$29,000. We had estimates at one point up to \$40,000 or \$50,000 a space and \$29,000 seems reasonable.

Member Tibby DeJulio asked did the transaction take place where they have purchased the property or is it still pending?

Director of Economic Development Burnett said it is still pending. The targeted acquisition date for the company is in July.

Member DeJulio asked when will they anticipate getting started on that?

Director of Economic Development Burnett said they will allow the City to use the lot for Fourth of July fireworks but shortly after their acquisition, the Hitson Center and demo may begin as early as August or September.

Member Bauman asked this project never needed to come to the City for zoning approval?

Director of Economic Development Burnett said that is correct.

Member Bauman asked were they building this regardless?

Director of Economic Development Burnett said yes.

Member Bauman asked is the City aware of any variances?

Director of Economic Development Burnett said nothing has been requested.

Member Bauman said so far this is a project that they designed and are building. It is a market rate deal. Did the City's role come after they decided to do what they are going to do?

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Director of Economic Development Burnett said that is correct. The property already had the entitlements needed to do this type of mixed use development. Therefore, Council did not have to go through a rezoning. They did not ask for any height variances or anything that was outside of what the property was already entitled for.

Member Bauman asked are all of the three-hundred sixty two apartments and thirty townhomes rentals?

Director of Economic Development Burnett said that is correct.

Member Bauman said the money the City is spending will be reimbursed out of tax dollars. It would have only been fifteen percent. With about \$30,000 for parking space, the economics of this deal is the City is getting these for roughly fifteen cents on the dollar. If the City were to go with the third option and do the parking spaces, we would be paying about \$4,000,000 and, with taxes back, we would only get a small portion and not the full amount. Is that right?

Director of Economic Development Burnett said that is correct. The price per space would not include land. If we took a piece of City land, for example one of the tracks at City Springs 2.0, to factor the overall cost for what it would take for the City to build parking, we must factor in our land cost for that portion of the land that was dedicated to parking.

Member Bauman said if we ever get around to doing a city center phase two, this adds to the equation of the parking. It is that much less parking we might ultimately need to support the other parcels that we are doing. This can support anything in the area, not just concerts on City Green.

Director of Economic Development Burnett said a big part of our ask of Trammell Crow was about the safety and security of especially of crossing Sandy Springs Circle, perhaps down at Sandy Springs Place, knowing that patrons going to the concerts on City Green on Sundays or other events at City Springs will be parking there. We want to make sure that they are able to cross safely and part of that \$900,000 will be used specifically for safety.

Member Bauman said we are not offsetting money they would otherwise have to spend. We are doing things that we might want to do. There was no obligation for them to make the crosswalk safer. This is only things that we would have to do with our money if we wanted to do it anyway. None of the infrastructure improvements are things that they are required to do, so that we are doing it for them. We are just doing value add extra infrastructure, is that right?

Director of Economic Development Burnett said that is correct. Any infrastructure requirements they must do as a component of their permitting process they will still have to do. These are decisions that we will make on how we want to continue to improve the downtown corridor through these abatement dollars.

Member Bauman said thank you to **Chair Rusty Paul** for appointing me as Vice Chair of the Development Authority. Is the first deal that has been done in many years?

Director of Economic Development Burnett said we have not done one. This is my first approaching my one year anniversary.

Member Bauman said having learned about this project sometime late last year that they seem to be actually proceeding, I looked at the plans and was concerned about two things. One is the loss of the parking spaces and secondly the absence of for sale housing on this project. As a community if we had a

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say on this, we would like to see more for sale housing, in particular those thirty townhomes. For economic reasons at this point, financing the warranty issues that come doing thirty for sale housing houses in a project of four hundred or so units is complicated. It is just not the path of least resistance for getting this deal done. Furthermore, I reached out to the Trammell Crow and the Third & Urban team and asked for a meeting with the intent of asking whether there was anything the City could do to incentivize them to build more for sale housing. They do not need variances now but, if for example they wanted to build higher, would there be a possibility that they would incorporate for sale housing. They rejected that but, that is a goal of the City to have for sale housing. Secondly, was could we joint venture on some parking spaces to replace the parking spaces. At the meeting in November or December, those ideas were proposed at which time they said they would take it back and they did go back. They were agreeable for the parking and as much as we tried, the for sale was not going to work. While there legitimate good questions about whether we really wanted the parking space across the street, with some safety concerns, we moved forward on this and, there was a point in time that more of the excess proceeds were going to be retained by Trammell Crow. Thank you **Director of Economic Development Burnett** and **Dan Lee, City Attorney** and the legal for your efforts in negotiating for those excess proceeds into the infrastructure bucket so that the City is getting close to million dollars. You took this vision and structured the deal in a way that could get it done. That is a win-win for the community. What we are doing is simply adding on to a project that was already happening and it was a creative deal, and the kind of dealmaking we need to continue to do to see redevelopment in the City.

Director of Economic Development Burnett said we should also recognize the folks at Trammell Crow and at Third & Urban who have been a pleasure to work with on this. We have negotiated up this deal almost a million dollars from where it started. Because of the infrastructure needs as we want to continue to improve downtown and, being able to use abatement money to do that is our most economically viable way. It helps them too because the better quality project they can have, the safer for their residents, the more attractive it is going to be. They will fill those units up faster and also their restaurants. It has been a great relationship with those both of those companies to get to where we are today.

Member Jody Reichel said abatements go from fifty percent to five percent and then they go away. It important to have more owner occupied housing in Sandy Springs. Can some of the abatements be used to encourage for sale housing on this project?

Director of Economic Development Burnett said no. Primarily, many of these projects are driven by what investors are willing to do. In this case, they have a large globally recognized investor partner in this that is looking at long-term returns. There are two challenges with putting for sale in as part of a development like this. First, is if you have thirty owners come in and you lose control on how to manage the aesthetics of those units as some owners keep their units up differently than others. In this case you have a large investment, probably approaching \$200,000,000 in an asset. If someone for example parks junk cars out in front of their unit, then it brings down the overall aesthetics. A lot of developers who do mixed-use do not want for sale as a component of that. The second component is the investment returns. If you are selling off thirty units for \$600,000 each for instance and, your average rate of return on that as an investor is eight percent, then you have lost eight percent on tens of millions of dollars because you have sold it off. You have made a one-time pop but you must reinvest that or you have lost your cash flow on those thirty units. With big institutional investors that are very disciplined in their approach to investing and, they hold these assets for long term, they are looking at cash flow yields over a long-term period. Inherently they are not sellers in general. They tend to be asset holders and when you require a component of for sale, you get away from what these bigger institutional investors want to do. With capital still a challenge, finding an institutional investor and a bank to put this kind of money into a project, candidly it speaks to the strength of Trammell Crow because the market is still tight. For the City to

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re-trade the deal when we do not have a leg to stand on because they did not ask for any zoning, we cannot require for sale housing under the Fair Housing Act. It is a slippery slope from a legal perspective and an investment perspective because of who the players are in this transaction.

Member Reichel said it is important for the City in the future to get for sale owner occupied housing in Sandy Springs.

Director of Economic Development Burnett said we will see in a few minutes the number of for sale units in the queue now. Sandy Springs is one of the fastest growing millennial cities and interest lies in high quality five-star apartments because they cannot afford to buy a home here. They are coming to the City's restaurants, events, concerts and more. It is partly about the City's success as a retail destination and driven by rooftops too. Also, the cost of land is high approaching \$2,000,000 an acre to build those homes.

Member Bauman said that was a purpose of the meeting. The tool that we might have had in the toolbox is if they wanted more height that we would have had a stake in a discussion about what the development was but, unlike years past when we were doing a deal on what these developments were looking like, this was a deal that they were free to build this exact way. That was the reason I approached them to see what we could do creatively and it did not work but, we do need to try. I have a background of doing condo conversions with close to two thousand in my career where I successfully took apartments for rent into for ownership. This includes a project in Sandy Springs twenty years ago where one hundred and fifty apartments were converted to condominiums and for the most part is all first-time home buyers. That is not precluded in the future but, the City needs to do everything possible to facilitate, through policies and economic development initiatives, more for sale housing.

Vote on the motion. The motion carried by unanimous vote.

2025-06-05 PFA RES

VII. Adjournment

Motion and second. A motion was made by **Councilmember Tibby DeJulio**, seconded by **Councilmember John Paulson**, to adjourn the meeting. The motion carried by unanimous vote.

The meeting adjourned at 6:36 p.m.