

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

September 16, 2025 at 6:00 PM

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Special Called Meeting of the Sandy Springs Public Facilities Authority was held on September 16, 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. **PFA2025-16** August 5, 2025 Public Facilities Authority Special Called Meeting Minutes

V. New Business

2. **PFA2025-17** Request for Public Facilities Authority Consideration of the Supplemental Bond Resolution of the City of Sandy Springs Public Facilities Authority

Eden Freeman, General Manager, James (Jim) Woodward, Partner, Gray Pannell & Woodward LLP and David Cheatwood, Managing Director, First Tryon Advisors, presented a recommendation to approve the Supplemental Bond Resolution of the City of Sandy Springs Public Facilities Authority.

At the August 5, 2025 Public Facilities Authority meeting, the Public Facilities Authority ("Authority") approved a bond resolution authorizing the issuance of the City of Sandy Springs Public Facilities Authority Revenue Bonds, Series 2025, in an amount not to exceed \$50,500,000 for the City of Sandy Springs Fire and Safety Projects ("Series 2025 Bonds"). These Series 2025 Bonds were set to bear interest rates not exceeding 6% annually, with specific maturities, rates, and redemption terms to be determined in a supplemental resolution, which we are bringing forward with this action.

The Authority ratify and authorize the use and distribution of a Preliminary Official Statement, dated September 5, 2025, relating to the Series 2025 Bonds (the "Preliminary Official Statement") and authorize the execution, delivery, use and distribution of an Official Statement, dated September 16, 2025, relating to the Series 2025 Bonds (the "Official Statement") in connection with the sale of the Series 2025 Bonds.

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The bonds are scheduled to sell on Tuesday, September 16, 2025 at 10:30 am. Shortly thereafter, the enclosed bond resolution will be republished with details for the prevailing conditions.

Member John Paulson said this building was refinanced for a lower interest rate. If the interest rate goes down in the future, can the City also refinance this money?

First Tryon Advisors Managing Director Cheatwood said yes. These bonds were sold with a ten-year prepayment feature and cannot be refinanced or prepaid for the first ten years. On May 1, 2035, and anytime thereafter, you can refinance or prepay all or a portion. Also, the 2015 bonds you referred to were sold with ten-year call and were refinanced in 2020, with slightly different rules.

Chair Paul said if the City refinanced, bond holders will not get paid until June of next year.

Member Andy Bauman asked was that a refunding?

First Tryon Advisors Managing Director Cheatwood said yes. In 2020, the City refunded the 2015 bonds and they are in an escrow until next year.

Member Bauman asked can a report on comp bond sales be provided for comparison?

First Tryon Advisors Managing Director Cheatwood said we were in the market with a twenty-year general obligation bond for a large county in South Carolina that had AAA credit ratings. Their final interest cost was in the low 4% range. That was a twenty-year deal. No comp information from today that sold is available tonight but, interest rates have decreased in the last week and a half about a quarter percent.

Motion and second. A motion was made by **Member John Paulson**, seconded by **Member Tibby DeJulio**, to approve the Supplemental Bond Resolution of the City of Sandy Springs Public Facilities Authority.

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

PFA Resolution No. 2025-09-12

3. **PFA2025-18** Request for Public Facilities Authority Consideration of a Resolution Approving the Substitution of the Security for the 2020 Escrow Fund in Connection with the Refunding of the Series 2015 Bonds

Eden Freeman, General Manager, and David Cheatwood, Managing Director, First Tryon Advisors, presented a recommendation to approve the Substitution of the Security for the 2020 Escrow Fund in Connection with the Refunding of the Series 2015 Bonds.

In 2015, the City of Sandy Springs Public Facilities Authority issued \$159,475,000 of Revenue Bonds to fund the cost of acquiring, constructing and installing certain public buildings, facilities and equipment necessary for the operation of the City in connection with the City Center Project. The 2015 Bonds were sold with a call date of May 1, 2026 meaning that the Authority could refinance the 2015 Bonds that matured after that date at any time on or after May 1, 2026. In 2020, the Authority took advantage of the

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low interest rate environment and advance refunded the 2015 Bonds maturing after May 1, 2026 with a series of Revenue Refunding Bonds in the amount of \$161,770,000. The refunding generated net present value savings to the Authority of approximately \$12.7 million.

Given that the 2015 Bonds were not callable until May 1, 2026, the Authority had to set up an escrow and deposited sufficient bond proceeds to pay the interest due on the refunded maturities until the call date as well as the principal amount of the refunded maturities on the call date. The Authority was able to invest the proceeds that were deposited into the escrow and solicited bids from various providers to purchase treasury obligations to fund the escrow. As required by tax law, the Authority selected the bid that provided the lowest escrow cost to the Authority. One of the treasury obligations included in the portfolio of the winning bidder matures on February 15, 2026, approximately 75 days prior to the call date of the 2015 bonds. Absent any action by the Authority, once that treasury obligation matures, those funds will sit uninvested until the call date. The Authority currently has an opportunity to sell that security and purchase a different security that matures on or about April 30, 2026. Doing so would allow the Authority to earn additional interest of approximately \$1 million (subject to change based on changes in interest rates). This additional interest would allow the escrow agent (U.S. Bank) to release a like amount to the Authority in cash since the escrow would then be generating more than is necessary to pay off the 2015 bonds on the call date. Once the escrow agent releases the cash to the Authority, the City would be able to realize this savings by reducing the amount of money it transfers to the Authority to make its next interest payment date of November 1, 2025.

To accomplish this security substitution, the Authority would engage a bidding agent (Hilltop Securities) to simultaneously sell the escrow security in the escrow (which has the February 15, 2026 maturity date) and purchase a new security (with a maturity date on or about April 30, 2026) through a formal bid process. The transaction would settle approximately 1-2 days after the bidding process at which point the escrow agent could release the funds to the Authority. As a part of this process, a verification agent (The Arbitrage Group) would verify the sufficiency and escrow yield of the new escrow and the Authority's bond counsel (Gray Pannell & Woodward) would deliver a new tax opinion. The City's financial advisor, First Tryon Advisors, would manage the process which would take approximately 1-2 weeks.

Motion and second. A motion was made by **Member Tibby DeJulio**, seconded by **Member John Paulson**, to approve the Substitution of the Security for the 2020 Escrow Fund in Connection with the Refunding of the Series 2015 Bonds.

Member DeJulio said assuming what is being done is arbitraging the difference between the two maturity dates. Will decreasing interest rates affect that arbitrage?

First Tryon Advisors Managing Director Cheatwood said there is some offset. With the security you are purchasing, the interest rate with interest rates going down, you get a lower interest rate there but, with the security you are selling, the lower rate makes the price higher. It is not always and exact wash but, you are getting the benefit of lower rates on one side when selling the current one that is in there, even though the one you are buying, the rates are lower than they were a week and half ago for instance.

Member DeJulio asked is this a new process?

First Tryon Advisors Managing Director Cheatwood said it is not a regular occurrence. This goes back to 2020 when this escrow was put in place. You are buying treasury obligations that match up to the day of when you need them. The best option in 2020 at the time was the one that produced the lowest cost to

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the City and the PFA and matured in February. Now one is available and several available at the end of April that can produce more interest earnings on it.

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

PFA Resolution No. 2025-09-11

VI. Adjournment

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

The meeting adjourned at 6:14 p.m.