City of Fairburn
Special Called Council Meeting Minutes
November 27, 2023
6:30 PM

I. Roll Call by City Clerk, Brenda James found the following members present:

The Honorable Hattie Portis-Jones
The Honorable Pat Pallend
The Honorable Alex Heath
The Honorable Ulysses J. Smallwood

Absent: The Honorable Mayor Pro Tem Davis
The Honorable James Whitmore

II. The meeting was called to order by the Honorable Mayor Avery.

Also present was City Administrator Tony Phillips, Assistant City Administrator Jamila Criss, City Attorney Rory Starkey, Assistant City Attorney Serena Nowell, and City Clerk Brenda James.

III. The invocation was provided by City Administrator Tony Phillips.

IV. Adoption of the City Council Agenda:

Councilman Heath made a motion to adopt the agenda as presented, with Councilman Smallwood providing the second. **The motion carried unanimously**.

V. Regular Agenda Items:

1. **Resolution with Respect to Downtown Development Authority of Fairburn Revenue Refunding Bond**

Assistant City Attorney Serena Nowell presented this item and said this is a request for approval of a Resolution for the Downtown Development Authority of Fairburn Revenue Refunding Bond (Educational Campus Project) Series 2023. This is a partial refunding, and they are moving Debt Service payments from 2024 through 2027 to the back in of the bond term in order to free up revenues that would be used to pay Debt Service on the bonds. Those are principal and interest payments that are due each year.

City Administrator Tony Phillips said they discussed this at a prior meeting and Mr. Bill Johnston gave a detailed presentation that resulted in this Resolution. This is an opportunity that allows us to realize the savings of roughly $860,000 in 2024, $779,000 in 2025, $799,000 in 2026, and $818,000 in 2027. Those funds can be determined at a later date by Mayor and Council as to how they will be allocated and used.

Councilman Heath made a motion to approve the Resolution for the Downtown Development Authority of Fairburn Revenue Refunding Bond (Educational Campus Project) Series 2023, in the amount not to exceed $4,000,000 and to authorize an amendment to the Project Lease Agreement. The second was provided by Councilman Smallwood.

Councilwoman Portis-Jones asked for the market context as of today. Mr. Johnston said the numbers they ran were low. They looked at a 4.50% and the numbers came in at a 5.70%. The bank originally came in at 6.16% which was unacceptable. They negotiated that down to 5.70%. They looked at other transactions with the same maturities, same credit ratings and it's comparable, so you got a market rate. They are in a rising interest rate environment for the last couple of years and unfortunately will be here a while.

Councilwoman Portis-Jones asked for a projected timeline for the completion of this transaction. Mr. Johnston said this is a fixed rate and will not change. They are only refunding the next upcoming four years to get some Debt Service savings. The prior issue which was at 2.66% is also remaining fixed, so rates will not change during the life of this transaction and the closing will be December 21st for this transaction. Councilwoman Portis-Jones asked him to restate the banking scenario he described at the last meeting and what is the end date for this refunding. Mr. Johnston said in this instance, the 2017 issue was placed with the bank because at that time the interest rates with a bank placement were lower than market rates. That is still the case, they placed the bonds in 2017 with Ameris Bank, he discussed this again with them and others and Ameris came back with the lowest bid and the new debt will be placed with Ameris Bank, the end date for refunding is at the end of 2037.

Councilman Heath said he remembered Mr. Johnston stating that it was 4.5% to begin with. Mr. Johnston said when they started looking at this in August, that was an estimate but rates have continued up and by the time they got it to market, it's a 5.70%. After discussion, **the motion carried unanimously**.

2. **Resolution to Submit a Proposed Local Act for the 2024 General Assembly for the Public Facilities Authority**

City Administrator Tony Phillips presented this item and said Facility Authorities are common vehicles used by municipalities for capital improvement funding and does not obligate the city to utilize the Facility Authority for any specific project but described it as being an additional tool in our financing toolbox, along with things like URA, and Go Bonds. The various things they consider for some of the aspirational projects they've previously discussed at some of the retreats and in their Capital Improvement plans. They've talked about a Public Safety Center, a Multi-Purpose Center at Duncan Park, and completing the Shell Building at the

Educational Campus. When the council decides to move forward, they will need as many funding options as possible for these major capital projects. Other local municipalities are using these and there have already been some preliminary discussions with one of our State Representatives, who has indicated he would be happy to sponsor this at the State Legislative level. They are recommending approval of this Facility Authority to give them as many viable options to identify those capital plans and projects that are under consideration in the future.

Mayor Avery said he had a conversation with State Representative Derek Jackson who said this is pretty routine and has done it for several other cities.

Councilman Heath made a motion to approve the proposed Local Act for the 2024 General Assembly to create the Public Facilities Authority of the City of Fairburn. Councilman Pallend provided the second.

Councilwoman Portis-Jones asked if this was exclusively a financing vehicle. Mr. Johnston said yes. She asked for clarity if there was a need for another authority or could they use the Development Authority. Mr. Johnston said he thought they were considering a Public Facilities Authority when he met with staff in August, and it is something he recommends to most of his clients. From a financing perspective, it provides you with the most latitude to finance different types of projects. He said Downtown Development Authorities, Industrial Development Authorities, and other types of Authorities most often have very specific limitations on what they can finance. Industrial Development Authorities are for industrial properties, you can't finance governmental buildings with the Industrial Development Authority. You would need financing facilities that are much broader than that and this provides you with a vehicle to do that. Public Facilities Authorities and Building Authorities are much broader in their scope in what they can finance. You can finance campus facilities and much broader and they are more flexible in allowing you to do what you want to do to build things.

Councilwoman Portis-Jones asked if the Educational Complex would come under this purview if they needed to do any refinancing. Mr. Johnston said yes, you could but right now you have completed all the financing through the Downtown Development Authority which has the authority to do that type of project but if you have another refunding coming in the future, you can use that Authority. As an example, if you wanted to build a fire station, you could not use any of the existing authorities that you have, you would have to do a General Obligation Bond which requires a referendum. You would have to do a lease transaction which is a little more expensive, but with a Public Facilities Authority, you can issue bonds out of that authority. She then asked what the legal responsibilities for the transactions under the authority were. Mr. Johnston said in most instances and to issue debt out of those facilities, you're signing an intergovernmental contract between that authority and the city, you're guaranteeing the debt. The Public Facilities Authority would issue the bonds and you would guarantee them. It is a viable legal standalone entity that allows you to issue that debt to a much broader purpose of projects than you normally see.

Councilwoman Portis-Jones asked if at some point they reach a cap, are they limited to how much debt they can take on. Mr. Johnston said there are three types of bond issues.

1. General Obligation Bond issues which is where the full faith and credit of this city is pledged.
2. Revenue Bond issues are Water/Wastewater and Electric/Gas and these authorities like you're looking at now.
3. Lease Transaction.

On the General Obligation Bond, there is a 10% limitation on the net assessed property value within the city. The Revenue Bonds that would be issued out of the Downtown Development Authority or any Public Facilities Authority do not count against that 10% limit.

Mayor Avery asked when you buy residential property, is there a debit-to-income ratio where at a certain point it says your not eligible for another loan.
Mr. Johnston said there will be natural credit limits based on who's loaning you money but from a legal perspective, it is 10% of your net property value that you are limited to, to issue General Obligation Bonds, those are the state laws under the state constitution. According to the Public Facilities Authority, those rules don't apply.

Councilwoman Portis-Jones said on the Educational Campus, the Revenue Bond issuance which was guaranteed based on the revenue they generated from leasing out the Educational Complex, which has not been successful in leasing 100% or generating all the revenue that was needed to meet the obligations and the city had to pay for that and asked for clarification. Mr. Johnston said the Intergovernmental Contract financing in Georgia is not unusual at all. In the circumstance of the Campus center, Revenue Bonds were issued through the Downtown Development Authority. The primary security is an Intergovernmental Contract or lease in this case, between that Authority and the city. The full faith in credit of the city is pledged to secure that financing, which you are receiving some lease revenue, but the difference has to be paid by the city from whatever source you come up with.

Tony Phillips said there is a market limit on the debt-to-income ratio and the entities that would be financing these bonds, there is a market limit. The market will not loan a city money that is physically unable to pay. Mr. Johnston said the credit score that they look at is your bond rating. Every public bond issue is rated and will go through a bond rating process. There are three bond rating agencies, and you send them a package of information, they will interview your staff very thoroughly, and then they provide you with a rating. The buyers decide whether they're going to buy your bonds or not. The lower the credit rating, the higher the interest cost to the point it's not viable. Mr. Phillips said the process creates guard rails and speaks to our overall fiscal management skills because that bond rating isn't just about the bond issue that you're trying to get done, its about how we manage the city's finances year-round and that's why they perform a deliberate process when creating the budget and ensuring we have a balanced budget.

Mayor Avery said in bigger cities, council asks the Finance Director if this is their recommendation to move forward before they make any kind of financial investment. Councilwoman Portis-Jones said it is their fiduciary responsibility to make sure they have asked these questions to be clear on what they are intending to do. She asked if this Authority is the market audience different than any of the other authority or financing projects that they may be interested in buying the bonds. Mr. Johnston said he thinks it will have a broader audience, but authorities have a limit as to what they can finance. If you come up with a different project that doesn't fit the project description in that Authority, sometimes your stuck, you don't have a vehicle for financing. This Public Facilities Authority is broad enough to cover just about everything you want to finance, which is more efficient and less costly. After discussion, **the motion carried unanimously**.

VI. Adjournment:

Councilman Smallwood made a motion to adjourn the meeting at 7:05 pm, with Councilman Heath providing the second. The motion carried unanimously.

Brenda B James

Brenda James, City Clerk

Mario Avery, Mayor