

The special called work session of the City Council of the City of Newnan, Georgia was held on Tuesday, February 22, 2023 at 4:00PM in the Richard A. Bolin Council Chambers of City Hall with Mayor Keith Brady presiding.

Present

Mayor Keith Brady: Council members present: Ray DuBose, Rhodes Shell, George Alexander, Cynthia Jenkins, Dustin Koritko and Paul Guillaume. Also present: City Manager, Cleatus Phillips; Assistant City Manager, Hasco Craver and City Clerk, Megan Shea

Call to Order

Mayor Brady called the meeting to order and delivered the invocation.

Discussion Regarding 57 East Project

Mayor Brady explained that the purpose of the meeting is to have a general discussion about the 57 East Project. Bill Johnston was asked to present and step through some of the “how’s” and the financial side of the project.

Bill Johnston with Stephens stated that he has worked with Newnan before on projects such as the hospital project and cable tv. This is not what is going to be done but how it can be done. Mr. Johnston went through the City’s current financials, budget and current project documents, all public records.

Mr. Johnston began with financing options on how to pay for the project. The options being Cash, General Obligation Bonds, SPLOST General Obligation Bonds, Intergovernmental Contract Revenue Bonds, Urban Redevelopment Agency and Tax Allocation Districts (“TAD”).

Cash:

Approximate amount of cash on hand as of February 28, 2023 was \$20,500,000. The City has a Fund Balance Reserve Policy which is 50% of the Budgeted Unassigned Fund Balance each year, which in 2022 is estimated to be \$27,550,000, leaving the reserve amount at \$13,775,000. The City has an AA2 bond rating which is very high and that will help with lower interest rates. Of the \$20,500,000 cash and cash equivalents on hand, less reserve of \$13,775,000, that leaves \$6,725,000 available for the project.

General Obligation Bonds:

These bonds can be issued by city, county or school district and are backed by its ad valorem taxing power, full faith and credit. A referendum is required for these in Georgia. Total debt cannot exceed 10% of the assessed value of all taxable property. In 2021,

City's assessed value of taxable property was \$1,782,815,630 so the City's G.O. bond limit would be \$178,281,563.

SPLOST General Obligation Bonds:

This is a popular method of funding capital projects. This also requires a referendum, both for SPLOST and for the bonds.

Intergovernmental Contract Revenue Bonds:

With these types of bonds, you find an authority in the city or county that is broad enough to do the type of project you want. Revenue bonds are issued out of that authority and then an intergovernmental contract is signed and the full faith and credit of that entity is guaranteeing those bonds. No referendum is required.

Councilman Shell asked if the rate would be higher. Mr. Johnston said it would be slightly. It can be quicker. Mr. Johnston looked at the city and county authorities and would suggest the Coweta County Development Authority, Coweta County Public Facilities Authority or Newnan Urban Redevelopment Agency.

Urban Redevelopment Agency:

With this agency you can do redevelopment projects and governmental projects. There has to be a redevelopment plan, the area, what your going to do and that has to be put together first.

Tax Allocation District (TAD):

Mr. Johnston stated more and more of these are being used. An area has to be defined and what you're going to do. Then the legislature has to approve it and then a referendum is needed. Only the people in the district would participate in the referendum. They require public hearings and adoption by city, county and school district. The area can only be 10% of the assessed property value of the City. To qualify for a TAD there are 3 areas to look at, a blighted or distressed area, a deteriorating area or an area with inadequate infrastructure. But for the TAD, the redevelopment would not happen.

Discussion:

Mr. Johnston expressed that in his opinion the Urban Redevelopment Agency would be the best option. Councilwoman Jenkins commented that the point of NURA was to redevelop neighborhoods and focus on affordable housing so there is a concern to not get off mission with that. How do we protect that and do this project at the same time? City Manager said the urban redevelopment plan and map would need to be amended. Mayor Brady commented that it would be similar to the hospital redevelopment project. The what and the how still need to be figured out and this will be on the agenda for the council retreat.

Councilman Guillaume commented that there are multiple avenues for the financial piece, the big deal is the what, needing a clear vision.

Mayor Brady asked if NURA would make a fee off of providing services? Mr. Johnston said that some authorities charge a fee and some don't. The City's finances are in good shape so should not be constrained with creditworthiness.

Mayor Pro Tem Koritko asked how the bonds with NURA are repaid? Mr. Johnston said there are a couple ways, sold in the public market or placed in private market. Proceeds can only be used for that project, not mixed with other funds for other things. City pays debt service over whatever period of time.

Councilman Guillaume asked Mr. Johnston his opinion on risks going forward? Mr. Johnston said there has been a dramatic rise in interest rates. New money projects are being seen more now. The public is demanding new infrastructure in downtowns all over. New projects are not slowing down.

Council acknowledged that they need to start looking at what the city might want and not want, what is Newnan and what it's not. Councilman Guillaume suggested that prior to the Council retreat that councilmembers try to go see Trillith in Fayetteville. The space is much larger acreage but shows the possibilities of what's out there.

ADJOURNMENT

Motion by Councilman Alexander, seconded by Mayor Pro Tem Koritko to adjourn the meeting at 5:03PM.

MOTION CARRIED. (7-0)

Megan Shea, City Clerk

Keith Brady, Mayor