



**MINUTES OF MAYOR AND COUNCIL
URBAN REDEVELOPMENT AGENCY
CITY OF DULUTH, GA
FEBRUARY 1, 2021**

PRESENT: Mayor Harris, Council members Bomar, Thomas, Jones, Kelkenberg and Whitlock, City Manager James Riker, Asst. City Manager Ken Sakmar and City Clerk Teresa S. Lynn

URA PRESENT: Nancy Harris, Kelly Kelkenberg, Brandon Odum

Mayor Harris called the meeting to order at 5:30 p.m.

URA Chair Odum called the meeting to order at 5:30 p.m. and announced that due to his employment with Truist Bank, who submitted a bid in response to the Request for Proposal for the bond, he recused himself from participation in the selection process and left the meeting.

I. NEW BUSINESS

1. FINANCING OF REVENUE BOND – BANKING INSTITUTION

Asst. City Manager Ken Sakmar reported that the City's Financial Advisor, First Tryon Advisors, issued a Request for Proposal (RFP) on January 4, 2021 for the financing of \$27,250,000 in revenue bonds. Bids were due January 25, 2021 and the City received five bids. Staff has evaluated the bids in terms of length of financing offered, interest rate, debt service coverage and additional term, if any. Based on this evaluation, staff recommended selection of Zions Bank to finance the Urban Redevelopment Agency's Series 2021 Revenue Bonds.

Mr. Sakmar reviewed the bond financing timeline/outline:

January 4, 2021 – Distributed the bank Request for Proposal (RFP) to bidders.

January 25, 2021 – Bank bids due to Financial Advisor. Staff and attorney reviewed bank bids with Financial Advisor.

February 1, 2021 – A special called joint meeting of the Mayor and Council with the Urban Redevelopment Agency (URA) was scheduled for this evening to review bids and select winning bank.

February 8, 2021 – A meeting is scheduled with the City Council and URA to adopt resolutions related to Intergovernmental Agreement and URA Revenue Bond, Series 2021.

March 1, 2021 – Hold bond validation hearing with Borrower and Bond Council

March 4, 2021 – Bond Closing

The Request for Proposal asks for bids for a "taxable" \$27,250,000 Revenue Bond, backed by an Intergovernmental Agreement between the URA and the City. The City pledges the incremental property tax revenue generated by the Tax Allocation District (TAD). The bond is further backed by the City's annual ad valorem tax on property should the TAD increment not be sufficient. Bids were for 17 and 20-year options, with semi-annual interest on March 1 and September 1, and annual principal on March 1.

Two different issues, considering the life of the TAD. What is our ratio of debt service coverage? Tax vs. non-taxable is the interest rate. In order to maintain the flexibility in spending those dollars, taxable was preferred.

A total of five (5) bids were received and analyzed by the Financial Advisor, City Manager, Asst. City Manager and City Attorney. Following a thorough analysis, staff recommends Zions Bank for the following considerations:

- 20 years at 2.11%
- No bank origination fees will be assessed (other banks up to \$7,500)
- Prepayment in whole or part at any time at 100%, no "make whole" provision
- Contains an interest rate reset provision in years 2037 to 2041
- Reset is based on 1-year FHLB Des Monies Fixed-Rate Advance rate, plus 116 bps.
- Subject to an interest rate cap of +5.00% (7.11%) and a floor of 2.11%
- Assuming maximum cap interest rate in final years the total bond payable would be \$35,476,709. This amount is \$785,793 lower than the next best bidder.

There is no requirement to keep the funds with the lender. Mr. Sakmar noted what the options could be for use of the funds to retire other debts.

City Manager James Riker commented that the review committee was thinking longest term, lowest rate. Impact analysis was run with the most savings and considering known or existing revenues of the TAD. He explained that there is potential for unknown incremental increase. Parsons Alley was a taxable bond with 3.5% and this rate is very favorable. He also explained that a property transfer from Council to URA of the following properties must be completed by end of month on properties for four properties: Brock Road/Buford Highway, Heydinger lot on Main Street, and two properties on the Paver Lot located on Main Street.

Following discussion, Mayor Harris called for a motion.

A motion was made by Councilmember Whitlock, seconded by Councilmember Kelkenberg, to authorize the selection of Zions Bank to serve as the institution for the financing of the City of Duluth Urban Redevelopment Authority Series 2021 Revenue Bonds as recommended by staff.

Voted for: Council members Bomar, Thomas, Jones, Kelkenberg and Whitlock
Motion carried.

In the absence of URA Chair Brandon Odum, URA Vice Chair Harris called for a motion.

A motion was made by URA member Kelkenberg, seconded by URA member Harris, to authorize the selection of the Zions Bank to serve as the institution for the financing of the City of Duluth Urban Redevelopment Authority Series 2021 Revenue Bonds as recommended by staff.

Voted For: Harris, Kelkenberg
Motion carried.

II. ADJOURNMENT

A motion was made by Councilmember Jones, seconded by Councilmember Kelkenberg, to adjourn at 6:25 pm.

Voting for: Council members Bomar, Thomas, Jones, Kelkenberg and Whitlock
Motion carried.

A motion was made by URA member Kelkenberg, seconded by Councilmember Harris, to adjourn at 6:25 pm.

Voted For: Harris, Kelkenberg
Motion carried.

Approved this 8 day of February, 2021.

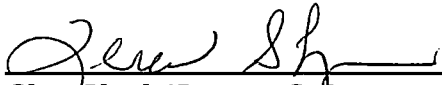


Mayor Nancy Harris



Chairman Brandon Odum

ATTEST:



City Clerk Teresa S. Lynn