

After Agenda

**Board of Commissioners of Spalding County Joint
meeting with the City of Griffin Commissioners and the
Griffin-Spalding County Airport Authority
Special Called Meeting
Friday, July 25, 2014
9:00 AM
119 E. Solomon St., Meeting Room 108**

The Spalding County Board of Commissioners held a Special Called Meeting Joint meeting with the City of Griffin Commissioners and the Griffin-Spalding County Airport Authority in Room 108 of the Courthouse Annex, Friday, July 26, 2014, beginning at 9:00 a.m. with Chairman Samuel Gardner presiding. Commissioners Raymond Ray, Rita Johnson, Gwen Flowers-Taylor, and Bart Miller were present.

Present from:	<u>City of Griffin</u>	<u>Griffin-Spalding Airport Authority</u>
	Dick Morrow	Larry Johnson
	Ryan McLemore	Carl Pruett
	Doug Hollberg	Ron Alexander
	Rodney McCord	<i>Bart Miller</i>
	Cynthia Ward	<i>Dick Morrow</i>
	Cora Flowers	<i>Raymond Ray</i>

Also present were William Wilson, County Manager, Brant Keller, for Kenny Smith, Griffin City Manager, James Fortune, County Attorney, Drew Whalen, Attorney for the City of Griffin, Robert Mohl, Griffin-Spalding Airport Director, Judy Flournoy, Executive Secretary for the City of Griffin to record the minutes and Kathy Gibson, Executive Secretary for Spalding County to record the minutes.

- I. OPENING (CALL TO ORDER)** – Chairman Samuel Gardner called to order the County Commissioners. Ryan McLemore called to order the City of Griffin. Dick Morrow called to order the Airport Authority.
- II. INVOCATION** – led by Chairman Samuel Gardner.
- III. PLEDGE TO FLAG** – led by Commissioner Raymond Ray.
- IV. AGENDA ITEMS**
 1. Discussion of funding options for construction of a new Griffin-Spalding County Airport and consideration of MOU outlining agreed upon funding option.

Dick Morrow stated that he was delighted that these three groups could sit down and talk about this in an open manner. He further stated that due to the miscommunication surrounding the airport, he hopes that this meeting

with give the parties involved an opportunity to discuss the matter and quiet some of the miscommunication that has circulated.

William Wilson advised that he had attended a work shop at the City of Griffin last Tuesday morning regarding alternative financing for the new airport. Mr. Wilson then stated that he and Commissioner Ray were invited to meet with Kenny Smith, Robert Mohl, Drew Whalen, Ryan McLemore and Airport Authority Chairman, Dick Morrow later in the day to discuss financing alternatives and the group came up with three possible options for consideration by the boards.

Option 1: The County opts out of the Airport entirely, transfers its interest in the current airport to the City. No further sharing in operating deficits or excess revenues. No representation on the Airport Authority.

Option 2: The County proceeds with a General Obligation Bond referendum and everything continues as a 50/50 split with the Airport Authority running the airport.

At this point Mr. Wilson advised that that if we are unable to come to an agreement on the options, the County Commissioners are prepared to vote on the General Obligation Bond which appears as item 2 on the agenda for this meeting.

Option 3: The City and County agree to transfer current airport property to the Airport Authority and allow them to dispose of non-essential property and begin marketing the old airport property once the first parcels of property for the new airport are acquired. The Airport Authority issues revenue bonds based on contracts with the City and County for providing aviation services in Spalding County.

The bonds will call for interest only payments for the first 3 years with principle repayments beginning in year four. The contracts with the City and County call for no contribution from the County for the first 3 years and an annual amount equal to interest only for the first 3 years the City of Griffin will pay. In the remaining years of the contract, the County payments would "make up" for 50% of the interest only payments that the City made for the first 3 years in the remaining terms of those bonds.

This agreement would let the airport project start upon the issuance of the revenue bonds, would give the county three years to improve our cash flow and our tax digest. The County's payments would start in year 4. The Airport Authority would agree to enter into a lease-purchase agreement with Spalding County for the Airport Road Park and Sheriff's Hanger properties whereby the annual lease amounts that we are making now, approximately \$125,000.00, would be credited toward the purchase of those parcels at a FAA approved appraisal of Fair Market Value.

Commissioner Rita Johnson requested clarification on the repayment terms outlined in Option 3.

Mr. Wilson stated that in year four the county would start making debt service payments along with the city and would make annual payments over the remaining term of the bonds to the city to reimburse them for 50% of the interest paid during the first three years of the bonds where we had no payments. Essentially, by the end of the bond period the city and the county will have paid equal amounts on those bonds to the Airport Authority for providing aviation services.

Commissioner Raymond Ray stated that when the Commissioners voted for the General Obligation Bond in April, that was to best facilitate payment for the airport, based on the County budget, the tax base and things of that nature. He pointed out that since that time, we have had some significant changes in Spalding County, we have one International Company who is making Griffin its national headquarters, and we also have a second international company that has announced they are coming to Spalding County. Both of these companies will probably utilize the new airport with small jets.

Commissioner Ray also stated that at the meeting in May of this year the board was made aware of the costs for bringing the old airport into compliance. Commissioner Ray stated that the bottom line, at this point, is the airport is going to cost the taxpayers whether it is a new airport or bringing the current airport up to code and it has been determined that it is going to be cheaper on capital outlay costs and operational costs for a new airport over what we currently have. Commissioner Ray further stated that we have heard from people in the county, we have heard from business owners at the airport and the decision we make today is going to be monumental for the people of Spalding County.

Ryan McLemore expressed his desire in continuing to have the 50/50 split with the county with regard to the airport. He stated that the relationship has been a good one over the years and he, personally would like to see it continue. Mr. McLemore stated that he believes that Option 3 would give the county an opportunity to free up cash flow. Mr. McLemore stated that he believes in the airport and believes in what it can ultimately mean to the community in the foreseeable future.

Dick Morrow stated that he agreed with Mr. McLemore that the partnership the county and the city have had over the years is valuable. He stated that going forward with a new airport that has potential for a positive cash flow would be beneficial to both the city and the county. Mr. Morrow stated that he felt that Option 3 would be the option that would ultimately move the county ahead.

Carl Pruett stated that he appreciated what Commissioner Ray had to say in that we do have an opportunity with the two new industries that have already announced they are coming into Spalding County. He stated that Caterpillar relocated to Spalding County in an effort to escape some of the regulations place on them by operating up north and that there are probably more industries that will look favorably on Spalding County. We will have a 600 acre industrial park on one side of the road and a 700 acre airport/semi

industrial park on the other side and we are opening the door to progress and a good future for the younger residents of Spalding County. The decisions we are making today are going to have a huge impact 20 to 30 years from now.

Commissioner Cynthia Ward stated that the City's intention has always been to move forward. She feels that no matter what is decided today, the city will continue to move forward. Commissioner Ward further stated that personally, her option would have been Option 1, but she will agree with the consensus of the city board. Commissioner Ward stated that if Option 3 is chosen, that she wants to see something in writing that the terms of Option 3, as presented, will happen and three years down the road the city won't be left holding the bag. At this point the city is moving forward, it is now up to the county to determine in which direction you are going.

Mr. Wilson stated that there is a draft intergovernmental agreement, and Mr. Wilson distributed a copy of the draft agreement to the group. This agreement essentially says everything that Option 3 outlines. Mr. Wilson advised that it would be a binding intergovernmental agreement between the three entities involved.

Commissioner Gwen Flowers-Taylor stated that the only circumstance that is different today, than three months ago when all of this started is that we have a commitment from the FAA. Having two new companies who have decided to relocate their operations to Spalding County doesn't significantly change the variables from what they were three months ago. Commissioner Flowers-Taylor stated that her vision for Spalding County has never changed. She further stated that she wanted included in the intergovernmental agreement that a percentage of the work would be performed by local businesses.

Mr. Morrow stated that the FAA has a list of approved contractors that can be used for the project. Until we get to that point we cannot promise that local contractors or a percentage of local contractors will be used for this project; however, we can negotiate with them for local contractors. There are only certain contracts that can meet the bonding and requirements for the federal regulations placed on the project. He agreed that when the time comes for bidding we should negotiate for a local content, but that can't be guaranteed up front because it simply isn't possible. The FAA is waiting on a commitment from us to move forward. All of that is ahead of us and there is no way to predetermine who will bid and what percentage of local contractors will be used.

Drew Whalen, City Attorney, stated this will be a federally funded project, so by statutory law a certain percentage of contractors and subcontractors have to be qualified minority business enterprises. That doesn't mean just because you are a minority business, you are a local contractor, but you have to follow the federal guidelines for competitive bidding and the Airport Authority's hands are tied in that regard.

Mr. Morrow stated that he agreed with Commissioner Flowers-Taylor that

we need local content, but when you have a contractor who bids for the job and wins it, you can work with that contractor for local content. Our current consultant hires local engineers and surveyors to do the work they require. Whoever qualifies to bid and wins the contract will have to hire subcontractors for grading and other services. If you are a local grading contractor or cement company, you will have a cost advantage over other vendors and he feels that local contractors will be very competitive in bidding into these pieces. Our local gravel quarry, concrete and asphalt companies are certainly going to have cost advantage. He personally believes that the local contractors who have people and equipment will have a huge advantage in the area.

Mr. Wilson stated that something could be added to the Intergovernmental agreement stating that the Airport Authority shall make every effort to insure that local contractors are involved in the construction.

Mr. Whalen again advised that since you are going to be governed by federal standards and you can't deviate from that. You might could agree that the Airport Authority with make their best effort to ensure that local contractors are informed and involved in the bidding process and have equal opportunity to participate, but that is about as far as you can go.

Mr. McLemore then asked Mr. Wilson to review the Intergovernmental Agreement, paragraph by paragraph.

Mr. Wilson then reviewed the proposed Intergovernmental Agreement in its' entirety.

Mr. Morrow stated that one of the issues for him has been the continuing lease payments by the county for the hanger and the airport walking park. This land has been declared non-essential under the new survey, so we can move forward with converting this property to a lease purchase. By FAA rules the lane now has to be appraised and a lease payment arrangement formalized.

Commissioner Flowers-Taylor asked what the anticipated annual debt service would be for the first three years of the bond.

Mr. Morrow advised that the annual debt service for the first three years of the revenue bonds is estimated to be \$200,000 per year for a total of \$600,000, these estimates are based on the current bond market. In year four the principal would also be due and the payments are anticipated to be \$575,000 to be split two ways. So the county would be paying their half of the debt service and a portion of the \$300,000 for the remainder of the term of the bond.

Mr. Hollberg stated that depending on what the appraisal is for the 13.94 acre walking park and the 2.68 acre Sheriff's Department hanger compound, the property could be paid off in a few years with the current annual lease payment being applied toward a lease purchase.

Mr. Morrow advised that getting the FAA to agree to establish nonessential property has been a long process, but they have agreed and now we can sell the property to the county. We have also asked for a similar consideration for the Kiwanis property so that they can purchase the land.

Larry Johnson, Airport Authority member, asked at what point the land at the current airport could be put on the market to sell.

Mr. Morrow advised that once we have purchased the land for the new airport and get some sort of a time table together, we can start marketing the current airport. Mr. Morrow further stated that the Authority would be responsible for selling the old airport and putting the money into the new one.

Carl Pruett, Airport Authority member, stated that the new airport would potentially be a lure to new industry due to its location just a few miles from a four lane highway. He further stated that should be very attractive for anyone who needs to move inventory, for storage and for location close to I-75. If we market the old airport correctly and find a good business to come in there will be more jobs available. There is a lot of opportunity at the old airport that hasn't even been discussed.

Cora Flowers, Commissioner City of Griffin, stated that Option 3 is not her top preference; however, if it is the consensus of the group that Option 3 is the one then she will agree with it. She stated that she didn't want to vote on an Intergovernmental Agreement until everyone agrees on the exact language.

Motion/Second by Flowers-Taylor/Johnson to consider for approval Option #3 and authorize the attorneys to prepare a final draft to be presented at the Regular Meeting of the Spalding County Board of Commissioners on Monday, August 4, 2014. Motion rescinded.

Motion/Second by Flowers-Taylor/Johnson to authorize the City and County attorneys to draft an Intergovernmental Agreement as outlined in Option #3 to be considered by both the City, County and Airport Authority boards at a future meeting. Motion carried 3-2 (Miller/Gardner).

Motion/Second by Morrow/Hollberg to authorize the City and County attorneys to draft an Intergovernmental Agreement as outlined in Option #3 to be considered by both the City, County and Airport Authority boards at a future meeting. Motion carried unanimously by all.

Motion/Second by Morrow/Pruett & Johnson to authorize the City and County attorneys to draft an Intergovernmental Agreement as outlined in Option #3 to be considered by both the City, County and Airport Authority boards at a future meeting. Motion carried 5-1 (Miller).

2. Lift from the table consideration of resolution calling for an election on November 4, 2014 to authorize the issuance of General Obligation Bonds in the amount of \$3.3 M for the construction of a new Airport that was tabled at

the July 21, 2014 meeting.

No action was taken as item was not necessary.

XIV. ADJOURNMENT

***Motion/Second by Johnson/Flowers-Taylor to adjourn at 10:09 a.m.
Motion carried unanimously.***

***Motion/Second by Morrow/Hollberg to adjourn for the City of
Griffin. Motion carried unanimously***

***Motion/Second by Morrow/Pruett to adjourn for the Griffin-
Spalding County Airport Authority. Motion carried unanimously.***