

CLAYTON COUNTY BOARD OF COMMISSIONERS

Solid Waste Management Authority Board Meeting
11:00 A.M.

August 3, 2015

M I N U T E S

PRESENT: Chairman Jeffrey E. Turner (SWMA Member), Mary-Ann Carp (SWMA Member), Earl Randall (SWMA Member) and Terry Baskin (SWMA Member). Also present were Mayor Bobby Cartwright (Mayor of Lovejoy), Jeff Metarko (Director of Transportation and Development), Tim Gilliam (Landfill Manager), Interim Chief Operating Officer Detrick Stanford, Ramona Bivins (Chief Financial Officer), Dennis Johnson (Budget Manager), Mr. Ed Wall (Financial Advisor), Mr. Wade Starr, Ms. Michelle Youngblood (Freeman Mathis & Gary, LLP) and Sandra T. Davis (Clerk).

ABSENT: Vice-Chairman Gail Hambrick, Rodney C. Givens and Andrew Love.

I. CALL MEETING TO ORDER

Chairman Turner called the meeting to order.

II. ADOPTION OF APRIL 30, 2015 MEETING MINUTES

Motion by Mr. Baskin to approve the April 30, 2015 Solid Waste Management Authority Board Meeting minutes, second by Chairman Turner. The motion carried unanimously by the four members present for this meeting.

III. FINANCE DEPARTMENT

Mr. Ed Wall- Financial Advisor shared that we are talking about lower the county's interest rate on the bond issue that is outstanding. In reference to a handout, Mr. Wall explained that the county currently has 9,020,000 outstanding with an interest rate of 4.21%. He advised that the county could get a much lower interest rate today. He explained that Chief Financial Officer Ramona Bivins, during the county budget process, asked that we review all of the outstanding debt to figure out where the county could save some money by refinancing at lower rates to take some of the pressure off the FY2016 budget. On Page Two, he referenced the Call Date of February 1, 2016, which means it could be pre-paid early on that date with no penalties. The Call Price is 100 cents on the dollar. Therefore, we could take a new bond issue and pay off this 4.21% bond on February 1, 2016. He explained that he along with the Finance Department submitted term sheets out to different banks across the nation and Georgia. The bids received in approximately three weeks ago with Bank of America having the lowest bid. Mr. Walls expounded further in that we structured a bond issue for \$9,840,000 with the use of the funds being \$420,000 that would go back into the county's general fund, which it made payment on

August 1, 2015; we reimbursed that payment because we cannot close until the end of August. There was \$9.2 million put in the escrow account that on February 1, 2016 would pay off those old bonds. He further reported that there is the cost of issuance of \$207,000 with bonds having to be issued in \$5,000 denominations; therefore, rounding up to the nearest \$5,000 being the \$9,840,000. On the next page, it shows the net present value savings of \$539,000 and the paragraph above that shows \$9,020,000 outstanding at 4.21% and the paragraph above that one, shows \$9,840,000 at 2.44%. Therefore, the county is going from 4.21% to 2.44%. Mr. Wall advised that the last pages reflects the savings each year starting with 2016 in the amount of \$86,000 and being a little less than \$5,000 each year thereafter. He reiterated that we would deposit back to the general fund upon closing the \$420,000 with a savings of \$539,000. He explained that the “rule of thumb” is that in order to refund, there should be at least 3% or better present value savings and the county’s present value savings on this transaction is 5.98%. He said we don’t set rate until after we validate the bonds. He explained that the authority members are being asked to approve the documents that up set rates and up set amounts. When we go into validation in the Superior Court of Clayton County, and once they are validated, we would go back to Bank of America and actually fix the rates. He said that on Friday, he asked Bank of America for the fixed rate as of that date and it was 2.3%, which is even better than the rate we have now of 2.44%. However, it could change three weeks from now.

Chairman Turner asked if the rate could be locked in, at which time, Mr. Wall explained that we could lock in the rate, but if we fail to validate, Bank of America could charge the county a breakage fee; the validation is out of our control. When asked by Mr. Baskin about the time span for validation, Mr. Wall replied that it is three weeks and briefly explained the validation process that includes where the District Attorney sues the authority to show rights to issue the bonds. He called attention to the concept in Georgia law that you cannot bind a successor beyond a calendar year; however, a validation allows you to do that. Therefore, every other body that serves on this authority has to pay these bonds until they mature.

Mr. Randall asked would the fee offset the amount of the interest rate? Mr. Wall responded that it would not, because it has already been deducted from it. Chairman Turner asked what would be the next action of the Board of Commissioners to which Mr. Wall responded that after the Solid Waste Management Authority members pass it; then, these bonds are secured by intergovernmental contract from Clayton County pursuant to which Clayton County promises to pay the debt if the authority cannot. The Board of Commissioners would need to pass it at their meeting on August 4, 2015. We would come back to the authority and the Board of Commissioners in a Special Called Meeting after the validation to get the board to approve the actual rate. Chief Financial Officer Bivins explained that the authority may have to have a Special Called Meeting, but we would work around the Board of Commissioners’ meeting schedule. Mr. Wall said this is to do the validation, which is being done at an up set principle amount and up set interest rate.

Mr. Randall then made a motion to adopt for validation. Seconded by Ms. Carp and carried unanimously by those four members present for this meeting.

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Ms. Youngblood advised that in connection with that, there is an agreement to retain the services of Mr. Ed Wall. Mr. Wall added that the new regulations require him to get the authority to sign a financial advisory agreement. He noted that he is already the financial advisor to the county, but has never been officially hired as financial advisor to the authority. He explained the authority is selling the debt, and there is just the one fee, which is 1% of the principle amount of the bond; the authority has to approve it because the authority is the issuer of the bond. Chairman Turner than asked is there a motion to hire Piper Jaffray as the authority's financial advisor for this one issue only. Mr. Baskin then made the motion as stated above to hire Piper Jaffray as the authority's financial advisor for this one issue only, seconded by Mr. Randall and carried unanimously by those four members present for this meeting.

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Mayor Bobby Cartwright asked if this decision regarding the bond would affect the property that he is attempting to acquire for the park. Mr. Wall stated that property is not collateral on a bond issue; the sole collateral is the intergovernmental contract with the county. Mayor Cartwright then asked if this could be listed on the next agenda for the Solid Waste Management Authority to make a decision on. He then recalled that the letter from EPD (Environmental Protection Division) has been received and they approved the process. Interim Chief Operating Officer Detrick Stanford recalled that he believes that was all we were really waiting on. Chairman Turner then agreed that it could be listed for the next meeting.

There being no further business to discuss, motion by Mr. Baskin, second by Mr. Randall, to adjourn the Solid Waste Management Authority Board Meeting of August 3, 2015 at 11:15 a.m. Vote unanimous.