



**CITY OF ST. MARYS, GEORGIA  
SPECIAL CITY COUNCIL MEETING  
October 11, 2007  
5:00 P.M.**

**AGENDA**

- I. **CALL TO ORDER**
- II. **INVOCATION:** *City Manager William P. Shanahan, Jr.*
- III. **PLEDGE OF ALLEGIANCE**
- IV. **ROLL CALL** **QUORUM: YES X NO**
- V. **BUSINESS:**
  - A. **INTERGOVERNMENTAL AGREEMENT AND BOND RESOLUTION:**  
*Interim Financing for Water/Sewer Improvements with PSA*
- VI. **ADJOURNMENT:**

**CITY OF ST. MARYS, GEORGIA**  
**SPECIAL CITY COUNCIL MEETING**  
**October 11, 2007**  
**5:00 p.m.**

**MINUTES**

The Mayor and City Council for the City of St. Marys, Georgia met for a Special City Council meeting on Thursday, October 11, 2007 in the Council Chamber at City Hall.

**PRESENT WERE:**

Mayor Rowland Eskridge  
Councilmember Gary Blount (Late)  
Councilmember William DeLoughy  
Councilmember Larry Johnson  
Councilmember L. J. Williams  
Councilmember Gull Weaver

**ABSENT WERE:**

Councilmember Jerry Lockhart

**CITY OFFICIALS PRESENT:**

William Shanahan, City Manager  
Amanda Blackledge, City Attorney  
Marsha Hershberger, Asst. Finance Director  
Nicole Goebel, IT Assistant

**CALL TO ORDER**

Mayor Eskridge called the Special City Council meeting to order at 5:00 p.m. The City Manager gave the invocation. Mayor Eskridge led the audience in the pledge of allegiance. Council roll call indicated a quorum of council members present for the meeting.

**AGENDA APPROVAL**

Councilmember Weaver made a motion to approve the agenda as presented. Councilmember DeLoughy seconded the motion. Voting was unanimous in favor of the motion.

**BUSINESS**

**A. INTERGOVERNMENTAL AGREEMENT AND BOND RESOLUTION: *Interim Financing for Water/Sewer Improvements with PSA Authority***

The City Manager stated that at the last Council meeting there was some confusion with the wording in the resolution. This language is required by law in order for it to be a legal document with the Authority and to secure a lower interest rate. At closing, the assignment to Bank of America will replace the resolution.

**John Pannell**, Bond Attorney - Oliver Maner & Gray LLP addressed Council regarding the Authority being used as a conduit in issuing the note and the permanent financier issuing the bond. If the City were to issue a bond, an election would need to be held with a referendum for voters and a general obligation. The City enters into an intergovernmental contract with the Authority to actually be the surety on the note and bonds. At closing, the City will enter into an assignment agreement and the Authority will sign all rights on the bond resolution and intergovernmental agreement to the City of St. Marys. The agreement is structured in a way that the City will construct the project; handle the note and bond funds for permanent financing. Under Georgia Law the Authority is used to make it legal.

Councilmember Weaver questioned whether the same procedure would be used for permanent financing. Mr. Pannell responded that permanent financing would be structured the same.

Councilmember DeLoughy questioned whether all the documents needed to be approved. Mr. Pannell stated that only the resolution and contract exhibit needed to be adopted tonight. The contract gives the Mayor the authority to execute the contract at closing and the resolution gives the Authority approval to act on behalf of the City. All other documents would be signed at closing. The Authority is scheduled to meet on Tuesday to sign the agreement.

Councilmember Williams and Mayor Eskridge expressed concerns regarding the PSA having any authority over the City on the structure or how the monies are spent. Mr. Pannell stated that the PSA would not have any authority over the City unless the City of St. Marys defaults on the contract. The Authority's rights would be signed over to Bank of America and the City of St. Marys through the intergovernmental agreement.

Mayor Eskridge also expressed concerns about the assignment written in such a way that the Authority is responsible for the bond.

The City Attorney stated that the Authority must be involved in order to be a conduit. They must make the initial deal with the bank in order for the City to receive the actual financing. Then, at closing, the Authority signs all rights to the bank and the City of St. Marys. The City is going through the Authority in order to be statutorily correct by keeping the tax exempt status and interest low.

Councilmember Blount stated in all actuality the Authority is cosigning and originating the note. Mr. Blount further stated that the assignment is great until the City of St. Marys defaults and questioned if there is any contingent liability?

**John Pannell** stated that the note lays out the contract payments coming from the City of St. Marys, which is the surety on the note. The holder of the note, Bank of America, is written in the note as the borrowing instrument and St. Marys is the payer of the note. The Authority is the conduit and issuer of the note and bond. They are involved in the transaction, however at closing those payments the City has committed to in the intergovernmental contract will be signed over to the bank. The Authority has no contingent liability because they do not have any assets for the taking and they are protected by Georgia Statute.

Councilmember DeLoughy questioned whether the Authority's attorney reviewed the documents and made a recommendation for approval. It is the City's obligation to address any problems with the contract before it goes to the Authority because we do not want to lose the City's creditability.

**John Pannell** responded that the Authority's attorney has reviewed the documents and if there were any concerns raised, he was not aware of them. The 1990 Act created the Authority to do these types of projects in St. Marys, Kingsland, Woodbine and the County.

**Sandy Feller**, resident stated that there was a similar situation with the Joint Development Authority (JDA) for funding the county's industrial park. A statement was made in the contract to protect the JDA: *that pledging the full faith in credit...* The sales were not made and the county is still making payments.

**John Pannell** read a section from the intergovernmental contract on page three, section "d", *"The obligation of the City to make the Contract Payments shall constitute a general obligation of the City, the payment of which the full faith and credit of the City shall be and the same are hereby pledged"*.

Councilmember Weaver questioned whether or not this would be the same vehicle used when the City secures the \$43,000,000 bond to finance the rest of the waste water treatment facility.

**John Pannell** stated that it would be a different document but essentially the same structure.

Mayor Eskridge questioned the interest rate on the \$5,000,000 loan. Several Council Member's responded that the interest rate was 4.24%.

Councilmember Weaver made a motion to approve the intergovernmental agreement and bond resolution. Councilmember DeLoughy seconded the motion.

**Chuck Trader**, resident agreed that there were a number of places in the agreement where it stated the Authority is responsible, if they wish to take the risk on the funding. Mr. Trader questioned what the interest rate was, who would be the borrower of the bond, what were closing costs, was there a commitment from the bank for the \$43,000,000, did the bonds go through underwriting and will they be insured. These same issues would still be unanswered when the interim bond is paid off in a couple weeks.

Councilmember Blount responded that the PSA was designated as the borrower to get a better bond rate.

Mayor Eskridge stated that the expenses for the \$5,000,000 were unclear and questioned why the \$43,000,000 bond was not issued instead.

Councilmember Blount stated that the problem with securing the \$43,000,000 bond was due to time constraints and the city needed to satisfy current financial demands. The City is borrowing \$5,000,000 from Bank of America, through the PSA, to get a lower rate. When approval of the \$43,000,000 is received this loan would be paid at closing.

**John Pannell** stated that there was not a commitment from the bank as of yet for the full amount. The full bond should be issued by mid November. At that time, documents would be prepared for a bond sale on the open market.

Following much discussion, voting was unanimous in favor of the motion.

### **ADJOURNMENT**

Councilmember Blount made a motion for adjournment. Councilmember DeLoughy seconded the motion. Mayor Eskridge declared the meeting adjourned at 5:33 p.m.

Respectfully submitted,

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Darlene M. Roellig, City Clerk