

Lamar County Board of Commissioners
Special Called Meeting
Lamar County Courthouse
August 27th, 2021
11:00 a.m.

Chairman Glass called the Special Called Meeting to order at approximately 9:30 a.m. Present for the meeting were Chairman Glass, Vice-Chair Thrash, Commissioner Horton, Commissioner Heiney, Commissioner Traylor, County Administrator Townsend and County Clerk Davidson. The meeting was available via Zoom.

Moment of Silence for the 13 Military Personnel Killed in Afghanistan

Commissioner Thrash led everyone in a moment of silence remembering the 13 military soldiers killed in Afghanistan.

Award the Bond Application

County Administrator Townsend introduced Trey Monroe with Stifel, a full-service brokerage and investment banking firm. The request for debt service on the bond was sent to about 10 banks and 5 responses were received. The offers for tax exempt bonds came from Zions Bank and they run for a period of 20 years. Mr. Monroe said that the facility that is being acquired has a lease that will continue to private businesses therefore there is a need, under the tax code, for a portion of the acquisition price to be funded with taxable bonds. It is about 10 percent of the proceeds, which is about \$370,000.00, and can be issued as a taxable bond. That bond will run for 4 years and the final maturity will be September 1st, 2025, and the interest rate for that bond will be 1.16 percent. Mr. Monroe said that the bond can be paid off at any time. Mr. Monroe said that they received offers from banks that were for a 20-year amortization and an offer from a bank that could only go for an 18-year amortization. For the 20- year amortization, the interest rate is 1.71 percent and is fixed for 15 years and then in the 16th year it will be subject to a reset that is triggered from the Federal Home Loan Bank, The reset interest rate is capped at 5 percent above the initial interest rate. The lowest interest rate would then be 1.710 percent but never higher than 6.1710 percent. Mr. Monroe said that for the first 15 years the yearly payment would be approximately \$208,000.00 and in the 16th year if the interest rate jumps to 6.1710 percent the debt service would then be \$253,000.00. Mr. Monroe explained the scenario with the 18-year interest rate. The yearly payment would be approximately \$226,000.00 for 15 years with a low interest rate of 1.650 percent. The 1.650 percent rate would be fixed for the first 15 years and then for remaining 3 years it would be subject to adjustment in the 16th year. The yearly payment would then be around \$255,000.00 per year. Mr. Monroe explained that the offer from Zion bank offers the option to pre-pay it at any time without any penalty. He said that the offers from the other banks were not quite as flexible.

Chairman Glass stated that the number of responses from various banks contributed to the low interest rate and the strong credit rating of the County. Mr. Monroe stated that the County had worked hard on the finances over the last 4 to 5 years and that showed in the number of responses and the rate that was proposed.

Commissioner Thrash asked about using Zion's Bank. Mr. Monroe stated that they had closed on numerous transactions with other clients and have found them to be user friendly. Mr. Jon Pannell with Gray Pannell and Woodard addressed the board and stated that Zion's Bank is active in Georgia with municipal debt offerings. They are headquartered in Salt Lake City, Utah but they have an Atlanta office and have been aggressive with the Georgia market and are becoming a routine purchaser of municipal debt in Georgia.

Presentation by Accountant Todaysia Colquitt

Accountant Colquitt gave a presentation of the staff's recommendations for the Bond Application.

Option A from Zions Bank

- i. Yearly payment of approximately \$208,000.00 for 15 years.
- ii. Low interest rate for tax exempt bond; 1.710 percent.
- iii. Taxable portion of the bond; 1.160 percent.
- iv. Can be paid in partial or in full without penalty at any time.
- v. No lender fees.
- vi. Reset interest rate is capped at 5 percent above the initial interest rate.
- vii. Yearly payment after the 15th year ranges between \$208,000.00 to \$254,000.00.

Option B from Zions Bank

- i. Yearly payment approximately \$226,000.00 for 15 years.
- ii. Low interest rate for tax exempt bond; 1.650 percent.
- iii. Taxable portion of the bond; 1.160 percent.
- iv. Can be paid in partial or in full without penalty at any time.
- v. No lender fees.
- vi. Reset interest rate is capped at 5 percent above the initial interest rate.
- vii. Yearly payment after the 15th year ranges between \$226,000.00-\$255,000.00.

Accountant Colquitt provided a list of estimated comparative and conditions to consider.

Option A shows the first yearly payment at \$206,952.83 and then the 15th payment would be \$207,288.80. The 16th payment would be \$253,869.82 and the final payment for year 20 would be \$214,266.30. The total bond would cost \$4,273,967.55.

Option B shows the first yearly payment at \$225,134.23 and then the 15th payment would be \$225,447.50. The 16th payment would be \$254,975.14 and the final payment for year 18 would be \$233,072.25 The total bond would cost \$4,107,983.87.

The yearly variance would be under \$20,000.00 and the monthly variance will be around \$1,500.00.

Conditional things to consider as are follows used to pay down the debt.

- i. Rental income is estimated to be \$50,000.00 per year and will be used to pay toward the bond proceeds.
- ii. Sell of current properties: Administration Building, Accountability Court.
- iii. Increase in Lost Collections used to pay down the loan.

Accountant Colquitt went over the strengths, weaknesses, opportunities and threats between the options presented and the staff recommendations.

Strengths

- i. Option A has a lower monthly payment and it offers more financial security
- ii. Option B has a shorter long term and is more cost efficient for the duration of the loan where the County will save \$165,983.68 in interest if Option B is selected. There is also no prepayment penalties and the opportunity would be to pay more towards the premium as finances would allow.
- iii. Savings in Utilities due to all of the offices being under one building.

Weaknesses

- i. The reset rate
- ii. Economic Collapse
- iii. Loss in Rental Income

Account Colquitt said that the staff is recommending the 18-year term with a 15-year payment plan. The reset interest rate is capped at 5 percent above the initial interest rate.

Commissioner Heiney said that he appreciated that Accountant Colquitt mentioned the economic collapse and the loss in rental income and said that it was good planning. He wondered if it made more sense to go with the 20-year term so that if the threats took place, they would not be obligated for \$20,000.00 a month more. Commissioner Heiney said that is you are on a 20-year plan you are locked into a lower annual rate but if the economy is good, they could still pay it off early.

Commissioner Traylor said that the interest rate is great compared to what they have been paying on the Tax Anticipation Note (TAN) interest rate over the last couple of years.

Commissioner Heiney made a motion to accept Option A from Zions Bank, first yearly payment at \$206,952.83 with the 15th payment at \$207,288.80. The 16th payment would be \$253,869.82 and the final payment for year 20 would be \$214,266.30. The total bond would cost \$4,273,967.55. Commissioner Thrash seconded the motion. The motion passed unanimously.

Resolution 2021-20 BOC Millage Rate

Commissioner Thrash made a motion to approve Resolution 2021-20 BOC Millage Rate whereas the value of all taxable property in the County for 2021 as it appears on the digest thereof will be \$532,430,339; and the Lamar County Board of Commissioners hereby sets a millage rate of 12.464 mills for the 2021 tax year on all taxable property in the County, both within the unincorporated areas and municipalities located therein. Vice-Chairman Horton seconded the motion. The motion passed unanimously

Resolution 2021-21 LOST Millage Rate

Commissioner Traylor made a motion to approve Resolution 2021-21 LOST Millage Rate whereas Lamar County, both the unincorporated areas and the municipalities located therein, shall receive a 2.2662 mill roll-back for the local option sales tax leaving a net millage rate of 12.464 for 2021. Commissioner Thrash seconded the motion. The motion passed unanimously.

Resolution 2021-22 BOE Millage Rate

Vice-Chairman Horton made a motion to approve Resolution 2021-22 BOE Millage Rate whereas upon the recommendation of the Lamar County Board of Education it is ordered that upon \$539,563,670 the net value of all property taxable for educational purposes in Lamar County as shown on the digest thereof, there be and hereby is levied a tax, ad valorem, on all property in Lamar County, real and personal, for the year 2021 for Maintenance and Operation (M & O) educational purposes, in the amount of 16.101 per \$1,000.00 of the assessed valuation of the digest. Commissioner Heiney seconded the motion. The motion passed unanimously.

Resolution 2021-23 Bond Repayment

Commissioner Thrash made a motion to approve Resolution 2021-23 BOE Millage Rate whereas upon the recommendation of the Lamar County Board of Education, it is ordered that upon \$539,563,670, the value of all property taxable for educational purposes in Lamar County as shown on the digest thereof, there be and hereby is levied a tax, ad valorem, on all property in Lamar County, real and personal, for the year 2021 for bond repayment purposes, in the amount of 1.50 per \$1,000.00 of the assessed valuation of the digest. Commissioner Traylor seconded the motion. The motion passed unanimously.

Tax Assessor stated that the appointment with the State to submit the PT-32 with the millage rates will be the week of September 1st, 2021. The tax bills will go out mid-September and the taxes bills will be due November 15th, 2021.

Resolution 2021-24 Intergovernmental Contract between the County and the Lamar County Facilities Board to Secure Payment of the Authority's Revenue Bond.

Mr. Pannell explained that the action to approve the bond application with Zion’s Bank is summarized in Resolution 2021-24. This Resolution also authorizes the County to enter into an Intergovernmental Contract between the County and the Lamar County Public Facilities Authority Board (The Authority) who will be the issuer’s of the bonds. The Authority is scheduled to meet on Monday and he has drafted a Bond Resolution that The Authority will approve. The security behind the bonds is the Intergovernmental Contract between the County and The Authority. Mr. Pannell said that this Resolution authorizes the Chairman to enter into that Intergovernmental Contract and requests that The Authority issue the bond on behalf of the County and it also authorizes the County to enter into a bond placement agreement with Stifel and then gives general authority for the issuance of the bonds.

Commissioner Heiney made a motion to approve Resolution 2021-24 Intergovernmental Contract between the County and the Lamar County Facilities Authority Board to Secure Payment of the Authority’s Revenue Bond. Vice-Chairman Horton seconded the motion. The motion passed unanimously.

Adjournment

Vice-Chairman Horton made a motion to adjourn the Special Called Meeting at 11:45 a.m. Commissioner Thrash seconded the motion. The motion passed unanimously.

THE LAMAR COUNTY BOARD OF COMMISSIONERS

Charles Glass, Chairman

Nancy Thrash, Vice-Chair

Bennie Horton, Commissioner

Robert Heiney, Commissioner

Ryran Traylor, Commissioner

Attest: _____ Carlette Davidson, County Clerk

