



DEVELOPMENT AUTHORITIES

THEIR PECKING ORDER, THEIR "COUSINS", AND THEIR PROJECTS

Daniel M. McRae, Partner

Seyfarth Shaw LLP
1075 Peachtree St., N.E., Ste. 2500
Atlanta, GA 30309
404.888.1883
404.892.7056 fax
dmcrae@seyfarth.com
dan@danmcrae.info

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PART 1

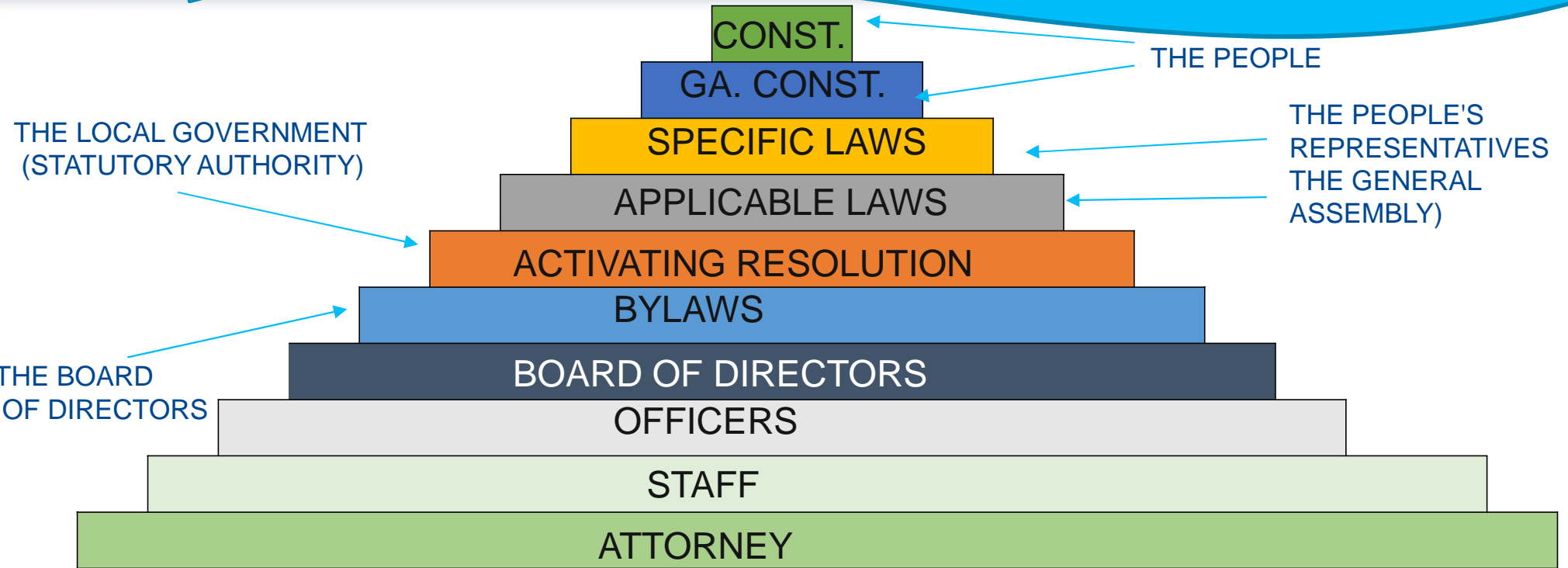
THE "PECKING ORDER"

THE "COUSINS"



DEVELOPMENT AUTHORITIES
THE PECKING ORDER

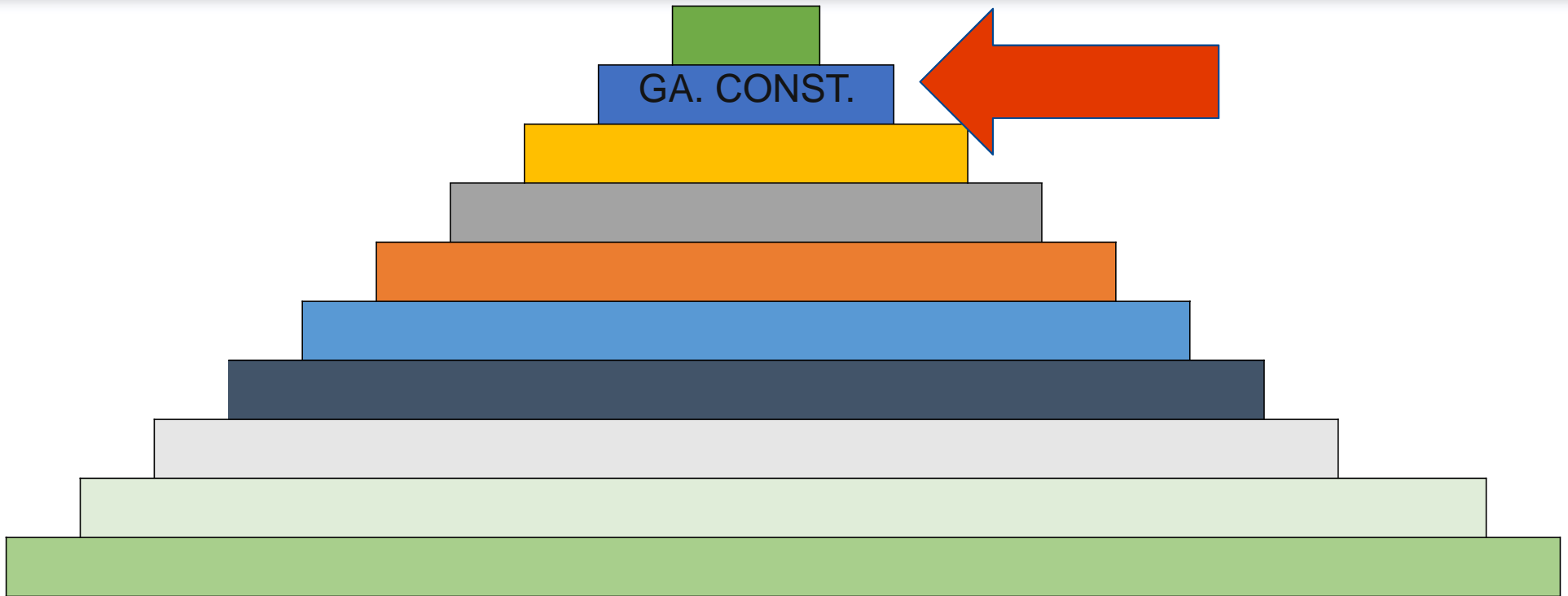
We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.



THE HIERARCHY OF A DEVELOPMENT AUTHORITY

MOST "IN CHARGE" AT THE TOP
LEAST "IN CHARGE" AT THE BOTTOM

THE GEORGIA CONSTITUTION



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GEORGIA CONSTITUTION

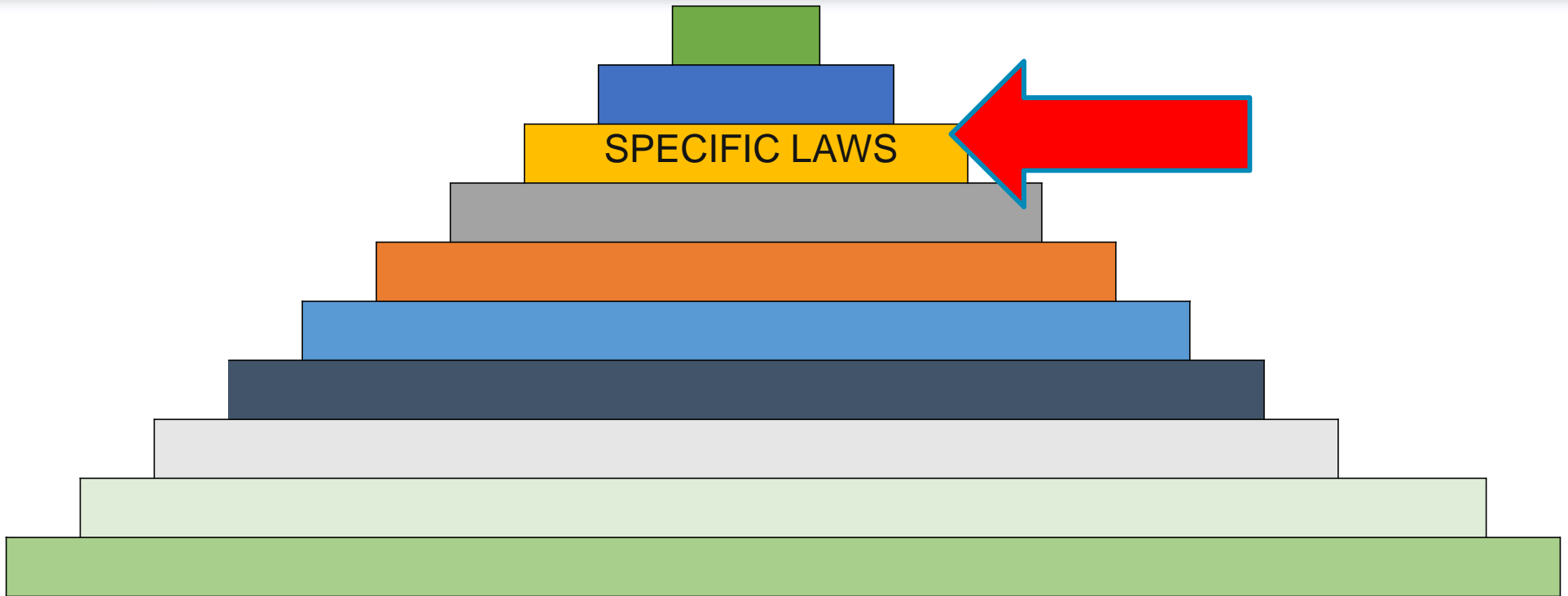
- DEFINES "GOVERNMENTAL MISSION" OF DEVELOPMENT AUTHORITY
- Statutory citywide/countywide development authority- "trade, commerce, industry and employment opportunities"
 - DDA is a subset of this
 - Carries out above mission by revitalization of the city's central business district
- Constitutional development authority- usually similar
- STATUTORY (AND MOST CONSTITUTIONAL) DEVELOPMENT AUTHORITIES CAN ONLY CARRY OUT PROJECTS FOR PRIVATE SECTOR
 - EXCEPTION- PROPER PUBLIC/PRIVATE PARTNERSHIPS



GEORGIA CONSTITUTION

- PROHIBITS PUBLIC SECTOR FROM CONFERRING A "GIFT OR GRATUITY" ON THE PRIVATE SECTOR
 - Everyday Issue with Incentives
- AUTHORIZES STATE, LOCAL GOVERNMENTS, AND LOCAL AUTHORITIES TO ENTER INTO CONTRACTS AMONG THEMSELVES FOR UP TO 50 YEARS
 - Georgia Supreme Court Upheld "Right to Bind Successors" in 2015
 - Confirmed Bonds for Braves and Falcons
- PROHIBITS STATUTORY LOCAL AUTHORITIES FROM ROAD CONSTRUCTION PROJECTS INVOLVING LOCAL GOVERNMENTS
 - CID Can Be Useful Partner in Road Projects

SPECIFIC LAWS



THE HIERARCHY OF A DEVELOPMENT AUTHORITY

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SPECIFIC LAWS

TYPES OF DEVELOPMENT AUTHORITIES

“Statutory”

- ▶ Created by General Assembly under Development Authorities Law
 - After Attorney General Opinion ruled against Industrial Development Authorities
 - 1963 Industrial Development Authorities Law
- ▶ Constitution was amended to authorize development authorities
- ▶ Statewide pattern
 - 1969 and later
- ▶ Activation by City or County required



SPECIFIC LAWS

TYPES OF DEVELOPMENT AUTHORITIES

“Constitutional”

- ▶ Pursuant to Local Constitutional Amendment (“LCA”)
- ▶ 1987 and earlier
- ▶ each LCA is different
- ▶ referendum was required

THIS PRESENTATION REFERS ONLY TO STATUTORY CITYWIDE AND COUNTYWIDE DEVELOPMENT AUTHORITIES UNLESS OTHERWISE NOTED



SPECIFIC LAWS

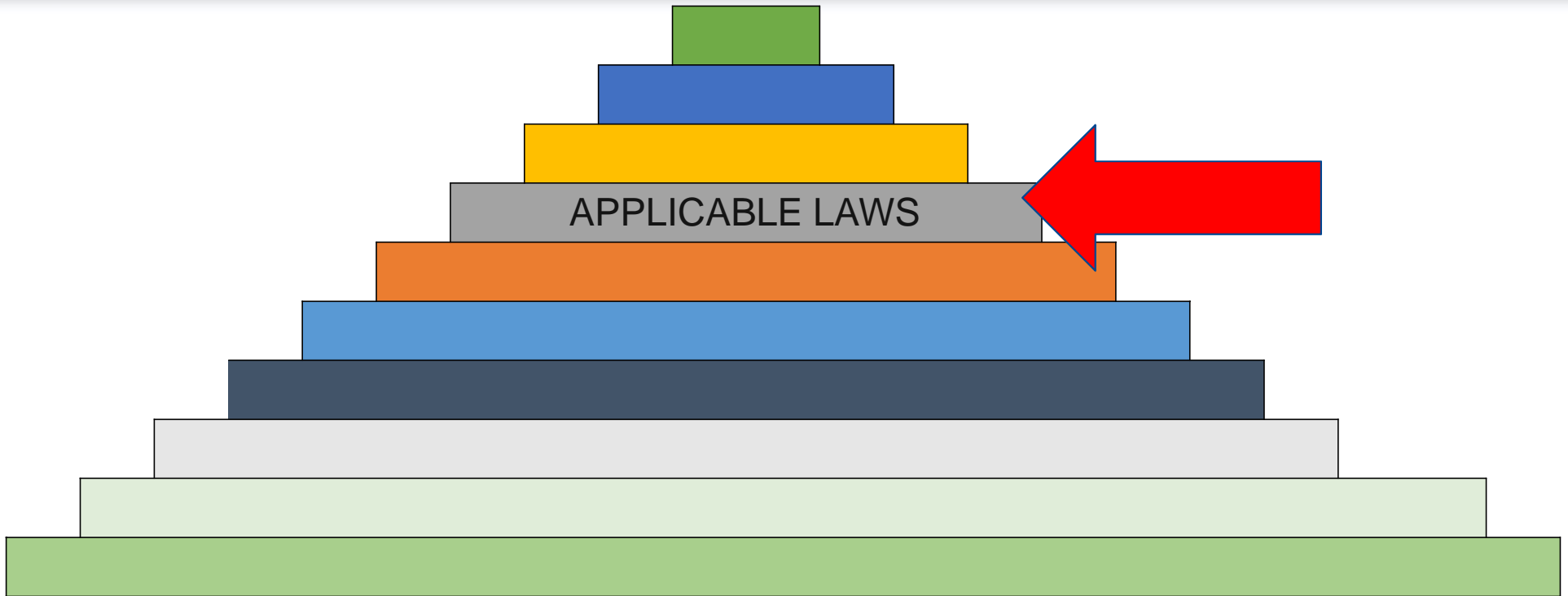
TYPES OF DEVELOPMENT AUTHORITIES

Local Act (of General Assembly, not under home rule powers)

- ▶ Prior to 1969
- ▶ no referendum required
- ▶ each Local Act is different

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APPLICABLE LAWS



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APPLICABLE LAWS

Applicable Laws

- ▶ Example: Open Meetings Act, O.C.G.A. Sec. 50-14-1 *et seq.*,
- ▶ Example: Open Records Act, O.C.G.A. Sec. 50-18-70, *et seq.*
- ▶ Example: State Code of Ethics, O.C.G.A. Sec. 45-10-3

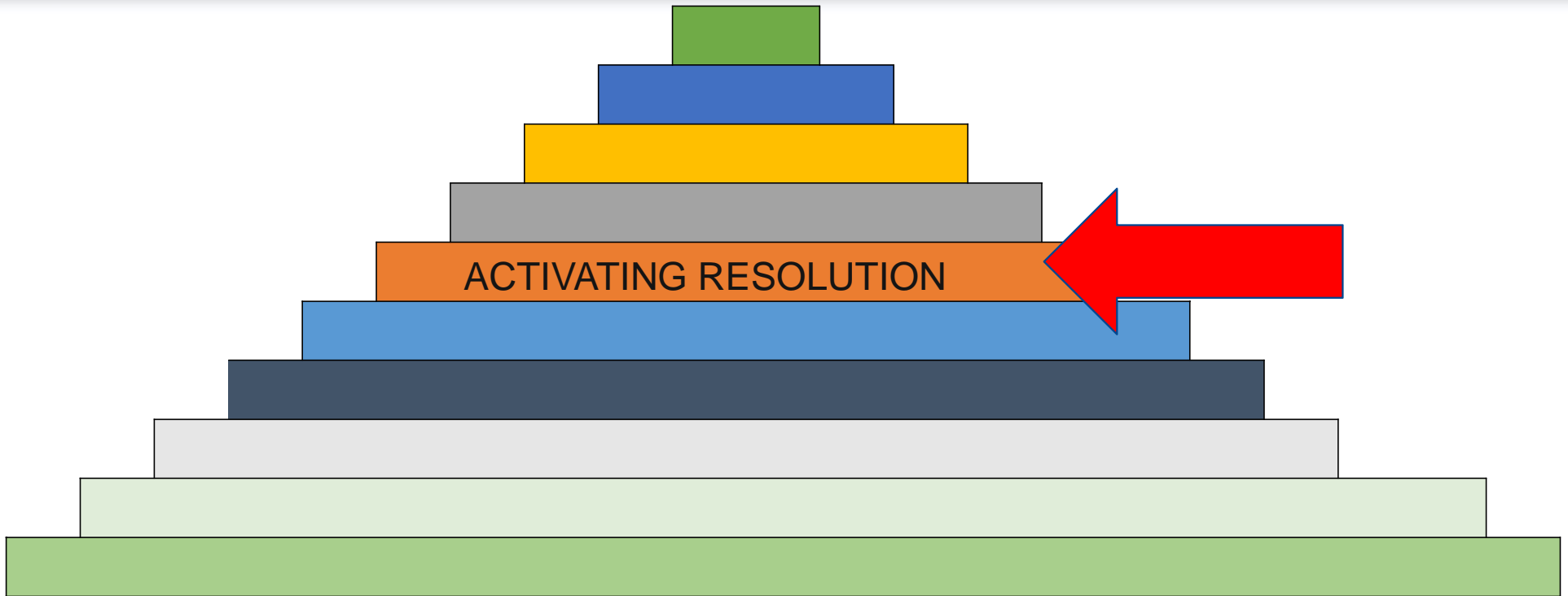


APPLICABLE LAWS

Applicable Laws

- ▶ Example- Reporting of “public “benefits” it provides (applies to certain incentives). *See* O.C.G.A. Sec. 50-36-1
- ▶ Example: Georgia Local Government Public Works Construction Law. O.C.G.A. Sec. 36-91-1 *et seq.*
 - for development authority projects
 - doesn't cover properly structured projects for prospects
- ▶ Federal and State environmental laws

ACTIVATING RESOLUTION



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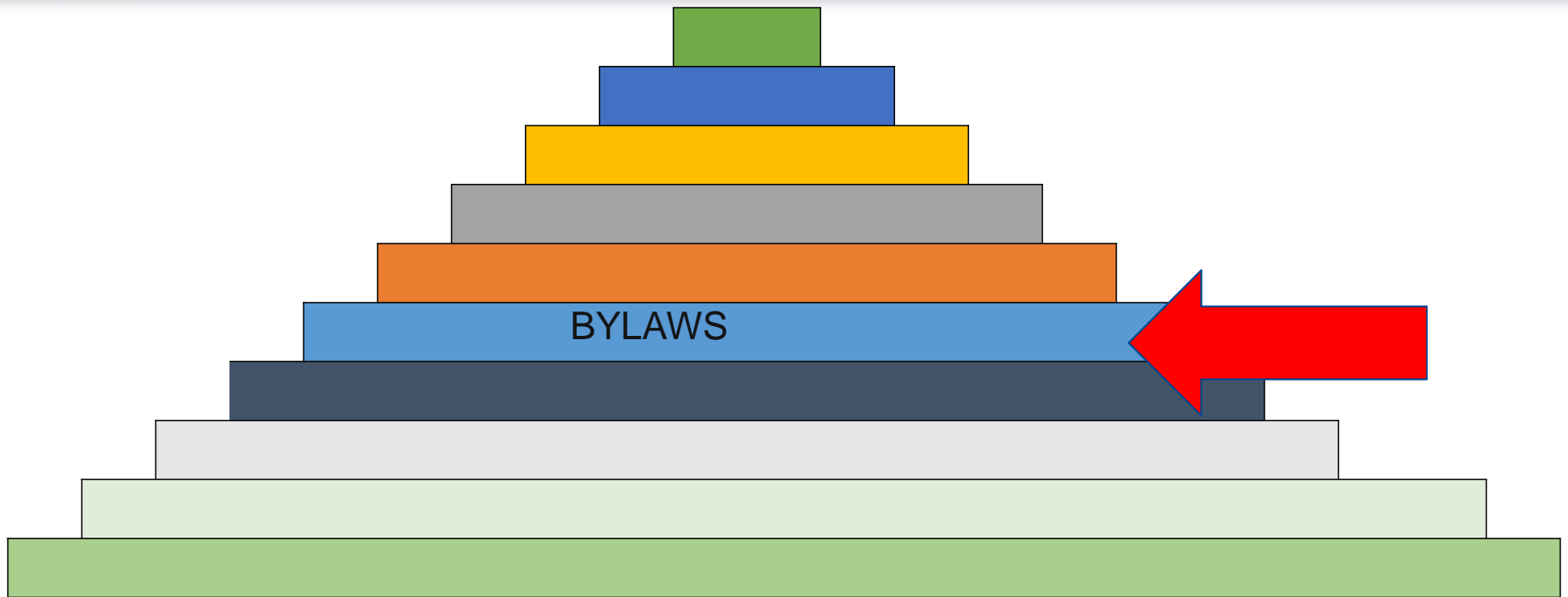
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LOCAL GOVERNMENT

- Adopts an Activating Resolution
 - If a Statutory Development Authority
- Appoints the Directors
 - Statutory development authority: Directors 7-9, as appointed by local government; terms (after first directors), 4 years; must reside within borders of local government; directors not compensated except per diem if county of 550,000 or more.
 - Constitutional development authority: Directors- Local constitutional Amendment (LCA) and enabling legislation (local acts) determine number and qualifications of directors and their term of office. Provisions usually can't be changed.

BYLAWS



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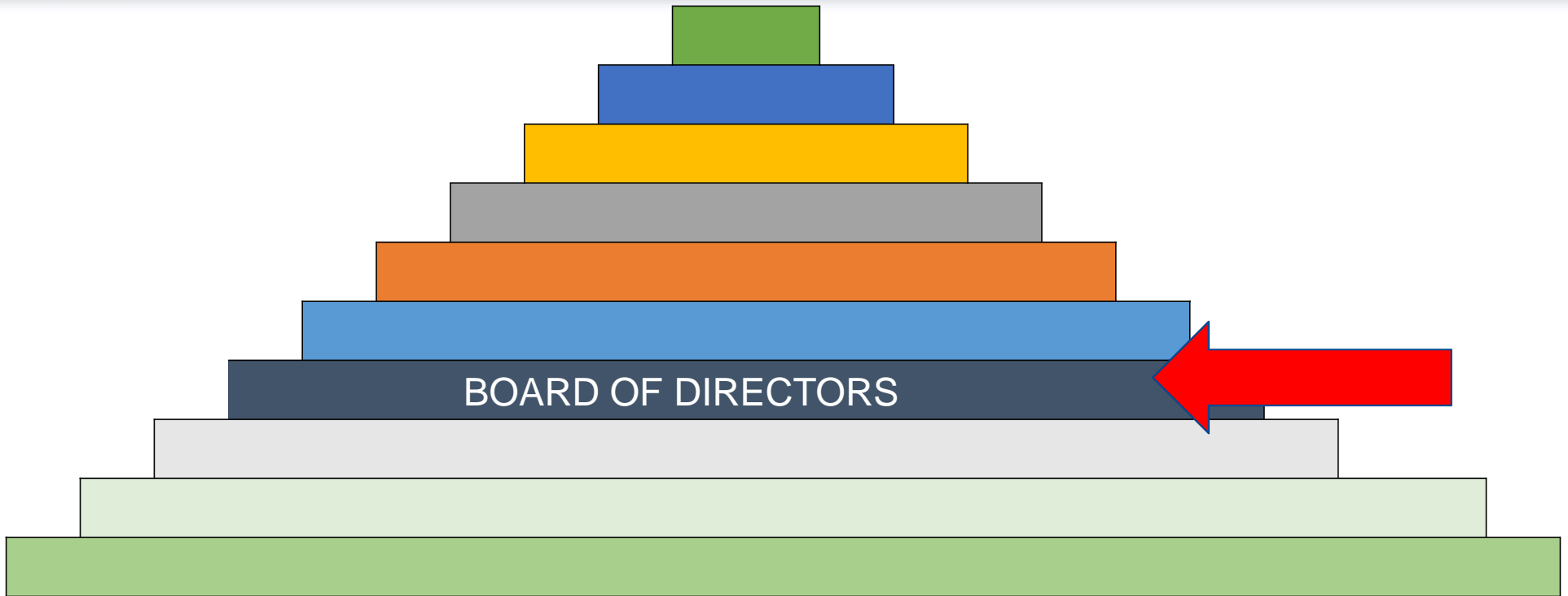


BYLAWS

Development Authority Bylaws

- Adopted by Board of Directors
- Directors are subject to procedures in bylaws; e.g., notice required to amend bylaws
- Best to cover only what law doesn't cover for you
- Example- meeting schedule, who can call unscheduled (special) meetings, terms of officers and when elected
- Example- don't cover director qualifications (that's in the law and can change)

BOARD OF DIRECTORS



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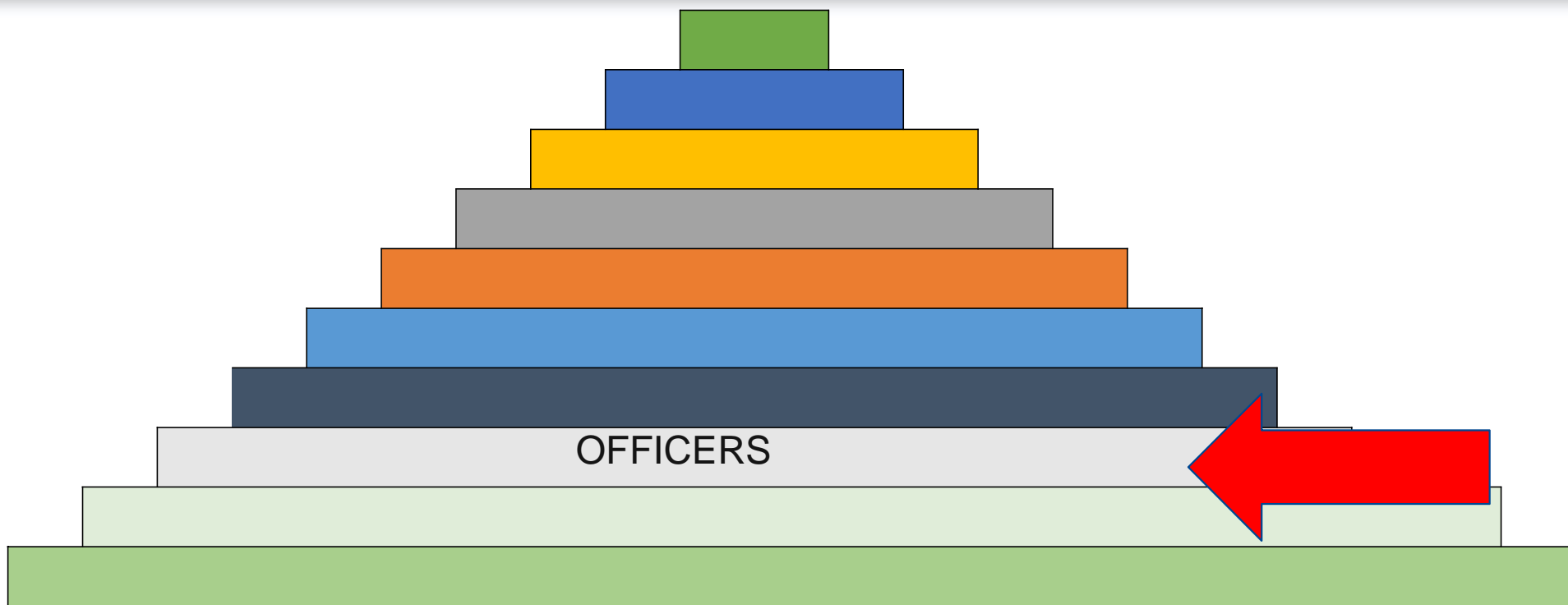


BOARD OF DIRECTORS

SETS POLICY AND ADOPTS RESOLUTIONS

- Statutory development authority- resolutions must be adopted by majority of whole board, not just majority of a quorum. O.C.G.A. Sec. 36-62-4(b)(exception- executive session vote)
- Statutory development authority: Directors- one elected official may be director; directors can't be removed by local government. Local government can't dissolve development authority if bonds outstanding.
- Constitutional development authority: Directors -most provide for some elected official representation on board; some have removal provisions. Dissolution requires referendum and unlikely to be effective if bonds outstanding.

OFFICERS



THE HIERARCHY OF A DEVELOPMENT AUTHORITY

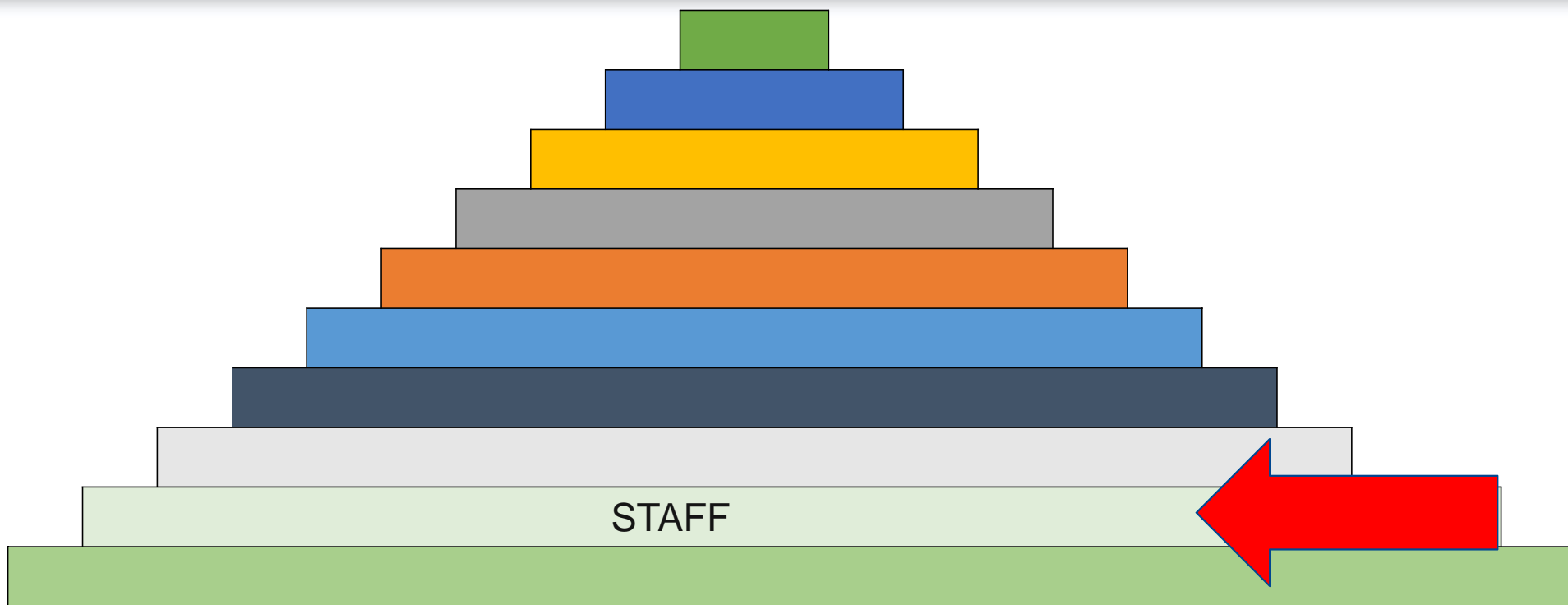
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OFFICERS

- ELECTED BY BOARD OF DIRECTORS
- Statutory development authority
 - Chairman and Vice-Chairman
 - Have to be directors
 - Secretary and Treasurer or Secretary-Treasurer
 - OK if not directors
- Constitutional development authority- per Local Constitutional Amendment (LCA) and bylaws
- CARRY OUT POLICY AND IMPLEMENT RESOLUTIONS

STAFF



THE HIERARCHY OF A DEVELOPMENT AUTHORITY

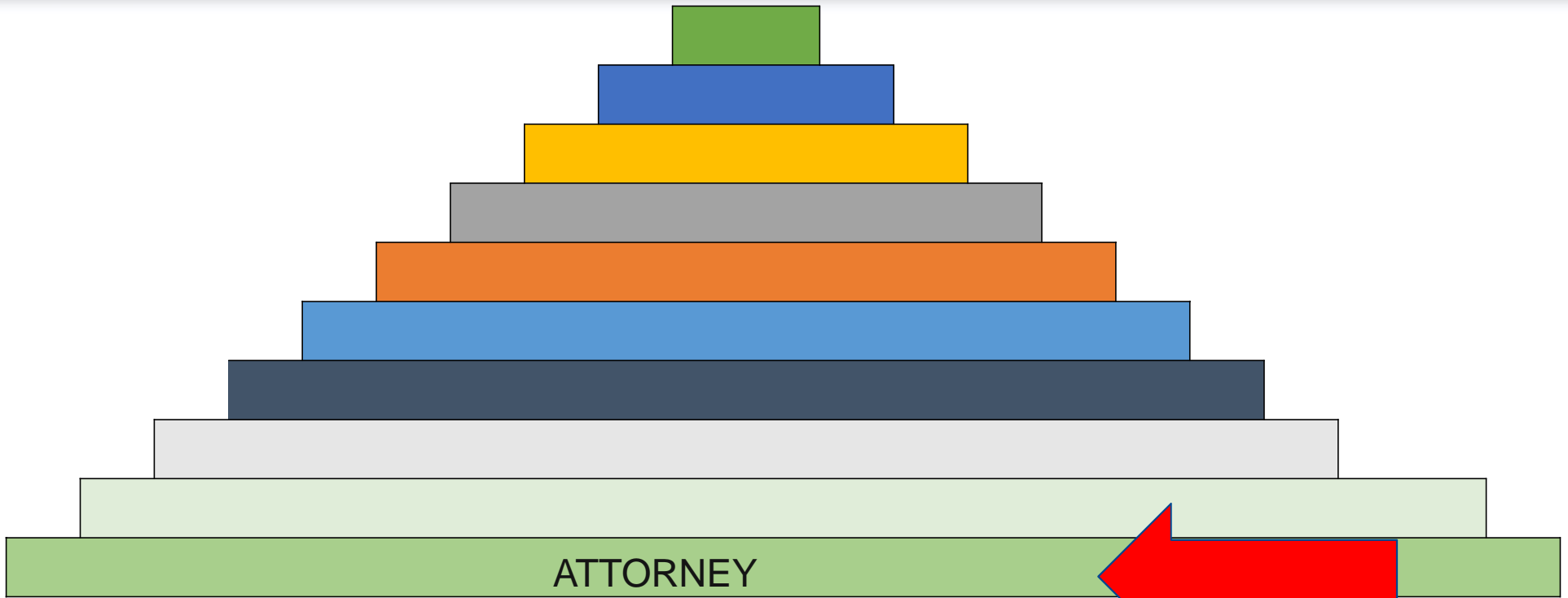
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STAFF

- Provides Support to Officers and Board
- Can be hired and compensated
- Can be loaned, assigned or "seconded" by local government to development authority
 - Regular salary wouldn't be paid by development authority, so are really appointed instead of hired
 - Sometimes development authority pays additional compensation
 - Careful with bonuses- could be prohibited "gift or gratuity"
 - Understand issues about who is the employer and who has what liabilities
- Conflict of interest situations can arise

ATTORNEY



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ATTORNEY

- Development authority engages its own attorney
 - Local government attorney not automatically attorney for development authority
 - If local government attorney also engaged by development authority, conflicts of interest can arise
 - Example- intergovernmental agreement
- Advises board, officers and staff
- Represents interests of development authority
 - For example, acts as its “Issuer’s Counsel” when it issues revenue bonds



DEVELOPMENT AUTHORITIES
THEIR "COUSINS"



AUTHORITIES AND OTHERS

LEGAL ENTITY	NOT A LEGAL ENTITY
Redevelopment Agency (Redevelopment Powers Law)	Tax Allocation District
Urban Redevelopment Agency (Urban Redevelopment Law)	Special Tax District
Community Improvement District	Business Improvement District
Land Bank	Targeted Employment Area
Public Facilities Authority/ Building Authority	Opportunity Zone
Water & Sewer Authority	Enterprise Zone



The 3 "Biggies"

Local governments usually find these 3 local authorities to be the most useful-

Citywide or Countywide Development Authority (DA)

- Under Development Authorities Law, and/or
- Under Local Constitutional Amendment

Downtown Development Authority (DDA)

- Under Downtown Development Authorities Law, and/or
- Under Local Constitutional Amendment
- City only

Urban Redevelopment Agency (URA)

- Under the Urban Redevelopment Law
- City or County

COMPARE AND CONTRAST

FEATURE	DA	DDA	URA
Jurisdiction?	<ul style="list-style-type: none"> • Statutory city DA- citywide • Constitutional city DA- usually just citywide; sometimes includes radius from city limits, market area, etc. • Statutory county DA- countywide, including cities • Constitutional county DA- countywide 	<ul style="list-style-type: none"> • Statutory DDA- CBD <ul style="list-style-type: none"> • green energy/ • conservation - citywide • Constitutional DDA- usually CBD; sometimes includes radius from CBD 	<ul style="list-style-type: none"> • Statutory city URA- within its borders, plus 5 mile radius (but not within another city or county without its consent) • Statutory county URA- within its borders, plus 5 mile radius (but not within another city or county without its consent) • Constitutional city or county "URA"- per LCA

COMPARE AND CONTRAST

	DA	DDA	URA
FEATURE	DA	DDA	URA
Purpose?	Economic development	Community development/ economic development	Redevelopment
Private projects?	Yes	Yes	Yes (if redevelopment)
Public projects?	Prohibited (case law, statute) P3 OK	Prohibited (case law) P3 OK	Yes (maximize private sector opportunities)

COMPARE AND CONTRAST

FEATURE	DA	DDA	URA
Board size?	7-9	7	Determined by local government
Board appointments?	Parent local government	Parent local government	Parent local government
Parent elected officials?	One	One	"any person may be appointed" DDA rules apply if DDA is URA
Officer appointments?	Elected by board	Elected by board	Parent local government appoints Chair and Vice-Chair

COMPARE AND CONTRAST

FEATURE	DA	DDA	URA
Bonds?	Revenue bonds	Revenue bonds	Revenue bonds
Notes?	No	Revenue notes	Revenue notes
Conditions?	Employment increased or maintained	Revitalization of CBD	For redevelopment project
Plan?	No	No	Yes
Lease/sell project?	Yes (lease must be "triple net"; must amortize bonds)	Yes	Yes (competitive bidding)



LESSONS LEARNED

- NOW YOU HAVE THE BASIC TOOLS
- YOU HAVE SEEN SOME OF THE EVERYDAY ISSUES THAT DEVELOPMENT AUTHORITIES FACE
- ARE YOU READY TO PUT YOUR NEW SKILLS TO WORK?
- STAY TUNED FOR.....
- THE "JUST SIGN A LEASE" PROJECT



QUESTIONS?

Daniel M. McRae, Partner
Seyfarth Shaw LLP

1075 Peachtree Street, N.E., Suite 2500

Atlanta, Georgia 30309

Telephone: 404.888.1883

dmcrae@seyfarth.com

<http://danmcrae.info>



MORE INFORMATION

- THIS PRESENTATION AND MY WHITE PAPERS ON THIS AND OTHER TOPICS CAN BE DOWNLOADED

at <http://danmcrae.com/whitepapers>

- DAILY (ALMOST DAILY) UPDATES ON
 - FACEBOOK
 - LINKEDIN
 - TWITTER- @McRaeDan



MORE INFORMATION

This presentation is a quick-reference guide for company executives and managers, elected and appointed officials and their staffs, economic developers, participants in the real estate and financial industries, and their advisors. The information in this presentation is general in nature. Various points which could be important in a particular case have been condensed or omitted in the interest of readability. Specific professional advice should be obtained before this information is applied to any particular case. Any tax information or written tax advice contained herein is not intended to be and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. (The foregoing legend has been affixed pursuant to U.S. Treasury Regulations governing tax practice.)

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