DEVELOPMENT AUTHORITIES AND FINANCING ECONOMIC DEVELOPMENT

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GLOSSARY

• DA = development authority
• DDA = downtown development authority
• JDA = joint development authority
• Statutory = created under the Development Authorities Law or the Downtown Development Authorities Law
• DAL = the Development Authorities Law
• Constitutional = created by an LCA
• LCA = local constitutional amendment
• Local Government = city or county
• Authority includes a DA, a DDA and a JDA.
MODULE 1

WHY WE HAVE DEVELOPMENT AUTHORITIES
WHERE THEY CAME FROM
HOW THEY ARE GOVERNED
WHERE THEY CAN ACT
WHERE THEIR FUNDING COMES FROM
WHY WE HAVE DEVELOPMENT AUTHORITIES
### PROTECT LOCAL GOVERNMENT

- The city or county is not liable for the authority’s debts or contracts.
- Members of authorities are appointed, not elected. They buffer the elected officials from temporary political pressure.

### ADD POWERS

- The Georgia Constitution authorizes economic development powers for authorities that local governments don’t have.
- Some other powers (like redevelopment) are shared. If the local government works through the authority instead, it is protected by the authority.

### BECOME EXPERTS

- Authority board members are concerned only with the “governmental mission” of their authority, not the burdens of a local government.
- By specializing in economic development, authority board members are better able to solve problems and realize economic development.
No bonds or other obligations of and no indebtedness incurred by any authority shall constitute an indebtedness or obligation of the State of Georgia or of any county, municipal corporation, or political subdivision thereof, nor shall any act of any authority in any manner constitute or result in the creation of an indebtedness of this state or of any such county, municipal corporation, or political subdivision.

O.C.G.A. Sec. 36-62-10

Note: A few LCAs require the local government to impose millage to repay bonds issued by its Constitutional development authority. Always check the LCA.
BECOME EXPERTS

- THE DEVELOPMENT AUTHORITY BOARD IS LIKE A “SUBJECT MATTER EXPERT”
- THE SUBJECT IS ECONOMIC DEVELOPMENT.

A leader takes people where they want to go. A great leader takes people where they don’t want to go, but ought to be.

Rosalynn Carter // Quoteistan.com
CREATION OF DEVELOPMENT AUTHORITIES AUTHORIZED.

Proposed Amendment to the Constitution.

No. 202 (House Resolution No. 399-912).

A Resolution.

Proposing an amendment to the Constitution so as to provide that the General Assembly may create Development Authorities or authorize any county or municipal corporation or combinations thereof to create Development Authorities and authorize such Authorities to issue revenue obligations for the purpose of developing industry, trade and employment opportunities; to provide for the submission of this amendment for ratification or rejection; and for other purposes.

Be it resolved by the General Assembly of Georgia:

Section 1. Article VII of Section VII of the Constitution is hereby amended by inserting between Paragraphs V and VI, a new Paragraph to be numbered Paragraph V-A and to read as follows:

"Paragraph V-A. Revenue Obligations Authorized. The development of trade, commerce, industry and employment opportunities is hereby declared to be a public purpose vital to the welfare of the people of this State. The General Assembly may create Development Authorities to promote and further such purposes or may authorize the creation of such Authority by any county or municipal corporation or combinations thereof under such uniform terms and conditions as it may deem necessary. The General Assembly may exempt from taxation Development Authority obligations, properties, activities or income and may authorize the issuance of Revenue Obligations by such Authorities which shall not constitute an indebtedness of the State within the meaning of Section VII of this Article.

The General Assembly may provide for the validation of any Revenue Obligations authorized, and that such validation shall thereafter be incontestable and conclusive."

Section 2. When the above proposed amendment to the Constitution shall have been agreed to by two-thirds of the members elected to each of the two branches of the General Assembly, and the same has been entered on their journals with the "Ayes" and "Nays" taken thereon, such proposed amendment shall be published and submitted as provided in Article XIII, Section I, Paragraph I of the Constitution of Georgia of 1945, as amended.

The ballot submitting the above proposed amendment shall have written or printed thereon the following:

"YES ( ) Shall the Constitution be amended so as to provide that the General Assembly may create Development Authorities or authorize any county or municipal corporation or combinations thereof to create Development Authorities and authorize such authorities to issue revenue obligations for the purpose of developing industry, trade and employment opportunities."

NO ( )

All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes". All persons desiring to vote against ratifying the proposed amendment shall vote "No".
You requested my opinion whether the Georgia Constitution permits “the use of public funds for incentives to directly benefit private corporations to spur economic development”....As you surmised, the prohibition against governmental gratuities has been interpreted to preclude direct grant payments to private entities in order to induce economic development. Unofficial Opinion No. U98-15, Georgia Attorney General.

**No Development Authority, No Cash or In-Kind Incentives**
WHERE DEVELOPMENT AUTHORITIES CAME FROM
IN ORDER TO USE AN AUTHORITY
- Action by legislature or local government needed
- Bylaws adopted
- Resolutions passed

HIERARCHY
- The law determines whether or not these actions are appropriate or even legal according to a hierarchy.

SOURCE
- The ultimate source of the hierarchy is the citizens of Georgia.
- But the hierarchy has several levels.
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

- THE PEOPLE
- THE PEOPLE'S REPRESENTATIVES (THE GENERAL ASSEMBLY)
- THE LOCAL GOVERNMENT (STATUTORY AUTHORITY)
  - ALSO APPOINTS DIRECTORS
- THE BOARD OF DIRECTORS
- OFFICERS
- STAFF
- ATTORNEY

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

CONSTITUTION (CONSTIT.)
GEORGIA CONSTITUTION (GA. CONST.)
SPECIFIC LAWS
APPLICABLE LAWS
ACTIVATING RESOLUTION
BYLAWS
BOARD OF DIRECTORS
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THE DEVELOPMENT OF DEVELOPMENT AUTHORITIES IN GEORGIA

TIMELINE

1945: Georgia’s 8th Constitution becomes effective
1963: Industrial Development Authorities Law becomes law
1968: Georgia Constitution amended to authorize development authorities
1969: Development Authorities Law becomes law
1976: Georgia’s 9th Constitution becomes effective
1981: Downtown Development Authorities Law becomes law
1983: Georgia’s 10th Constitution becomes effective
1987: Constitutional DAs lapse unless continued
2004: Counties authorized to belong to more than one JDA

1945: Constitutional DAs can be created
1963: Ind. Dev. Authorities can be activated
1969: Statutory Development Authorities can be activated
1981: Statutory Joint Development Authorities can be activated
1983: No new Const. DAs; option to continue old ones if act by 1987
THE GOVERNANCE OF DEVELOPMENT AUTHORITIES
THE LEVELS OF AUTHORITY

**BOARD**
- Statutory DA: 7-9 members; set by local government (can include 1 local government member); term (after first appointments) 4 years; majority of whole board to pass resolution
- Statutory DDA: 7 members (can include 1 local government member); term (after first appointments) 4 years
- Statutory JDA: all set by concurrent activating resolutions of local governments
- Constitutional authority- all set by LCA

**BYLAWS**
- Adopted by board
- Best practice: include only matters not dictated by governing law, such as officer terms, calling special meetings, meeting schedule
- Directors must comply with procedures in bylaws such as notice required before amending bylaws

**OFFICERS**
- Statutory DA, JDA and DDA: Chair and Vice Chair (both members), Secretary and Treasurer or Secretary-Treasurer (membership optional)
- Constitutional authority- all per LCA
WHERE DEVELOPMENT AUTHORITIES CAN ACT
THE LIMITS OF JURISDICTION

The limits of jurisdiction begin at the center and extend to where the arrow points.

- **ALL DDAs**
- **ALL CITY DEVELOPMENT AUTHORITIES**
- **ALL COUNTY DEVELOPMENT AUTHORITIES**
- **SOME CONSTITUTIONAL CITY DEVELOPMENT AUTHORITIES AND DDAs**
- **SOME CONSTITUTIONAL CITY DEVELOPMENT AUTHORITIES**

Statutory DDAs have citywide jurisdiction for certain PACE-type projects. JDAs—see next slide.
JOINT DEVELOPMENT AUTHORITIES

Joint development authority for East County and West County

JDA has jurisdiction over all blue areas (both counties and all cities)
Note- sometimes jurisdiction is limited in concurrent activating resolutions

Joint development authority for city in East County and for West County

JDA has jurisdiction over all blue areas (West County and all cities in West County, plus city in East County)
WHERE DEVELOPMENT AUTHORITY FUNDING COMES FROM
"ONE OF "DAN’S RULES FOR LIFE"

IF YOU’VE GOT MONEY, ANYTHING’S POSSIBLE.

IF YOU DON’T, NOTHING IS.
THE “POWER OF THE PURSE”

• DEVELOPMENT AUTHORITIES HAVE NO TAXING POWER
  • A FEW LCAs AUTHORIZE OR MANDATE LOCAL GOVERNMENT FINANCIAL SUPPORT OF ITS DEVELOPMENT AUTHORITY

• MOST DEVELOPMENT AUTHORITIES DEPEND ON THEIR LOCAL GOVERNMENTS FOR VOLUNTARY FINANCIAL SUPPORT
  • INITIAL “SEED MONEY” GRANT
  • ANNUAL APPROPRIATION
  • MULTIYEAR CONTRACT (IGA)
  • CITY AUTHORITIES- 3 MILL LIMITATION. O.C.G.A. Sec. 48-5-350
  • COUNTY AUTHORITIES- 1 MILL LIMITATION. O.C.G.A. Sec. 48-5-220(20)
THE “POWER OF THE PURSE”

• DDAs CAN ALSO EARN FEES FROM TRANSACTIONS SUCH AS BOND ISSUES
• STATE GRANTS AND LOANS ARE SOMETIMES AVAILABLE FOR PROGRAMS AND SPECIFIC PROJECTS
CONCLUSION
"The best way to stay out of trouble, is to know the rules." Dan McRae
QUESTIONS?

If you have any questions or comments on this presentation, please do not hesitate to let me know.

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