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CITY OF STATESBORO  
WORK SESSION MINUTES  
MAY 19, 2026

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Mayor & Council Work Session

50 East Main Street

3:30 PM

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A Work Session of the Statesboro City Council was held on May 19, 2026 at 3:30 p.m. in the Council Chambers at City Hall, 50 East Main Street. Present was Mayor Jonathan McCollar; Council Members: Tangie Johnson, John Riggs, and Shari Barr. Also present was City Clerk Leah Harden, City Attorney Cain Smith, City Manager Charles Penny, Assistant City Manager Jason Boyles and Public Affairs Manager Layne Phillips. Absent was Councilmembers Paulette Chavers and Ginny Hendley.

## 1. Quarterly Financial Report

Cindy West, Director of Finance presented the Third Quarter Financial Report through March 2026.

In the General Fund, 92% of revenues have been collected, which is higher than the same period in the prior year, driven by increases in insurance premium taxes, franchise taxes (notably Georgia Power), and property taxes. Expenditures exceeded the prior year by over \$1 million, primarily due to personnel costs, with 74% of the budget expended.

The Statesboro Fire Fund shows that revenues were relatively flat with 78% of budgeted revenues collected. Expenditures showed only a slight increase over the prior year due to personnel-related costs, with 72% of the budget expended.

Water & Sewer revenues were lower than the prior year, attributed to a decrease in water tap fees, sewer tap fees, and ATC fees resulting from fewer permits pulled. The fund had collected 69% of budgeted revenues, with expenditures flat at 70% of budget expended.

Stormwater revenues reflected only 19% of budget collected, a grant held in the fund is not recognized as revenue until reimbursement is requested. Expenditures were relatively flat at 76% of budget expended.

Natural Gas revenues showed a decrease attributable to reduced commercial and industrial usage. Expenditures reflected an approximately \$800,000 increase driven by fluctuating natural gas purchase prices, with 73% of the budget expended. Solid Waste Collection had an increase in rates that are reflected in higher revenues, with 74% of the budget collected. Expenditures were flat at 73% of budget expended.

Solid Waste Disposal revenues were up from the prior year largely due to the sale of a piece of equipment totaling approximately \$260,000. Expenditures showed a significant decrease compared to the prior year, which was attributed to reduced contract labor services following Hurricane Helene cleanup activity in the prior period. 71% of the budget had been expended.

SPLOST & TSPLOST: Ms. West noted that collections generally followed a seasonal trend. The 2026 trend was higher than July through October, dipped below prior-year levels from November through December, saw an increase in January, and was trending upward again in March. It was noted that retailer remittances to the state are delayed by approximately one month, so January collections reflect December consumer spending.

Hotel/Motel Tax: Collections were approximately \$20,000 below the prior year through March.

## 2. Data Centers

Director of Planning and Development Justin Williams, presented the proposed Unified Development Code amendment introducing a new Section 2.40.14 governing data centers. This presentation mirrored what had been delivered to the Planning Commission, which had recommended adoption of the ordinance as presented.

The ordinance establishes two tiers of data center facilities. An edge data center is defined as a facility on a maximum of 50 acres, and a hyper-scale data center is defined as a facility on a maximum of 200 acres — the threshold above

which a Development of Regional Impact review would be triggered at the state level. Sensitive receptors are defined as churches, schools, residences, and similar nearby land uses.

Edge and hyper-scale facilities would be permitted in Highway Oriented Commercial, Light Industrial, Mixed Use, and Office zoning districts, with the caveat that hyper-scale facilities would not be allowed in Mixed Use or Office districts. Edge facilities require a 75-foot setback from sensitive receptors and a 50-foot minimum vegetated buffer. Hyper-scale facilities require a 300-foot setback from sensitive receptors and a 200-foot vegetated buffer, planted with species from the City's approved tree list and supplemented by fencing.

All facilities, regardless of size, must connect to municipal sewer and water and must use closed-loop water cooling systems. A water management plan detailing peak usage is required. A noise study establishing the ambient noise level at a given location is required. Facilities may not exceed the ambient level, with a general cap of 50 decibels. The UDC Administrator may require compliance with the Georgia Stormwater Management Manual. A 35% tree canopy requirement applies, with provisions to incentivize preservation of wetland areas that may not meet the Corps of Engineers' formal classification threshold. Roof-mounted equipment must be screened by parapet walls or full enclosure. Maximum building height is established at 65 feet, with allowance to 75 feet in specified circumstances.

Applicants are required to submit a report documenting the positives of the project. A decommissioning plan must also be provided, ensuring that should the facility become defunct, all IT infrastructure will be removed and the building returned to a condition suitable for general commercial use. A special use permit has a 24-month clock within which the permittee must commence action. The process begins with a pre-application consultation meeting, followed optionally by a letter of allowance regarding power infrastructure, a Right Start meeting, any necessary zoning map amendment, and concurrent special use permit consideration by the City Council. The first reading is at the council meeting this evening.

Mayor Pro Tem Shari Barr asked what the alternatives were. Justin Williams stated one of the alternatives is the outright prohibition of hyper-scale facilities, effectively capping all data center development at 50 acres. The substitute also incorporates additional environmental language, including bio-swales as a permitted infiltration measure and language drawn from feedback provided by Greenboro regarding green infrastructure standards.

City Manager Charles Penny stated there was some language that was not included and that was data centers be permitted only on previously developed land, prohibiting the clearing of woodland areas. After discussion, Council and staff generally did not support incorporating this restriction into the ordinance, noting that no such requirement is imposed on other types of commercial development outside of wetland protections administered by the Corps of Engineers.

Council members who had participated in a tour of data center facilities in the Atlanta area, including sites in Alpharetta and Social Circle (Meta), noted that edge centers in particular were visually indistinguishable from standard office or bank buildings and produced no perceptible noise at the property line. The Mayor expressed confidence that the City's infrastructure could accommodate edge-scale facilities and suggested that hyper-scale development might be more appropriate for the county. Council generally appeared to align with the more stringent substitute ordinance prohibiting hyper-scale facilities.

Mayor Pro Tem Shari Barr, recommended that the ordinance use dBC (which captures low-frequency vibrations) rather than dBA measurements, as dBC accounts for sub-audible bass frequencies that can be disruptive over time. Staff acknowledged the comment and noted that consideration of dBC was included in the revised language.

Council discussed whether language encouraging the use of reclaimed or non-potable water for cooling should be mandatory rather than aspirational. City Manager Charles Penny cautioned that mandating reclaimed water use could impose corresponding infrastructure obligations on the City, noting that currently only Georgia Southern University uses the City's gray water system. Staff agreed that language encouraging use — rather than requiring it — was the appropriate approach at this stage, with the expectation that revenue from future data centers could fund infrastructure expansion over time.

City Attorney Cain Smith, clarified that because the ordinance had not yet received a first reading before the City Council, the substitute (more stringent) version could be brought forward for first reading at the regular 5:30 p.m. session that evening without the matter having to return to the Planning Commission. Any substantive changes made after a first reading would restart the process, but no such change had yet occurred.

City Manager Charles Penny also noted that a public hearing had been advertised for the 5:30 p.m. meeting and encouraged Council to hear public comment before taking action. Council retained full discretion over whether to proceed to a vote following the public hearing.

### **3. Old Register TAD Bank Proposals**

Doug Gebhardt with Davenport & Company presented the results of the Request for Proposals process for permanent financing of the Old Register Tax Allocation District (TAD) bond.

Back in 2019, the City issued a \$4,750,000 bond to fund public infrastructure — roads, sidewalks, and related improvements — within the Old Register TAD district. The bond was structured as an interest-only instrument while development came online. Due in part to the COVID-19 pandemic, the bond was rolled forward at its 2023 maturity. With the next maturity approaching in August 2026, staff and financial advisors recommended moving to permanent, fully-termed financing.

The RFP was distributed to local, regional, and national lending institutions. Two proposals were received: one from Queensborough Bank and one from Truist Bank. Mr. Gebhardt explained that the limited response pool was expected given the 20-year term sought and the specialized nature of TAD financing, which relies solely on district revenues rather than the City's full faith and credit. Truist Bank's proposal was deemed non-compliant, as it proposed a shorter term, a variable rate, and an amortization structure incompatible with the City's projected cash flows.

The recommended proposal from Queensborough Bank offers a 20-year fixed-rate term at 4.6% interest with no closing costs, and an anticipated closing date of June 16. Mr. Gebhardt highlighted that the fire station financing completed at the end of the prior year carried a 4.5% rate with the City's full faith and credit pledged; the fact that a TAD-backed obligation achieved a rate only 0.1% higher was characterized as "a tremendous outcome" and "a real home run." The planning rate used in the prior work session presentation had been 5%, making the final rate nearly a half-percent below projections.

Staff negotiated with Queensborough Bank to include an extraordinary prepayment provision allowing the City to apply surplus TAD revenues to retire the bond ahead of schedule without triggering prepayment penalties, provided the payoff comes from surplus funds rather than a third-party refinancing. This preserves the City's ability to accelerate debt retirement as TAD revenues grow.

The debt service schedule is structured to ramp up gradually in early years, allowing TAD revenues to accrue. Cash flow projections were described as extremely conservative, assuming a decline in assessed values related to a FLOST reduction in fiscal year 2027, no future development beyond existing projects, only 1% annual revenue growth, and no millage rate increases related to fire fees. Even under these conservative assumptions, projected revenues are sufficient to service the debt and satisfy the bullet maturity at the end of the term. Staff noted that dirt was already moving on a new development site across from the clubhouse in the district, suggesting revenues could grow more quickly than modeled.

Closing costs and any interest payment due at closing will be paid from existing cash in the TAD fund, as the authorizing redevelopment plan caps the bond at \$4,750,000.

In addition to the bond resolution, Queensborough Bank requested that the City adopt an assurance resolution — a non-binding commitment that, in the event something were to happen to the TAD district, the City would make debt service payments to prevent a default. This mirrors the approach taken at the 2023 refinancing.

Following Council adoption of both the bond resolution and the assurance resolution at the 5:30 p.m. regular meeting, bond counsel John Pannell will initiate the bond validation process through the courts, with closing scheduled for June 16.

### **4. Human Resources Items**

Demetrius Bynes, Human Resources Director presented updates on the City's employee and retiree health insurance program. The city is self-funded for health insurance meaning annually the city budgets to pay for health claims. For a number of years the City's benefits plan year ran from January 1 through December 31. To better align the health fund with the City's fiscal year and improve budgeting accuracy, the City transitioned to a shortened plan year running January 1, 2026 through June 30, 2026, after which a standard 12-month plan year aligned with the fiscal year will commence on July 1, 2026.

The next item Mr. Bynes addressed was insurance premiums stating that there has been no increase to employee health insurance premiums since he joined the organization in November 2019 — a span of approximately six years. There is being recommended an across the board premium increase for active employees of 15% effective fiscal year 2027. Research conducted by staff found no comparable governmental organization in the region that had gone six years without a premium increase; some had increased premiums five times during that same period. The recommendation was framed as an overdue but reasonable adjustment given the continued rise in healthcare costs. To mitigate the impact

on employees of moving from a 12-month to a 6-month deductible period, the City is grandfathering all amounts paid toward deductibles and out-of-pocket maximums during the short plan year. These balances will carry forward into the new plan year beginning July 1, effectively giving employees an 18-month period to meet their annual cost-sharing obligations.

The City currently provides health insurance coverage to 20 retirees and their dependents. Retiree eligibility requires age 55 with 25 years of service or 30 years of service for public safety employees, and 30 years of service for non-public safety employees. Coverage extends to the retiree until age 65, when Medicare eligibility begins. Spouses are currently covered until they reach age 65, and dependent children are covered to age 26.

Since January 1, 2022, the City has paid \$1,400,000 in health claims for retirees and their families. The average monthly cost per retiree to the plan is \$1,849, compared to \$1,073 for active employees — a disparity consistent with the generally older age profile of the retiree population.

A premium increase for retirees was recommended, aligning the monthly retiree premium with what active employees pay on a biweekly basis. Currently retirees pay as little as \$80.70 per month for certain coverage tiers; the recommended rates would bring these to levels consistent with active employee contributions, such as \$147.56 per month for employee-only coverage and \$303.49 per month for employee-plus-spouse. Demetrius Bynes emphasized that even at the increased rates, the City's plan remains competitive with comparable governmental plans surveyed from Liberty County, the City of Savannah, and the City of Pooler. The effective date for retiree premium increases was recommended as January 1, 2027, allowing time to notify retirees and for them to adjust their financial planning.

Council discussed whether the City should discontinue subsidized coverage for a retiree's younger spouse when the retiree ages out at 65. After discussion, consensus was reached to preserve the benefit for the two or three spouses currently enrolled under this provision, but to end the benefit for any new retirees going forward — meaning that when a future retiree reaches age 65 and exits the plan, their spouse would exit simultaneously. It was noted that any spouse removed from the plan would have access to COBRA coverage (at full cost plus administration) or the private market and exchange. None of the 20 current retirees paid into their pension — the City funded the benefit entirely. Council affirmed its commitment to supporting employees and retirees while recognizing the need to bring contribution levels into greater alignment with market norms.

## **5. Retail Recruiter**

City Manager Charles Penny presented a recommendation of transitioning the City's retail recruitment function from its current home within Georgia Southern University's Business Innovation Group to the Development Authority of Bulloch County (DABC).

The City entered into an agreement with Georgia Southern's Business Innovation Group in 2022 to host the position. That contract is set to expire at the end of June 2026; the most recent renewal was a one-year agreement, during which the city signaled to Georgia Southern that a transition was under consideration.

Mr. Penny credited the position and its current occupant, Alan Gross, with a number of notable achievements, including the recruitment of HomeGoods and Academy Sports, progress toward securing a national retail tenant for the former Kmart Plaza, and the City being selected by Georgia Power as its first "Retail Ready City" through their economic development team.

Mr. Penny cited several reasons for the proposed move. The Development Authority has created a new five-year strategic plan that broadens its mission to encompass retail recruitment, and the recruiter has already worked closely with DABC over the past four years. The current annual expenditure for the position — covering salary, travel, and operating expenses — is approximately \$125,000. The proposed agreement with DABC would increase that to approximately \$135,000, with incremental increases in subsequent years. The intergovernmental agreement between the City and DABC is on the 5:30 p.m. regular session agenda and is expected to go before the Development Authority Board on June 9.

Mayor McCollar noted that the partnership between the retail recruiter and the Development Authority was a natural alignment, and commended the work Alan Gross has done engaging directly with downtown businesses and building relationships at the grassroots level. Council raised no objections.

The City Manager provided an informational update regarding the City's \$15,500,000 line of credit with the Georgia Environmental Finance Authority (GEFA), originally established in 2019 for the Creek on Blue Mile project. Approximately \$12,000 had been drawn on the line, and a prior extension had been obtained following the City

Manager's arrival. The line has now run its course, and GEFA indicated it was unwilling to grant a further multi-year extension, as the funds could be deployed elsewhere. However, GEFA committed to the following: the City may continue using an existing approximately \$5,000,000 grant to fund ongoing engineering costs; the City is to repay the approximately \$6,000 currently outstanding on the line of credit and close it out; and when the City is ready to proceed to construction, GEFA committed to make the loan available at the original 2.25% interest rate for a 30-year term. The City has not yet responded in writing to GEFA but intends to document this commitment formally. The City Manager emphasized the significance of securing a 2.25% long-term rate for future construction financing. No action was requested at this session; the item was presented for Council's awareness.

The meeting was adjourned at 5:03 pm

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Jonathan McCollar, Mayor

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Leah Harden, City Clerk