

Director's Report – Mrs. Maria Mullins

Acknowledging the meeting length at present, Mrs. Mullins briefly discussed the following topics with the Authority:

- Distributed a copy for review the latest copy of *Georgia County Government*, which features DeKalb County's "Unity Government" on the front cover, which includes an article regarding the CEO and all County Commissioners
- Showed the Board the draft of the Development Authority's Operations Guide
- Memorandum of Understanding (MOU) – The MOU identified the scope of services and cooperation from the DeKalb Office of Economic Development to Development Authority of DeKalb County (memo on Authority file). The Board was informed that it will be released as of April 14 based on the Board's vote in February.
- Key Projects – 1) Governor Sonny Purdue has agreed to give the Authority a \$250,000 REBA grant, as a conduit to give to Project Cosmos (Korean auto related headquarters project) to help land in DeKalb. DeKalb is competing with Chicago and; 2) Working in partnership with Sembler Company to land a retail related headquarters from San Francisco at one of their sites (competing with Houston)

Acknowledgement of Meeting Attendees – Dr. Eugene Walker

Dr. Walker acknowledged the presence of several meeting attendees who were not scheduled to speak and invited them to address the Board. They included Dr. Michael Bell, Mr. Richard Cathy, KPMG, Mr. Mike Cerione, KPMG and Mr. Jesse "Jay" Cunningham, Jr., DeKalb County School Board.

Dr. Bell spoke about the Sembler Company project, indicating that there was a validation of \$244 million worth of bonds to help do the project located on Peachtree Industrial Boulevard. He stated that this validation had a ten year property tax abatement; paying 35% in the first year and paying 100% in the tenth year. He reminded the Board of the economic conditions that we (County) were in now. The request was made to the County government to look at 100% property tax abatement for 20 years.

According to Dr. Bell, DeKalb CEO Burrell Ellis asked that he would look at this request. Dr. Bell said that the property taxes not paid in Sembler's analysis is offset by the one percent HOST (Homestead Options Sales Tax) that's paid to the County on retail transactions and the Board of Education's SPLOST (Special Purpose Local Option Sales Tax) that's paid on transactions to the Board of Education. He suggested that in the last analysis that was reviewed on April 13, there were economic assumptions which were too aggressive. Dr. Bell cited several examples such as 24 restaurants in the facility (Sembler project) "kicking off something like" \$1.7 million each and the grocery operation anticipating to "kick off" \$35 million per year in gross revenue. He stated that in simplistic terms, this amounted to \$436 per week for groceries per apartment. In his point of view, when looking at the retail assumptions, which is where the County and the Board of Education would "get back something" for this 20 year forgiveness versus property taxes, the big risk is to the Board of Education.

Dr. Bell informed the Board that SPLOST had been approved by the voters (DeKalb) four times in a row. However, if the voters were to disapprove it at least one time, it would represent a \$10 million comeback to the Board of Education that will not be there. Dr. Bell continued by saying that if the Board of Education's position was to compensate for not having SPLOST money by raising the millage rate, then it would already be forgiven. According to Dr. Bell, the project will add 470 additional apartments than what was there. He

Board that if one assumes that of the 470 apartments, every other apartment produces one more child would be an expense of \$6,000 to the Board of Education for each child. He referenced comments from DeKalb Tax Commissioners Office, which was quoted recently as saying that it was going to be a very difficult time to collect taxes because of digest issues that both the County and Board of Education were dealing with.

Dr. Bell shared that both Sembler and KPMG had done a good job but overall the assumptions on the retail side are too aggressive. He added that his advice was that the present deal on the table of the 10-year forgiveness is probably what the government should do and that based on what he is dealing with regarding the Board of Commissioners, they (as well as the Board of Education) should be informed before this is done.

Dr. Bell stated that using \$140 million that's driving the property tax forgiveness equates to forgiveness over 20 years of about \$60 million. Based on a millage rate ratio, \$35 million of the forgiveness would be the Board of Education. Dr. Bell stated that if the deal were structured on \$200 million, then that factor goes up to \$88 million and the Board of Education's part rises above the \$35 million as it has a higher millage rate (percentage ratio) than the County. He urged that communication take place with Mr. Fuqua (Jeff) about "where the project is" adding that "these projects all over the area are in distress." Dr. Bell noted that it was important to "keep it going but we (County) must think of the taxpayer on the other side."

Mr. McBrayer asked if the deal on the table right now is a 10 year deal. Dr. Bell deferred to Mr. Worthy as to what was approved. Mr. Worthy stated that the abatement period is 10 years. Dr. Bell informed the Board that the project pays 35% of the property taxes in the first year and rises to 100% in the tenth year. Mr. Worthy then corrected Dr. Bell stating that 100 percent of property taxes were payable in the eleventh year. Dr. Bell added that what was being requested in the new structure was 100% abatement for 20 years.

Dr. Walker stated that he and Dr. Bell have a fundamental disagreement on this issue. He stated that what Dr. Bell sees as fact, he sees as assumptions, and considers them faulty to some degree. Dr. Walker stressed that he is charged with growing development and wealth in the County, adding that Dr. Bell did not mention the jobs that would be created and increased value generated. According to Dr. Walker, Dr. Bell is talking about forgiving something that the County does not have yet. He noted that if the development does not take place, the County will not have the type of commercial tax that Dr. Bell is referring to. Dr. Walker added that what the Development Authority would (by supporting this project), create a situation where in lieu of Sembler sending the commercial taxes generated to the County and the School Board (DeKalb) they would reinvest it in developing the property for 20 years. Dr. Walker explained that this would be an investment, not forgiveness or a throwaway. He emphasized that the Development Authority would not act until it had received "face-time" with the CEO (Burrell Ellis).

Mr. Irons told Dr. Bell that most of what he said was negative and asked if in his analysis had there been anything positive. Dr. Bell indicated that he had been to the Sembler site and shared his observations. Dr. Bell noted that as of September 2008, the economics of these projects (major mixed used developments) changed dramatically. He stated that if the assumptions that Sembler are making about the project could be guaranteed and other factors controlled - such as taxpayers continuing to pass SPLOST, he would feel more confident when looking at the project long-term. Mr. Irons stressed that he was looking for a more positive or "fair and balanced" presentation of this project (whether prepared or unprepared). Acknowledging Mr. Irons' request, Dr. Walker apologized to the Board for the unplanned discussion, stating that he wanted to give Dr. Bell an opportunity to speak because he was in attendance. Dr. Walker informed Mrs. Mullins that he felt it necessary to allow the Sembler representatives from KPMG an opportunity to speak as well.

Mr. Mike Cerione, Senior Manager, KPMG distributed a hand-out to the Board. He informed the Authority that there were direct and indirect benefits to the citizens and the government of DeKalb County. Mr. Cerione stated that they had to make assumptions in their analysis but used comparable store revenues at other projects in DeKalb County. According to Mr. Cerione, estimates such as square foot revenue and sales tax revenue were made very conservatively, even discounting occupancy levels by 10% - well below normal estimates. Mr.

Richard Cathy, Senior Manager, KPMG, explained that their role in the project was to serve as tax and economic analysts on behalf of the Sembler Company. Mr. Cathy stated that some adjustments were made for their discussion with Dr. Bell (millage rate adjustments). KPMG projects that the 20-year net cost and benefit to the County (both governing authority and school board revenues) are \$51,000,000 and \$110,600,000 respectively, assuming SPLOST is kept in place. According to Mr. Cathy, this would create a 2:1 ratio of reinvestment back to the County and 900 to 1,100 net new jobs would be created. Mr. Cathy disagreed with the suggestion made by Dr. Bell that the Publix would be there only for the 1,000 apartment dwellers is misleading, adding that the major grocery store chain is building the store for the community. KPMG concluded by focusing the Board's attention to the benefits such as the tertiary impact, the increased revenue in MARTA optional sales tax, and the costs to the County that will be supplemented because the project plans to provide a certain amount of services, i.e., security, etc. He stressed that the County's service cost would be for about 440 new apartment dwellers because 560 apartments are already being served by the County.

Mrs. Mullins stated that the key to what Dr. Bell said was based on the fact that it was developed last night (April 13). She added that some of the discussion is preliminary and praised the hard work of all the parties involved such as Sembler, KPMG, Dr. Bell and the DeKalb County Finance Department. She stated that the project is important to the County.

Dr. Walker acknowledged the presence of Mr. Jesse "Jay" Cunningham, a DeKalb County School Board Member, and allowed him to share his opinion. Mr. Cunningham, who is Chair of the School Board's Budget Committee for the upcoming year, stated that it was prudent for the School Board to get information from key parties that affect them. He added that he would like to have the County and the Development Authority share information, even the smallest details, especially if it could impact the School Board financially.

Mr. Cerione informed the Board that on the 52-acre project site, Buildings "B" and "C" are currently constructed and property taxes will be generated from these properties. He added that the abatement is for Building "D", which is the third residential building.

DeKalb Chamber of Commerce: 2009 – 2011 Strategic Plan Overview – Mr. Leonardo McClarty

Mr. Leonardo McClarty shared the DeKalb Chamber's 2009 – 2011 Strategic Plan Overview with the Board. He stated that the Chamber was seeking accreditation to the U.S. Chamber, as many neighboring Chambers are accredited. He informed the Board that this year's Board Chairman was Mr. Charles York, President of Cornerstone Bank. Additionally, he informed the Board of the following:

- Revised mission statement
- Chamber is inclusive in nature
- Chamber engage members more at least once a year
- 7 Goals & Objectives
- Marketing Task Force
  - How do we brand the DeKalb Chamber better?
  - How are we getting our message across?
  - Redesign of website
  - How do we engage social networks?
  - Focus on fundraising efforts and membership – full-time membership director
  - DeKalb Chamber presently has a staff of seven (7)

Mr. Patrick Putnam, Resurgens Bank, and past Chair of the Chamber, informed the Board of its good capital campaign and he commended the good work that Mr. McClarty has done. Mrs. Turner asked about the DeKalb Chamber's interaction with other Chambers like the Metro Atlanta Chamber of Commerce, etc. Several Board members exuded praise for both the professional and personal growth