

**DEVELOPMENT AUTHORITY OF FULTON COUNTY
REGULAR MEETING HELD ON
TUESDAY, NOVEMBER 13, 2018 AT 2:00 P.M.
IN THE SUITE 2052 (PEACHTREE LEVEL) CONFERENCE ROOM
FULTON COUNTY GOVERNMENT CENTER BUILDING**

MINUTES

Present were the following Members of the Authority:

Mr. Robert J. Shaw – Chairman
Mr. Steve Broadbent – Vice Chairman
Dr. Samuel D. Jolley, Jr. – Secretary
Mr. Walter Metze – Treasurer
Mr. Sam Bacote – Board Member
Mr. Michel Turpeau – Board Member
Ms. Sarah Cash – Board Member

Also present were Mr. Al Nash, CEO/Executive Director, Ms. Sandra Z. Zayac, Ms. Shelby Uribe, and Ms. Lauren Woodyard, attorneys for the Authority, Ms. Doris Coleman, Ms. Sabrina Kirkland, Ms. Marva Bryan, and Mr. Samir Abdullahi, staff of the Authority were also present.

Chairman Shaw called the meeting to order and Dr. Jolley gave the invocation.

RECOGNITION OF VISITORS: Also present were Commissioner Hausmann, Mr. Edward Leidelmejer of Commissioner Hausmann’s office, Commissioner Morris, Ms. Jenn Thomas of Commissioner Morris’ office, Ms. Erica Long of Atlanta Public Schools, Mr. Michael Davis of Connect South Fulton, and Mr. Anthony Grant of the City of Atlanta Office of Housing and Community Development.

OLD BUSINESS:

Final Bond Resolution for Westside Village Atlanta, LLC (“Westside Village”): Ms. Amber Pelot of Alston & Bird LLP, Mr. Brandon Ashkouti of Eden Rock Real Estate Partners, Mr. Adam Zuckerman of Stein Investment Group, and Mr. Bernie Tokarz of Cloverhurst Consulting appeared in connection with the request for a final bond resolution for the issuance of \$30,000,000 in revenue bonds to finance the development of an approximately 90,000 square foot mixed-use retail project to be located approximately 2.5 miles west of Midtown, Atlanta. Mr. Ashkouti provided background on the location of the project, including that it is a transitioning area that was historically industrial, has recently seen residential growth, and continues to lack real commercial growth. Mr. Ashkouti explained that residents in the area are having to drive 15 to 20 minutes for neighborhood and retail services, such as daycares, doctor’s offices, and other regular destinations. Mr. Ashkouti discussed that additional costs of the project would include approximately \$2,000,000 for transportation and other infrastructure improvements, approximately \$200,000 for asbestos remediation, approximately \$175,000 for the demolition of existing structures, approximately \$1,200,000 for home water management, a water main relocation, and a 15% to 20% premium for the adaptive reuse of an existing building that was specifically requested by the neighborhood. Mr. Ashkouti emphasized that without the incentives provided by the Authority, they would be unable to move forward with the project as

presented and would consider various exit strategies, including reducing the size of the project, selling the project, or finding lower quality retailers. Mr. Ashkouti highlighted the fact that lower quality retailers could include fast food restaurants and dollar stores, which would not contribute as much to the tax base. Mr. Ashkouti further explained that the project as presented would generate approximately \$3,800,000 in property taxes over a ten-year period, compared to only \$470,000 in property taxes over a ten-year period if the property was left in its current condition, and that the project would create approximately 200 permanent jobs and 100 construction jobs. Mr. Ashkouti added that just in the last month, the project received approximately 120 emails of support from Neighborhood Planning Units, chairpersons, and neighbors in the area. Mr. Nash recommended approval of the project and commended the developer's efforts in working with the community. Upon questions from the Authority, Mr. Ashkouti explained that some of the prospective tenants are Minority and Female Business Enterprise ("MFBE") owned businesses. Upon a motion made by Mr. Broadbent, which was seconded by Dr. Jolley, the Authority unanimously approved the final bond resolution for Westside Village.

Final Bond Resolution for 8West Holdings, LLC ("8West Holdings"): Mr. Woody Vaughan of Holland & Knight LLP appeared in connection with the request for a final bond resolution for the issuance of \$55,000,000 in revenue bonds to finance the development of an office and retail development to be located at Marietta Street, Howell Mill Road, and 8th Street. Mr. Vaughan reminded the Authority that the project would include realigning streets, creating many new jobs, and providing an opportunity to reengage with the Georgia Institute of Technology campus. Mr. Nash added that the project would be located in the Beltline Tax Allocation District ("TAD"), they had met with the Beltline, and they had received positive feedback from Beltline leadership. Mr. Nash further added that the property is currently generating very little in property taxes, which will significantly increase with the \$55,000,000 investment, and recommended approval. Upon a motion made by Dr. Jolley, which was seconded by Ms. Cash and Mr. Broadbent, the Authority unanimously approved the final bond resolution for 8West Holdings.

Final Bond Resolution for Peachtree Phipps, LLC ("Peachtree Phipps"); Peachtree Office, LLC ("Peachtree Office"); and Peachtree PropCo, LLC ("Peachtree PropCo," and together with Peachtree Phipps and Peachtree Office, the "Belk Redevelopment"): Mr. Jim Woodward of Gray Pannell & Woodward, LLP and Mr. Patrick Peterman of Simon Property Group appeared in connection with the request for (i) a final bond resolution for the issuance of \$60,700,000 in revenue bonds for Peachtree Phipps to finance the development of the retail portion of the Belk Redevelopment; (ii) a final bond resolution for the issuance of \$90,200,000 in revenue bonds for Peachtree Office to finance the development of the office portion of the Belk Redevelopment; and (iii) a final bond resolution for the issuance of \$63,300,000 in revenue bonds for Peachtree PropCo to finance the development of the hotel portion of the Belk Redevelopment. Mr. Woodward reminded the Authority that the project had previously received a letter of inducement from the Authority in December 2017, the project had since been divided into three separate transactions, and the three transactions were all part of the same project that was originally induced to be developed by Simon Property Group. Mr. Peterman provided background on the project site, including that the Belk department store at Phipps Plaza closed in July 2018, the current decline in the retail market across the county caused concern for how to repurpose the site, and the proposed project would only include development on the Belk parcel. Mr. Peterman specified that the project would include the demolition of the Belk department store and the construction of an approximately 350,000 square foot office building, 160,000 square foot hotel with restaurant, 90,000 square foot fitness center, 18,000 square foot exterior

event space and new parking garage, and 40,000 square feet of retail. Mr. Woodward added that the project would include approximately \$12,000,000 in additional costs to provide a public pocket park on Phipps Boulevard and a public outdoor event venue on the plaza level, realign streets, provide streetlights, construct a staircase on the street level to the plaza level, and rebuild and relocate a fire station. Mr. Nash reiterated that the project site would only include the approximately 3 acre Belk parcel and would not include the entire Phipps Plaza. Mr. Nash further addressed how trends toward increased online sales continued to create difficult choices for developers on how to redevelop certain properties. Mr. Nash explained that this was particularly true for Simon Property Group as it is a global company with choices on where to deploy its capital and that Fulton County won this opportunity. Mr. Nash added that the current fair market value of the parcel is approximately \$8,500,000 and that a \$250,000,000 investment would generate significantly more in property taxes. Upon further questions from the Authority, Mr. Peterman explained that the property had an existing fire station whose lease had expired and Simon Property Group would be building a new fire station to lease to the City of Atlanta. Upon further questions from the Authority, Mr. Peterman explained that Simon Property Group would be funding construction for the new fire station and that the City of Atlanta would make rental payments pursuant to the lease. Upon further questions from the Authority, Mr. Peterman informed the Authority of the developer's commitment to use MFBEs. Upon further questions from the Authority, Mr. Peterman discussed that given Simon Property Group's presence in Europe, Asia, Mexico, and the United States and its finite amount of capital, Simon Property Group is very selective on where it will deploy its capital. Mr. Peterman added that Simon Property Group decided to deploy capital in Fulton County, which would not have been done without the incentive. Upon a motion made by Mr. Turpeau, which was seconded by Mr. Metze, the Authority unanimously approved the final bond resolutions for Peachtree Phipps, Peachtree Office, and Peachtree PropCo.

Final Bond Resolution for 1389 Peachtree Street, LP ("1389 Peachtree"); 1401 Peachtree Street, LP ("1401 Peachtree"); and 1409 Peachtree Street, LP ("1409 Peachtree," and together with 1389 Peachtree and 1401 Peachtree, the "Parkside Partners Project"): Mr. Jim Woodward of Gray Pannell & Woodward, LLP and Mr. Eli Green of Parkside Partners appeared in connection with the request for (i) a final bond resolution for the issuance of \$18,000,000 in revenue bonds for 1389 Peachtree; (ii) a final bond resolution for the issuance of \$36,000,000 in revenue bonds for 1401 Peachtree; and (iii) a final bond resolution for the issuance of \$8,000,000 in revenue bonds for 1409 Peachtree. Mr. Woodward reminded the Authority that the Parkside Partners Project had previously received a letter of inducement from the Authority in April 2018 and provided an update, including that they are in the process of terminating all of the existing leases, the office buildings are almost entirely vacant, and that the office buildings should be completely vacant by the end of the month. Mr. Woodward explained that the Parkside Partners Project had been divided into three separate transactions, one for each office building, and the three transactions were all part of the same project that was originally induced. Mr. Green explained that the Parkside Partners Project would consist of a major rehabilitation and renovation to the three existing Class C smaller office buildings on Peachtree Street and 17th Street. Mr. Green specified that the project would include new elevators, roofs, HVAC systems, an approximately 300 feet linear park along the Peachtree Street frontage of the three office buildings, a small pocket park, and critical safety repairs to existing parking decks that were not structurally sound. Mr. Green added that any incentive offered by the Authority would pass through 100% to future tenants. Mr. Green emphasized that the incentive is a critical part in negotiating leases with future tenants and encouraging businesses to locate there, especially since the area has largely

been overlooked over the past several years. Mr. Nash commended the developer's efforts in working with Midtown Alliance to create community improvements and recommended approval. Upon questions from the Authority, Mr. Green explained that they had entered into a Letter of Intent for two of the three leases, one for a 10-year lease and the other for a 15-year lease. Upon further questions from the Authority, Mr. Green informed the Authority that before they purchased the property in 2017, the office buildings were at 60% occupancy and had very short-term leases. Upon a motion made by Mr. Broadbent, which was seconded by Mr. Turpeau, the Authority unanimously approved the final bond resolutions for 1389 Peachtree, 1401 Peachtree, and 1409 Peachtree.

Final Bond Resolution for NF III Atlanta Midtown, LLC ("NF III") and UGP – 53 Fourteenth Street, LLC ("UGP," and together with NF III, the "Noble AC/MOXY Project"): Ms. Caryl Smith of Hunton Andrews Kurth LLP and Mr. Ben Brunt of Noble Investment Group appeared in connection with the request for (i) a final bond resolution for the issuance of \$51,000,000 in revenue bonds for NF III to finance the development of the hotel portion of the Noble AC/MOXY Project; and (ii) a final bond resolution for the issuance of \$9,000,000 in revenue bonds for UGP to finance the development of the parking garage portion of the Noble AC/MOXY Project. Ms. Smith reminded the Authority that the Noble AC/MOXY Project had previously received a letter of inducement from the Authority in April 2016 and explained that despite beginning construction, they had to wait to come for a final bond resolution until the property ownership issues were worked out between Noble Investment Group and InterPark Holdings. Ms. Smith explained that the Noble AC/MOXY Project had been divided into two separate transactions because the hotel and parking garage are owned by two separate entities. Mr. Brunt emphasized that they would have been unable to do the project without the Authority. Mr. Brunt informed the Authority that they are scheduled to open the hotel and parking garage in January 2019 and they are currently in the process of incorporating furniture, fixtures, and equipment and training employees. Mr. Brunt explained that the project would include an AC Hotel by Marriott and MOXY by Marriott hotel, with approximately 70 full-time employees serving both hotels. Mr. Brunt further explained that the AC Hotel by Marriott would have frontage on 14th Street and the MOXY by Marriott hotel would have a separate entrance on 13th Street, which will revitalize 13th Street. Mr. Brunt discussed some additional costs of the project, including rebuilding storm and sanitary sewer systems and implementing infrastructure that would benefit the entire block. Mr. Brunt explained that they have been working extensively with Midtown Alliance and have agreed to build a public walking path between 13th and 14th Street that will eventually become part of the Atlanta Art Walk, which will lead from the Woodruff Arts Center to the 10th Street MARTA Station. Mr. Brunt concluded that without a partnership with the Authority, the Noble AC/MOXY Project would not have been completed. Mr. Nash commended their efforts in working with Midtown Alliance to provide connectivity from MARTA throughout the area. Mr. Nash added that the project would create new tax dollars to the City of Atlanta, the project would generate significant hotel and motel taxes, and recommended approval. Upon a motion made by Dr. Jolley, which was seconded by Ms. Cash, the Authority unanimously approved the final bond resolutions for NF III and UGP.

Final Bond Resolution for Crown Linen, LLC ("Crown Linen"): Mr. Bruce McCall of Miller & Martin PLLC appeared in connection with the request for a final bond resolution for the issuance of \$25,000,000 in revenue bonds to finance the development of an approximately 155,000 square foot state-of-the-art professional laundry operation and warehousing facility in the City of Fairburn. Mr. McCall informed the Authority that the project would serve the entertainment

industry, including hotels, and create approximately 400 full-time jobs. Mr. McCall explained that the project had significant site challenges, including an additional cost of \$4,000,000 for site improvements at the corner of Creekwood Road. Mr. McCall further explained that the topography was not conducive to constructing an operational building, which required additional site improvements to be able to use the facility. Mr. Nash emphasized that because of the severe site challenges, the property had been previously passed over for development. Mr. Nash explained that Crown Linen has five facilities in Florida, this is Crown Linen's first project outside of the State of Florida, and that the State of Georgia and Fulton County competed for this opportunity as Crown Linen had other options. Mr. Nash added that the City of Fairburn is supportive of the project and recommended approval. Upon a motion made by Mr. Broadbent, which was seconded by Mr. Turpeau, the Authority unanimously approved the final bond resolution for Crown Linen.

Assignment of Dogwood Project ("Dogwood") to Collier Ridge Property, LLC ("Collier Ridge"): Ms. Caryl Smith of Hunton Andrews Kurth LLP appeared in connection with the request for an assignment of Dogwood to Collier Ridge. Ms. Smith reminded the Authority that the original project was a federally tax-exempt transaction. Ms. Smith explained that the original bonds were paid off in 2016 and the project had been sold several times. Ms. Smith further explained that the Authority needs to approve the assignment because the Land Use Restriction Agreement ("LURA") will not terminate until 2020 and the purchaser needed to assume the affordability obligations contained in the LURA. Mr. Nash recommended approval. Upon a motion made by Dr. Jolley, which was seconded by Mr. Broadbent, the Authority unanimously approved the assignment to Collier Ridge.

NEW BUSINESS:

Letter of Inducement for SRPF A/Graham Road Industrial, L.L.C. ("SRPF") and Stream Realty Acquisitions, LLC ("Stream Realty," and together with SRPF, the "Graham Logistics Project"): Mr. Woody Vaughan of Holland & Knight LLP and Mr. Simon Arpiarian of Stream Realty Partners appeared in connection with the request for (i) a letter of inducement for the issuance of \$18,600,000 in taxable revenue bonds for SRPF; and (ii) a letter of inducement for the issuance of \$19,250,000 in taxable revenue bonds for Stream Realty. Mr. Vaughan discussed that the Graham Logistics Project would consist of the development of two industrial buildings for use as manufacturing, warehouse, and/or distribution facilities to be located on an industrial site approximately 10 miles south of Hartsfield – Jackson Atlanta International Airport in the City of South Fulton and the City of Union City. Mr. Arpiarian informed the Authority that Stream Realty Partners is headquartered in Texas and they had been seeking out a location to bring its industrial platform. Mr. Vaughan explained that any incentive offered by the Authority would pass through 100% to future tenants in order to encourage businesses to come to the area. Mr. Arpiarian explained that the Graham Logistics Project had significant site challenges, including steep topography and lots of rock, making the site difficult to develop and requiring an additional cost of approximately \$5,000,000 on each site to blast rock. Mr. Arpiarian added that the Graham Logistics Project would reopen Oakley Road to improve traffic flow in the area, create approximately 630 permanent jobs and 470 construction jobs, and implement MFBE goals. Mr. Arpiarian acknowledged that the estimated number of jobs had increased from their original application. Mr. Nash emphasized that because of the severe site challenges, the property had been previously passed over for development and recommended approval. Upon questions from the Authority, Mr. Nash explained the importance of building speculative warehouse facilities because when businesses decide to relocate they tend to choose sites that are already built or

under construction. Mr. Nash further explained that these speculative buildings get leased and that Fulton County would lose opportunities to other cities, counties, and states if they were not prepared. Upon further questions from the Authority, Mr. Apriarian stated that they did not foresee problems with developing in two different cities. Upon a motion made by Mr. Broadbent, which was seconded by Mr. Turpeau, the Authority unanimously approved the letter of inducements for SRPF and Stream Realty.

DISCUSSION:

Chairman Shaw announced that Dr. Bell had resigned from his position as Board Member. Chairman Shaw informed the Authority that Commissioner Morris would appoint a new Board Member and that the Authority would continue to operate through this process.

ITEMS FOR APPROVAL:

Minutes. The minutes from the Regular Monthly Meeting held on October 19, 2018 were presented to the Authority for approval. Upon a motion made by Dr. Jolley, the Authority unanimously approved the minutes as presented.

NEXT MEETING:

Chairman Shaw announced that the Authority's Regular Monthly Meeting will be held on Tuesday, December 4, 2018 at 2:00 p.m., a Special Call Meeting will be held on Wednesday, December 5, 2018 at 10:00 a.m., and another Special Call Meeting will be held on Friday, December 7, 2018 at 10:00 a.m. in the Suite 2052 (Peachtree Level) conference room.

There being no further business, the meeting was adjourned.

Samuel D. Jolley, Jr.

Dr. Samuel D. Jolley, Jr., Secretary