MINUTES OF KENNESAW DEVELOPMENT AUTHORITY MEETING
CITY OF KENNESAW
Council Chambers
(2529 J.O. Stephenson Avenue, Kennesaw, GA, 30144)
August 27, 2024
6:00 PM

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1. Call to Order / Roll Call

The meeting was called to order at 6:00 pm by Chair, Richard Blevins.
Members present: Richard Blevins, Antoinette Griffin, Keith Palmer, Justin Crocker, Matt Riedemann, Kevin Tidwell and Chris Davis
Members absent: None
Staff present: Luke Howe, Tanyel Aviles

2. Approval of the Meeting Minutes

A. Draft Meeting Minutes 7.17.24

The board reviewed the draft minutes from the July 17, 2024 meeting. Matt Riedemann made a motion to approve the minutes as presented. The motion was seconded by Kevin Tidwell. The motion passed unanimously.

3. Financial Report

A. Financials as of 07.31.24

Keith Palmer reviewed the financial report as of 7.31.24. The current balance in the KDA operating account is $598,497.30, and a Piedmont Bank CD of $50,000. Activity on the account included interest accrued and legal fees of $1,798.00. Total assets are $648,496.02. Antoinette Griffin made a motion to approve the financial report as presented; the motion was seconded by Kevin Tidwell. The motion passed unanimously.

4. Old Business

A. None

5. New Business

A. Consideration of Intergovernmental Agreement (IGA)

Mr. Fred Bentley states that the KDA had previously elected to move forward with a contract or at least a letter of intent (LOI) in connection with the purchase of the property at 2881 Main Street. The LOI was executed, and a contract has been prepared. This would allow the KDA to reach out to the City to borrow $700,000 to close the gap as the KDA will be adding $200,000 for the purchase of 2881 N Main St in the amount of $900,000. There would also be closing costs associated with the purchase of the property that the KDA would be responsible for. At the time of the sale or dispose of that property, the KDA would then repay the City. The Intergovernmental Agreement (IGA) accomplishes that. Approval from the KDA will then move the IGA in front of Mayor and Council.

Mr. Luke Howe states that approval of the IGA will appear before Mayor and Council on their September 9, 2024 agenda for their work session, and voting would occur September 16, 2024. And, if all goes well, closing would occur the week of September 16, 2024.

Mr. Chris Davis states that he was not present for the last session. However, upon review of the minutes, he states he does not see an approval for the purchase of the property. Simply, that they would continue discussion.

Mr. Luke Howe states that the KDA approved due diligence, and crafted a letter of intent (LOI) with contingencies. However, because this is a sale agreement, board approval is needed.

Mr. Chris Davis asks if the LOI states that the board will definitively purchase the property.

Mr. Fred Bentley explains that the LOI states an intention of purchasing the property. The contract that has been prepared for approval at the current meeting, should it be executed, would authorize the execution of purchase sale agreement. That would then go to Mayor and Council for approval. The property is a foreclosure, and the KDA would then receive the title to that property.

Mr. Chris Davis states that he has questions regarding the IGA and the purchase agreement. He wants to know why the KDA is purchasing this particular property.

The KDA debates on whether or not to enter executive session. However, they choose to continue without executive session.

Mr. Fred Bentley explains that the LOI binds the KDA to nothing other than an intent to enter into a contract. If the contract is not entered into, then there is nothing to consider.

Mr. Chris Davis asks why the loan amount is $700,000 as opposed to the full $900,000 purchase price.

Mr. Fred Bentley explains that the City wants the KDA to have a vested interest, aka skin in the game.

Mr. Chris Davis is concerned as $200,000 would be a third of the KDA's available funds.

Mr. Fred Bentley explains that this is being done in every jurisdiction he is involved in and that it is common place for local government to either loan or provide money to go buy properties, assemble properties and redevelop. He states that the only way the KDA can be assured that they will get the type of use that they are looking for is to purchase the property. He explains that the same was done for the Burgerfi/1885 property, and the KDDA did something similar with the Budgetel property.

Mr. Chris Davis asks if the KDA would take similar actions.

Mr. Fred Bentley cites the Revival on Main property as a similar redevelopment as well.

Mr. Matt Riedemann explains that the fiscal investment in those properties was reimbursed when the properties were sold.

Mr. Chris Davis is concerned that the City is unable to permit the property for redevelopment.
Mr. Fred Bentley explains that the KDA may not actively develop the property. They may have a development partner that will develop the property.
Mr. Luke Howe explains that permits are able to be obtained on the property, and have been previously obtained.
Mr. Fred Bentley mentions that the original bank loan on the property was $1.4 million, and the KDA would buy the property at $900,000.
Mr. Chris Davis agrees that it is a good purchase, and the KDA should be invested in the City. However, he is concerned about next steps and liability.
Mr. Luke Howe states that he would like to find a buyer that considers the City's best interest.
Mr. Richard Blevins states that he would like to pick the right individuals or company to take over the property.
Mr. Chris Davis confirms that by buying this property the KDA would have control as to who the property is sold to and what can be done with said property.
Mr. Luke Howe also explains that this is a way to get the KDA more involved in City development. He addresses Mr. Davis's concern about next steps and liability by explaining that he does not believe the property will be unused for very long as there has been great interest thusfar. With current interest rates, if someone were to simply buy the property, they may not be able to rehabilitate it properly. If the City holds title to the property, they will be in the first position as financier to help with the rehabilitation, as opposed to secondary to an existing bank loan. This purchase will allow the City to have more control over the development of the property.
There is a brief discussion speculating about the distribution of any profit made on the property. No conclusion was reached.
Council Liaison, Mr. Pat Ferris, states that the Council agrees with the KDA's $200,000 investment in this purchase to support development in the City. He believes Mayor and Council's intent is to receive $700,000 back on the investment, and they expect to at least break even on the sale. The intent is not to make money, but to promote development. They would like to see this area be developed into something the City can be proud of and something sustainable.
Mr. Luke Howe states that this is a first step to more projects to develop Kennesaw.
Mr. Richard Blevins calls for a motion to approve the IGA. Matt Reidemann motions to authorize the Chair to sign the IGA with the addition of having the authority to add or change any percentages of profits if needed as long as it is consistent with the investment. Mr. Keith Palmer seconds the motion. Motion passes unanimously.

B. Consideration of the PSA for 2881 N. Main St.

Mr. Chris Davis asks if the property needs to be inspected.
Mr. Luke Howe states that the property has been inspected by City Staff, and believes the price is adequate for the worth of the property.
Mr. Chris Davis asks about the closing costs.
Mr. Fred Bentley explains that there is no broker involved in the closing costs. The closing costs will be buying the title policy.
Mr. Richard Blevins calls for a motion to authorize the Chair to sign the purchase sale

agreement as presented and with any additions by Mayor and Council, and authorize the KDA to release $200,000 plus any necessary funds for closing costs, etc. Motion by Matt Riedemann. Second by Keith Palmer. Motion carries unanimously.

C. Authorize Chairperson to execute closing documents for the acquisition of 2881 N. Main St.

No action needed.

6. Public Comments

None

7. Staff Comment

None

8. Executive Session

A. Pursuant to the provisions of O.C.G.A. 50-14-3, the KDA could, at any time during the meeting, vote to close the public meeting and move to executive session to discuss matters relating to litigation, legal actions and/or communications from the City Attorney as provided under O.C.G.A. 50-14-2(1); and/or personnel matters as provided under O.C.G.A. 50-14-3 (4) and/or real estate matters as provided under O.C.G.A 50-14-3(6).

9. Adjourn

Richard Blevins calls for a motion to adjourn. Motion by Kevin Tidwell. Second by Justin Crocker. Adjourned at 6:46pm.