



Minutes of Meeting

August 23, 2022

Pursuant of notice, The Development Authority of Cobb County met virtually on August 23, 2022 at 11:00 am.

MEMBERS	SEYFARTH SHAW	GUESTS
Clark Hungerford	Dan McRae	Hunter Riggall, MDJ
Donna Rowe	Mike Diamond	Dana Johnson, SelectCobb
J.C. Bradbury		Andrew Dill, Lockheed Martin Corporation
Karen Hallacy	DEVELOPMENT AUTHORITY STAFF	Allison Dyer, Holland & Knight
Courtney Knight	Nelson Geter	Rod McClane, Lockheed Martin
Smith Peck	Randy Hyde	Russell Goldman, Goldman & Company
	Amanda Blanton	Heidi Dasinger, Marietta Power & Water
		Taylor Croft, AJC

Chairman Hungerford called the meeting to order at 11:02am.

AGENDA: Chairman Hungerford requested approval of an amendment to the agenda to include the proposed amendment to the fee structure. Ms. Rowe made a motion to approve the amendment to the agenda. Mr. Knight seconded the motion and the motion was unanimously approved. (6 yes – 0 no)

MINUTES: Members reviewed the minutes from the July 19 meeting. Ms. Hallacy made the motion to approve the minutes as amended prior to the meeting. Ms. Rowe seconded the motion and the motion was unanimously approved. (6 yes – 0 no)

FINANCIAL REPORT: Board members reviewed the financials for August. Ms. Rowe made a motion to approve the financial reports as presented. Mr. Peck seconded the motion and the motion was unanimously approved. (6 yes – 0 no)

PROPOSED AMENDMENT TO FEE STRUCTURE: Chairman Hungerford requested that the board refer to the supplemental document describing a potential amendment to the current fee structure. His proposal would put a cap on fees collected for major projects in excess of \$1B and apply the following fee structure:

- a. \$0 - \$500 million .00125% (1/8%)
- b. \$500 million - \$1 billion .000625% (1/16%)

He felt that the company’s capital investment and the jobs being created for a sizable project would still generate substantial revenue for the county, and by placing a cap on the amount of fees collected in these instances, it would give the Authority a competitive advantage. Chairman Hungerford made a motion to approval the proposal as presented. Ms. Rowe seconded the motion. After much discussion, Ms. Hallacy made a motion to amend the recommendation to cap the fee at \$1M but leave the same fee structure in place. Ultimately, it was the consensus of the board to table the item until the next meeting to allow ample time for review and consideration. Chairman Hungerford withdrew his original motion and made a motion to table discussion until the next meeting. Ms. Rowe seconded the motion and the motion was unanimously approved. (6 yes - 0 no)

Arylessence: Mr. Andrew Egan and Mr. David Dietrichs, Kutak Rock, and Mr. Geoff Mills and Mr. Brett Tanner, Arylessence, represented the project. The company requested approval of a final bond resolution in the amount not to exceed \$27M. Mr. Egan recalled that the board approved the inducement resolution in January. He explained that the \$27M bond would be used to construct a new building and finance the purchase of heavy machinery and equipment, furniture, and fixtures for the 54,000 SF facility located on their existing campus. Mr. Tanner shared that the project would create 30 new jobs and upskill 50 existing. He also mentioned that the expansion would triple capacity and make operations more efficient. Following their presentation, Mr. Knight made a motion to approve the final bond resolution in the amount not to exceed \$27M and the application to the BOTA. Ms. Rowe seconded the motion and the motion approved. (5 yes -1 no (Bradbury))

Lockheed Martin Corporation: Mr. Andrew Dill, Lockheed Martin and Ms. Allison Dyer, Holland & Knight, represented the project. Ms. Dyer shared that the company is seeking approval of a final bond resolution in the amount not to exceed \$1.6B. Mr. Dill reiterated to the board that this is a generational, once-in-a-lifetime program, creating 500-3,000 new jobs by 2042. Additionally, the company has a supplier network of 400+ in the state of GA that help support the work they do. The company is working to remain competitive with China for defense production contracts and will bid for U.S. Department of Defense high-impact aerospace defense projects. Job opportunities and classifications will be available to every applicant, regardless of experience and education level. He concluded by confirming that applied tax abatements are only for Cobb County facilities.

Due to the complexity of this project, the Chairman and Mr. Geter requested that Mr. Alfie Meek, GA Tech Enterprise Innovation Institute, elaborate on his methods in determining the fiscal impact. Mr. Meek shared the majority of the personal property in this transaction is classified as Class 2, which is important in determining the depreciation schedule. Due to the depreciation, the cumulative value over the abatement schedule will be closer to \$900M. The key drivers for this model include, a) assumption that all real property investments are taxable improvements, b) current millage rates, and c) no consideration of inflation. The model also assumes that 5% of new jobs will be filled by existing Cobb County residents, and using current commuting patterns, it is estimated to generate 625 new households and just over 400 new students across the county. The school analysis considers local costs only. The incentive alone represents about 45% of the total costs. For the schools, a large portion of the revenue is generated by property tax associated with the project itself. In conclusion, he shared that the project alone, over the 26-year period, will generate approximately \$164.8M in revenue. The incentive against that is \$77.9M in revenue or 47.3% of revenue received.

After Mr. Meek concluded his presentation, Ms. Rowe made a motion to approve the final bond resolution for Lockheed Martin in the amount not to exceed \$1.6B and the BOTA application. At this time, the board considered the previous discussion of the amended fee schedule, and with advisement from legal counsel, decided it best to suspend the fee schedule until further action of the board. With that, Ms. Hallacy seconded the motion with the amendment to suspend the fee schedule until further action of the board and the motion was approved. (5 yes – 1 no (Bradbury))

Legal Counsel Update: Mr. McRae shared that there is a Senate Committee Hearing on authorities on Thursday. Cobb was one of the first to implement the fiscal impact analysis, the letter of acknowledgement from the commission, school board involvement, etc. He heard mention of other pronouncement of rules that were released recently that he will research for the board to see if there are any matters that pertain to the DACC.

Executive Director Updates: Mr. Geter noted that over the past several weeks he has been consumed with the two projects that were presented to the DACC's Board today. He also stated that he is planning on presenting a final report at the next meeting of the Authority with his recommendations on the "Fiscal Impact Analysis Study" that he conducted.

Chairman requested the meeting be moved to the 27th of September and the board agreed to the amended date.

There being no other business, the meeting was adjourned.