

MINUTES – MEETING JULY 21ST

BROOKS COUNTY DEVELOPMENT AUTHORITY

Darren Yearby called the meeting to order at 5:07pm. Board members Darren Yearby, Erin McKenzie, Jack Harrell and Tim Crosby attended, along with Executive Director (E.D.) Stephanie Williams.

Minutes

Copies of the minutes of the monthly meeting held February 14th were reviewed. Erin McKenzie motioned to approve the minutes of the meeting as presented; seconded by Jack Harrell; unanimously accepted.

Financials

Chairman Derren Yearby moved to the review of the February, March, April, May and June financials. Erin McKenzie made a motion to approve the February financials as presented; seconded by Jack Harrell; unanimously approved.

Erin McKenzie made a motion to approve the March financials as presented; seconded by Jack Harrell; unanimously approved.

Erin McKenzie made a motion to approve the April financials as presented; seconded by Jack Harrell; unanimously approved.

Erin McKenzie made a motion to approve the May financials as presented; seconded by Jack Harrell; unanimously approved.

Erin McKenzie made a motion to approve the June financials as presented; seconded by Jack Harrell; unanimously approved.

Old Business

Mr. Yearby moved review old business.

a. Ratification of transfer of easement to Philanthropic Holdings, LLC., recorded as follows:

Regarding the transfer of the easement on Washington Street:

Email sent February 22, 2022 to all Board members with the above motion for review. The email stated:

“Good afternoon,

Mr. Rose has reviewed the legal documents regarding the easement on S. Washington, which was voted and approved at our last meeting. As we discussed and it was voted “Pursuant to the review and approval of our legal counsel, David Rose...” you all approved the transaction of releasing the easement to Philanthropic Films, LLC, which was passed from the City of Quitman (via majority vote) to the Development Authority for the purpose of economic development. Attached is the formal motion drafted by Mr. David Rose. I need each of you to reply via email with your vote and we will ratify it at our next meeting. Time is of the essence on this issue. Please call me if you have any questions.”

Motion For BCDA To Consider:

Background: The old South Georgia Grocery Company on South Washington Street was vacant for about 10 years; however, it has an easement on the property for which the county is liable for maintenance and for which the county has no legitimate use or purpose currently.

Philanthropic Holdings, LLC ("PH") recently bought the old South Georgia Grocery Company intending to repair it for the purpose of establishing a functioning 50,000 square foot film studio. With this facility, they will provide training and workforce development.

PH is unable to complete its developmental activities, which will benefit the county and its inhabitants unless the easement is removed, and this is the purpose of this motion.

The motion is therefore for the purpose of making a decision by the Board as to whether or not we believe the establishment of this facility, by providing a relinquishment of the easement by the county, will be of substantial value to the citizens of Brooks county by way of economic development by providing a benefit by way of job and or economic growth to our community and represents a substantial benefit back to Brooks County in exchange for the release of the easement to Philanthropic Holdings, LLC. In voting on this issue, the Board takes into consideration that the easement has monetary value but that the exchange on balance likely to be of substantial value to the Brooks County community.

Votes recorded as follows:

February 22, 2022, at 6:11 PM, Derren Yearby voted in favor of transferring the easement to Philanthropic Holdings, LLC via email.

February 22, 2022, at 4:28 PM, John LaHood voted in favor of transferring the easement to Philanthropic Holdings, LLC via email.

February 22, 2022, at 4:06 PM, Erin McKenzie voted in favor of transferring the easement to Philanthropic Holdings, LLC via email.

February 22, 2022, at 4:27 PM, Tim Crosby voted in favor of transferring the easement to Philanthropic Holdings, LLC via email.

February 23, 2022, Jack Harrell voted in favor of transferring the easement to Philanthropic Holdings, LLC. (in writing)

February 24, 2022, at 8:25 AM, Ulysses Marable voted in favor of transferring the easement to Philanthropic Holdings, LLC via email.

*Tim Crosby made a motion to ratify the February motions to transfer the easement on South Washington Street to Philanthropic Holdings, LLC; seconded by Jack Harrell; unanimously approved.

b. Ratification of hiring new Auditor, Aprio, LLC., recorded as follows:**Regarding the hiring of a new Auditor: Aprio, LLP:**

Email sent March 21, 2022 to all Board members. Email stated:

"Good morning, all.

As we've discussed several times before now, we have been in need of an Auditor, separate from our accountant. This is for two reasons: First and foremost, in the best interest of transparency and accountability, the accountant should never audit his/her own books. Second, our audit is due June 30th (six months after the beginning of the fiscal year). For reference, our 2020 Audit was completed January of 2022. In order to remain compliant with the State of Georgia, we need our audit completed on time. Compliance is vital to the success of our grant applications. (I am currently working on an application for housing development.)

Last week, Jayme sent you the information for a firm located in Valdosta. The firm lists the Valdosta-Lowndes Development Authority, among others, in its references. Additionally, the firm has proposed to us a cost of \$13,000- which is \$2,000 less than our current auditor. I have attached another copy of the firm's information for your review. Should the Board choose to hire this Auditor, they will begin auditing our 2021 financial records in April, and we don't expect them to take more than a week or so.

I am requesting a remote vote to approve the hiring of this Auditor's Firm to conduct our financial audits. Please reply with a vote and I will record them for ratification at our April 11th meeting.

If you have any questions, please feel free to call me."

Motion for BCDA to Consider:

The motion is for the purpose of hiring Aprio, LLP as our independent Financial Auditor in order to remain in compliance with the State of Georgia regulations, address the absence of optimum level of appropriate segregation of duties as stated in the BCDA's prior audit reports, as well as maintain transparency and accountability.

Votes recorded as follows:

March 21, 2022, at 1:18 PM, Erin McKenzie voted to approve the hiring of Aprio, LLP as the BCDA Financial Auditor via email.

March 21, 2022, at 2:10 PM, Tim Crosby voted to approve the hiring of Aprio, LLP as the BCDA Financial Auditor via email.

March 21, 2022, at 6:53 PM, Derren Yearby voted to approve the hiring of Aprio, LLP as the BCDA Financial Auditor via email.

March 22, 2022, at 10:50 AM, John LaHood voted to approve the hiring of Aprio, LLP as the BCDA Financial Auditor via email.

March 21, 2022, Jack Harrell voted to approve the hiring of Aprio, LLP as the BCDA Financial Auditor in writing.

*Jack Harrell made a motion to ratify the March motions to hire Aprio, LLP as the new Auditor for the Brooks County Development Authority; seconded by Erin McKenzie; unanimously approved.

c. Ratification of office building space to lease, recorded as follows:

Regarding the Lease of the Office at 115-B Screven Street as a business incubator:

Email sent March 21, 2022 to all Board members. Email stated:

"Action requested for the following:

A little over a week ago, I was contacted by Mr. Jim Owens, who is a Consultant for Brooks County. Mr. Owens' contract with the County ends in June, and his work with the Permits Department is a scant 20 hours a week. This allows him the time to rebuild his construction business. He was looking for an office space, and called to inquire as to whether or not we could lease the back office space to him.

In truth, it has been very difficult in trying to put out a request for bid to fix our space so that we can utilize it for meetings or as a business incubator, while also serving as a place to store our archives. Meanwhile, we also still rent a storage building for some smaller office furniture we can't use in the Development Authority office.

Mr. Owens met with our Chairman, Mr. Yearby, to negotiate some terms, should you all approve this. These terms are as follows:

1. Mr. Owens will lease the office space for a minimum of two years.
2. Mr. Owens will lease the office space for a decreased monthly payment of \$350.
3. For the agreed upon decreased lease payment, he will repair the inside of the office space to make a functionable office and secured closet for our archives, with a door opening into our conference room, all according to our specifications. Mr. Yearby, a licensed contractor, will come this Friday to gather the specs for scope of work.

There are several benefits for the Authority from this proposed agreement:

1. Once Mr. Owens vacates the office, we will be able to use it for our meetings or continue to lease it as a business incubator.
2. Mr. Owens has agreed to go ahead and pay the first twelve months in advance (\$4200/year).
3. We will be able to get out of renting the storage building, which will save us about \$1140/ year.
4. Mr. Owens is not required to put the work up for bid, so this would save not only the Development Authority money but him as well.

I am requesting your vote to approve the lease of the back office space, to include but not limited to the terms listed above. I will record the votes for the ratification of this lease at our April 11th meeting.

If you have any questions, please feel free to call me."

Motion for BCDA to Consider:

The motion is for the purpose of leasing the office space located at 115-B E. Screven Street, Quitman, GA 31643 as a business incubator to assist economic development in Brooks County while simultaneously increasing the space's functionality as a business incubator, securing archive for the Authority's files increasing revenue while decreasing expenditure and possibly increasing the real value of the property.

Votes recorded as follows:

March 21, 2022, at 1:18 PM, Erin McKenzie voted via email to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority.

March 21, 2022, at 2:10 PM, Tim Crosby voted via email to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority.

March 21, 2022, at 6:52 PM, Derren Yearby voted via email to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority.

March 22, 2022, at 11:02 AM, Dr. Marie Horne voted via email to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority

March 22, 2022, at 9:03 AM, John LaHood voted via email to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority.

March 21, 2022, Jack Harrell voted in writing to approve the lease of the office space at 115-B E. Screven Street to Mr. Jim Owens' company, Level Construction Consultants and the remodel construction of the space to include an office space and secure archive closet for the Development Authority.

*Tim Crosby made a motion to ratify the March motions to lease 115-B Screven as a business incubator to Level Construction Consultants under the terms and conditions set forth in the Lease Agreement; seconded by Jack Harrell; unanimously approved.

d. Ratification of putting the 35.66 acres of land across from Industrial Park up for bid, recorded as follows:

Regarding putting the land across from Industrial Park up for BID:

Email sent May 23, 2022 to all Board members. Email stated:

"Good morning!

Please see attached for the motion for consideration to put the land across from Industrial Park up for bid. Please reply via email of your vote so that we can record it.

Feel free to call me if you have any questions."

Motion For BCDA To Consider:

Parcel Number: 07400142

Location Address: Madison Hwy

Legal Description: TR 2 PB 20-132

Zoning: AG

Acres: 35.66

Background:

Several years ago, the Brooks County Development Authority purchased the aforementioned parcel during the construction of Industrial Park. The land was kept in its current Zone class and unbound to the covenants of Industrial Park.

The North end of the parcel is low-lying and holds a very large pond. The land is covered in valuable timber and has sat untouched for more than five years. Numerous recent attempts to generate industrial and commercial interest in the property has failed.

Over the last several months we have received many inquiries in commercial warehousing, which Brooks County does not have. There is one old property on Walker Street, which was the former EMA building, but it does not fit the needs of any of the inquiries we've had.

Additionally, we are currently working with four prospects for Industrial Park. Most of these prospects will need rail access, two have inquired about warehouse space. As you can see, there is a demand, yet we cannot currently provide the resources.

The USDA's Rural Development Program offers funding to assist us with the development if a spec building. Moreover, I have sent a request to the development team at OmniTrax to inquire about the most feasible location for a rail spur with a loading dock. There are resources available to assist us with this project as well. By putting this parcel up for bid, we can leverage these funds for Industrial Park's development, thus spurring the development of the park.

The 2021 valuation of this parcel is \$100,200, according to the Brooks County Tax Assessor's Office. I have also received a written estimate from Genesis Timber in Madison, Florida, estimating the value of the timber to be approximately \$24,500. I spoke with our Chief Tax Assessor for his professional opinion for an opening bid for the parcel, and he agrees that an opening bid of \$150,000 is an optimal number for the Development Authority to advertise.

The motion is therefore for the purpose of making a decision by the Board as to whether or not we should place the parcel (No. 07400142) up for BID in order to leverage said funds for projects for the development of the Brooks County Industrial Park and that the opening bid should start at \$150,000.

Votes recorded as follows:

May 23, 2022, at 10:17 AM, Erin McKenzie voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

May 24, 2022, at 2:28 PM, Tim Crosby voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

May 23, 2022, at 12:50 PM, Derren Yearby voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

May 23, 2022, at 3:36 PM, Marie Horne voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

May 23, 2022, at 2:28 PM, Jack Harrell voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

May 23, 2022, at 8:50 PM, Ulysses Marable voted via email to approve the Executive Director to place Parcel 07400142 up for BID with an opening bid of \$150,000 to run the month of June for the purpose of leveraging funds for projects within Industrial Park.

*Tim Crosby made a motion to ratify the May motions to put Parcel No. 07400142 up for bid in order to leverage funds for the development of Industrial Park; seconded by Jack Harrell; unanimously approved.

e. **E.D. Williams gave an update to the Board regarding Aviagen's personal property transfer to the Development Authority.**

Since E.D. Williams was hired by the Development Authority in August 2020, Williams has maintained regular communication with Aviagen, requesting the itemized, detailed list of personal property to include in the abatement. (Real property had been abated, but the Authority was waiting for information to include personal property.) The information requested included make, model, description, acquisition date, cost and (where applicable) serial number to all personal property to be listed on the deed for abated property to ensure that in the event the State of Georgia challenged the exemption, both the Authority and Aviagen would be covered.

As of the end of 2021, it had been reported to Williams by Aviagen's Accounting management that the company had experienced several management changes, and in a nutshell, the requested information had been dropped more than once by more than one employee. As of November, Williams was assured they would be working on it. In March 2022, Wayne Waldron, our Chief Tax Assessor, called Williams and asked whether the Authority held title to Aviagen's personal property. Waldron explained that he was informed that the Authority did hold title, but he had no record of it and needed to confirm. Williams explained that the last time she'd heard anything from them was a few months prior, and that someone within Aviagen's company would get her the necessary information. That hadn't happened. Williams followed up with Aviagen Accounting management, who seemed shocked, apologized and further explained that they'd experienced more changes to management and that they would get the necessary information.

In May 2022, Alex Leath, Aviagen's prior legal counsel, contacted Williams after making several unsuccessful attempts to reach Vann Parrot, the BCDA's prior legal counsel at that time. Leath explained that he had been contacted by Aviagen for copies of documents with Brooks County. He further explained that he had no documents with both Aviagen's and the Development Authority's signatures on them, and he requested that Williams send him whatever she had on file via email. Williams explained that the request may have something to do with this abatement, and after reviewing all the signed documents in the hard copy file with Leath, she sent Leath copies of those documents via email. Leath stated he would try to facilitate the request of the list of personal property. There has been no further communication between Williams and Leath.

Based on his information and belief, Wayne Waldron had advised Williams that anything acquired after 2019, when Aviagen opened its doors, would not be included in the abatement. There was no reason to question this date. After receiving several vague lists from Aviagen, Williams once again reviewed the required information and gave Aviagen's management a deadline of June 30th to get the detailed, itemized list for the deed transfer to the Development Authority. (June 30th was based on Brooks County's fiscal year beginning July 1.) Williams informed Waldron and the Tax Board of her communication with Aviagen.

It is important to note that Aviagen has paid their 2020 personal property tax bill, but when they did an internal review, they challenged the payment and let it be known that they would be requesting a refund from the Board of Commissioners. As of July 1, 2022, their 2021 taxes are past due.

July 13, 2022, key members of Aviagen's management, E. D. Williams, Wayne Waldron, and the Tax Assessor Board met via Zoom to discuss the tax issues with Brooks County. Referenced by Aviagen management was the Indenture for Lease Agreement by which their understanding of the Lease's terms under the Improvements Completion Date was that they weren't required to submit anything to the Development Authority for personal property or improvements to real property until December 31, 2023. This was the first time Williams, or the Tax Board had learned of this agreement, as there was no hard copy on file at the Authority or the Tax office. The Tax Board informed Aviagen that any refunds of taxes paid would come under the discretion of the Board of Commissioners, but State law would only allow them to go back three years. Aviagen management admitted that they were unfamiliar with Georgia's laws regarding such matters.

July 15, 2022, Aviagen filed for an appeal to the Tax Board, citing the Indenture for Lease and the PILOT Agreement. The PILOT Agreement they attached was signed; the Lease was blank with no signatures or

notarizations. Between Friday, July 15th and Monday, July 18th, Williams reviewed the archives on hard drive as well as all the physical archives in the Authority's possession. No Lease Agreement with Aviagen was found.

On July 18, 2022, Williams contacted Aviagen management, explaining that she was not in possession of a signed copy of the Lease Agreement and both she and the Tax Board needed a signed copy so that all interested parties could be on the same page.

July 19, 2022, Williams received via email a signed and notarized copy of the Indenture for Lease from Aviagen, which was then forwarded to current legal counsel, David Rose, as well as Wayne Waldron and the Tax Board. Chairman of the Tax Assessor Board, Ralph Manning, stated he would contact the State Assessor's Office for direction. Williams forwarded all relevant documents to Rose who made a suggestion, which was then forwarded to the Tax Board for review and consideration.

New Business

Mr. Yearby moved to New Business.

- a. Williams explained that she was gathering the required documents to apply for a grant for a well to support the infrastructure and industry in the Industrial Park as well as the City of Quitman. Williams explained that she was waiting on the completion of the 2021 Audit so that the submitted documents would be up-to-date and accurate upon submittal.
- b. Williams explained that both she and Jerome Tucker were actively working with more than half a dozen prospects for Industrial Park and some small businesses in the county.
- c. Williams explained that the new auditor, Angela Hawkins, has been very thorough in her review of documents and had inquired as to our Capitalization Rate for depreciation. Williams confirmed with the CPA, Gary Zeigler, that none had ever been established by the Development Authority and that he set it himself at \$500. Hawkins advised Williams that IRS guidelines set the minimum at \$2500, which is where she started the Authority's Cap Rate. Hawkins also explained to Williams that in order to remove minor purchases, such as computer equipment, from the depreciation schedule the minimum capitalization rate should be set higher than the \$2500 minimum, and it is her recommendation to the Authority Board to raise the Capitalization Rate to \$5000, comparable to other government entities and authorities. Tim Crosby made a motion to increase the capitalization rate to \$5000; seconded by Erin McKenzie; unanimously approved.
- d. Williams spoke to the Board regarding the land in the YOT Waters Industrial Park. The Development Authority currently owns 8.6 acres of Commercial acreage on Holloway Drive. Williams explained that she is working closely with a local industry that located to Brooks County's old industrial park, and they need a small tract to store material, and Williams is in negotiation to provide that service. Williams also explained that the office receives many inquiries for commercial warehouses. Williams suggested to the Board the consideration of clearing the land for development of warehouses for lease. Tim Crosby made a motion to put the clearing of Parcel Q220003 on Holloway Drive up for bid; seconded by Jack Harrell; unanimously approved.

Reports

Mr. Yearby moved to Reports.

- a. Williams informed the Board that the Board of Commissioners had lowered the financial support of the Development Authority from .5 mil to .3 for the 2022-2023 FY.
- b. Williams reported that the 2021 financial audit was moving ahead quite well, and that the new auditor had provided clarity and direction for the Authority's internal controls.

- c. Williams then reported to the Board that the Authority had received one bid for Parcel No. 07400142 across from Industrial Park for \$152,000. She further reported that legal counsel was drafting the contract for the Bidder's financial institution to proceed with closing.
- d. Williams reminded the Board of the next Community Economic Development Meeting, September 9th. The location has yet to be determined.

With no other business, Tim Crosby moved to go into Executive Session; seconded by Jack Harrell; unanimously approved.

Following Executive Session:

Erin McKenzie made the motion to create a policy for Maternity Leave for full-time employees to allow six to eight weeks leave for expectant mothers to begin once the mother is discharged from the hospital- six weeks for natural delivery, eight weeks for cesarean delivery- as well as two weeks financial compensation equal to 80 hours during maternity leave; seconded by Tim Crosby; unanimously approved.

Tim Crosby moved to Adjourn; seconded by Jack Harrell; unanimously approved.

Respectfully Submitted:

Secretary