

MINUTES
JOINT MEETING OF THE CITY COUNCIL AND DOWNTOWN DEVELOPMENT AUTHORITY
CALLED MEETING
JANUARY 24, 2008
7:00 P.M.

CALL THE MEETING TO ORDER: Mayor Cox called the meeting to order at 7:12 p.m.

ROLL CALL CITY COUNCIL: Those present included Mayor Cox, Council Members Linda Grant, Mike Sosebee, Jonathan Cox and Mike Wilson; staff present were Kim Cornelison, City Clerk and Dana Miles, City Attorney.

INVOCATION AND PLEDGE: Invocation was led by Mayor Cox followed by the pledge of allegiance.

ROLL CALL DDA: Those present included Gil Massey, Chairman, Chris Gaines, Cathie Waddell, Gordon Pirkle and Phil Goodson.

NEW BUSINESS-CITY COUNCIL:

DDA Appointment: The members of the DDA asked the council to approve the appointment of Keith Stone from Farm Bureau to the board. Mr. Stone will fill the vacancy left by Brenda Lee. Council unanimously approved the appointment of Mr. Keith Stone to the DDA. Motion by Cox, second by Grant.

Authorization to purchase equipment: Mayor Cox presented a request from Gary Barr to purchase two pieces of equipment that will be fitted on one of the new Kubota tractors. The snow blade will help to maintain the roads during ice/snowy weather and the loader will be used in various functions at the wastewater treatment plant. The price (\$7,944.00) includes both pieces of equipment and the hydraulic plumbing necessary to operate the equipment. Council unanimously approved the expenditure; motion was made by Grant and seconded by Wilson.

NEW BUSINESS-CITY COUNCIL AND DDA:

Presentation by Russ Wallace regarding Heritage Park: Stan Brading, Council for Samaritan Housing, gave a brief overview of the project stating that Heritage Park is a 165 unit combination senior/assisted living facility that is to be funded and developed via the bonds issued under the Downtown Development Authority. In light of the turmoil in the stock market, Bergen Capital has not been successful in selling the bond transaction. They are unrated bonds secured by the facility; from a potential bond buyer's perspective this produces some risk. Thus as the bonds are currently structured, coupled with the volatility of the current market, the marketability is not there.

The entities involved in the project recently met to try and restructure the deal to make it attractive so that bond funds would buy it, and several different options are being looked at. The group has no solid presentation or plan to present at this time. Although there are several proposals for the City to consider that will enhance the attractiveness of the deal.

Today, interest was generated by a group who may be willing to do the transaction with some restructuring. Essentially the property would be owned by a for-profit corporation instead of a non-profit as it is currently structured. This company may be willing to bring about 25% equity in to the deal (approximately 5 or 6 million dollars). That change would facilitate the sale of the bonds. The current structure of the existing deal does not have true hard cash equity being put in on the front of the deal. This is because the non-profit Samaritan Housing doesn't really have any cash equity to invest.

The first choice is to use the current structured deal authorized by the DDA and get it closed if it is in any way possible.

Second choice would be to restructure the loan/bonds to make the project viable with the group willing to put 25% equity in to the project.

The objective is to complete the bond sale in as timely of a manner as possible.

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Mr. Brading then presented the following options to help making the existing deal more attractive on the market.

Restructure the deal such that the property owners who are the Wallace's, take a subordinated bond to the "A" bonds for approximately one million dollars, carrying interest at 9 ½ % amortized over 20-30 years. The group would request that the City purchase the note from the property owner for one million dollars. The property owner must close the property loan with the current banking institution as the bank is in receivership. The principal would then be paid back over the amortization of the note at 9 ½% interest.

This brings up the question of where does the City or DDA come up with the money to buy the note; the only answer to this would appear to be to borrow it from a bank and collateralize the loan with the 9 ½% subordinated note.

Second option would be to have the same concept previously presented, but for the entire purchase price of the land which is 2.225 million.

The group feels that this type of investment, specifically the full purchase price option, would really make a difference in completing a successful bond transaction.

Another potential option would be for the City to purchase the property from the Wallace's and holding it and structure the deal so that the City would be the end owner utilizing the existing management company and developer. However in previous telephone conversations with the City's attorney, Mr. Miles explained that this is not really a viable option for the City because it would take a bond referendum to incur the general obligation debt necessary to complete the purchase of the property.

Jim Clayton, Bergen Capital added that Bergen Capital compiled the financing package, created the preliminary offering statement and had it out to the large bond funds. Between the market and the equity issues, some other things that need to be squared away before the bonds are marketable. It is still Bergen Capital's goal to complete the transaction; they intend to continue to work on other options. He explained that the equity issue would be resolved by the company willing to put the 25% equity in to the project and will pull the project over the edge to favorable marketing. There will be some things that need to be addressed with the bonds and the conversion from a non-profit to a for-profit entity.

Mr. Clayton asked the City's indulgence to see if any of the options presented by Mr. Brading are viable. If the options are viable then they will work that angle; if it is not, then they will continue to pursue every avenue available to them to make the bonds marketable. He wanted to stress that the purpose in coming tonight was not to toss the situation in to the City's lap, but rather to see if the possibility exists to enhance the deal.

Mayor Cox asked if the proposed "C" series bonds would be able to be sold. Mr. Clayton stated that they would be marketable in the secondary market. However, as a practical matter, until the project was completed and residents were moving in, the bid the City would receive would not be appealing.

Mayor Cox clarified his question – asking if the bonds would need to be held 20 years. Mr. Clayton stated a year or two would likely be the minimum time to hold them, just until the project was complete. Prior to that people may make a bid, but the offering would likely not be appealing.

Kim Cornelison asked if the original deal was still being worked to make it a go. Mr. Clayton affirmed that they were, along with every structure they are familiar with, trying to make it happen.

Mr. Brading stated that the deal as is, was not viable. If the City put something in to the deal then that would be helpful.

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Kim Cornelison asked if you restructure to the for-profit business then you would not necessarily need a city investment to make the deal work.

Mr. Clayton stated that the investor they are talking to about restructuring the offerings to a for-profit entity are in this type of business in a big way, they are out of the northeast, they own a facility in Jefferson, Gainesville and are in this area and do business and can bring the assets to bear. The group is familiar with the area and recognizes the viability of the project. Mr. Clayton stated that would be their nicest fix and they hope to learn more no later than Monday.

Kim Cornelison asked if that option pans out, then you will need to go through the DDA for bond restructuring? Mr. Clayton stated they would.

Russ Wallace pointed out the prospectus in the preliminary offering statement reports that the facility shows a rapid occupancy rate. The building and site plans have all been turned in to the City; basically it is just a matter of securing the financing to proceed with the project.

Mr. Clayton stated that everyone they've talked to likes the project itself and have indicated the only issue is the lack of equity.

Mayor Cox stated that the economic experts' reports he has listened to state that the government's cutting of the interest rates and putting items in place to help jump start the economy are going to be helpful. The economists also reported that they do not expect the economic recession to be any worse than the one back in 2001.

Mr. Clayton stated if they drop the interest enough, then the overall bond market will excel again because people will not want to draw only 1 ½% on their investments.

EXECUTIVE SESSION – CITY COUNCIL AND DDA:

Mayor Cox announced the need to go in to executive session for the purpose of discussion of future acquisition of real estate as provided by OCGA§50-14-3(4) for the City and DDA. Subsequently, the City will remain in executive session for discussion or deliberation on the appointment, employment, compensation, hiring, disciplinary action or dismissal, or periodic evaluation or rating of a City officer or employee as provided in O.C.G.A. § 50-14-3(6).

Motion was made by Mike Sosebee at 7:55 p.m. to go in to executive session. Seconded by Grant and carried unanimously.

Motion was made by Gil Massey at 7:56 p.m. to go in to executive session. Seconded by Waddle and carried unanimously.

After careful consideration of the presentation made by representatives of Heritage Park, advice on the legal issues presented by the City Attorney, and discussion by both the City Council and DDA, the following response to the proposals to either purchase the property or purchase bonds in the project:

The DDA unanimously agreed that they preferred that the Heritage Park group restructure the financial package in such a manner that it does not require any financial commitment from either the DDA or the City; and that if that option was exhausted then "C" series bonds be issued in the amount of one million dollars to be purchased by the DDA provided the Heritage Park group found a banking institution willing to lend 100% of the value, that the loan match the amortization time on the bonds, and that the rate on the loan to purchase the bonds be at a rate lower than that of the bonds; and provided the city council approves the deal. Motion by Waddle, second by Massey and passed unanimously.

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The DDA adjourned at 8:30 p.m. motion by Pirkle, second by Goodson, motion passed unanimously.

EXECUTIVE SESSION – CITY COUNCIL:

Dana Miles explained to the Council the new salary structure and how it is set up.

Section 2.13. Compensation and expenses.

(a) Beginning on January 1, 2008, the compensation of the mayor shall be \$2,000.00 per month and the compensation of each council member shall be \$500.00 per month. In addition to this monthly compensation, the mayor and council members shall also be paid \$100.00 per individual for each specially called city council meeting, work session or other meeting that has been pre-approved for compensation by the council that they attend other than the regular monthly city council meeting.

(b) In the event any member of the city council travels beyond the limits of the county in connection with business affairs of the city in performance of his or her duty upon such city council, he or she shall be reimbursed for all necessary expenses incurred for travel, lodging, and meals as may be authorized by city council. However, this reimbursement shall be contingent upon proper documentation of the expenses being provided.

(c) The mayor or council shall be authorized to fix the salary, compensation, and expenses of the mayor and each member of the council in accordance with the provisions of O.C.G.A. § 36-35-4.

If any of the elected officials are to be compensated for other meetings as outlined in the salary ordinance, they must receive prior approval.

Mr. Miles further explained that there are some standing meetings that are attended which the council may want to approve compensation for since this ordinance is newly in place.

At 9:00 p.m. Council unanimously voted to come out of executive session and return to regular session; motion by Cox, second by Wilson.

RECONVENING OF REGULAR SESSION:

Dana Miles opened the council chambers and announced that regular session was reconvening.

Mike Sosebee made a motion to amend the agenda to consider preapproval of meetings for the purpose of payroll. Seconded by Mike Wilson, the motion carried unanimously.

Preapproved meetings of the Mayor or Council Members for the purpose of payroll:

Mike Sosebee made a motion to authorize the clerk to pay the Mayor for all GMRDC meetings he attends on behalf of the City. Seconded by Mike Wilson; the motion carried unanimously.

Jonathan Cox made a motion to authorize the clerk to pay the mayor or any council member who is invited by the DDA to attend their meeting as a representative of the City. Seconded by Mike Wilson; motion carried unanimously.

Mike Sosebee made a motion to authorize the clerk to pay any council member that the Mayor has authorized to attend a meeting on behalf of the City that the Mayor could not attend due to conflicts, up to two per month per council member. Seconded by Linda Grant; motion carried unanimously.

STATE OF GEORGIA
COUNTY OF DAWSON.

AFFIDAVIT OF THE CITY OF DAWSONVILLE MAYOR AND COUNCIL

Joe Lane Cox, Mayor, Jonathan Cox, Council Member; Linda Grant, Council Member, Mike Sosebee; Council Member and Mike A. Wilson, Council Member; being duly sworn, state under oath that the following is true and accurate to the best of their knowledge and belief:

1.
The City of Dawsonville Council met in a duly advertised meeting on the 24th day of January, 2008.

2.
During such meeting, the Board voted to go into closed session.

3.
The executive session was called to order at _____ a.m. / p.m.

4.
The subject matter of the closed portion of the meeting was devoted to the following matter(s) within the exceptions provided in the open meetings law:

_____ Consultation with the City Attorney or other legal counsel to discuss pending or potential litigation, settlement, claims, administrative proceedings, or other judicial actions brought or to be brought by or against the City or any officer or employee or in which the City or any officer or employee may be directly involved as provided in O.C.G.A. § 50-14-2(1);

_____ Discussion of tax matters made confidential by state law as provided by O.C.G.A. § 50-14-2(2) and _____;

X Discussion of future acquisition of real estate as provided by O.C.G.A. § 50-14-3(4);

X Discussion or deliberation on the appointment, employment, compensation, hiring, disciplinary action or dismissal, or periodic evaluation or rating of a City officer or employee as provided in O.C.G.A. § 50-14-3(6);

Other _____ as provided in: _____

This 24th day of January, 2008.

City of Dawsonville, Mayor and council

Joe Lane Cox
Joe Lane Cox, Mayor

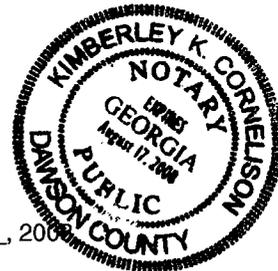
Jonathan Cox
Jonathan Cox, Council Member

Linda Grant
Linda Grant, Council Member

Mike Sosebee
Mike Sosebee, Council Member

Mike A. Wilson
Mike A. Wilson, Council Member

Kim K. Cornelson
Kim Cornelson, City Clerk
Notary Public



Sworn to and subscribed before me this 24th day of January, 2008

My Commissioner expires: August 18, 2008

STATE OF GEORGIA
COUNTY OF DAWSON.

*Downtown Development
DDA Authority of the
City of Dawsonville*

AFFIDAVIT OF THE CITY OF DAWSONVILLE ~~MAYOR AND COUNCIL~~

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X _____ Discussion of future acquisition of real estate as provided by O.C.G.A. § 50-14-3(4);

_____ Discussion or deliberation on the appointment, employment, compensation, hiring, disciplinary action or dismissal, or periodic evaluation or rating of a City officer or employee as provided in O.C.G.A. § 50-14-3(6);

_____ Other _____ as provided in: _____

This 24th day of January, 2008.

City of Dawsonville, Mayor and council

[Signature]
Joe Lane Cox, Mayor *Gil Messing*

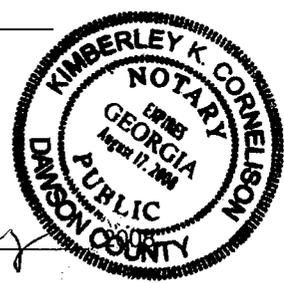
[Signature]
Jonathan Cox, Council Member
Gordon Pirke

[Signature]
Linda Grant, Council Member
Phil Goodson

[Signature]
Mike Sosebee, Council Member
Cathie Waddell

[Signature]
Mike A. Wilson, Council Member
Chris Gaine

[Signature]
Kim Cornelison, City Clerk
Notary Public



Sworn to and subscribed before me this 24th day of January

My Commissioner expires: August 18, 2008

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The Clerk reminded the Mayor and Council of the travel policy outlined above – all receipts must be retained and submitted for reimbursement. The Clerk further clarified that receipts will be accepted for travel expenditures for council members only and does not include spouses or businesses acquaintance.

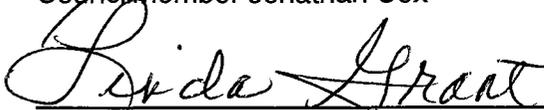
ADJOURNMENT: There being no further business, Mike Sosebee made a motion to adjourn, seconded by Mike Wilson. Meeting adjourned at 9:07 p.m.



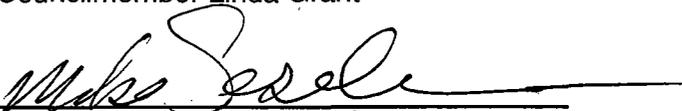
Joe Lane Gox, Mayor



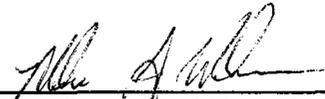
Councilmember Jonathan Cox



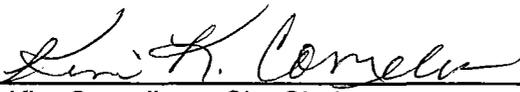
Councilmember Linda Grant



Councilmember Mike Sosebee



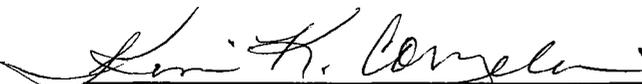
Councilmember Mike Wilson

Attested: 

Kim Cornelison, City Clerk

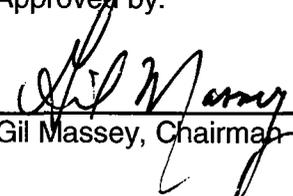
DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF DAWSONVILLE

Respectfully submitted by:



Kim Cornelison, City Clerk

Approved by:



Gil Massey, Chairman