



SPECIAL CALLED MEETING OF THE RESOURCE RECOVERY DEVELOPMENT AUTHORITY(RRDA)

AGENDA

April 18, 2017

Cherokee Hall, 1130 Bluffs Parkway, Canton, GA 30114 5:45 PM

CALL TO ORDER

- 1. Proposed topics include, but are not limited to: consideration of settlement agreement and approval of RRDA minutes from prior meetings.**

ADJOURN

Joint Meeting of the Resource Recovery Development Authority (RRDA) & the Cherokee County Board of Commissioners (BOC)

MINUTES

July 21, 2015

4:30 PM | Cherokee Hall

Call to Order

Chairman Ahrens began the meeting at 4:35 p.m. He noted there is a quorum of the Board of Commissioners but not a quorum of the RRDA as Mr. Morrison is absent. The Chairman stated they will consider appointments that will allow for a quorum for purposes of any action they may need to take of the RRDA. Ms. Davis confirmed that would be appropriate.

The Chairman asked Ms. Davis if there was any action required for Item 3. Ms. Davis replied there is not but they can talk through it for the sake of new members.

1. Consideration of appointments to the RRDA.

The Chairman then asked Commissioners West and Gordon to make their nominations to the RRDA Board.

Commissioner West nominated Pete Dean to serve. Commissioner Gunnin seconded the motion. The motion carried unanimously.

Commissioner Gordon nominated Adam Dreyer. Commissioner West seconded the motion. Commissioner Gordon thanked Mr. Dreyer for his willingness to serve. The motion carried unanimously.

2. Approval of minutes from the Joint RRDA/BOC meeting on April 30, 2015. (Note: the BOC approved these minutes at their May 5, 2015 meeting.)

Removed: No quorum of RRDA.

Ms. Davis swore in the new RRDA Board members.

3. Consider sale/purchase of equipment.

The Chairman provided background regarding the execution of the contract with Mr. Cowart and the possibility of selling some of the equipment depending on Mr. Cowart's needs. Ms. Davis explained that the operative provisions the RRDA will be dealing with mostly Section 6.02, titled Removal of Equipment, of the lease agreement. She added this is where they are in the implementation phase. She stated it is in the interest of the County and the RRDA to ensure that if there is equipment not holding value or that could be sold or traded now at a better rate, they could do that and put the money back into the project. The goal is to preserve value in the project for purposes of the bond holders who still have a security interest in the RRDA project and making sure the assets are maintained for that purpose particularly until the bonds are paid off. Mr. Cowart has been on the property for some time and has been able to view the equipment to begin his operations and determine what is obsolete or unnecessary from his perspective.

Ms. Davis explained that Mr. Cowart had requested removal of some equipment for purposes of site work, however, that was denied as it did not fall within the terms of the lease agreement. He came back with a second request which does appear to fit within the terms of the lease agreement but prior written approval will need to be given by the RRDA. That approval will be given functionally through representative Mr. Echols; but after discussion, it has been determined it would be best if each of these requests for purchase or substitution of equipment to the RRDA Board be done in a public meeting so it is fully transparent. She stated that the request is for a piece of equipment called Morbark and is obsolete for Mr. Cowart's purposes and he has a newer version of this equipment at another site and he proposes to sell this equipment currently titled to the RRDA. Mr. Cowart believes he can sell it for approximately \$250k to \$300k. He would then substitute his newer model, as according to the lease stating equal or greater value, and would bring that to the project. The new equipment of equal or greater value would then be titled in the name of the RRDA. If Mr. Cowart is able to meet the criteria of the lease of equal or greater value and there's any surplus left, then under the lease he would get to use that surplus as he sees fit for the project. Ms. Davis stated the options under the lease is to either do as previously described or find obsolete equipment and not intend to substitute but sell it and pay down the bond. Ms. Davis stated they contacted Mr. Cowart's attorney to obtain additional information on the equipment such as serial numbers so they can make a determination as to value and to see if there are any liens. A UCC search will be done for any possible encumbrances. The attorney confirmed that they did want to proceed with the substitution and stated that they have an appraisal for their equipment scheduled for the following Tuesday and expect the appraisal value to be provided on site that day and then will provide to the County as well as any additional documentation.

The request was made that once they get the appraised value of the equipment, so they can prove it is of equal or greater value in substitution, that they would like to request that the RRDA Board would meet to approve this sale and substitution. Ms. Davis stated they believe the value of the equipment is at its highest for the sale of the County equipment because it's in the season for mulching and the timing needs to be quick. They may request a meeting next week or the following week. Ms. Davis suggested waiting until Tuesday to see what request Mr. Cowart and his attorney make regarding a meeting.

Commissioner West asked who will be doing the appraisal on the equipment. Ms. Davis replied that Mr. Cooper had one done several years ago and that she said they could have an independent appraisal if the Board chose to do so. The Chairman asked if there is a way to approve the sale of the Morbark equipment

fully expecting either equipment of equal or greater value or, if not, then compensation be equal or greater. Ms. Davis clarified that he meant to do a contingent motion and forego the need to meet in the future. The Chairman confirmed that was the direction he was going on this request. Ms. Davis stated her concern with that is that the contingency would need to be that the appraisal came in at equal or greater value of the Morbark equipment and if it does then the Board would approve that substitution. She added that the new members may feel it is a rush to them but it is a possibility though it is not allowing the Board to know all the details of the equipment. The Chairman stated that they don't want a missed sale if Mr. Cowart already has someone lined up to purchase the equipment. Commissioner Poole suggested calling a company who auctions off this type of equipment so they can know the lowest and highest points as a way to find out a price as well. Ms. Davis confirmed that he meant to have as a second opinion. Commissioner Poole said these companies will send someone out to look at the equipment and tell what it's worth and what they think it would sell for and they will have a sales history of such equipment.

Ms. Davis stated that she sketched out a possible motion if they are trying to not have further delay. The motion reads: Motion to approve contingent on appraisal of substitute equipment being of equal or greater value to the RRDA's Morbark equipment proposed to be sold and further contingent on approval of the County Manager and County Attorney.

Ms. Davis commented that it would allow that out if something doesn't sound right to them, they could bring it back to the full RRDA Board. The Chairman stated that he is looking at that as a means of bridging the time and value but still having control. Ms. Davis asked the Board their thoughts on Commissioner Poole's suggestion. The Chairman commented that he doesn't see a downside. Commissioner Poole mentioned that it wouldn't cost anything. Mr. Echols asked if this would be a fall-back plan. Ms. Davis replied that if they are interested in having any additional input on value that they would want to do it simultaneously and would need to coordinate with Mr. Cowart. Commissioner West asked that if Mr. Cowart is purchasing new equipment, based on that would they just take the purchase price of what he's bringing in. Ms. Davis responded they initially thought that but they were told he has an existing piece of equipment he's using on another site and understands it to not be new. She suggested that if they want to go with the contingent motion, they can do that with further direction that they ask their representative, Mr. Echols, to take whatever steps he can to have additional review assuming cooperation with Mr. Cowart. If they get a completely different figure, that would be a signal for her and Mr. Cooper to go back before the Board. Ms. Davis stated that if there is any other criteria of concern, the main one could possibly be if they find there is a lien and if so, then it's not possible because the lease agreement provides that it has to be lien-free. The Chairman suggested putting the motion on the table. Commissioner West asked if there was a dollar figure in mind to consider a significant difference. Ms. Davis replied that the significant difference is if it's surplus, Mr. Cowart keeps it. Under the lease and in terms of protecting bond holders, if we have gotten newer equipment of equal or greater value, then they are presumed to be made whole as long as they are comfortable with the appraisal and don't think it's contrived.

Ms. Davis restated the motion: Motion to approve the request by Mr. Cowart for the sale of the RRDA Morbark equipment for substitution of new equipment of equal or greater value to be provided by Mr. Cowart, lien-free, entitled to the RRDA contingent on appraisal of substitute equipment being of equal or

greater value to the RRDA's Morbark equipment proposed to be sold and further contingent on approval by the County Manager and the County Attorney to ensure compliance with other provisions of the lease agreement in general law. The Chairman made the motion to approve as stated by Ms. Davis; Commissioner Gunnin seconded. The resulting vote was Passed, 4-0.

The Chairman commented this shows good faith in moving forward and he thanked Mr. Echols for everything he does for them. Ms. Davis and Mr. Echols discussed getting someone out with Mr. Cowart to look at the equipment. Ms. Davis added that they will keep the Board updated as they obtain information.

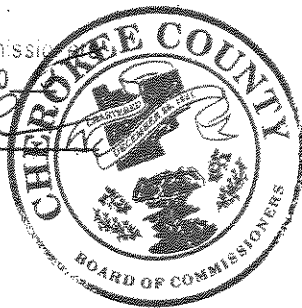
Adjourn

Commissioner Gunnin made a motion to adjourn at 5:11 p.m. the RRDA and the Cherokee County Board of Commissioners joint meeting; Mr. Dean seconded. The motion carried unanimously.

Commissioner Gunnin made a motion to adjourn to Executive Session (of the BOC) at 5:11 p.m. for purposes of discussion of personnel, land acquisition or disposal, and/or pending or threatened litigation; Commissioner West seconded. The motion carried unanimously.

Approved by the Board of Commissioners
on August 9, 2011

ATTEST
Christy Black
Christy Black, County Clerk



Approved on _____, 20____.
By Resource Recovery Development Authority
Attest:

Christy Black, County Clerk