

The special called meeting of the City Council of the City of Newnan, Georgia was held on Tuesday, April 12, 2022 at 12pm in the Richard A. Bolin Council Chambers of City Hall with Mayor Keith Brady presiding.

**CALL TO ORDER**

Mayor Brady called the meeting to order and delivered the invocation.

**PRESENT**

Mayor Keith Brady: Council members present: Rhodes Shell, George Alexander; Cynthia E. Jenkins (arrived at 1pm), Ray DuBose, Paul Guillaume and Dustin Koritko. Also present: City Manager, Cleatus Phillips; City Clerk, Megan Shea; Assistant City Manager, Hasco Craver and City Attorney, Brad Sears

**PRESENTATIONS FROM POSSIBLE CALDWELL TANKS REDEVELOPMENT PARTNERS**

Mayor Brady stated that this is a work session and no decisions or votes will happen today. This will come back to Council after staff reviews the presentations and there is more discussion.

Assistant City Manager, Hasco Craver explained that the City had released a request for qualifications to find a development partner to help the City in realizing the vision for the redevelopment of 57 E. Broad St. The City received proposals from 3 firms. One of the firms, Pace Lynch, has selected to remove themselves. The two firms presenting have 45 minutes.

Eric Johnson, CEO and Chairman of CPS stated that this has been a long process and very exciting. The demo is completing and remediation will begin at the site. Mr. Johnson introduced the first firm to present, Mallory & Evans Development with Fides Development. He then explained the role that his company, Comprehensive Program Services, helping the City to spread head the redevelopment of the Caldwell Tanks site. CPS helped with the master plan along with Nelson International and that plan was included in the RFQ for the development partner. They will then help the firm chosen meet the goals of the City.

Johnny Dixon, President and Vice Chairman of Mallory & Evans Development began the presentation. He gave an overview of what they would be detailing and answer any questions. He gave a brief history of Mallory & Evans Development, a 66-year old company, located in Decatur. He then detailed their extensive experience with city redevelopment and mixed use with recent projects in Albany, GA, Knoxville, TN and Atlantic Station in Atlanta, GA. They partner with Fides Development and they are long term partners, not merchant developers. They are long term holders and they put their own capital into projects, they are looking for long term partnerships.

Josh Magaro, Principal with Fides Development introduced the company as a partner with Mallory & Evans. He stated they know that Newnan has a proud history and they are hoping to bring a team that build on that pride and continue it forward. He explained that Fides was started 2 years ago and that the name Fides means trustworthiness that is usually reserved for government. The principals of Fides have about \$5 billion in experience collectively. They have a long history with Mallory & Evans and New South Construction, working on many projects together.

Rob Ragan with New South Construction stated that they have worked with Mallory & Evans and Fides on many projects over the years. They have also worked on many projects for the City such as CJ Smith Park.

Mayor Brady asked about issues on the Albany project with the development of the public/private partnership and how it was resolved? Mr. Dixon explained that the difficulty was that it was a new concept and it was the legalities on how to form the partnership that were most difficult. The attorneys were able to work through it and craft the necessary legal language to make it work. Mr. Dixon stated that since that project things have evolved and are vastly easier now for the public/private partnerships to be formed.

Councilman Guillaume asked that as long-term holders are they still invested in projects mentioned and what percentage is usually invested? Mr. Dixon stated they are invested in all except for the Albany project. He explained it is hard to gauge a percentage on investments as it can vary based on leverage and size and scale of the project.

Councilman Alexander asked if they see any large obstacles on first look? Mr. Dixon answered no they do not see any major obstacles. They have considered how to blend the project esthetically to fit the vision for downtown Newnan. People want to be downtown and it would be their teams' job to deliver something workable, connected, livable, esthetically pleasing and financially viable.

Mr. Dixon stated they like the idea of a blend of businesses and not just one anchor retail business or company. They also talked about a master lease structure to make the retail spaces more financially viable for small businesses. Mayor Pro Tem DuBose asked about a boutique hotel? Mr. Dixon said they envision about a 100-room boutique hotel and also include conference and meeting space.

Councilman Guillaume asked about changes in office work and companies having more remote options, is that being taken into consideration? Mr. Dixon again stated that one anchor tenant is a risk and those large anchor companies are decreasing. He explained he does not agree that people won't come back to the office environment. There are certain businesses that cannot be taught on Zoom.

Mayor Brady asked who will do the ground up on the residential? Mr. Dixon answered that they would do that, they are not going to parcel it out. He stated they will take all the risks. They will be the developer of all components and potentially they will have partners on some of it such as the hotel.

Mr. Dixon explained that what is built needs to compliment downtown Newnan and the existing buildings in the area. They plan to engage the community from the get go in meetings and present the vision to all interested stakeholders. They will take the feedback and they will establish a website and social media presence. Possibly public meetings monthly.

He then wanted to highlight again that they are not merchant developers. Mallory & Evans is a 66-year-old company and they have no litigation history, no corporate attorney. They do what they say they are going to do. They want to emphasize support of the downtown and not a reimagining of the downtown.

The parking deck was discussed and the parking issue in downtown. They are looking at around 600 parking spaces and could be revenue generating. Mayor Brady commented that there have been conversations with the County about the parking across the street and a pedestrian bridge connecting. Mr. Dixon expressed that he would rather stay away from a bridge. Bridges are difficult and expensive. Mayor Brady commented that the City just built a pedestrian bridge over I-85.

Councilman Rhodes asked about the biggest economic challenge? Mr. Dixon stated it is the hotel but it can be overcome. The hotel industry is recovering from the pandemic. A lot of hotel properties have changed hands or had foreclosures. There has been good response to a boutique hotel in downtown Newnan. Mayor Pro Tem commented that the Downtown Development Authority wants to be exceptional and even beyond that. Mr. Dixon stated he realizes you want people to come off I-85 and come to downtown.

Mayor Brady asked about the effects of current supply chain, inflation and interest rate challenges? Mr. Dixon stated that interest rates are still artificially low. Mr. Ragan first commented on the parking deck and that they can really make the façade blend into the community. He then commented that supply chain is an issue currently and they have to plan around the big things they need such as glass and glazing, aluminum and transformers. That will help develop when construction can begin.

The timeline from contract sign to going vertical was discussed. Mr. Dixon stated possibly 180-days after contract to go vertical. City Manager stated that Sabre is handling the demolition and they are making progress. Jalen Johnson with CPS explained that demolition is expected to be complete by mid-May. There are some issues with underground but they are on top of it.

There was discussion about the consumer demographic of the hotel. Mr. Dixon stated that the week day consumer will be the challenge and that will be tied to the conference and meeting space. Concerns were expressed about not detracting from other parts of Newnan such as Ashley Park, that it's a wholistic approach. Mr. Dixon stated the vision is that this would be a compliment to the existing City and not a replacement.

City Manager explained that the second presenter scheduled withdrew shortly before the meeting. Short recess was taken before next group.

Return from recess and Mayor Brady recapped on the topic of the presentations. Eric Johnson introduced the next group, Sagestone.

Randy Beavers introduced himself, a 5<sup>th</sup> generation Newnan native. Growing up he spent a lot of time in downtown. Newnan is a special place that brought he and his wife back to raise a family here. The Sagestone team sees this as an opportunity to help write the next chapter of Newnan. Mr. Beavers made a comparison to this project and a hero journey as seen in Disney movies. The hero enters into unknown territory and has a guide to help navigate the obstacles and then emerge victorious.

Mr. Beavers explained why Sagestone is a unique partner. They have a strong financial capacity, patient and committed capital, a best in class development team led by downtown residents. It is about quality of life.

Other members of the Sagestone team were introduced. Millard Choate with Packard Capital, involved with construction and financial. Alex Hertz, Chief Investment Officer at Packard Capital who has been with the team since 2013. Dave Dlugolenski, managing partner of Sagestone. He stated that they specialize in multi-family and mixed-use development and they seek out complex projects as that's where they can add the most value.

Mitch Headley with Headley Construction introduced himself. He also grew up in Newnan and his dad started the business. He has worked on many projects in the City of Newnan including the Carnegie restoration, restoration of the historic courthouse and Central Baptist Church.

Mr. Beavers discussed the vision that Sagestone has for this project. They don't know the development yet but there will be key components. It needs to be vibrant and approachable so there is something for everyone. It needs to be curated, proactively hand selecting what will fit with Newnan as a whole. It needs to be collaborative. The key considerations will be a mix of uses, balance, connectivity and activity.

Bill Millen with Sagestone explained the placemaking development process that they will use. This largely means ongoing community engagement. They will synthesize the input and communicate to the stakeholders. They are not just placemaking developers, their job continues as they curate active community engagements for the property.

Mr. Millen explained that the process starts at the horizontal stage. The development does not end at the property lines and they will take into consideration connecting with neighbors and the downtown grid. Next would be the vertical stage where they think about scale. They will think of the texture of the product, bringing in historic design elements. The goal is to provide a space that feels like it's always been an integral part of downtown Newnan.

Mr. Dlugolenski discussed the groups experience including a project in downtown Memphis that is the largest public/private partnership in Memphis history. He then gave a

sample time line. Proper planning is important and they will create a timeline that works for everyone.

Mayor Brady asked if they have thought about the hotel flag? Mr. Dlugolenski stated they have not had in-depth conversations yet. He stated they do see it as at least 100-120 key hotel, maybe up to 150. They are looking for a balance between for sale and for rent on the housing side. They would also engage a management company and HOA put in place.

Council asked about the retail spaces and parking deck plans. Mr. Dlugolenski explained that they envision a highly curated F&B component and some neighborhood goods and services. They would bring in retail consultants to analyze the markets. As far as the parking deck they know there is a need in the community but they will be careful to not over build the parking. They would have a parking study done.

Councilman Guillaume asked about the mix of for sale and for rent, any concern of people not wanting to buy next to rentals? Mr. Dlugolenski stated they have not seen issues with that. Adam Brown with Sagestone was involved with Avalon and Halycon residential projects and stated there is actually a premium on demand for product part of mixed use.

Councillman Shell asked about the biggest economic challenge? Mr. Dlugolenski stated the hospitality component will be the hardest. That requires strong, well capitalized, long term investors.

Councilwoman Jenkins asked about the placemaking process and examples of projects. Mr. Beavers stated is about setting up regular scheduled communication. Showing updates during the design process. The most important part will be the public space. It will help bring people back. An example is The Metropolitan in Atlanta that was a mixed commercial project they worked on, in a very transitional area of Atlanta. They went out to the community on the front end, asking what they wanted to see.

Councilwoman Jenkins asked about an element of work force housing in this project? Mr. Beavers answered in most of their public/private partnerships it is part of their development agreement. Typically, 10-20% of the program would be geared toward work force or affordable housing requirements.

Mayor Brady concluded the meeting, explaining that as we move through the process City Staff may reach out with questions. This will come back to Council as an agenda item hopefully in the next month.

**ADJOURNMENT**

Motion by Councilman Alexander, seconded by Councilman Koritko to adjourn the meeting at 2:27PM

**MOTION CARRIED. (7-0)**

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Megan Shea, City Clerk

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Keith Brady, Mayor