

MINUTES

BUSINESS MEETING - COMMUNITY REDEVELOPMENT AGENCY BOARD (CRA)

October 16, 2019

Minutes of the Business Meeting of the Community Redevelopment Agency Board of The City of Daytona Beach, Florida, held on Wednesday, October 16, 2019 at 6:00 p.m., in the Commission Chambers, City Hall, 301 South Ridgewood Avenue, Daytona Beach, Florida.

1. Roll Call.

Commissioner Dannette Henry	Present
Commissioner Paula Reed	Present
Commissioner Ruth Trager	Present
Commissioner Aaron Delgado	Present
Commissioner Quanita May	Present
Commissioner Robert Gilliland	Present
Mayor Derrick Henry	Present

Also Present:

James Chisholm, City Manager  
Robert Jagger, City Attorney  
Letitia LaMagna, City Clerk

2. The Invocation was led by Commissioner Henry.

3. The Pledge of Allegiance was led by Commissioner Gilliland.

4A. APPROVAL OF MINUTES

Approval of the minutes of the October 2, 2019 Business Meeting of the Community Redevelopment Agency (CRA) will be on the next scheduled CRA Meeting.

It was moved by Commissioner Gilliland to approve the minutes. Seconded by Commissioner Reed. The motion passed 7-to-0 with the breakdown as follows:

Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Delgado	Yea
Commissioner May	Yea
Commissioner Gilliland	Yea
Mayor Henry	Yea

5. AGENDA APPROVAL

James Chisholm, City Manager read the Agenda changes as follows:

No changes.

It was moved by Commissioner Gilliland to approve the Agenda. Seconded by Commissioner Reed  
 The motion passed 7-to-0 with the breakdown as follows:

Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Delgado	Yea
Commissioner May	Yea
Commissioner Gilliland	Yea
Mayor Henry	Yea

6. ADMINISTRATIVE ITEMS

A. Adopted/ Resolution CRA No. 19-07 authorizing the approval of funding in the amount of \$425,625 from Midtown Redevelopment Trust Fund for a contingent loan from The City of Daytona Beach to Beneficial Community Partners to support the award of Florida Housing and Finance Corporation (FHFC) credits to Beneficial Community Partners for the construction of a 4 story, 82 unit affordable housing project known as Midtown Manor. This project is expected to be a catalyst to eliminate blighted conditions, encourage reinvestment in the surrounding properties, provide affordable workforce housing for the redevelopment area, and furthers the goals, objectives, and policies set forth in the Midtown Redevelopment Plan. City Clerk LaMagna read the Resolution by title only. A RESOLUTION AUTHORIZING EXPENDITURE OF TAX INCREMENT FUNDS FROM THE MIDTOWN REDEVELOPMENT AREA TRUST FUND IN THE AMOUNT OF \$425,625 FOR A LOAN TO BE MADE BY THE CITY TO BENEFICIAL COMMUNITY PARTNERS IN ASSOCIATION WITH DEVELOPMENT OF THE MIDTOWN MANOR, AN 82-UNIT MULTI-FAMILY WORKFORCE HOUSING APARTMENT COMPLEX TO BE LOCATED AT THE SOUTHEAST CORNER OF MARTIN LUTHER KING BOULEVARD AND ELDORADO STREET, WITHIN THE MIDTOWN REDEVELOPMENT AREA; AND PROVIDING AN EFFECTIVE DATE.

John Nicholson, 413 N. Grandview Avenue, Daytona Beach, FL, stated he does not have a problem with the loan even if it was a gift, it will return to them many times over. He stated the City has put in a drainage area and parking lot at no cost to the people and it would be off the tax roll and his concern is that they will go back to the idea of no tax. He stated the City is putting in about a total of \$4,000,000 in different projects that will turn around this community and asked is there some way we can do a PILOT, Payments in Lieu of Taxes to get some taxes in addition.

James Chisholm, City Manager stated with regard to the City’s project for MLK, the improvements have gone on for a number of years and is not something that just happened because of this project. He stated the parking lot and the drainage improvements that were made afforded an opportunity to serve this property but they also will serve other properties in the area. He stated it was not isolated to benefit this one property.

Patricia Heard, 822 Vernon Street, Daytona Beach, stated that overall she is for the project to be done as she stated two weeks ago. She stated she wants to see the project happen but the neighborhood still has problems with drugs, prostitution, trafficking and other things that need to be cleaned up first.

Robert Stolpmann, 2305 Valdavia Street, St. Augustine, FL, stated for this particular project, he did not prepare anything but wanted to talk about a Top-of-Mind Awareness. He stated he’s for anything

new that the City can get built and he hopes this project wins, even though it seems like a lottery. He expressed his concerns regarding various other issues.

Jim Morris, Deputy City Manager stated they have been corresponding with the people at Beneficial and they have some things that they want to negotiate post this which relates to personal guarantee of assignment of credits and they have been communicating back and forth but haven't been able to resolve that issue with them. He stated if the City approves, then the intention would be that the Staff be directed to resolve all of those issues with the applicants in respect to the personal guarantee that they have requested as well as whether or not they are able to assign the credits to the City as additional collateral for the loan. He stated his understanding from their explanation in relation to the credits is that investors buy into the project and from that they get depreciation credits coming back and the City can work with the City Attorney's office to resolve that issue. He stated they are not suggesting that the Commission doesn't move forward, rather, that if approved it should be based on the conditioned upon resolving those things and that would be done administratively. He stated the other documents they had before them authorized the City Manager to work to negotiate the way through that and that he and Mr. Jagger had both been working with the applicant to resolve the issues. He stated he thought they were down to short road but there are things left to be resolved and it relates to the personal guarantee primarily and the assignment of credits. He stated there are other smaller issues that are easily resolvable.

Mr. Chisholm stated to Mayor Henry that it would be his anticipation that they would not compromise the personal guarantees as required, which was one of the elements originally approved by the City Commission and it's an approval of a Resolution going forward.

Mr. Morris stated he was not suggesting that would be the case that it's just that they have had to work that through with the Attorney's office and their Counsel.

Mayor Henry stated he thought that this is sort of a big deal.

Commissioner Gilliland asked if they should amend this to where we say it would be approved in seven days provided that the personal guarantee and assignment of credits is resolved to the satisfaction of the City Manager and if not, it's not approved.

Mr. Morris responded no sir and that he thought the appropriate motion would be move to approved subject to resolution of the conditions that have been communicated in writing and that they have answered back briefly on that subject but there is not a final resolution of it. Mr. Bowman is traveling today and he didn't contact them by email or phone until he spoke with him for a few minutes before they came in. He stated he thought maybe a motion to approve conditioned upon resolution of those issues and the Commission provides direction for that resolution.

Commissioner Gilliland asked Mr. Morris if he was not saying they should continue this until the November 6<sup>th</sup> meeting.

Mr. Morris stated no and that the deadline as dictated in the documents he read from the State is November 2<sup>nd</sup>. The deadline established by the applicant, he thought was October 28<sup>th</sup> and the understanding of that was that they would need a little bit of time to make the deadline of November 2<sup>nd</sup> for completion of their package if that's the right date. He stated a continuation would effectively kill the project all together and that's why he's suggesting it's an approval with resolution conditioned upon Commission approval.

Commissioner Gilliland stated, he thinks they should have a date certain in there.

Mr. Morris stated he had no objection to that.

Commissioner Gilliland stated, he's trying to work on what that date might be maybe the 28 or somewhere around there.

Commissioner Reed stated she thought they did not necessarily need a date, if it's not resolved then it dies anyway and they won't be able to apply.

Commissioner Gilliland stated theoretically they could say your preferred project of next November of 2020.

Mr. Morris stated if it isn't resolved in time that would take away their preferred status of this years' lottery and that he thought there was a reasonable chance of working that part of it out but in the time for Mr. Bowron arrival until we came in here, that time wasn't sufficient.

Commissioner Reed asked the applicant if they thought seven days or until the 25th was enough time.

Ken Bowron, 1990 Main Street, Sarasota, FL stated that he was informed that Mr. Chisholm would be out next week returning the 28th and stated if there's someone else who wants to step in, great.

Commissioner Reed stated we have the Deputy City Manager.

Mr. Bowron stated he copy him on the emails.

Mr. Morris stated he explained coming in that he answers to the City Manager who is the decision maker.

Mr. Bowron stated they should have what they need by the end of next week. He stated the big issues, personal guarantee, he thought that was just language that needs to be worked out and as far as transfer of credits, they can't be transferred to the City, it's just something you can't do. He stated he would get the IRS section 42 tax code information to them.

Mr. Chisholm asked Mr. Bowron if he thought they could get this resolved in a week.

Mr. Bowron stated yes, by the end of next week.

Mr. Chisholm stated okay and that he was satisfied.

Mayor Henry stated he hoped so because there was another applicant that had a strong application and it would not put them in a good position to their application fails and he wasn't happy about that.

Mr. Bowron stated these are definitely workable issues and he thought that those were the two bigger ones and he thinks they will be worked out.

Robert Jagger, City Attorney stated clarity was needed for direction from the Commission. He stated there were three areas in which the parties could not agree, one had to do with the guarantee that was a condition built into the Resolution that was approved at the last meeting so to this point, there was no guarantor that's been agreed to by Beneficial Communities so that's the first issue that needed to be resolved. He stated he understood the direction they are taking, staff will be directed to resolve that within a certain time period so that we have a satisfactory guarantor. The second issue has to do with the tax credits as mentioned already as nontransferable and that is more or less a legal issue in whether it'll be possible or not possible. This is a legal position they would have to review that's

based on some information that you're going to provide. The Attorney's office will need to resolve that for the City based on a legal opinion, which he will provide prior to the deadline. He stated the third issue is assignability which isn't something they have talked about so far. The resolution which was approved two weeks provided that the loan would not be assigned and apparently according to your (Mr. Bowron) response to the draft loan commitment letter you would like to assign so that is something that has yet to be resolved. There's certainly a purpose in not assigning that although they could draft that it be assignable subject to the City's approval and they would have to come back to him on that approval.

Mr. Bowron stated he thought that was the easiest of the issues and that in the letter, it's assigned to Beneficial Community Partners and he didn't want the loan to go to Beneficial Community Partners it should be going to The Limited Partnership which would be "Midtown Manner Limited Apartments Partnership". It would have to go to that one because that's the one who would be closing on the land, the owner of the property.

Mr. Jagger stated then with the Commission's approval, they could draft that in such a way that would allow assignment subject to their approval.

Commissioner Delgado he was fine with that if that's what is needed to line up the assets and liabilities correctly with the appropriate parties. He stated he did not have a problem with an assignment to real parties of interest.

Mr. Morris stated that is one of the easiest ones to resolve and his correspondence back to them when they had an objection or concern about that, what he indicated to them was that it would form the LLC, He stated from the stand point of provision of the documents, once the documents were prepared and finalized they were provided immediately to them and they didn't respond until earlier this week and they had been working back and forth to get that done once they began to respond, so the things were provided timely. They had some effort on their part from their legal counsel to review it, that's where the lag in that respect.

Commissioner Trager asked if the principals are the same on both the Midtown Manner and Beneficial.

Mr. Morris stated they haven't formed the Midtown Manner but that's certainly something they would look for to make sure they were the same and that's why in the correspondence that he had with them to say it would be subject to the City's review and acceptance, that the proper parties were involved in it to assure that there was consistency that you're asking about.

Commissioner Trager stated she thought there needed to some kind of timeline/deadline so that if they don't get it in time this year it doesn't go automatically to next year because they had two other ones.

Mr. Chisholm stated that it doesn't, it only goes this year.

Mayor Henry stated he was not happy that it's not resolved because they had another option. He stated they had another applicant and the whole reason he supported it was each time they get an opportunity he wanted to try to take advantage of it and he thought they should give them a time/certain date. He asked if it was implausible for him to suggest that if they didn't meet that time/certain date, the previous applicant could come back before November 2<sup>nd</sup>, if we had an emergency meeting to make a decision on that previous applicant.

Mr. Jagger stated they would have to talk to the applicant he supposed and that he understood that they have made another application.

Mr. Morris stated one of their representatives was there.

Mr. Jagger stated that's something they could potentially work out with the applicant if the company in first position, Beneficial Communities was unable to perform but it is possible with the applicants' approvals and consent to the same demands that were made in this case.

Commissioner Reed asked if it would require two readings.

Mr. Chisholm, Mr. Morris and Mr. Jagger all replied, no.

Mr. Morris stated the other applicant would not they are a selection and it's by Resolution. The property is properly zoned and their subjected to site plan approval. The zoning clearance letter for them (he thinks) has been written for them but if it's not written it could be written this evening if it had to for that matter. So in respect to that, they are available.

Commissioner Reed stated before they get ahead of themselves, let's give Beneficial an opportunity with a time in which to complete because when she spoke to them last week what they sent them, they did not get until Friday, so to say they had a timely time frame to produce the paperwork that we needed, she thought that was not necessarily valid. She stated they had to hold themselves accountable and hold them accountable. She suggested allowing them seven days.

Commissioner Gilliland stated if they did that, would it give them enough time to go back to the Madison Cove, if that would be time enough for them or if they'd even be interested. It sounds He stated to him like they do not think it to be significant issues. The assignability, if it could be contingent upon our approval, it sounds like the tax credit is not moot point. So as long as this guarantee piece works out that doesn't sound like it should take more than a week to resolve.

Commissioner Reed asked did they need a motion.

Mayor Henry stated you already have a motion and a second so what they would do is a motion but its contingent upon the seven days in that it enables them to have...

Mr. Chisholm stated the motion needed to be amended his motion.

Mr. Jagger s stated this is just the funding mechanism that they are voting on now and with the Commission approval if they move forward on the funding contingent upon approval of the later items on your Commission Agenda 9A and 9B and they can address the proper motion with the amendments at that time.

Mr. Chisholm asked, as it is.

Mr. Jagger confirmed, as it is.

Commissioner Trager expressed, her disappointment about them not having it done.

Mr. Jagger confirmed, this item will come up again in the regular agenda for approval of the loan commitment letter.

Mayor Henry they will go ahead and approve it and that he just wanted to be successful in this area, whether it's them or someone else and he wanted them to cover themselves and they will do that in the next meeting.

Commissioner Gilliland asked if they are going to amend that motion and make it contingent on items 9A and 9B.

Mr. Jagger stated yes, let's do that and let's amend it to make sure that this is approved contingent on approval of the actual loan commitment letter which is on the regular City Commission Agenda.

Commissioner Reed amended her motion accordingly.

Commissioner Gilliland seconded the motion.

Mayor Henry thanked Mr. Morris.

It was moved by Commissioner Reed to adopt the Resolution as amended. Seconded by Commissioner Gilliland. The Resolution was adopted 6-to-1 with the breakdown as follows:

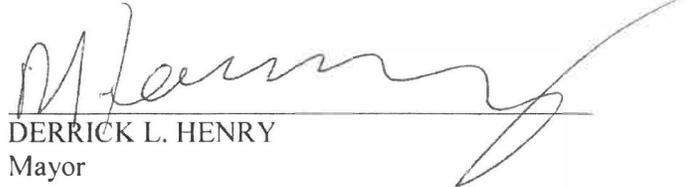
Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Nay
Commissioner Delgado	Yea
Commissioner May	Yea
Commissioner Gilliland	Yea
Mayor Henry	Yea

7. COMMENTS COMMUNITY REDEVELOPMENT AGENCY

No comments.

8. ADJOURNMENT

There being no further discussion or comments the meeting was adjourned at 6:31 p.m.



DERRICK L. HENRY  
Mayor

ATTEST:



Letitia LaMagna  
City Clerk

Adopted: November 20, 2019

**RECORD REQUIRED TO APPEAL:** In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Commission makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a cd of the meeting for \$2.00 at the City Clerk's office. Copies of cds are only made upon request. The City is not responsible for any mechanical failure of the recording equipment.