

**BOARD OF MAYOR AND COMMISSIONERS
SPECIAL CALLED WORK SESSION**

May 21st, 2019

5:30 p.m.

MINUTES

Members Present: Jonathan Elmore, Mayor
Brian Fisher, Mayor Pro Tem
Adela Yelton, Commissioner
Lionel Laratte, Commissioner
Lisa Shortell, Commissioner

Staff Present: Patrick Bryant, City Manager
Keri Stevens, Asst. City Manager
Paul Hanebuth, Finance Director
Lynn Thomas, Police Chief
Caryl Layton, Code Enforcement
Stephen Quinn, City Attorney
Gina Hill, City Clerk

Item No. 1 Meeting Called to Order

Item No. 2 Adoption of Agenda
Commissioner Laratte moves to adopt. Commissioner Shortell seconds.
All ayes.

Item No. 3 **Discussion of Five-Acre Project in Downtown: Possible Next Steps and Financing**

Mayor Elmore gave a presentation about the City-owned four acres and what plans have been discussed to this point. He also presented options for moving forward. After the presentation, City Manager Bryant said one option for the BOMC is to rerelease the request for qualifications (RFQ) although that does carry risk. He outlined the recommendations from Davenport, the City's financial advisors. That recommendation included taking the steps to borrow the money through the formation of an Urban Redevelopment Agency (URA). He outlined the benefits of going this route. One of those is the ability to borrow money as needed. Mr. Bryant discussed how the Bleakly Advisory Group could assist the City with this project. He outlined the entire process and the pros and cons of various decisions. He agreed with Davenport's recommendations and requested direction from the BOMC. He believes not moving forward could risk losing this opportunity to develop the property.

Commissioner Laratte said he'd like to see a list of potential projects for the URA for the future. Mr. Bryant said that would be the first step in establishing the URA. He added that initially they're planning to include the town green and two storm water projects. Mr. Laratte was still considering why doing this project through a URA was better than using their own mechanisms. He requested an email outlining the pros and cons of both. Mr. Bryant explained that the BOMC does have the power but can't utilize them itself. The BOMC basically gives those powers to the URA. The BOMC would need to go through a bid process for the design and construction but the URA can bypass that and negotiate directly with developers. Bond Attorney Teri Finister said URA powers are also beneficial when it comes to handling debt. There is discussion between Commissioner Shortell and Mr. Bryant about the rules regarding a request for proposal, or RFP, process and the role of the Bleakly Advisory Group. Ms. Shortell also asks if staff still plans to create a five-year capital plan. Mr. Bryant responded that it will be part of the upcoming budget cycle. Commissioner Yelton felt the time is now for action. She added that each step will be taken through a public process. Some parts will be subject to confidentiality and executive session, however. Mayor Pro Tem Fisher said he is in favor of forming a URA regardless of this project. He felt it's a flexible tool for the City to have. He asked Ms. Finister if the URA would also give the City flexibility in working with the Downtown Development Authority (DDA). Yes, she said. Mr. Fisher added that flexibility can be interpreted as nontransparent so he wanted to make sure the public is comfortable with the steps along the way. He added that he thinks it's a good idea to contract with Bleakly to help with negotiations. He would also like the DDA and Davenport to be involved. Mayor Elmore explained some of the drawings included in the RFQ response from Fabric.

Item No. 4

Public Comment

Resident George Kennedy is concerned there would not be a referendum to borrow money and he was also concerned about the power of eminent domain. Mr. Fisher emphasized that any eminent domain powers would be unchanged. Dee Merriam is worried about the amount of public input in and advance notice of any changes to the Urban Development Plan (UDP) in the future. She also asked about the street grid study and its role in this plan. Mr. Bryant conveyed that all stakeholders were in communication. John Mizell asked if Fabric planned to build an apartment complex. Ms. Shortell noted the Avila property is zoned for apartments in the Downtown Master Plan. Mr. Bryant added that property owners have right to build things allowed under the zoning and the City has no control over that. He also reiterated that what Fabric submitted in response to the RFQ was just a concept and only to show that they're qualified to do the project. Candace Jones believed there are too many unknowns with this and other projects to move forward at this time. She was also concerned about taking on too much debt and a lack of public process. Ed Reiker wanted to clarify that any financial benefits

from this development will be part of the tax allocation district (TAD) and can only be spent on certain items, none of which include increased services like police. He felt there should be a referendum to take on new debt and he felt the BOMC was not being transparent. Mr. Bryant pointed out that Mr. Reiker failed to mention that TAD revenue can be used to pay debt service for projects within the TAD. That frees up general fund revenues to pay for increased services. Mr. Elmore added that he felt there has been no lack of transparency. Kathy Kingsbury asked how TAD revenue to pay off debt service would work if two of the projects were storm water related and not within the TAD. Finance Director Hanebuth explained how that would be handled. Ms. Shortell and Ms. Yelton said the advantages of doing a Bond Anticipation Note (BAN) outweigh any downsides, especially in the long term. Jennifer Pindyk asked about several stipulations within Fabric's RFQ response that could be costly for the City, such as infrastructure. She's also concerned the development will be generic. Mr. Bryant responded that none of those stipulations are binding. He added the BOMC does not have to comply with any stipulations and they have ultimate control and approval powers. Mr. Laratte asked if such stipulations were typical in RFQs. Mr. Bryant said that it was something of a wish list for developers. Jen Pindyk said only having one proposal decreases the City's leverage in negotiations. Ms. Shortell informed Ms. Pindyk that a survey of other interested developers found many of them found the project too specific for them to the point they didn't find it profitable. Therefore, they did not respond to the RFQ. Ms. Shortell reiterated the BOMC is committed to place making and building something special. She summarized that the RFQ was so specific and demanding that caused some developers not to engage. Paul Dorroh believed the City will be unable to pay the payments on the debt. He also requested a rolling capital improvement plan and more public involvement over the next few months. He said he doesn't feel there's enough information. Mr. Bryant responded that the BAN allows the City to only borrow the money needed and he reminded the audience that the figure of \$8.4 million was Davenport's maximum recommended debt limit. There is no plan to borrow that amount anytime over the next three years, he added. While a capital plan is still in the works, City staff has recommended the mechanisms to pay for the projects already identified as priorities by the BOMC. Ms. Yelton asked about the timing of the capital plan in relation to the budget process and Mr. Bryant said much of that depends on the timing of these projects. He also remarked that any money borrowed at any time will come before the BOMC in a public meeting for discussion and approval. Mr. Dorroh does not support borrowing money before a capital improvement plan is completed. John Mizell asked what ways the DDA will be involved in this process. Mr. Bryant listed the ways the DDA has assisted up until this point. He then outlined his recommended next steps which includes presenting the BOMC with an Urban Redevelopment Plan (URP), forming the URA, contracting with Davenport to help the City secure financing, and contracting with Bleakly Advisory Group for assistance with negotiations with developers. The timing of these steps is up to the BOMC. Mr. Bryant told Ms. Yelton that any help to secure financing

would be a new contract with Davenport. He explained that payments to them would be included in the debt. Mr. Fisher would like to move forward with forming the URA. At the next work session, he requests more detail from the Bleakly Advisory Group about what services they would provide as well as time to go through Fabric's response to the RFQ. He also felt that showing exactly how the City plans to pay for debt service would be beneficial. A separate conversation about storm water is also requested. Mr. Fisher recalled how for the past several years the City has been paying off the loan for the four acres as well as giving the DDA large sums of money so he thinks funds are available. Mr. Hanebuth laid out a timeline of what would need to be done and when for the BAN. Mr. Laratte is in favor of the URA. He also wanted to see more details from the Bleakly Advisory Group. He asked when Davenport would start working to secure financing. Mr. Bryant said that would only happen if and when the BOMC approved the BAN. Mr. Laratte also wanted to have more discussion about who would serve as members of the URA but allowed that talk could be premature at that point. However, he said he likes the plan and believed it's feasible. He wanted members of the public to understand the plan as a matter of transparency. Mr. Elmore said he wants to move forward. Mr. Bryant briefly explained how the City would pay debt service without any additional burden to the taxpayers. Ms. Shortell thanked Mr. Bryant for introducing a better way to do budgeting and financing to the City. Candace Jones asked what is the staff's recommendation. Mr. Bryant said it is to form a URA and hire the Bleakley Advisory Group to assist with negotiations with Fabric developers. Ms. Jones said Mr. Bryant should also include "accepting Fabric's RFQ response" as well. Mr. Dorroh did not believe it was possible to move forward with the Bleakly Advisory Group without a capital improvement plan. Dee Merriam had questions about the potential for a storm water pond in downtown.

Item No. 5

Adjournment

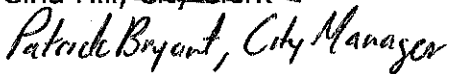
Commissioner Laratte moved to adjourn. Commissioner Shortell seconds. All ayes.

APPROVED THIS 1st DAY OF JULY 2019


Jonathan Elmore, Mayor

ATTEST:


Gina Hill, City Clerk


Patrick Bryant, City Manager