City of Foley, AL

The City of Foley Public Cultural & Entertainment Facilities Cooperative District
407 East Laurel Avenue
Foley, AL 36535

Meeting Minutes - Final

Public Cultural & Entertainment Facilities Cooperative District

Monday, October 5, 2015 **3:00 PM** **Conference Room**

Meeting

Call to Order / Roll Call

Acting Chairman Floyd "Skip" Davis called the meeting to order at 3:16 p.m. Members present: Charles J. Ebert, III and John Koniar. Others present were Vickey Southern, Mike Thompson and Jeff Rouzie.

Present: 3 - Floyd A. Davis,Charles Ebert III and J Koniar

Absent: 2 - Duane A. Dickson and Keith Newton

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Approval of the Minutes

15-0606 09-01-2015 PCEFCD Minutes

Attachments: 09-01-2015 PCEFCD MINUTES.pdf

The September 1, 2015 Minutes were unanimously approved upon motion by Mr. Ebert and seconded by Mr. Koniar.

New Business

15-0607 Consider a resolution approving $7 Million in NMTC Funding associated with the Culteral & Event Center

Mr. Jeff Rouzie reported this NMTC allocation that MuniStrategies (CDE) had and placed the $7 deal went out. This is last year's New Market Tax Credits and we are in a tight timeline to get the deal closed prior to the end of the year. MuniStrategies agreed to put their $7 million tax credits up for purchase by Capital One, who will purchase at .84 cents per credit, which will equal $2,293,200 in total. Out of those dollars the City of Foley will receive approximately $1.3 million benefit after all expenses and fees were taken out over the seven year period. After the end of the seven year period the $1.3 million that the City receives will basically become equity in the project for us through a put/call that is agreed to in the agreement at the beginning. The Put/Call is basically for $1,000 the entity that puts the money in their executes what they call a Put Agreement, which elevates that QUALIC B, which is Loan B, and is the $1.3 million and they walk away from it. They did not walk away from it without getting the New Market Tax Credits. Each year CapitalOne is offsetting taxes with a $1.00 worth of taxes for .84 cents. It is a $1.3 million grant to the City and there is a couple of $100,000 additional that MuniStrategies will hold out that we can dictate how that money is spent. If we want to spend it on the downtown area on low interest loans for companies that are coming into town or for existing businesses that need to spruce up their properties. It depends on what the PCEFCD want to do with it. So overall it is a $1.5 million benefit. The other advantage is the first seven years of the funding will be interest only so the payments for the multi-use indoor facility would be much lower the first seven years. The interest rate will be very low. It is dependent on a signed MOU for the first hotel and they are working on several options. The City has a MOU where we have a final discussion with Britton and Rusty to put it back onto the Porch Creek group to see if they agree with it. There aren't really any changes but only a timing issue on the second hotel pad. The City wants them to purchase the pad within a certain period of time prior to the option running out. The City could purchase it today or whoever we assign the option can buy it for a certain price and that runs out in approximately two years. It is an advantage for them to go ahead and exercise the option within the option period, otherwise the group that owns the pad may put whatever price tag they want on it.

Mr. Thompson reported they anticipate the Events Center will cost approximately $16 million and this is $7 million of that $16 million build. Mr. Thompson asked if the interest only was only of the $7 million or the whole $16 million. Mr. Rouzie reported that they could request interest only for the whole amount. It lowers the cost of the $16 million project. There is a lot of paperwork and Sue Steigerwald's group does a great job! The sales taxes, hotel taxes will help pay for the project. Mr. Davis asked what the down side would be to the project. Mr. Rouzie reported the City would lose about $95,000 on the front end for the attorney's and accountants. If we can't get the MOU and can't get it closed then we are out $70,000 for the price of the pad. Mr. Ebert asked if they felt good about the MOU. Mr. Rouzie reported he didn't feel as good as he would like to feel. The CIEDA would like to and has committed to build the hotel but the MOU is not signed. They came back with a timing issue where they wanted to commit to buy the second option and it didn't work because it was too far out in the future. It isn't a deal killer but just something that needs straightening out. Everything else in the MOU is exactly what the City was looking for.

Mr. Thompson reported the deal has been raise to the Mayor and City Council so they are well aware of the deal. The event center is part of the Public Cultural and Entertainment Cooperative District so a formal approval is required of this board.

Hearing no further comments Mr. Koniar made a motion to approve the $7 million New Market Tax Credit funding and Mr. Ebert seconded the motion. The vote passed unanimously.

Mr. Jeff Rouzie asked to go into Executive Session to discuss Economic Development preliminary strategy for negotiations involving matters of trade and commerce that would have a detrimental effect upon the competitive position of a party to the negotiations.

Mr. Ebert made a motion to go into Executive Session for the reasons Mr. Rouzie stated and Mr. Koniar seconded the motion. Mrs. Southern took the following roll call vote: Mr. Koniar, aye; Mr. Davis, aye; and Mr. Ebert, aye. There was unanimous vote to go into Executive Session. Mr. Thompson reported the Executive Session will take approximately ten minutes and the District Board members will not be voting on anything after the Session. The meeting recessed to go into Execute Session at 3:28 p.m.

The meeting reconvened at 3:38 p.m. Members present were Mr. Davis, Mr. Koniar, and Mr. Ebert. Others present were Mrs. Southern, Mr. Thompson and Mr. Rouzie.

Reports

None to report.

Visitor Comments

None to report.

Adjourn

Hearing no further comments Mr. Koniar made a motion to adjourn and Mr. Ebert seconded the motion. The vote passed unanimously. The meeting adjourned at 3:39 p.m.