MINUTES **FINAL**
COCOA CRA
SPECIAL MEETING
April 5, 2022

The Special Meeting of the Cocoa Community Redevelopment Agency was held on April 5, 2022 at City Hall, 65 Stone Street, Cocoa, FL, as publicly noticed.

I. CALL TO ORDER:

Chairman Blake called the meeting to order at 5:32 pm.

ROLL CALL:

Michael C. Blake	Chairperson
Lavander Hearn	Vice Chairperson
Alex Goins	Agency Member
Rip Dyal	Agency Member
Lorraine Koss	Agency Member
Janne Etz	Agency Member
Candace Rogers	Agency Member
Anthony Garganese	Agency Attorney
Lori Chabot	Recording Secretary

PRESENT:

Michael C. Blake	Chairperson
Lavander Hearn	Vice Chairperson
Alex Goins	Agency Member
Janne Etz	Agency Member
Candace Rogers	Agency Member
Rip Dyal	Agency Member
Lorraine Koss	Agency Member
Anthony Garganese	Agency Attorney
Lori Chabot	Recording Secretary

ABSENT:

STAFF PRESENT:
Stockton Whitten, City Manager**, Charlene Neuterman,** Community Services Director.

Agency Attorney Garganese led the assembly in the Invocation and **Audience Member Donald Neuterman** led the assembly in the Pledge of Allegiance to the flag of the United States of America.

II. APPROVAL OF AGENDA AND MINUTES:

<u>AGENDA:</u> Special Meeting April 5, 2022 as written or with amendments.

* **MOTION by Agency Member DYAL; SECONDED by Agency Member GOINS to approve the Agenda for the Special Meeting of April 5, 2022, as written.**

AYES: BLAKE, HEARN, GOINS, ETZ, ROGERS, KOSS, DYAL

MOTION PASSED UNANIMOUSLY (7-0)

III. <u>DELEGATIONS</u>: None

IV. <u>PRESENTATIONS:</u> None

V. <u>ACTION ITEMS:</u>

1. Update on the 603 Brevard Avenue Hotel Project.

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Community Services Director Neuterman read Agenda Item updating the Agency Members of actions to date and the developer's efforts to cure the default regarding the required submittals from the developer. Additionally, she continued, this meeting is prior to the site plan going to the Planning and Zoning Meeting on Wednesday, April 6, 2022. Community Services Director Neuterman shared a PowerPoint presentation outlining the high points of the developer agreement for Phase II and the next Phase III as stated in the Agenda Staff Report. Once the four items in Phase III have been completed, Developer can return to CRA to request conveyance of property. City Manager Whitten identified for Agency Members the dues dates for each of the required items in Phase III.

Director Neuterman introduced Adam Facciobene and developer's attorney Cliff Repperger who were present and available for questions.

Chairperson BLAKE commented he was glad to be able to get to this point also asking about the financing moving forward with regard to the hotel.

In 2019, Mr. Facciobene said, he had established a couple of funds allowing him the ability to finance the development of the Hotel. He gave his assurance that it is possible and he would not let him down. He added he had access to a credit facility and had relationships with Centennial Bank. He was completely confident he could fund the hotel.

Agency Member ETZ spoke stating, this is the fourth financing presentation she has sat through, three went away. She stated the letter submitted is nebulous to her. Asked, do the funds he spoke of mean he has the money to build the hotel? She continued, she is a business owner and skeptical about the letter and needs more than his word that they are sufficiently capitalized. Will you be able to provide figures to show there is sufficient capital? He replied, he had been involved in the project since September and would like to think they made progress since then, he added he would like to suggest significant progress since becoming involved. He continued, in reading the agreement, he understands the financial obligations that will need to be provided before conveyance and he will provide that and more. Agency Member ETZ responded, she has seen this before and is skeptical.

Chairperson BLAKE echoed they all feel skeptical. He continued they still have the four months before conveyance of the property, and that is a pivotal point and he is interested in what is being presented today.

Agency Member DYAL asked Mr. Facciobene about his projects at the space center. He continued; he was aware Mr. Facciobene would have to have available funds in order to do those projects. Mr. Facciobene replied that was correct, quite a bit. Agency Member DYAL stated he was impressed as they were able to get the work done since the last meeting, where they were given 34 days.

Chairperson BLAKE asked Community Services Director Neuterman if approved tonight, what is next step. City Manager Whitten stated, if the direction from the Agency was to move forward, it will go to the P&Z Board Meeting.

City Manager Whitten also wanted to clarify, to be sure everyone was on the page, and directed them to the Restated Developer Agreement page 11, #7 - Purchase Price of the Property: Agency Security. "the Agency and Developer agree that the purchase price of the Property shall be either seven hundred and sixty thousand dollars, the market value of the Property at the Effective Date of this Agreement, or the appraised value of the Property prior to its conveyance, whichever is greater."

Agency Member KOSS asked about the effective date. Community Services Director Neuterman replied it goes back to original agreement, March 2019, However, the appraisal was in mid- 2018. Agency Member KOSS stated the property value has gone up. Community Services Director Neuterman stated there will be another appraisal prior to the time of conveyance.

Agency Attorney Garganese, stated the valuation goes to the securitization and letter of credits provided at the time of the closing and doesn't change the terms of the agreement where the CRA is providing the property. The credit and the valuation come in if the project goes belly up, it provides security to the CRA relative to the value of the property. The purchase price and letter of credit is referenced on page 12, D. Letter of Credit Security.

Agency Member KOSS stated she echoed the concerns of Agency Member ETZ, adding another four months, what if things don't work out, in that time there could have been another RFP completed. Agency Member KOSS also expressed her concerns about the financial letter and why it took so long. She also asked Mr. Facciobene what his confidence was based on? He replied, he has direct access to capital? She asked why the delay? He stated that as of the last board meeting, they had been focusing on the site plan. He submitted the letter from his company and believes he has submitted what is required at the time.

Agency Member KOSS read from the Agenda Staff Report which stated the financing letter was received at the last minute, asking if that statement was true.

Agency Attorney Garganese replied it was true, and Staff had done their review of the letter and site plan. He continued, staff realizes the structure of the Gulfstream Equity, LLC – they get investors or funds for the project. Staff doesn't have all the detailed financials, just the agreement between that Lodging Decisions and the Gulfstream Equity LLC. So, looking at it on face value, it looks like Lodging Decisions has a binding financing commitment and, at the end of the day, whether or not the investment group has the capital remains to be seen. The Staff Report was not intended to suggest that there is not adequate capital, we just don't know at this time. We anticipate that if this matter proceeds to closing, prior to, there will have to be more detailed documents before the City's Staff can determine whether there will be enough to fund the construction project. Agency Member KOSS asked when will that be, what was the date? Community Services Director Neuterman replied, July 26. Agency Member KOSS asked if there was an adequate amount of time to raise the money. Mr. Facciobene responded they don't need all the funds raised; it is a pooled investment fund.

Agency Member ROGERS asked what you project the cost of the total project? He replied, about the loan amount, about 20 million approximately and added, as a general contractor he doesn't have to pay market price for everything. She then asked about the 18-million-dollar loan between The Gulf Stream Equity Management to the Lodging Decisions, to please explain that loan asking why did you need that, if you state you already have it? He replied, what the ultimate capital stack will be is not yet known and still in the works. The funding will be a combination of debt and equity.

Attorney Cliff Repperger, attorney representing the developer stated the reason we don't have all the detail is there wasn't enough time. He expressed they have done what they needed to do to meet the terms of the contract at this point and move to the next phase. The next phase and the P&Z meeting will start the next round of things that will be required and it will become clear to staff and answer a lot of the questions, such as assurances and financial backing leaving no further questions for the agency. At this point, he continued, we have done what is needed to fulfill the requirements. He also assured Agency Members the answers will be forthcoming as required.

Agency Member ROGERS asked Agency Attorney Garganese, should we proceed and what potholes should we be concerned about? He replied the agreement is structured so the developer proceeds in phases. So, it is one step at a time and the next step is the P&Z Meeting. At this point, they have met their contractual requirements to get to the next step. The next steps are very aggressive performance measures subsequent to the presumed P&Z approval. Potholes, he continued, one would be if the P&Z doesn't approve the site plan, the others are generally laid out in the Agenda Item. Assuming approval of P&Z, they have to sure up all their financial commitments and obligations and present letter of credit for purchase price, have their general construction contract in place, performance bonds for the construction value of the project, listing the City and CRA as obliges and address the parking spaces. There is not a lot of time, especially for someone who is new to the project. The potholes are time and time is of the essence. We are now playing with a completely new team. They are working very hard, the fact they were able to put together a site application in a short amount of time is relatively commendable given they changed engineering firms as well. It remains to be seen if they will be able to meet the remaining tasks in a short amount of time.

Mr. Repperger stated they will be able to satisfy the terms of the agreement as stated. It is structured in a tricky manner but, believes they will be able to satisfy the agreement. Agency Member GOINS stated he has been one who has voted to approve every extension. He wants to be on the right side of history and asked for their help to do so. He added, what the team has done in a short amount of time is commendable. Let's get across the finish line, he stated and is supportive to move forward.

Chairperson BLAKE stated he would make a motion based on staff recommendations to approve the agenda item and then to proceed to P&Z board and get their recommendations.

Agency Member KOSS asked questions what do we require at this point, the binding financial commitment, it seems they didn't' meet the requirements. Agency Attorney Garganese responded based on staff recommendation - to approve the Agenda. The issue here is for Staff to put the request before the Agency and get their impression as to whether they agree with staff that they have cured the default that the agency declared back in February. Agency Member KOSS replied, so it is a matter of opinion?

Agency Attorney Garganese responded in our opinion, they have cured the default by presenting a reestablished binding financing commitment and staff's recommendation they have complied with all the requirements of the site plan. That was what was required to cure the default at this time and as staff indicated in the PowerPoint presentation, assuming they get through site plan, there is another laundry list of deliverables the developer will have to provide in a short period of time. In order to proceed with the closing of the property and the construction of the project. We are taking one day at a time relative to this project and relative to this default and the next task is the site plan hearing.

Agency Member ETZ asked Agency Attorney Garganese for clarification – she continued asking him, as far as your concerned, the developer cured the default from our last meeting and the motion will then put the agreement back into play, and if things are approved tomorrow night, we will continue with the agreement. Agency Attorney Garganese replied yes.

* * **MOTION by Chairperson BLAKE; SECONDED by Agency Member GOINS that Agency Members** recognize and approve staff's recommendation that the developer has cured the default at hand and, that the binding financing commitment has been reestablished and the site plan application has been completed and submitted in order to present it to the P&Z Meeting on Wednesday, April 7, 2022. So, based on those two items and the default that the agency declared in February, we believe they have cured the default and pursuant to the terms of the agreement, they can proceed on behalf of the agency as property owner and the other property owner to the P&Z for consideration of the site plan application.

AYES: BLAKE, GOINS, HEARN, ETZ, ROGERS, DYAL

NAYS : KOSS

MOTION PASSED (6-1)

VI. ATTORNEY'S REPORT – NONE

VII. UPDATES AND STAFF REPORTS – NONE

VIII. NEXT MEETING DATE

The next regularly scheduled meeting of the Cocoa Redevelopment Agency will be on Monday, May 2, 2022 at 6:00 PM in the Council Chambers located in Cocoa City Hall, 65 Stone Street, Cocoa, Florida.

IX. ADJOURNMENT

*** MOTION by Agency Member DYAL; SECONDED by Agency Member ETZ to adjourn the meeting.**

AYES: BLAKE, GOINS, HEARN, ROGERS; ETZ, KOSS, DYAL

MOTION PASSED UNANIMOUSLY (7-0)

MEETING WAS ADJOURNED AT 6:13 PM.

Michael C. Blake, Chairperson

Respectfully Submitted by:

Lori Chabot, Recording Secretary