

**CRA BOARD MEETING**

**January 7, 2019**

**7:00 PM**

**CRA BOARD MEMBERS PRESENT:**

Shirley Groover Bryant, Presiding Officer

Tambra Varnadore, Chair

Jonathan Davis, Vice Chair

Tamara Cornwell

Harold Smith

Brian Williams

**STAFF PRESENT:**

Mark Barnebey, City Attorney

Jeff Burton, CRA Director

Jim Freeman, City Clerk

Allen Tusing, Public Works Director

Scott Tyler, Chief of Police

Amber LaRowe, Assistant City Clerk

Mayor Bryant opened the CRA Board meeting at 7:15 p.m.

**1. CRA BOARD AGENDA APPROVAL**

Mayor Bryant added two items to the Agenda. Items 4.A. will be the extension of the Grower's Hardware Agreement and 4.B. will be the extension of the Sarasota Investment Trust Agreement.

**Motion:**      **Mrs. Varnadore moved, Mr. Davis seconded, and the motion carried 5-0 to approve the January 7, 2019 CRA Board Agenda with the two additions.**

**2. PUBLIC COMMENT**

No comments.

**3. CONSENT AGENDA APPROVAL**

A. Minutes: November 5<sup>th</sup> and November 26<sup>th</sup>

B. Blalock Walters Legal Invoices

C. Store Front Grant 2019-02 North River Body Therapies

D. McGowan Harris Claim

E. Proposed Agreement with BACC Hotel, LLC

The Board requested item 3.E. be removed for further discussion.

**Motion:**      **Mrs. Varnadore moved, Mr. Davis seconded, and the motion carried 5-0 to approve the January 7, 2019 CRA Board Consent Agenda with the removal of 3.E.**

**3.E. PROPOSED AGREEMENT WITH BACC HOTEL, LLC DISCUSSION:**

Attorney Barnebey discussed the Agreement as presented in the Agenda packet. There has been one change since the distribution of the Agenda, specifically to Section 17.3. Attorney Barnebey inserted "or delegates any

of its duties” to the first sentence and also added “(provided it also delegates its duties hereunder)” to the second sentence.

Based on the last discussion at the Workshop in December, Mr. Barnebey made the following changes:

1. Deleted the last sentence in Section 3.4
2. Added a liquidated damages fee to be \$300.00 for violation of Article IV items
3. Section 4.2 was also added, requiring the hotel name to be “Palmetto (Franchise Name) Hotel at the Convention Center”;
4. The requirement to construct the 7<sup>th</sup> Street Extension from U.S. 41/301 to Haben Boulevard whenever the necessary right-of-way becomes available.

Since that Workshop, BACC has agreed to change the fourth item as mentioned above, but subject to modification to items two and three (as mentioned above) as follows:

1. The liquidated damages provision related to Article IV items would be \$200.00 per day
2. Section 4.2 be modified to read: “Owner shall include in the name of the hotel and any lease or franchise document, “Palmetto” and the franchise name.”

Due to the requests as mentioned above, Mr. Barnebey would like to know further direction from the Board.

Mr. Smith opined that the name as requested above is fine, he is pleased with the City of Palmetto being first and foremost in the name.

Mr. Williams does not want the name Bradenton in the naming of the hotel at all even though the name of the current Convention Center has Bradenton in it. He would prefer just Convention Center. He continued to express his opinion on the name.

Mrs. Varnadore echoed Mr. Williams’ comments in regards to the naming. She is in agreement with the BACC request of \$200.00 per day for liquidated damages.

Tony DeRusso, InDevelopment, LLC, spoke regarding the naming of the hotel. He respects and appreciates the position of both Mr. Williams and Mrs. Varnadore. He explained that the franchise hotel is in agreement with putting Palmetto first and also understand the position the City is in regards to the name Bradenton; however, he implored the Board to consider the position of the franchise hotel needing to put the exact location (this means the name of Convention Center) in its name. If the name of the Convention Center changes, the name of the hotel will change with that. With that being said, he would appreciate the Board to consider “Palmetto (Franchise Name) Hotel at the Bradenton Area Convention Center” knowing that if the name of the Convention Center changes, the last part of the hotel name will change to that as well; however, Palmetto will consistently remain.

**Motion:** Mr. Smith moved, Mr. Davis seconded, and the motion carried 3-2 to approve the Agreement with BACC Hotel, LLC with the deletion of the last sentence in Section 3.4, the change made to Section 4.2 as notated above in the request by BACC, the liquidated damages amount provision related to Article IV items being \$200.00 per day, and the change to Section 17.3 as previously addressed by the City Attorney earlier in the conversation of this item. Mr. Williams and Mrs. Varnadore voted no.

4. ELECT CHAIR AND VICE CHAIR FOR THE CRA BOARD

**Motion:** Mrs. Varnadore moved, Mr. Williams seconded, and the motion carried 5-0 to elect Mr. Davis as Chair of the CRA Board.

**Motion:** Mrs. Varnadore moved, Mr. Davis seconded, and the motion carried 5-0 to elect Mrs. Cornwell as Vice Chair for the CRA Board.

4. A. GROWERS HARDWARE EXTENSION ADDED TO THE AGENDA:

Attorney Barnebey gave a brief background on the purchase and sale agreement with Growers Hardware, LLC. The Contract, as assigned to the CRA, entitled the buyer to a 30 day due diligence period (from the August 30 effective date), and granted two optional 30 day extension of the due diligence period for the purpose of conducting further environmental testing of the site. Both extensions were exercised while the assessments were ongoing, with the last extension expiring on November 30, 2018. Two subsequent extensions were granted by the seller which have extended the closing date until on or before January 18, 2019. The due diligence period expired on December 14, 2018.

Attorney Barnebey further explained that under the Contract, the CRA made an initial deposit of the \$1,000 toward the purchase price of \$329,000. If the CRA fails to close on the purchase, the CRA is in breach of the Contract and the \$1,000 deposit can be retained by the seller as liquidated damages. Mr. Barnebey would like it noted that the seller has faced challenged in closing their business and liquidating inventory, which have been continuing due to the multiple extensions, and may be hesitant to extend the closing date for further environmental assessments to be completed.

Mr. Barnebey asked that the Board consider granting the January 18<sup>th</sup> closing date to allow for further environmental assessments to be completed on or before February 15<sup>th</sup> and allow the closing date to be extended to March 15, 2019.

**Motion:** Mrs. Varnadore moved, Mrs. Cornwell seconded, and the motion carried 5-0 to extend the Growers Hardware Contract for due diligence to February 15, 2019 and the closing to March 15, 2019.

4. B. SARASOTA INVESTMENT TRUST EXTENSION ADDED TO AGENDA:

Attorney Barnebey gave a brief background on the purchase and sale agreement with Sarasota Investment Trust. The Contract, as assigned to the CRA, entitled the buyer to a sixty day due diligence period (from the August 30 effective date), and granted two optional 30 day extensions of the due diligence period for the purpose of conducting further environmental testing of the site. Both extensions were exercised while the assessments were ongoing; the last such extension expired on December 28, 2018. Sarasota Investment Trust, as seller, agreed with the CRA to extend the environmental due diligence period until January 9, 2019, in order for the CRA to discuss options for further extension of due diligence and the closing date.

Attorney Barnebey further explained that under the Contract, the CRA made an initial deposit of \$7,500 toward the purchase price of \$925,000. Within three days after the expiration of the due diligence period (as extended), another \$12,500 is due. If the CRA fails to close on the purchase after the expiration of due diligence, these deposits are at stake. If the CRA terminates within its due diligence period because of failure to obtain a satisfactory environmental report, it would be entitled to the return of its deposit. The CRA may also seek

further extension of its due diligence to allow for completion of the supplemental report, however, the seller is not obligated to grant such an extension. The seller has expressed a willingness to further extend the due diligence period, in exchange for the release of certain City liens on the property, including a code enforcement lien from August 2016 imposing a fine of \$100 per day and a notice of utility lien from 2012 for \$409.16, as well as other past bills for the property that may be subject to City collection. The current amount owing on the utility liens are \$11,202.13 and the code enforcement liens total \$88,737.69.

Discussion of the liens ensued. This discussion will have to be considered by the City Commission as they are the only ones who can determine any reduction in liens.

**Motion:**      **Mrs. Varnadore moved, Mr. Davis seconded, and the motion carried 5-0 to allow for a due diligence extension to February 15, 2019 and March 15, 2019 for closing contingent upon the discussion and decisions, if any, made by the City Commission.**

5. CRA DIRECTOR'S COMMENTS

Mr. Burton informed the Board that in February, Niceville, Florida CRA will be coming to visit this CRA to see what we have been doing that is right. Also, he planning a visit to Mount Dora in May to review their vision for their downtown.

He is planning to be working with the Economic Development Council to research a private company for digital infrastructure capabilities.

Mr. Burton discussed voluntary tax credit opportunities and hiring a consultant to review and fill out applications for tax credits.

6. PRESIDING OFFICER'S COMMENTS

7. CRA BOARD MEMBERS' COMMENTS

Mayor Bryant adjourned the meeting at 8:03 p.m.

MINUTES APPROVED: March 4, 2019

*James R. Freeman*

JAMES R. FREEMAN, CITY CLERK