

COMMUNITY REDEVELOPMENT AGENCY BOARD MEETING



Board of the City of Memphis and Shelby County Redevelopment Agency

Virtual teleconference via. Go To Meeting

Thursday, August 6, 2020

8:30 a.m.

Board Present: McKinley Martin Jr. – Chairman
Miles Mason – Vice Chairman
Sam Cantor – Treasurer
Ann Langston – Secretary
Kevin Spragling

Absent: Dynisha Woods
Britney Thornton

Also Present: Rosalyn Willis – President, CRA
Andrew Murray – Director of Planning and Community Development, CRA
Cynthia Durham – Administrative Office Manager, CRA
Lisa Ivy – Single Family Project Manager, CRA
April Simmons – Director of Vision and Project Management, CRA
Kimani Shotwell – Senior Community Builder, CRA
V. Lynn Evans – (Auditor Consultant for CRA)
Monice Hagler – (CRA Counsel)

Visitors: Joseph Fletcher (City Attorney)
Andre Gibson (Shelby County)
Bishop Henry Williamson Sr. – Chairman of Collins Chapel Connectional
Hospital
Reverend Lisa Anderson C Executive Director of Room In the Inn
Juliette Waddell Pittman – Collins Chapel
Juan Self – Self Tucker Architects
Lauren Lowe – PFM Financial Advisors
Lenell Burton – CTC and Uptown Advisory Committee
Charles Carpenter – Attorney for Collins Chapel
Ricardo Callender – PFM Financial Advisors
Brandon Eyabi – PFM Financial Advisors

A meeting of the Board of Directors (“Board”) of the City of Memphis and Shelby County Community Redevelopment Agency was held on Thursday, July 16, 2020. All Board members were present with the exception of Dynisha Woods and Britney Thornton.

I. CALL TO ORDER

Chairman McKinley Martin called the meeting to order at 8:36 a.m. and a quorum was present.

II. Approval of MINUTES – June 4, 2020 and July 16, 2020 (To Be Approved by the Board)

Chairman Martin called for approval of Board minutes from June 5, 2020. Upon motion made by Board Member Ann Langston and seconded by Board Member Kevin Spragling, minutes were unanimously approved by the Board using role call method.

Chairman Martin called for approval of Board minutes from July 16, 2020. Upon motion made by Board Member Miles Mason and seconded by Board Member Kevin Spragling, minutes were unanimously approved by the Board using role call method.

III. PUBLIC COMMENTS

There were no public comments.

IV. Board Action: Resolution 80620A Collins Chapel Connectional Hospital proposal for rehabilitation of facility for use by Room In the Inn (Covid-19 / CARES Act related item)

Chairman Martin asked President Willis to give a brief summary presentation. President Willis announced that Bishop Henry Williamson and key members of his team were present and would also give a presentation of their project and what they ultimately want to accomplish with the restoration of the clinic that is connected to the hospital building. She announced that a site visit and a preliminary meeting with the Collins Chapel team took place, on their premises, that week. She reported that after getting a better understanding of what the project will entail, CRA staff is in support of their plan of action.

President Willis said that CRA and Collins Chapel representatives are hoping for support from the CRA Board on the resolution. She stated that there is an air of urgency to get the project moving due to the fact that Collins Chapel has received \$1,000,000 in funding from the COVID-19/CARES Act that is in motion and has to be spent by the end of December 2020. President Willis ended by saying that the project will be greatly enhanced by CRA's ability to participate and that CRA's involvement will go a long way towards addressing a very serious problem in the community with the homeless population. President Willis then turned the meeting over to guest Julliett Pittman of Collins Chapel to present.

Guest Julliett Pittman introduced guest Bishop Henry Williamson Sr., Chairman of the historic black Collins Chapel Connectional Hospital. Bishop Williamson gave some background information stating that the hospital has been serving the community since 1910. He pointed out that the red brick section of the building was built in 1954. He said that Collins Chapel has partnered with Room In The Inn, Memphis's Homeless Ministry and that they are asking for CRA's help in procuring \$1,500,000 to proceed with the renovation of this facility in order to provide housing for the homeless. Guest Bishop Williamson reported that over \$3,000,000 has already been invested in renovations and that one third of the project is complete thanks to the CME Church and Collins Chapel working together in the community.

Guest Bishop Williamson explained how the facility will be used in partnership with the Room In The Inn Homeless Ministry.

Guest Bishop Williamson reported that all structural renovations will be designed by Self Tucker Architects. Guest Bishop Williamson introduced guest Reverend Lisa Anderson, Executive Director of The Room In The Inn Homeless Ministry here in Memphis and Shelby County, who explained their role in this partnership. Guest Bishop Williamson specified that Lisa's ministry has an impressive history of caring for unsheltered/homeless guests.

Guest Reverend Lisa Anderson explained that her ministry has been sheltering guests in Memphis for ten years and has a Winter shelter program. She stated that this project will allow her ministry to put all their operations under one roof on one campus. She reported that the renovation discussions began as a direct response to the COVID crisis due to need of space and shelter to give the homeless safety from the streets. She said that this is an appropriate way to move forward, especially during this critical period. Reverend Anderson opened the floor for questions.

Andrew Murray gave a quick summary in reference to the documents included in the Board packet.

Chairman Martin welcomed questions from Board members. He asked Andrew Murray to highlight more specifically how CRA funds will be spent on this project. Andrew, with the help of visual aids, explained that essentially there is one campus with a collection of buildings. The further North building has already had quite a bit of renovation work done via this project. Andrew reported that the upstairs portion of the building is slated to house families and the downstairs will house the 'medically fragile'. The CRA funds (up to 1.5 million dollars) will be used to renovate the part of the building to the South and turn it into a Day Center for individuals who are housing-insecure.

Board Member Sam Cantor asked what was the reaction of the Advisory Board Committee that toured the building. Andrew reported that their reaction was positive and that they asked questions. He also reported that their biggest concern was from an operating traditional standpoint -- people lining up.

Andrew stated that a stipulation of the CRA Redevelopment agreement is that the team continue to engage the Advisory Board Committee and the neighborhood residents while moving forward.

Board Member Cantor's second question was about the numbers. Andrew said that \$3,000,000 has been spent on the North side of the building, \$100,000 spent from the City in securing the roof of the South building, plus another \$1,000,000 asked for from the County. He reported that the estimated final add up should be approximately \$6,000,000 depending on review of contractors and the architect.

Guest Juan Self spoke in more detail about the cost of the project. Mr. Self offered to supply whatever level of detail CRA needs.

Member Sam Cantor ask if the \$3,000,000 investment from Collins Chapel came directly from the church or from another philanthropy or a grant? Guest Juan Self replied that the \$3,000,000 is the church's equity. Due to the "rush" member Sam inquired whether the clinic portion of the renovation can be extended to early 2021. He pointed out that the list of items requested from the parties before starting the development agreement is lengthy and possibly hard to be generated in the time allotted. He said that this then has to be followed by the drafting of the

redevelopment agreement, which takes time, and then on to the Advisory Board Committee. Board Member Cantor stated that he is uncomfortable and at a conflict with this project and that due to the timeframe he will not vote for or against the project but that he will have to abstain. He would like for CRA to be able to go through their normal procedures.

Guest Charles Carpenter agreed with Board Member Cantor that this is a very aggressive and tight timetable, but the need is great. He said that because of the CARES Act and the dollars that came down to the State to the City and County, Collins Chapel was rewarded the \$1,000,000 (initially \$650,000 to completed the construction which is an allowable expense under the CARES Act). He added that addressing the homeless population is also an allowable expense under the CARES Act so long as these improvements can be completed and operational by December 31, 2020.

Guest Charles Carpenter announced that a new contractor, Chris Woods Construction, will come in to do the renovations.

Guest Charles Carpenter stated that his group believes that since Chris Woods Construction already has some subcontractors mobilized this would be the best time to complete this project, mainly because The CARES Act funds have to be expended by the end of 2020 or returned to the Federal Government. He asserted that this would be an excellent use of the CARES Act dollars for this particular project.

Board Member Ann Langston asked, "who will be responsible for ongoing support of the new facility and is support available to sustain it?" Guest Julliette Pittman answered stating that Room In The Inn will be leasing the property from CME Church, will be the operational arm of this project and that planning is already in place for the two shelter programs. She said that Room in the Inn has a partnership with MIFA and is working on a partnership agreements with United Healthcare to assist with the residential care portion. She pointed out that they already have a budget that can support the programs.

Board Member Langston asked a follow-up question "who will be responsible for the building upkeep and maintenance?" Guest Julliette stated that Room In The Inn is currently in discussion about the lease agreement to decide who will be responsible for what.

Board Member Cantor asked, "does the transitional housing fill CRA's mission of affordable housing?" CRA Counsel Monice Hagler replied yes and added that there is not limitation on how the affordable housing is addressed as long as the constituents meet the terms of the actual statute. She pointed out that most of the families would qualify due to their no income status.

President Willis said that the large-scale goal is to eliminate homelessness. She stated that from her meeting with guest Reverend Lisa Anderson, she understands that Collins Chapel has a 3-step program, immediate critical needs that people have, but the long range plan is to ultimately help people and become productive citizens and live on their own to some degree or independent of a shelter. President Willis said that this is especially critical for families who have become homeless due to various reasons (e.g., loss of jobs/homes, etc.). She pointed out that the families are showing up at MIFA who is calling Room In the Inn which is a continuum of fallout of the economy and many other things. This project will be addressing the needs of affordable housing, particularly with families. The idea is that this is temporary and that families will move out into a more permanent or independent situation and ultimately maybe in to a Habitat home or other home or apartment where rent is manageable.

President Willis said that this is an extended way of thinking about affordable housing and that it definitely meets the need. President Willis believes that CRA can be very helpful in doing this.

Guest Julliette Pittman said that both of the new shelter programming models that they will be using are pathways into housing. She stated that this will be the first time they have had this model in Memphis.

Chairman Martin thanked all the representatives of the Collins Chapel project for their input.

Chairman Martin called for a motion by a Board member to approve resolution 80620A. Member Ann Langston moved that Resolution 80620A be approved by the Board and it was seconded by member Kevin Spragling. With the exception of Sam Cantor who abstained, the motion was approved by four Board members using role call method.

Chairman Martin thanked the representatives for their presentations and stated that CRA looks forward to seeing the work come through and the hospital and clinic being a vital part of the community.

V. PRESENTATION: Final Report from PFM study on the Highland Row TIF District Bonds (Attached).

President Willis said that PFM did a good job of simplifying the major report in getting CRA the information regarding the Highland Row TIF District Bonds. President Willis gave some background information stating that the buildings in the Highland Row project sold this year for \$65,000,000. The Assessor has, on CRA's behalf, filed a protective appeal

President Willis introduced guest Riccardo Callender and asked that he address the Board's questions.

Guest Riccardo Callender said that he wanted to give CRA a snapshot of what things 'could' look like. He began by talking about the 'observations'. He stated that the main take away was to give CRA a visual representation of what the cashflow is estimated to look like for fiscal year 2021 based on cash available and set aside for this particular note, as well as the estimated pledge revenues that are expected to come in between now and April 2021. He reported that a shortfall in April 2021 is likely.

Guest Riccardo Callender next talked about the **considerations**. He mentioned the four properties that were sold in 2020 at a much higher value, \$65,000,000. The 2020 County Assessor's appraisal for those properties were closer to \$42,000,000. He stated that CRA has submitted an appeal for the County Assessor to reevaluate these properties.

Guest Riccardo Callender next talked about **continued development plans**. He stated that there were 3 residential parcels developed in 2020 and added to the 2020 tax role. He said that there are plans to continue developing the remainder of those parcels over the next two year. This will factor into how quickly the properties come online and what their appraised value is when they do come online, which will affect the cashflow.

Lastly, guest Riccardo Callender covered **natural growth**. He explained that buildings naturally increase in value an average of 3.8% per cycle, however each cycle is independent of one another.

Riccardo Calendar's recommendations:

- 1) He encouraged a legal review of the options available to CRA, looking at it from a financial standpoint.
- 2) All will need to involve legal in some way, shape or form -- some on the front end by legal counsel.
- 3) He said that the main take-a-way is that in the current market, these are not very good alternatives. They do not have a likelihood of being successful in fair market because CRA is not obligated to take any action and the investor has no requirement to entertain any options. He talked about some of the recommended **options** (renegotiate interest rate, renegotiate call date, extend the final maturity).

Board Member Langston asked, "giving the availability of the funds to cover the payments of the life of the bonds, although there may be interim shortfall, would it be likely that negotiation of a deferral of some payments based on cashflow be a reasonable ask?" He also replied that yes, it is reasonable in the context, but that Preston Hollow has no obligation and very little incentive to entertain that option.

Board Member Cantor asked for clarification, he said as long as CRA did not do anything wrong and there is a shortfall in the tax revenues, the investor has to wait until the CRA can collect the revenue to pay. Guest Riccardo Callender stated that Board Member Cantor is essentially correct. President Willis reiterated that Preston Howell signed a document during the closing that stated that they understood what they were purchasing, and all the conditions of the note was accepted at that time. She pointed out that CRA documents say that CRA can only pay out what CRA gets in.

Board Member Cantor asked guest Riccardo Callender "if more than 90 days passes between a refinancing and a payoff, does the balance due become taxable?" Guest Riccardo Callender replied yes, according to the current law the new refinanced debt would be taxable.

President Willis brought up to the Board that during a meeting she had asked the investor if they would be willing to lower the interest rate, which would go a long way towards solving the problem. The answer she received was "absolutely not".

Chairman Martin asked member Monice Hagler whether any Board action was required at this point due to this being a presentation? Monice replied that there was no reason for the Board to take any action today.

Chairman Martin thanked guest Riccardo Callender and President Willis for the presentation and for keeping the Board updated on the status of this situation.

VI. PRESENTATION: CRA Financials and Update on Audit (Attached)

CRA Auditor Lynn Evans reported that she has continued to work in coordination with CRA's Accountant Marie Shoemaker on all things financial and audit. She stated that the Board should have received the financial statements for the 11 months ending May 31, 2020 in the Board packets. She pointed out that the report noted that all bond payments, payroll taxes and accounts payable are current. She said that due to the pandemic external auditors have estimated a 2019 audit start date of Mid-September. The goal is to immediately start the June 2020 audit as soon as the 2019 audit is completed.

CRA Auditor Lynn Evans said that correspondence from the Tennessee Controller of Treasury was received in July and that the correspondence has been provided to all Board members. She stated that in summary, the letter indicates that the audit report for the June 30, 2018 year has been accepted by the State and is now posted and available in part of the State's public record. The correspondence also indicated some observations related to timely filing and report presentation that she is requested to address in future audits. She said that at this time there is no action required on the part of the Board. Auditor Lynn Evan has reviewed the financial information with all of the Board members who are on the call. She stated that unless there are questions that concluded her report.

Board Member Cantor commented on the process that CRA goes through to generate financial statements. He pointed out that this month's statements were very timely. He said that after having the lengthy meeting he is convinced that going forward the statements will be submitted to the Board on a timely basis. He pointed out that currently monthly statements are distributed in a year-to-date format but that future statements will be more detailed and will include additional information and schedules. He thanked CRA Auditor Lynn Evans and CRA Accountant Marie Shoemaker for their diligent work on getting this month's statements in on a time. Chairman Martin acknowledged their hard work as well, noting that CRA has gone through several difficult transitions but has finally arrived. CRA Auditor Lynn Evan echoed what member Sam Cantor commented on earlier, "if the stars all align the second audit can be completed by December 31, 2020." She concluded by saying "they are not there yet but are definitely making progress and that the Board packet is being refined to ensure that they are responding to the Board's informational needs."

VII. STAFF REPORTS AND UPDATES

Chairman Martin called for staff reports.

Program Updates: President Rosalyn Willis

Collins Chapel: CRA stepped up to address the opportunity of Collins Chapel.

Artifex Project: It has been a year since they were given the conditional commitment in reference to the affordable housing infill development project in the Medical District. President Willis received documents from Artifex this week and will be reviewing them t.

Infrastructure Work in Uptown West: CRA's notice to bid bidders has been posted and distributed to various city and county websites. A virtual and in-person (optional) meeting took place on Friday. CRA is anxious to see what type of pricing is submitted. All bids are due by August 21, 2020. Once all proposals are examined CRA may choose to interview the three top bidders before a final selection is made. CRA anticipates having this task completed by the September 2020 Board meeting at which time the resolution to hire a contractor will be submitted for Board approval.

Chairman Martin thanked President Willis and complimented her on the excellent '10 Key Updates' that were put together by her and presented by Andrew Murray at the July 16th Board meeting.

VIII. UNFINISHED BUSINESS

Nominating Committee Report:

Board Member Kevin Spragling announced that he has spoken with all current Board Officers with the exception of Board Member Miles Mason. Board Member Spragling reported that Chairman McKinley Martin, Secretary Ann Langston and Treasurer Sam Cantor have all agreed to serve for an additional one-year term in their capacity as an officer of CRA. He asked Vice Chairman Miles Mason if he was in agreement to continue to serve as Vice Chairman of CRA. Miles agreed to serve for another one-year term. Board Member Kevin Spragling said that he spoke with Board Member Dynisha Woods and she is fine with the 2020-2021 slate of officers. He reported that he has not been able to speak with Board Member Britney Thornton.

Member Kevin Spragling stated that the slate of officers for the 2020-2021 fiscal year will be the current slate of officers (McKinley Martin/Chairman, Miles Mason/Vice Chairman, Sam Cantor/Treasurer and Ann Langston/Secretary).

As Chairman of the Nominating Committee Kevin Spragling moved that the Board accept the slate of officers for the 2020-2021 term for CRA, it was seconded by member Sam Cantor. The motion was unanimously approved by the Board using role call method.

Chairman Martin thanked the participants for being available, the officers for serving on the Board and the Board members. He thanked everyone for again electing him as Chairman, stating that he is humbled and will do his very best to work well for CRA and Memphis and Shelby County.

IX. NEW BUSINESS AND OTHER ANNOUNCEMENTS

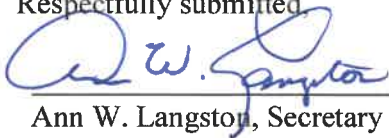
Board Member Spragling congratulated April Simmons on her being presented the Top 40 under 40 Award by the Memphis Business Journal -- the announcement was followed by applause. April declared that she was both surprised and honored to be recognized. She expressed how esteemed she is to be a part of such accolades and how appreciative she is that she gets to work with such great people, and serve the community. Chairman Martin thanked April and affirmed that this is truly a distinguished tribute.

The next CRA Boarding meeting will be held September 3, 2020 at 8:30 a.m., virtually.

X. ADJOURNMENT

The meeting was adjourned by Chairman Martin at 10:05a.m.

Respectfully submitted


Ann W. Langston, Secretary