



**CITY OF RIVIERA BEACH, FLORIDA
CITY COUNCIL
BUDGET WORKSHOP MINUTES
CITY COUNCIL CHAMBERS
June 30, 2015 at 5:30 PM**

(The following may contain inaudible or misunderstood words due to the recording quality.)

CITY CLERK CALLS TO ORDER

CHAIRPERSON PARDO: Okay. We're gonna start the meeting now. Welcome, everyone, to the City of Riviera Beach. Tonight we have a joint budget workshop between the City of Riviera Beach and the Riviera Beach CRA. Madam Clerk, roll call, please.

ROLL CALL

CITY CLERK ANTHONY: Mayor Thomas Masters? Chairperson Dawn Pardo?

CHAIRPERSON PARDO: Present.

CITY CLERK ANTHONY: Chair Pro Tem Terence Davis?

CHAIR PRO TEM DAVIS: Here.

CITY CLERK ANTHONY: Councilperson Bruce Guyton?

COUNCILPERSON GUYTON: Here.

CITY CLERK ANTHONY: Councilperson KaShamba Miller?

COUNCILPERSON MILLER: Present.

CITY CLERK ANTHONY: Councilperson Cedrick Thomas? City Manager Ruth Jones?

CITY MANAGER JONES: Present.

CITY CLERK ANTHONY: City Clerk Claudene Anthony is present. City Attorney Pamala Ryan?

CITY ATTORNEY RYAN: Present.

CITY CLERK ANTHONY: City -- CRA Director Tony Brown?

CRA DIRECTOR BROWN: Present. Present.

CHAIRPERSON PARDO: Okay. All right. Let's all stand for a moment of silence followed by the Pledge.

INVOCATION AND PLEDGE OF ALLEGIANCE

(Everyone stood for a Moment of Silence with the Pledge of Allegiance).

CHAIRPERSON PARDO: Okay. Miss Jones, would you like to take over?

DISCUSSION - RUTH JONES, CITY MANAGER

This is a joint workshop with the City and CRA to provide an overview of the budget impact of the preliminary tax values.

CITY MANAGER JONES: Thank you, Madam Chair, members of council for joining us tonight in what we know will be a good dialogue, and it will also give the executive director for the CRA and me some guidance as we begin to move forward with the development of our 2015/'16 budgets. What we'd like to do tonight is to present initially information as it relates to the impact of the preliminary tax values on each of the entities. Randy Sherman, Director of Finance and Administrative Services, will present for the City. And then Mr. Brown will present for the CRA. And then we will open it up for discussion and direction from council so that we can go ahead and develop those budgets.

CHAIRPERSON PARDO: Thank you.

CITY MANAGER JONES: Mr. Sherman?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Good evening.

CHAIRPERSON PARDO: Good evening.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Again, Randy Sherman, Director of Finance and Administrative Services. Let's see. Okay. Again, what we're really here to talk about is the impact of the FPL taxable values falling on the City side versus on the CRA side. So I'll just give a -- a quick background of how we really got here. Again, for the -- for the public and -- and for the, I guess, council and board, back on May 22nd, the City and the CRA, we received our preliminary taxable values from the property appraiser. Bottom line, City values went up \$1.1 billion or 32.3 percent. Now, again, we expected this type of growth because we knew the FPL, the power plant, was coming back on line and we knew

that it would be in our 2016 valuations. What we did not expect, though, again, is that it ended up on the City's side and not on the CRA side.

COUNCILPERSON GUYTON: Miss -- Madam Chair? Mr. --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes?

COUNCILPERSON GUYTON: Speaking of which side it fell on, there's been some discussion about whether that is a problem and transferring and -- is from your standpoint, is that a problem transferring funds from the general fund on this side to the CRA?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. We're going to get into --

COUNCILPERSON GUYTON: Understood. Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- our ability to do that.

COUNCILPERSON GUYTON: I know we're going to get it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: But, yeah. No, that's --

COUNCILPERSON GUYTON: I just want to make --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- that's fine.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay. Why did this happen? Again, CRA operates under Florida Statute 163, and under 163 it says, "The CRA receives revenues only from taxable real property." Okay? Real property includes things like lands and buildings. Okay? But the equipment used to generate and transmit the electricity on the FPL property, which, it's all -- all that equipment is taxable, that's not considered real property. That's considered tangible personal property. Yes?

CHAIRPERSON PARDO: One second.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Sure.

CHAIRPERSON PARDO: Let the record reflect that Councilman Thomas is on the dais.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay. And that distinction between whether it's real property or personal tangible property determines whether that value stays within the CRA or whether it comes over to the

City's benefit. Hopefully you can understand. What I did here is I wanted to talk about what's the real tax value, because I know a lot of people have been throwing, you know, some numbers around. So what we have here on the top half, this is our actual calculation that's used to determine what our tax values are going to be. So if I can -- are you going to work? It's not going to work and I don't have a pointer. We'll start at the top left. That is our new value, \$4.5 billion. Okay? The County always tells us --

UNIDENTIFIED SPEAKER: I'm sorry. I thought you (inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. You -- you're always a big help, you know? Then the County tells us what our new construction is. Okay? The \$825 million, which that's where the FPL number lies. This is based on our current millage, which is in that third column, the 8.952. What that would generate, okay, is \$38.7 million in property tax revenue. Okay? Now, if somebody actually tries to do that math, it is not going to work because we only can bill out at 95 percent. We only recognize 95 percent so there's a 5 percent discount in there. The last two columns, one is, again, how much is coming to the City and then how much would go to the CRA. So the City, out of that 38.7 million would actually get 33.9; CRA would get just under \$4.8 million. Now, on the City's side, again, you have the charter issue that says you have to put 1.5 percent of your tax revenues into your disaster -- major disaster fund. So we have to subtract out that \$580,000, which means the net that is coming to the City is \$33.3 million. Prior year we were at 24.2, which means the new net increase to the City is \$9.1 million. On the bottom what I did is I said, Okay. What if FPL had gone to the CRA and not to the City side? So again, it's the same columns coming across that line. You still end up with \$38.7 million. But the general fund -- oh, good job. But the general fund would get 27 million and the CRA would have gotten 11.6 million. The 1.5 percent that goes to the major disaster fund stays the same so that meant our -- the City net would have been 26.5. The 24.2 remains the same 'cause that's prior year. So without FPL, we would have received an increase on -- in general fund tax revenues of 2.2, which means the net from FPL, moving one way or the other, was \$6.8 million. Okay? So 6.8. I've heard 8, I've heard 9, I've heard 7. It's \$6.8 million is the difference. Okay?

COUNCILPERSON MILLER: Mr. Sherman, Madam Chair?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

CHAIRPERSON PARDO: Go ahead.

COUNCILPERSON MILLER: The City's general fund taxes, why is that amount different there? The 27.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Which numbers? I'm sorry.

COUNCILPERSON MILLER: The second-to-last column, the 27 million. Go up. That one.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: This number?

COUNCILPERSON MILLER: Why is it different from the top one that's 33?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Because what I did down here, I took the scenario that FPL went to the CRA instead of the City. Just so we could calculate what the impact of that change was. So what you also see is the CRA would have been 11.6 but today in reality, they're really only 4.8.

COUNCILPERSON MILLER: So all of the numbers are the same in the first, second, third and fourth column at the top and the bottom?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON MILLER: What changes 33 to 27?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: On which -- which party gets the FPL tax revenue. So again, the top is reality. That's where we are today.

COUNCILPERSON MILLER: Uh-huh. I get that. Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The bottom is where we thought we were going to be if FPL had gone into the C -- it had been --

COUNCILPERSON MILLER: I guess I'm -- I'm thinking --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON MILLER: -- math here. I know you said we're only doing 95 percent at the top.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON MILLER: But how do we have the exact same numbers going across and the 33 changes?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Oh, I'm -- I'm sorry. Okay. This 38 is the 33 plus the 4. And this 38 is the 27 plus the 11.

COUNCILPERSON MILLER: Okay. Why is it 27 and 11 and that was 33/4? Is it a percentage difference? What's different?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No, because FPL has gone from this column to this column.

COUNCILPERSON GUYTON: It went from the City side to the CRA side.

COUNCILPERSON MILLER: Okay.

COUNCILPERSON GUYTON: Giving us two different scenarios.

COUNCILPERSON MILLER: Okay. Okay. I gotcha.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay?

COUNCILPERSON MILLER: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Okay. So what does this mean for the City's budget outlook? So we have created a -- a file that's pretty significant. And we've actually projected out all of our expenses and revenues now all the way out to fiscal year 2023. But if we start just in fiscal '16, which is that first column -- and again, this isn't final. This is just where we are today. You know, City Manager's still moving things around. You gave us some great ideas last night. But where we are today, our expenses are about \$60.5. Our revenues are 66.2 million, which means right now we're sitting on \$5.7 million of dollars that are unprogrammed at this point.

And if you take those dollars across, it increases a little bit in '17, but then as you notice, it starts to go down all the way to when you get out to '23. It's just around 3.8. Now, the reason -- there's a couple of reasons for that. One, the FPL values depreciate, which means we're going to get fewer and fewer taxes off that plant every year. And it goes down about 4 percent a year so that's roughly about 300 to \$350,000 you're losing in actual revenues per year. The other issue is, even before -- and not even considering FPL, the growth of your expenses is -- is faster than the growth of your revenues. So while they may start a certain distance apart, they're getting closer and closer every year, which is making that surplus lower at the beginning of the year. Now, somebody may also ask why, if we get \$6.8 million from FPL, why is this only \$25.7. A couple of issues: City Manager has already worked into her budget a couple of items dealing with maintenance of city property, dealing with employee issues, and also dealing with the fact that we need to budget the buy-back for the FRS dollars. Okay? Remember, we bought back the time? So that's a one-time hit in this budget that'll go away but it's in -- it's in there at this time. Okay. The next three pages -- and if you have your -- your handouts here, the next three pages are the unfunded items that have been requested by the departments that are not in the manager's budgets as of this point. It may be a little hard to read for people at home so let me -- so this number here, this \$652,000, is the total down there, that's your operating items the departments have asked for that have not been included in their budgets. The slide -- the next slide is operating capital items that aren't included in their budgets. And again, if I increase that, that's a million four. Okay? So again, people have asked for items to be included in their operating budgets that -- you know, that have not been put in as of this point. And then this slide actually lays out the capital items. You know, we -- I know we're not talking CIP, you know, and the five-year capital plan at this point. But there has really been no new capital dollars coming in. We did the \$22 million. We're funding some street projects. But that doesn't stop the capital requests from coming in.

COUNCILPERSON THOMAS: Madam Chair?

CHAIRPERSON PARDO: Yes, go right ahead.

COUNCILPERSON THOMAS: Mr. Sherman?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

COUNCILPERSON THOMAS: That -- can you go back about two slides?

COUNCILPERSON GUYTON: (Inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Three slides?

COUNCILPERSON THOMAS: Maybe it's three. One more.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: One more?

COUNCILPERSON THOMAS: No. Okay, go up one.

COUNCILPERSON GUYTON: (Inaudible), man.

COUNCILPERSON THOMAS: Okay. Relax.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Now?

COUNCILPERSON THOMAS: Go up one more. No, no, no. You went back. I want you to go forward.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: This way? This one?

COUNCILPERSON THOMAS: Yes.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON THOMAS: What I'm -- I think I'm -- am I missing that one in -- okay. Go -- go one more. Go one more. There was a third slide that I thought I saw. I know I can't be just hallucinating it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: There -- there -- there's three slides. There's -- there's operating capital.

COUNCILPERSON GUYTON: (Inaudible).

COUNCILPERSON THOMAS: (Inaudible).

COUNCILPERSON GUYTON: (Inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: There's -- there's operating requests.

COUNCILPERSON THOMAS: Which one that had -- is that the one right there that the Uniforms at the bottom of it?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. Uniforms are, I believe -- are on this one.

COUNCILPERSON MILLER: Expenditures. On the expenditure one.

CITY MANAGER JONES: On the sheet that's got the six --

COUNCILPERSON MILLER: Operating expenditure.

COUNCILPERSON THOMAS: The one that -- right. The one that you say that the departments asked for that wasn't --

COUNCILPERSON MILLER: That's it right there.

COUNCILPERSON THOMAS: -- in this year's budget.

COUNCILPERSON MILLER: It's up there.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Oh, you're looking at this right here. You're looking at that there where it says Uniforms?

COUNCILPERSON THOMAS: Okay. Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah, that's -- that's -- that's Fire, right.

COUNCILPERSON THOMAS: All right. That's what I wanted to --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So again, the chief has asked for those dollars in his budget, and at this time they're not in the budget.

CITY MANAGER JONES: Once we see where we fall out, then we know how many of these we can go and fund, but you -- I -- we did -- I did not want to fund these and then have to reduce these depending on what direction we get tonight.

COUNCILPERSON THOMAS: Okay. So this is -- this is not just for Fire. This is for everybody?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: This is for everybody, correct.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON GUYTON: The (inaudible). Madam Chair?

CHAIRPERSON PARDO: Go right ahead, Mr. Guyton.

COUNCILPERSON GUYTON: And one quick point. Mr. Sherman, every year the departments give a wish list. Is that correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct. That's correct.

COUNCILPERSON GUYTON: And then we choose those items that we feel that we can fund that may be priority.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: So this is not an uncommon approach for departments to request things and -- and we have to determine what we may or may not fund?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON GUYTON: Okay. Thank you.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yep. Okay. Okay? Okay. This slide here, again, this is the CIP slide, again, of unfunded projects. So again, these are out there. We're just -- we don't have a funding source for them. And Mr. Thomas, I will tell you that the third one down, I -- I've -- I've dubbed the community center the South End Community Center, but feel free to change --

COUNCILPERSON THOMAS: Yes.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- the name as you go.

COUNCILPERSON THOMAS: (Inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: But, you know, I mean, we're trying to -- we're trying to keep, again, this -- this is a rolling list of projects. What I will point out here --

COUNCILPERSON THOMAS: Hold on one -- oh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- what I will point out, I'm --

COUNCILPERSON THOMAS: What did you -- what did you allocate for that, South End?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: 670,000. We -- we took that off of Lindsey Davis's number.

CHAIRPERSON PARDO: Can I make a comment about that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Sure.

CHAIRPERSON PARDO: And I talked to Mr. Thomas about this and also -- well, we talked about it at council meeting and some of the community members. You know, there's a house -- and I didn't talk to Mr. Thomas. I talked to Mr. Jones about this. There's a house across the street from the park that's boarded up. And speaking with the community, it seems like they -- they're looking for a place to feed the children. And maybe, you know, instead of expending all of that money -- because then you're really going to have to find space for this community center. Maybe it would be more cost-effective to purchase one of those homes which is definitely a lot cheaper than \$585,000, and rehab it? You know?

COUNCILPERSON THOMAS: Right. I -- right.

CHAIRPERSON PARDO: Right?

COUNCILPERSON THOMAS: The -- the -- the members told me that that is -- that a few of the members said that they did have that conversation with you.

CHAIRPERSON PARDO: Absolutely.

COUNCILPERSON THOMAS: But I am assured that they want a -- a community center.

CHAIRPERSON PARDO: Uh-huh.

COUNCILPERSON THOMAS: I'm assured that that's what they want. Now, that's up to the board to do it, but I did say that I will bring it forth and it's up to the board. I'm not sure, excuse me, of how you actually have it budgeted here. It seems like you have it -- am I -- you have it over the next two years?

CHAIRPERSON PARDO: Three.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It would actually be the three years, right.

COUNCILPERSON THOMAS: And why is that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I got the sheet from Mr. Jones. Is he here? Is Danny here? You had the --

COUNCILPERSON THOMAS: Well, why is that? Because that's not what my understanding of this should be.

DEPUTY CITY MANAGER JONES: Danny Jones, Deputy City Manager. If we started the process now, the design and the -- the planning period will take us -- the 12-month period will put us in the next budget year.

COUNCILPERSON THOMAS: Okay. I -- I don't know why that would. But even if it did, that shouldn't take you to the -- to the -- to the next year. I don't think a project like this should be a three-year project. If the board decides that they want to -- to do this, then it needs to be in this budget year. Putting it out two or three years would just probably make it not happen at all. And I -- I'm just not comfortable with that.

DEPUTY CITY MANAGER JONES: Okay.

CHAIRPERSON PARDO: Again, can I just make a comment about that? Maybe, like I said, there's a -- a lot of boarded-up properties right around that park. So, you know, maybe we could take a look at some of those properties and do a major rehab. Even if we did a major rehab on the house, it would be, you know -- we'd be able to get a project -- a project much more quickly and less expensive. And I think, you know, we would probably be able to do it in this budget year. You know, almost, what, over \$600,000? That's, you know -- that's a lot of money right now. But to go in and buy a house for 40,000 and maybe put another 100 into it, I would think would be much more feasible. So I would say --

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: -- maybe it's something that we could look into, Mr. Thomas, and then we -- you know, we'd have a project much quicker.

COUNCILPERSON THOMAS: I understand.

CHAIRPERSON PARDO: Uh-huh.

COUNCILPERSON THOMAS: All those options can be on the table. I'm just bringing forth what the community has asked me to. If the board deems that we need to go another way, then that's what way that, you know, we're -- we're going, if they haven't reached out to all the board members as I've asked them to do so. I mean, that, you know, this is what they wanted. So if this is an alternative to it and the board wants to go that way, then it's fine with me. But the -- the -- the community asked for a community center in that -- in that area. So, I mean, whatever the board wants to do, I'm fine. I just want to make sure that I'm making it very clear that they want --

CHAIRPERSON PARDO: Sure.

COUNCILPERSON THOMAS: -- a center.

CHAIRPERSON PARDO: Right.

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: All right. Yeah, go ahead.

CHAIR PRO TEM DAVIS: My question is has there been any discussions as far as where exactly the center is wanted from the residents? Have they discussed where they want it located?

COUNCILPERSON THOMAS: Yes. Yes. In preparation for a budget, we looked at several sites: some sites that were owned by the DOT, some sites that were owned by the City. I know we've changed the ideal spot for it because we actually -- the City, when they sold off the land, they sold one of the properties. But it's -- it's right there. We have the information. I don't really know why we don't have it now but we have the information. It's -- it's going to be off of -- is it G and Fourth or G and Fifth or the -- the next block over from Sadie McCray?

CRA DIRECTOR BROWN: Yes, sir, it's going to be in that area, G and Fifth.

COUNCILPERSON THOMAS: Right.

CRA DIRECTOR BROWN: There are about four or five lots that are currently owned by the Department of Transportation. They have indicated that they would be more than willing to work with the City to acquire the lots for official government or city use.

COUNCILPERSON THOMAS: So it's -- it's over in that area. And listen, I'm fine with whatever we want to do, however we want to do it. But I'm -- I'm just telling you what they --

CHAIR PRO TEM DAVIS: I would just like to see staff bring something back to the board so we can see the visual of what's been discussed for the residents.

COUNCILPERSON THOMAS: We -- all that has been -- all that has been done and we should be able to -- to get that. Why don't, Mr. Genty [phonetic], can you assist with getting some of those things for the board so they can see it? I would -- I thought that they would have included it in the budget presentation. Thank you.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay. Again, the purpose of this slide really was to show the -- the total of outstanding. So we had 600,000 for operational, another million four for operational capital and \$29 million of capital requests that right now are unfunded for, you know, over \$31 million. On the bottom of this slide, what I've listed out there are the items that the CRA has now asked the City to pick up. Again, this is due to the FPL. So that number over here is eight point --

COUNCILPERSON THOMAS: Excuse me. Excuse me, Madam Chair?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

CHAIRPERSON PARDO: Yes.

COUNCILPERSON THOMAS: Once again, I'm -- I'm -- I'm back on this -- okay. Now, I just want to make sure that -- that -- that I'm -- that I'm understanding this properly. For dune restoration for 2016 and 2017, we don't have to make a payment?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: 2016 --

CHAIRPERSON PARDO: We have the money.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I'm sorry.

CHAIRPERSON PARDO: We have the money.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: 2016 and 2017 we have funding for.

COUNCILPERSON THOMAS: Oh, okay. Okay. You're saying we have the funding for?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: This just was unfunded.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: For future years. Right.

COUNCILPERSON THOMAS: Okay. I get it. And the -- the generators, why is that not funded for the fire department?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, again, these are new requests that have come in. And it's not that we have any new capital dollars. So the only way we'd be able -- we'd be generating capital dollars at this point would be if other projects wrapped up and came in under budget, and we could then, you know, move some -- or impact fee dollars coming in or if you again want to approve some dollars to go towards capital, then that would assist, as well.

COUNCILPERSON THOMAS: Well, some of these things seems that we need to --

CHAIRPERSON PARDO: It's necessary.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: -- they need to be funded. Like generators.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: You know, for fire department and, you know, anything that, you know, that -- that deals with public safety. But let me ask you this. I thought we already had money for Cunningham Park.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Cunningham Park has -- is in redesign and it's probably going to come in 6 to \$800,000 more than we've been carrying for the last several years.

COUNCILPERSON THOMAS: Why is that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Maybe Mr. Johnson can help me out on -- on it. I don't --

COUNCILPERSON THOMAS: No, he's Public Works.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. Right. But they --

COUNCILPERSON THOMAS: This is Parks.

CITY MANAGER JONES: Yeah.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- they've taken over the -- the project.

CITY MANAGER JONES: Yes, (inaudible).

COUNCILPERSON THOMAS: Public Works has taken over the project?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Construction project, right.

UNIDENTIFIED SPEAKER: (Inaudible).

COUNCILPERSON THOMAS: Oh, okay. Yeah, go ahead and pass that (inaudible).

DIRECTOR OF PUBLIC WORKS JOHNSON: Good evening, Council. Brynt Johnson, Director of Public Works. From what I understand with Cunningham, there were some features that were added along the way that caused the -- that caused the construction price to go up in addition to that. We had to look at adding parking on site for Cunningham Park because the previous design with all the off-site --

COUNCILPERSON THOMAS: Okay. How much are we carrying for Cunningham Park right now?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Now, I wanted to say, don't we have -- we have some impact fee about 6 or 700,000 maybe?

CITY MANAGER JONES: (Inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Okay. And did we ever get the school board situation figured out with Cunningham Park?

CHAIR PRO TEM DAVIS: Oh, are you talking about that (inaudible)?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: According to Mr. Johnson, he believes that it has been, yeah.

CHAIR PRO TEM DAVIS: Yeah. We did that.

COUNCILPERSON THOMAS: Okay. And we've been carrying that money for a long time.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: A long time. As long as I've been here.

COUNCILPERSON THOMAS: So I mean, obviously, you know, really, we've -- basically you're saying since 800,000 is unfunded, that we're going to be carrying it for longer. So what are we going to do with it? Why don't we design something that we can afford to pay for and stop carrying this -- this extra cost for it? Because at 800,000, I mean, it doesn't seem like it's going to get picked up in this budget, either. So instead of kicking the can down the road, what exactly are we planning on doing for that park? It is -- it is definitely in disrepair.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: But what are we going to do to it that we can afford to do with the money that we have?

CITY MANAGER JONES: Miss -- Mr. Thomas?

CHAIRPERSON PARDO: Yes.

COUNCILPERSON THOMAS: Yes, ma'am.

CITY MANAGER JONES: Uh-huh. What we've got to do is to go back. If you recall about this time 18 months ago we were doing the community meetings. Because we did want them to at least listen to some ideas of -- from staff about what we needed to do out there. And they held those community meetings, those focus groups. And for an example, we could not get them to take out the stage amphitheater.

COUNCILPERSON THOMAS: What are you -- what we -- but --

CITY MANAGER JONES: Well, no, just -- and so it's -- so what we have to do, despite what residents may say they want, we have to tell them, Here's what we can afford to do.

COUNCILPERSON THOMAS: I get it.

CITY MANAGER JONES: And so that's where we are now --

COUNCILPERSON THOMAS: So -- and our park --

CITY MANAGER JONES: -- with the design.

COUNCILPERSON THOMAS: Everything can't -- everything can't be Charrette. Everything can't, you know -- we just can't afford to do that. I mean, the building -- the

-- the blocks can be painted. Grass can be laid. Basketball hoops can be replaced. Resurfacing of the tennis court. The -- those type of things, 600,000 is enough to do.

CHAIRPERSON PARDO: Agreed.

COUNCILPERSON THOMAS: So that's what -- that's what I'm trying to figure out why don't we do what we can with the money we have?

CITY MANAGER JONES: And that's what we have to do. But what we did not want was for the residents in that neighborhood to come to that mike and say, You're not listening to the residents. You're not giving us what we want. So we had to listen. But now we have to say, Based on what you want, here's what we can afford.

COUNCILPERSON THOMAS: Okay. And when do you plan on doing that?

CITY MANAGER JONES: Well, the design is moving forward, isn't it now?

DIRECTOR OF PUBLIC WORKS JOHNSON: Yes, sir. We're -- we're currently in the stages of design and we can definitely look at scaling that back.

COUNCILPERSON THOMAS: Okay. So an additional 800,000 to the 600,000, you know, for that park, which will bring us to what, 1.4?

DIRECTOR OF PUBLIC WORKS JOHNSON: Four. Rough -- rough --

CHAIRPERSON PARDO: That's ridiculous.

DIRECTOR OF PUBLIC WORKS JOHNSON: -- correct.

COUNCILPERSON THOMAS: How much did we spend on Calloway?

CHAIRPERSON PARDO: Ridiculous.

DIRECTOR OF PUBLIC WORKS JOHNSON: I have no idea. I didn't -- I didn't design Calloway.

COUNCILPERSON THOMAS: How much did we spend on Sadie McCray?

CITY MANAGER JONES: McCray?

COUNCILPERSON THOMAS: I mean, what are we using to do -- do we -- right. So we don't know.

DIRECTOR OF PUBLIC WORKS JOHNSON: Yeah. I don't know what we spent on those. I know that the cost that we came up with for Cunningham was based on the consultants' probable cost estimate and that's the estimate that we got.

CHAIRPERSON PARDO: Who's the consultant?

DIRECTOR OF PUBLIC WORKS JOHNSON: It's Stantec and Chris Wayne did the original estimate.

CHAIRPERSON PARDO: Oh, okay.

DIRECTOR OF PUBLIC WORKS JOHNSON: So --

CHAIRPERSON PARDO: You know what?

COUNCILPERSON GUYTON: Madam --

CHAIRPERSON PARDO: I would think something like this, we should have had this discussion. You should have brought it to the council. After you had the Charrette and before you had the engineers go out or the planners or whomever to go out and started putting a plan together, I believe you should have brought it back to us. You know, \$800,000 is a lot of money.

You know, look at the fire stations. They're falling apart. I would rather expend that money. You already have a budget for the park. Do the park. And if we can't do an amphitheater, you know what? That's okay. Because we're rebuilding Bicentennial Park with an amphitheater. We have the park that no one uses, the multi-million dollar park over, you know -- the Calloway Park that has an amphitheater.

DIRECTOR OF PUBLIC WORKS JOHNSON: Absolutely. And we can look at scaling that back.

CHAIRPERSON PARDO: You know, we can't --

DIRECTOR OF PUBLIC WORKS JOHNSON: That was stuff that was presented. I guess, at some point Parks had done surveys to the residents, and the residents came back and stated what they wanted.

CHAIRPERSON PARDO: Fine.

DIRECTOR OF PUBLIC WORKS JOHNSON: And so Parks' initial plan included that.

CHAIRPERSON PARDO: And no one came to us. And no one came to us.

DIRECTOR OF PUBLIC WORKS JOHNSON: But we can go back. Right.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Go ahead, sir.

COUNCILPERSON GUYTON: In that this is in my district I'd like to have some input here. This is not something that I signed off on. Let me say that first. We are in the process of -- of having to look at a lot of different projects. And it's been in my district. I'm willing to go back and revisit this project to -- to see how we can keep it within budget, but also provide many of the things that the community may have wanted.

Again, during this amended process, I wasn't apprised to, one, what the cost associated with some of these changes were. I -- I am aware of the Charrette that was held but I was out of town. I remember that. And there was a presentation given at one of -- one of my town hall meetings. But some of the things that I'm hearing now, I don't recall hearing at that time. But needless to say, as the district representative, we can go back and revisit and -- and certainly identify those things such as an amphitheater. Personally, I don't see where that's needed over there. That's just my humble opinion. But this is something that I don't think is insurmountable that we can't go back and revisit some of these things. So --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: -- as the district rep, but I would like to take it back to my district at one of my meetings. I have one coming up July 16th, I think it is. And let them know that some of these things will have to be scaled back and, you know, get their input and have a budget and -- and see what areas that they may give input to determine what may be scaled back and stay within the existing budget.

CITY MANAGER JONES: Madam Chair?

COUNCILPERSON THOMAS: Madam Chair? I'm --

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: Wait. Hold on a second. Miss Jones, go ahead.

CITY MANAGER JONES: Yes. And I just wanted to reiterate, these items are here. You have not had your capital discussion yet. So there's not been a definitive decision made on capital projects. That will come to you in your August workshop on the capital. These are presented to let you know we have need and here's what the departments have asked for.

CHAIR PRO TEM DAVIS: Okay.

CITY MANAGER JONES: It's not saying that we were going to put in the whole amount, but this is what they have requested in both operating capital and our CIP plan that currently is unfunded. So that doesn't mean we can't shift money around, reduce programs. But we just wanted you to see that the City also had some unfunded need.

CHAIRPERSON PARDO: All right.

CHAIR PRO TEM DAVIS: Okay.

CHAIRPERSON PARDO: Mr. Thomas, I heard you?

COUNCILPERSON THOMAS: Right. I just want to make sure, I mean, because we're -- this budget -- this meeting is to decide how we're going to work together to take care of some of the needs, you know, on both sides. So I thought that we would -- I mean, I don't want to wait till August to decide how we want to do this on -- on both,

you know, sides. I was looking at some of these things to see, okay, if these were things that we need to be looking at. Generators stuck out to me like that shouldn't be unfunded. That should be funded right away. You know, things like that. So I just want to make sure that I understand exactly where these are. So let me just find out about a few more of these. The Parks & Rec. storage facility, \$182,000. What is that for?

CITY MANAGER JONES: For the storage for their equipment and their supplies and -

COUNCILPERSON THOMAS: Where is that being stored now?

CITY MANAGER JONES: I -- I'm not sure and I think that's the problem, is that they've got stuff in several different locations. And so they needed to have, so that their lawnmowers and -- it's just a lot of stuff that they need to do.

COUNCILPERSON THOMAS: Okay. But \$182,000 --

CITY MANAGER JONES: But what we can do is we can -- we can get you each one of these individual requests, which is what you will get in your capital discussion --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

CITY MANAGER JONES: -- about what they feel as though they need and what they want.

COUNCILPERSON THOMAS: The walking trail? What -- what is that for? Where is that for?

CITY MANAGER JONES: Around -- I believe it's Wells.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It's Wells, yes.

CHAIR PRO TEM DAVIS: Refurbish it.

COUNCILPERSON THOMAS: To refurbish it it's going to cost 152,000?

CITY MANAGER JONES: That's what the department asked for. We're not saying that's how much it's going to cost. That's just what they asked for. And if you're like anybody else, you ask for more than you need.

COUNCILPERSON THOMAS: I -- I mean, I get it, but if you want me to realistically be able to think about some of this stuff, it's --

CITY MANAGER JONES: Yeah. But -- and -- and you will get the chance for that. The issue is you have a bottom-line unfunded need of \$3.8 million.

COUNCILPERSON THOMAS: Right.

CITY MANAGER JONES: And so as you're thinking about the moving forward --

CHAIR PRO TEM DAVIS: Uh-huh.

CITY MANAGER JONES: -- keep some of that in mind. Not all of it but just that we have needs on the City's side and that was what that -- yeah.

COUNCILPERSON THOMAS: So when we go down to the CRA side and we start to decide how we want to divvy this up, you don't think that we probably need to have some degree of where we're going with the unfunded stuff on the City's side?

CITY MANAGER JONES: Conceptually, I think what Mr. Brown and I need today is some idea of the dollar magnitude if it is decided how much we're going to fund programs in the CRA. And then we'll go back and adjust accordingly based on what we know, at least the range and the area that you want us to consider. And so then if you say 3 million, then we gotta go back and work with that 3 million and fund as much of this as possible. If you say 2 million, and then we will go back and fund as much of this as possible. But we do have great unfunded need on the City's side.

COUNCILPERSON THOMAS: I get it. Let me tell you what -- where I'm really having some reserve. Because I know that this money is going to decrease every year, the -- from the looks of this list, every year these unfunded requests pretty much go up. And your revenues are going to be going down in terms of that, unless we get some, you know, big increase in our property values, which I don't think we would probably see this increase again in probably in a couple of centuries.

CITY MANAGER JONES: Or if you find another funding mechanism source to take care of your capital needs, is another option.

COUNCILPERSON THOMAS: And we're going to open up another business or something or what? How do you -- how do you --

CITY MANAGER JONES: Oh, no. They're -- just like in the last two nights you have talked about mechanisms for financing options. There's also -- you can also think of financing options for your unfunded capital needs. And so that was all I was saying, sir.

COUNCILPERSON THOMAS: Are some of those suggestions going to be brought to us in the near future?

CITY MANAGER JONES: When we talk about the capital in the capital workshop, yes, sir.

COUNCILPERSON THOMAS: Okay.

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: Yeah, go ahead.

CHAIR PRO TEM DAVIS: Really quick before we move any further, back to the park. I was at that Charrette meeting for Cunningham Park. And -- and I do recall the -- the amphitheater and a lot of things that are driving the cost for something that was already in the plans before it got to the Charrette discussion. So I don't see what -- moving forward, that we would not be able to stay at least close to budget, moving forward. And another thing is, I don't -- is the library funded? Our potential new library, is that something that's funded in our capital project?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. The reason -- I'm -- I'm sorry. If I may?

CHAIR PRO TEM DAVIS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The library dollars are in there, because if you recall, you put in for a -- a grant from the state.

CHAIR PRO TEM DAVIS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So that would actually kick in in 2017 if you receive --

CHAIR PRO TEM DAVIS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- the grant. And then that's why those dollars are -- are there.

CHAIR PRO TEM DAVIS: So if we don't receive the grant we're not funded?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You -- it's not funded. Nothing -- none of it is funded. It would just be -- those dollars are there if the grant comes in. If the grant doesn't come in, then you can just push that project -- if you -- if that's what the council chooses. But that's why those dollars are in there.

COUNCILPERSON THOMAS: We did a grant -- I'm sorry, Madam Chair. We did a grant to do a new library?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. You did a -- a --

CITY MANAGER JONES: No.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- \$500,000 grant to do siting and design.

CHAIR PRO TEM DAVIS: Design.

COUNCILPERSON THOMAS: But right where it is, just --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, the dollars could be used to -- to do the site selection. If you want it there, that's fine. But

you know, do a site selection and then do the, you know -- the design work on the library.

CHAIRPERSON PARDO: Okay. So my question to you now is, you know, we went through Parks and, you know, I guess the plan is to put all this money into Parks. We've already funded a new fire station. We funded a new Public Works Department, right? What are we going to do with the fire -- I said police station and Public Works. So what are we doing with the fire stations? It looks like this is going out to 2019? So is there any plan --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Again, this is the request -- this is the request that came in from the chief to replace these stations with this funding.

CHAIRPERSON PARDO: Okay, fine. So --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

CHAIRPERSON PARDO: -- have you guys discussed this at all?

CITY MANAGER JONES: Yes. And that's --

CHAIRPERSON PARDO: Have you all been over to those fire stations with the exception of Station 4 which is a fairly new station? I would think that the fire stations would need to be a priority sooner than later. You know, you have the fire station over on the island that looks like it's getting ready to fall down. I've used Community Benefits money over the years to paint the building, do some roof work on it, do the landscaping. Basically putting lipstick on the pig. All right? Inside is atrocious. And not just that station. You have Station 2 that really, you know, looks the same, and the station over here is no better. So I would like to see a real plan for those fire stations.

COUNCILPERSON THOMAS: What does it cost?

CHAIRPERSON PARDO: We have people -- we have people, you know, in there 24 hours a day, seven days a week. They're living there. Right? They're sleeping in there. And I would think, you know, we made the police department a priority and Public Works a priority. I don't know why we're not making the fire stations a priority. So I would like to see something on that.

COUNCILPERSON THOMAS: What is the cost? These -- these costs across, what - - what is -- it says, okay, for replacement of -- I think this says two --

CHAIRPERSON PARDO: It's the -- so it's almost \$10 million to replace two stations.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. Yeah. A fire station is between 4 and \$5 million.

COUNCILPERSON THOMAS: How -- how are you coming up with these numbers?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That -- that would be a couple of bays. Actually, if you look at the County, and you know, the County pretty much has some cookie-cutter fire -- that's -- that's their price for -- for two-bays fire station; that's -- that's about the price. Now --

COUNCILPERSON THOMAS: Five million dollars?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Well, and again -- no, no.

COUNCILPERSON THOMAS: So it's 2 and a half million dollars apiece?

CHAIRPERSON PARDO: No, no, no, no. No, no. One station is 4.9.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Is 4.9 and the other one is 4.2.

CHAIRPERSON PARDO: And the other's 4.24.

CITY MANAGER JONES: That's for two stations.

COUNCILPERSON THOMAS: Okay. But I want to know how you came up with these numbers.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I'll ask Chief.

CHAIRPERSON PARDO: It's from the County.

COUNCILPERSON MILLER: Well, Madam Chair, I --

CITY MANAGER JONES: (Inaudible).

COUNCILPERSON MILLER: -- Madam Chair, can I just say something?

CHAIRPERSON PARDO: Yeah. Go ahead.

COUNCILPERSON MILLER: It kind of goes along with what Mr. Thomas is saying. I know you're wanting us to come and say whether or not we want to give to -- this much to CRA, this much to CTA -- CTA? -- to the City side, but I don't recall getting any information on any of these line items so that -- I mean, we have a figure in front of us but we don't know, looking at this figure, if it should be less than that. Can we say that it's going to cost really only 1 million to do the fire station? We don't have any documentation to make a decision on --

CITY MANAGER JONES: Yeah. And -- and I'm not asking you to make a decision on any one of these. I want -- what I need for you to concentrate on is the total line at the bottom. And so --

COUNCILPERSON MILLER: Right. But that total line is comprised of all of those individual things that are listed.

CITY MANAGER JONES: Correct.

COUNCILPERSON MILLER: Right. And so we -- if we were to sit here and say, Okay. We want to give 90 percent of the money to the CRA based on what they have listed, if we don't have actual documentation backing any of these figures that are there, we're basically saying we're going to do something blindly, because we really don't know if that's the right thing to do because we don't know. Like Mr. Thomas is asking, you know, the fire station, it cost 5 million. I mean, well, is there any documentation so that we can see? Is that really 5 million? Or maybe it's probably 2 million and maybe we'll be able to give more or keep more.

CITY MANAGER JONES: Yeah. The County sets -- has put and built more fire stations than any municipality.

COUNCILPERSON MILLER: I get that. But when can we get any documentation? Like just with the Cunningham Park, it -- we're finding out right now of what the things are that they were putting in place for this. I know for me -- if he's been here as long as he's been here and he doesn't know -- and you know I don't know. So how do we get the documentation so that we can make an informed decision on which way to go?

CHAIRPERSON PARDO: Miss Jones, I would recommend that we have our capital meeting sooner than later.

CITY MANAGER JONES: Yeah. And that's when you get the -- in the capital.

CHAIRPERSON PARDO: That's really -- we -- we really need to. All right. So, Chief, would you like to make a comment about these fire stations, please?

FIRE CHIEF DUREN: Yes, ma'am. Reginald Duren, fire chief. What you're looking at is the cost -- what I tried to do is to spread it out over a reasonable period, recognizing that for a period of time we'll need someone to first come and consult and talk to us about design and then look at additional architectural costs, which is about that \$200,000 range. Station 2, I budgeted for more dollars because the hope would be that we could acquire some additional property to build the adequately sized station. Presently we have a number of apparatus that sit outside and have to deal with the elements, and we've incurred costs as a result of that. Fire apparatus, rescue apparatus shouldn't be held outside. In terms of the cost, the manager's correct. Typically to build a modern fire station is somewhere in the 4 to \$5 million range. That's today. Certainly we do everything we can do to decrease costs, but my hope was not to come back to you again in 2018 and ask for additional dollars. So you know, that's actually the current cost. Again, I was trying to be as fair and reasonable as possible considering, you know, the current financial situation of the city.

COUNCILPERSON THOMAS: Chief? Chief?

FIRE CHIEF DUREN: Yes, sir.

COUNCILPERSON THOMAS: My -- that -- you asking for the money is not my issue. If that's what it costs, that's what it costs. But on the other side, if we're saying show us why it costs that amount, then we need to know. Because right now if we're saying, okay, we have \$6 million, we maybe can get two. We maybe can take one or -- and leverage it to finance a fire station that we can do immediately. If you're saying, Hey, listen over at Station 2, there's some land that's adjacent to us. I think it's owned by the school board. We first probably need to ask them can we have it. But if we need to purchase that, we don't have to wait five years to purchase that. It's things that we can do in this budget if we know, you know, where we're going. I'm just not going to be comfortable saying, Okay. Just say if you want to -- us to share 2 million or 1 million or 3 million. I'm going to want to know what that money is going for, you know? And if we need some of these things, then that's fine. If -- when -- when I hear fire and generators, to me that is a absolute -- we should have whatever generators we need. So --

CHAIRPERSON PARDO: Hear that.

COUNCILPERSON THOMAS: -- immediately -- immediately that 48,000 should be put wherever we need to do to get generators. I don't -- those are the type of things that I'm saying this is not a wish list. This is a necessity list that we need to do. And those are the -- those are the decisions that I'm trying to make. And I get you're saying, We're just trying to do soft things and we're going to talk about capital a little bit, you know, later. But we are -- we are doing a new Public Works. We are doing a new police department. I think we should be doing a new City Hall. I think we should be doing a new library. And I definitely think we should be doing new fire stations. And I don't want to wait so many years. I want to say, Okay. We're doing this or else we're going to have a park that we haven't done anything within eight, nine, 10 years, or we're going to have, you know, a police station and Public Works that we've waited probably at least five or six years to do anything with. When you -- when you wait like that, problems seem to, you know -- to -- to happen. So if we need to replace a fire station, start a program where we're trying to replace one every three years until we get them done, or every four years, then let's go ahead and put the money in place to do that versus saying, This is what I think it should be. That's all.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: So -- hold on a second. So Chief, maybe you can go to the County and, you know, get some numbers from them. The last time I -- I believe they just opened a fire station out in Royal Palm, was it?

FIRE CHIEF DUREN: Yes.

CHAIRPERSON PARDO: A brand new station. Yeah. Mr. Guyton?

COUNCILPERSON GUYTON: Thank you. And it's not for the chief. I'm -- I'm done, Chief.

CHAIRPERSON PARDO: Thank you, sir.

COUNCILPERSON GUYTON: A comment in general. Every year at these budget sessions, we get the same information of what everybody wants. Oftentimes it's much more than we have. That's annually. This is no different year, you know, where we get a lot of requests and we don't have enough money to fund them all. That's protocol. And I think what staff is trying to get from us now is essentially what they said, what do we have to work with on the City's side, what do we have to work with on the CRA side, and then they can come back with more specificity as to what they feel that we can fund with the funds that we've allocated to each. That's all they're trying to get, as I understand it right now. Not into the minutia right now, but once we give them a dollar amount, then they go looking at these projects now. They'll look at the fire station. They'll look at the park. And let me say about the park, the Cunningham Park. Some of those things might have been told to me. I just don't remember them now. So I don't want to say that I didn't know about it but it's been a while since we had that town hall. But my point is, is we're getting tied down, bogged down in the minutia now, and I think staff is only wanting to know how much it's going to be on this side, how much it's going to be on that side and let us come back with what we feel that we can fund with those monies that have been allocated. Am I right, staff?

CITY MANAGER JONES: Yes, sir.

COUNCILPERSON GUYTON: Okay. So -- and that's the way it's normally done throughout the county. They -- we -- they have these meetings and the policymakers will say, You have X number of dollars and these are all your requests. Come back to us and tell us what you think that we can fund. And then we can say, No, I want to move the fire station up to the top if it's not there. Or I want to eliminate this. But the -- the -- the starting point is how much do we have to work with.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: And I think that's what they're trying to get now. Thank you, Madam Chair.

COUNCILPERSON THOMAS: Madam -- Madam Chair?

CHAIRPERSON PARDO: Go ahead, Mr. Thomas. Then we're going to move on.

COUNCILPERSON THOMAS: Although Mr. Guyton has his point of view of it, which is fine, 'cause it's his point of view, my point of view is if we have a -- an amount of money here and not every year do we have this situation where we're saying, Let's share some money with the other part of the government. And what I'm saying is, if we have 6,600,000, and we have some priorities identified on the City's side that we think that we definitely have to do, it may cost us 2 million, I may say, Okay. We can give the CRA 3 million. If there -- if it's less or more than I can adjust it differently. I just can't say, Okay. This is a blanket amount and we have some of these needs that we think that we may or may not be able to do. And then we need to be able to set a priority list that this council wants to see, you know, done. So in -- in years past I can -- I can understand and agree with Mr. -- Mr. Guyton on that's how we would do it. Hey, this is how much money we got. But in the years past we haven't had this sharing issue or trying to make sure that we accommodate programs on -- on both

sides. So, you know, I don't think it's out of the norm to say, Okay. Maybe some of these things that you have on this list that are unfunded, we need to fund and we need to make sure that we have the correct dollars. I don't think we should say, Okay. CRA take 3 million and then we decide, Well, we want to make building a fire station a priority, but we don't have the money to either build it or leverage it or acquire land or whatever. So I -- I don't see the problem in -- in -- in doing that. And that's just my opinion.

CHAIRPERSON PARDO: Okay. All right. So we'll move on. Go ahead.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Thank you. Okay. The last slide that we have here and then I'm actually going to throw up a -- another file to talk about. We met Friday, City Manager, myself, Miss Hoskins, Mr. Brown and his staff. And we came up with eight items here that we thought that would work for the City to actually be able to provide some funding and assistance to the CRA. These are really all fungible. They can move around. They can be higher. They can be lower. They can be replaced by something else. But these are the types of programs that the CRA had in their budget that we could, in essence, just either assume or like the first one, you know, we would just stop charging an admin fee or like the last one are some revenues actually coming from the marina, you know, and leasing up their office space. You know, if the City was going to fund these you could make the decision whether we were funding CRA District specific or if these are City-wide programs. So again, if you're going to talk business grants or small business loans, again, is that a City-wide program or is it, again, we're just going to give \$500,000 to the CRA and let them actually run a CRA-specific type program? The fund portion of the events center, the event programming and Bicentennial Park, again, it can almost be any component of the cost related to those. You know, so we could pick up the common-area maintenance charges or, you know - - you know, you're picking up maybe the losses on the event center. Again, these are just some ideas that we threw out, trying to come up with a magical \$2 million that we thought that maybe we could fit in to -- to the budget to -- to try to give the CRA some relief.

COUNCILPERSON GUYTON: A question, Madam Chair?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes?

CHAIRPERSON PARDO: Go ahead.

COUNCILPERSON GUYTON: If I recall, the funding mechanism that we use for bonds we floated was on the CRA side in anticipation that these funds were going to go over to the CRA.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: So we created a mechanism where the CRA committed to a certain amount of dollars.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: So that these bonds can be funded actually on this side, I think, the City's side. So the CRA --

CHAIRPERSON PARDO: Right. Just the revenues (inaudible).

COUNCILPERSON GUYTON: -- stepped out there. They have that in anticipation that these funds were going to go over there so that the City could get the -- how much we got on --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: We borrow -- we borrowed 22 million with the -- the --

COUNCILPERSON GUYTON: Twenty-two and some went back.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. And 8 and change went back to the Marina District.

COUNCILPERSON GUYTON: Yeah, went back. But the mechanism by which we guaranteed those funds were done through the ground lease, if I'm not mistaken. Is that correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. We -- we entered into the ground lease and the lease on Bicentennial Park to be able to provide enough dollars to the general fund -- so that when we issued the debt it was no impact to the taxpayer.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay?

COUNCILPERSON GUYTON: So my question is --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: -- now we still have to fund those bonds?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: So where is that in this mechanism here?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It -- it isn't. And I've tried very hard to stay away from talking about debt service as part of the relief package. And -- and here's why. When we went to the rating agencies, you -- you paint a picture of what the government is and -- and how things are going to operate.

COUNCILPERSON GUYTON: Okay. As it -- wait, wait, I don't mean to interrupt you.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: But I don't want to discuss anything that would compromise the deal that we -- we have publicly. So is there something that --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. No.

COUNCILPERSON GUYTON: Okay. Okay. Well, go ahead.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay. No. But the issue is, yeah, we go to the -- the rating agency. We said, Okay. We're going to get a million two for the lease payments. So they --

COUNCILPERSON GUYTON: From the CRA?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: From the CRA. So they take our revenues. They say, Okay. Your revenues are going to go up a million 2. And then we say, Then we're going to issue the \$22 million worth of bonds, and we're going to give them 8 of which they are now going to pay back. So they said, Okay. So you put the debt service in and you put the payment back in from the CRA. So they're -- they're running how your financial statements are going to change. And they look at all of the debt that the City has. They looked at the debt that we've sort of issued to the CRA like Ocean Mall. We have an old refinancing from '06 that the CRA is paying back. So they look at it and they go, Okay. Yeah. The City may have this much debt. But the CRA is really covering, you know, a certain portion of that debt. So they take all of those factors into consideration when they are coming up with your credit rating. Okay?

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And my big fear is, if you start to unwind those things, okay -- 'cause our documents say, Hey, we're giving a loan. They're paying this back. Nine months after you just borrowed \$22 million, it's going to wreak havoc.

COUNCILPERSON GUYTON: I agree with you. So we need to try to keep those things in place.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Which is why we stayed away from them when we were coming up with the \$2 million.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Now, not that maybe we can't restructure something, you know, but still get our payments back. But again, that's why we stuck with nondebt issues.

COUNCILPERSON GUYTON: Okay. But my point is that they're on the hook now, the C -- we as the CRA --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON GUYTON: -- because that's us.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: We're on the hook for 1.2 mill a year to come over to the City.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: How is that going to happen now?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, that's why, again, we're talking of getting some relief back to the CRA.

COUNCILPERSON GUYTON: So through this relief some of that would be --

CHAIR PRO TEM DAVIS: Each year.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It would allow them to use their TIF to make those payments.

COUNCILPERSON GUYTON: Make those payments.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: And then it'll keep the deal in place and it won't start unraveling?

CHAIRPERSON PARDO: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. Right.

COUNCILPERSON GUYTON: So it's imperative that we actually provide some funds so that they can pay this debt that they --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON GUYTON: All right. Thank you.

COUNCILPERSON THOMAS: Madam Chair?

CHAIRPERSON PARDO: Yes, sir. One more time.

COUNCILPERSON THOMAS: What I need to understand is, first of all, we borrowed 22 million.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: Ten million went to the CRA to do what with?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It was closer to 8.3, 8.4, but to do the Marina District. So it's paying for the infrastructure at the Marina District.

COUNCILPERSON GUYTON: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Part of it's for Bicentennial Park. Part of it's for the -- you know, the streets and -- and the like.

COUNCILPERSON THOMAS: Okay. If we had 22 million, 12 went over to the City?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Twelve has been appropriated for the City's side.

COUNCILPERSON THOMAS: And 8 went to the CRA?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And 8 went to the CRA.

COUNCILPERSON THOMAS: What happened to the rest of it?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It's -- because we had so many projects in there, we've appropriated 10 and the 2 million is so -- we've kind of held it back so we can make sure that at least the projects that Public Works has started, we can get finished. If -- if, again, they get their construction done or at least get their bid documents in and we know what those prices are for that first cut of projects that they've started, then we can release the \$2 million. But we kind of held that back as, like, owner's contingency at this point.

COUNCILPERSON THOMAS: Okay. Let me make sure I understand that. Eight million went to the infrastructure.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: At the Marina District, correct.

COUNCILPERSON THOMAS: Okay. And the 2 million you say you held for a contingency for what reason?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. Okay. It's -- so Public Works is out doing certain streets in each one of your districts.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Until we get those prices in --

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay? We've only given them \$12 million to work with.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Now, they may come back and go, Okay. This project is coming in higher. This one's coming -- you know, so we've kind of held that \$2 million back to at least make sure that those projects have sufficient funds. So once we know that those projects that they're -- they currently have targeted have sufficient funds, then we can take the \$2 million and add some more streets in. But we didn't want to -- we didn't want to give Public Works the \$14 million and then have them come back and go, Well, it's really 16 million. So we gave them the 12. We held back 2 as far as the appropriation. And again, as those projects actually get priced out and get under contract, then we can probably release more of those monies.

COUNCILPERSON THOMAS: Okay. Not saying that I --

CITY MANAGER JONES: (Inaudible).

COUNCILPERSON THOMAS: No, I'm glad he's explaining it in detail like that. 'Cause I'm probably the only one that need that level of explanation but -- but I'm sure my colleagues are glad you're doing it, too. The 1.2 million is the debt service for the CRA to pay the City?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No, the 1.2 is the lease payments.

COUNCILPERSON THOMAS: The lease payment that --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: On the -- the ground lease for the Marina District.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: For the Bicentennial Park?

CITY MANAGER JONES: All of it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: All of it.

CHAIRPERSON PARDO: All of that.

CITY MANAGER JONES: All of them.

CHAIRPERSON PARDO: All the -- all the properties.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. All -- I think it was 12 acres or something.

COUNCILPERSON THOMAS: I got it. I'm just trying to make sure that somebody's --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. Yeah.

COUNCILPERSON THOMAS: -- explains it, you know? And then the -- on there the revenues from the marina office lease, 53,000? What is that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The CRA has agreed as part of the Uplands development to build the office for the marina.

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And then the marina will then, in essence, lease that back. So whether it's the CRA that actually builds it or your developer who builds it, there'll be a lease payment for that space.

COUNCILPERSON THOMAS: And it's 53,000?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That -- that -- that's the first numbers that -- that have come across, yeah.

COUNCILPERSON THOMAS: Okay. But that's not going to happen in this next budget year, is it?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: If -- yes, because they'll be starting to lease their temporary space. Now, whether it's the full 53, but as -- as the C -- as the marina admin vacates Newcomb Hall so they can take Newcomb Hall, they're moving into a trailer and that trailer has a cost that they're looking to lease.

COUNCILPERSON THOMAS: And it's 53,000?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That was the first proposal that we received. It hasn't been negotiated yet but that was the proposal we received.

COUNCILPERSON THOMAS: Okay. For a -- a layperson that might say we can buy several trailers, office trailers --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: -- for 53,000, why would we choose to lease it for 53,000?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I didn't say we agreed to it. I said that was the offer that came across.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So that -- that's why it's on there.

COUNCILPERSON THOMAS: Well, see --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- this is the issue.

CRA DIRECTOR BROWN: That's the amount of ground -- that's the amount of ground that the trailers sit on.

COUNCILPERSON THOMAS: Okay. So --

CRA DIRECTOR BROWN: It's a sub -- it's a sub ground lease.

COUNCILPERSON THOMAS: The ground that we own?

CRA DIRECTOR BROWN: The ground that we own that the CRA is leasing from the City and paying \$1.2 million that we've -- we've maintained a portion of the ground from --

COUNCILPERSON THOMAS: Okay. Right. Okay. I get it now. So you're saying just that area you're breaking that -- I -- okay. Well, that's a lot more understanding. So let me ask you this right here. The -- the City admin fee of the 188,500, that's what we pay for purchasing and community development, all of that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's what both sides are building into their 2016, yes, for purchasing, finance, HR.

COUNCILPERSON THOMAS: Okay. So if --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: City chambers.

COUNCILPERSON THOMAS: -- if we eliminate that, what is going to be the impact?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, they would save 188,000.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: CRA would save and our revenues would go down 188,000. And that \$5.7 million that we said is our surplus would drop to \$5.5 million.

COUNCILPERSON THOMAS: I get it but what about the impact on the -- the staff and will we still be able to get --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- are they gonna still be able to -- to get their, you know, hiring done and are they gonna --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Oh, they would.

COUNCILPERSON THOMAS: -- you know, what's the impact of that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It -- it wouldn't be. I mean, you know, when -- when we do the work for the CRA, we don't have any extra staff or drop -- you know, we're still going to do their work. We're going to treat the CRA as if they're like any other city department.

COUNCILPERSON THOMAS: Okay. And the fund Business Grants Program, is that the -- the one that we -- that we have, is that for the -- the 5 million or whatever that we put aside?

CRA DIRECTOR BROWN: That's the Capital Access Program, the capital pledge that we made. That is being matched by Neighborhood Lending Partners.

COUNCILPERSON THOMAS: Right. And then the small business --

CRA DIRECTOR BROWN: I'm sorry. No, I'm sorry. Let me take that back. The -- the Business Grants Program has been historically our facade improvement program that we said we would make an effort to bring back in 2016.

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: That's the -- and then the Small Business Loan Program is the Capital Access Program. Sorry, Mr. Thomas.

COUNCILPERSON THOMAS: Okay. And the fund portion of the events center?

CRA DIRECTOR BROWN: What that should say is fund a portion of the CAM expense. So when it's my turn to come up I have -- I have a slide presentation that it might give clarity what -- when you're ready for me to switch. What -- what -- what we agree today do in principle, if -- if I could go backwards, right? Because we assume that the benefit of the FP&L money would inure to the CRA, we agreed to take responsibilities for the Marina Uplands lease. And so when you look at the 1.2 million that we're providing to the City to lease the ground -- it's an expense to the CRA and revenue to the City -- that in addition to that we've agreed to cover the maintenance expense. And so between Bicentennial Park, the Uplands and the amount that would be allocated to us, that is about another million dollars' worth of expenses.

And so the question is, Well, how do we come up with a \$2 million to agree to share between us? Well, if -- if I were to switch slides, you would see that we are projecting to lose in the marina enterprise operations \$2 million annually. And when --

COUNCILPERSON THOMAS: Why are we projected to lose \$2 million annually?

CRA DIRECTOR BROWN: Because of CAM expenses and the ground lease expense and the delay, if you will, of private development happening at the marina to generate net revenue and to provide an additional allocation of the --

COUNCILPERSON THOMAS: \$2 million a year for how many years?

CRA DIRECTOR BROWN: If I said to you that it is projected that we would lose about \$2 million a year for about five years and close to \$10 million in the aggregate.

COUNCILPERSON THOMAS: Okay. So if you say we're gonna lose it, that would mean that we had it before. If we don't -- if we have it -- if we have never received it, what is the -- what -- what would we be looking at then? Are you saying that we're going to be operating at a deficit or are you saying that until some foot traffic comes over, we're not going to get this money?

CRA DIRECTOR BROWN: It's -- it's two parts to the question. And when we agree to take the Uplands responsibility and we projected the operations as an enterprise --

COUNCILPERSON THOMAS: Uh-huh.

CRA DIRECTOR BROWN: -- we knew that the startup and the lag between when private development would occur and the start of the public improvements, that we knew there was a delay that started because of the issues with the charter.

COUNCILPERSON THOMAS: Got it.

CRA DIRECTOR BROWN: With our desire to begin construction and to put the public improvements in place. Even if today we had all the restaurants signed up ready to go, they could not start leasing the ground until we told them that all the infrastructure is put in place.

COUNCILPERSON THOMAS: Got it.

CRA DIRECTOR BROWN: So there is still a natural delay --

COUNCILPERSON THOMAS: I get it.

CRA DIRECTOR BROWN: -- between the times that we provide the infrastructure and they construct their buildings and start operating.

COUNCILPERSON THOMAS: But how -- how -- how much -- how does the money equate to the lag that we're going to have? So you're saying, okay, we're -- we're lagging --

CRA DIRECTOR BROWN: Could I just --

COUNCILPERSON THOMAS: -- so it's going to push us further into the new budget year.

CHAIR PRO TEM DAVIS: Uh-huh.

COUNCILPERSON THOMAS: So how much money is actual -- how much is the actual lag is going to cost us, is what I -- I guess what I need to understand better.

CRA DIRECTOR BROWN: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah, you're not showing it. Hang on.

CRA DIRECTOR BROWN: Okay. Hold on for a minute.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Hang on. Technical. Technical.

CRA DIRECTOR BROWN: Yeah, I should pull up the -- yeah, let me pull up the other two for you.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You want to pull that one, too?

CRA DIRECTOR BROWN: Yeah.

COUNCILPERSON THOMAS: We're having some IT issues?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Close that? Yeah, we just gotta close that first.

COUNCILPERSON THOMAS: Probably need to do some of that unfunded stuff for the IT.

CHAIRPERSON PARDO: Well, remember, we had the IT budget already.

COUNCILPERSON THOMAS: Yeah. Yeah.

CHAIRPERSON PARDO: The budget workshop.

COUNCILPERSON THOMAS: Yeah. Probably be a good time to invest in some. There we go. There we go.

CRA DIRECTOR BROWN: All right. So this, what you're looking at, is the enterprise operations on the CRA side.

CHAIRPERSON PARDO: Oh, hold on a second. The mayor is on the dais.

CRA DIRECTOR BROWN: Hello, Mr. Mayor.

MAYOR MASTERS: How you doing, Tony?

CRA DIRECTOR BROWN: Tony Brown, Executive Director, Riviera Beach CRA. So this -- this is the five-year budget starting in fiscal year 2016 to 2020 for the enterprise operations. So what you see is in the marina events center. The CRA is master leasing the events center to ensure that it cash flow. And so what we're showing in 2016, we estimate losing about 110,000, 106,000 in 2017, or you could just roughly say about \$100,000 each year. But the big loss is in the Upland Marina operations. And --

COUNCILPERSON THOMAS: Okay. I understand -- just make me understand why are we losing 100,000 on the events center?

CRA DIRECTOR BROWN: Well, the -- because we're -- here you can almost say it's -- it's breaking even. We -- we primarily took our market study to say that based on -- you can almost say we're breaking even because what we're -- what we're netting, we -- we plugged the -- the -- we plugged the net income based on the HVS market study.

COUNCILPERSON THOMAS: HVS stands for?

CRA DIRECTOR BROWN: That was a firm that we hired to do the projections and to tell us how the events center would operate with the restaurant. This number could be positive. We could break even. That is why we're aggressively trying to recruit two restaurants in the events center. But right now, we're lagging, and the numbers show that there is a potential vacancy in one of the restaurant spaces. So it's -- it's very conservative, but the -- the significant losses really isn't the events center. I mean, it's 100,000. The significant loss -- and let me bring this down --

COUNCILPERSON THOMAS: If the CRA is being the master leaseholder so that we cash flow, I'm trying to figure out why we're going to have a negative cash flow.

CRA DIRECTOR BROWN: Well, we're going to have a negative cash flow because what you see in this red box, that there is no private development that has been negotiated yet in our negotiations with Viking for me to plug in the timing of when the restaurants would start paying rent.

COUNCILPERSON THOMAS: Okay. I got it.

CRA DIRECTOR BROWN: And the only plug you have is for parcel A based on a lease that was approved. And so there is a reasonable assumption if the restaurant is built based on the terms of the lease, as to when that revenue would start. So -- so the red box is a potential for income. But right now what I know now, and I have to tell you, that for fiscal year 2016, we're going to lose \$1.9 million in operating the Uplands, most of which is the ground lease paid to the City and the CAM expenses allocated to us until private development occur.

And when we asked your permission to do the Marina Upland lease, we said that the reason we would be able to subsidize these losses was on the advent of the Florida Power & Light revenues.

CHAIRPERSON PARDO: Right.

COUNCILPERSON THOMAS: Okay.

CRA DIRECTOR BROWN: And -- and -- and so --

COUNCILPERSON THOMAS: So, now, is -- is the 2 million going to offset that? That --

CRA DIRECTOR BROWN: That's the number that the City and I agreed to that would do that. But --

COUNCILPERSON THOMAS: Will offset that with all -- no, go back, please.

CRA DIRECTOR BROWN: Okay.

COUNCILPERSON THOMAS: Would offset the -- the 1.9 million, this 2,021,500, is that -- is that going to offset that?

CRA DIRECTOR BROWN: Yes, but most of it is being pledged only for one year because of the magnitude going to programs. What the City Manager and I, we've discussed, is at least the portion of the CAM-related expenses that could be embodied into a lease could be more long term, and that would pick up at least close to half a million dollars of those expenses. But what we've -- what we felt was in a sense, the bogey, if you will, was \$2 million between us that would have the most -- that'd have the most adverse impact on the CRA's budget because it was assumed that the reason why we would do this is because we had the FP&L benefit.

COUNCILPERSON THOMAS: I get it. But if you're saying that you're getting 2 -- 2 million or you're requesting it, and our deficit is right at 2 million, we should be at the even point.

CRA DIRECTOR BROWN: Yeah. Well, and -- and -- and actually with the 2 million, honestly, we're not getting 2. The net is a million. Because as Mr. Sherman indicated -- so this is the debt slide. So as he indicated, we don't want to affect -- have an adverse affect on the City's credit rating. And so we still need to keep the ground lease in place. So as the City is reporting a revenue enhancement of 2 million, we are still writing them a check for 1.2 million because the ground lease is the amount equivalent for them to repay a \$22 million bond issue. So it still --

COUNCILPERSON THOMAS: Yeah, I understand it.

CRA DIRECTOR BROWN: -- is it issue, which is why I have --

COUNCILPERSON THOMAS: Yeah, I understand.

CRA DIRECTOR BROWN: -- said to the City, I'd like to give you a proposal to deal with the restructuring of our debt.

COUNCILPERSON THOMAS: Well, I think that that's probably what we need to be looking at.

CRA DIRECTOR BROWN: Okay.

COUNCILPERSON THOMAS: Because really the -- the 2 million is really only one million. And it's just paper for the rest.

CHAIRPERSON PARDO: Well, and --

CRA DIRECTOR BROWN: And just to --

CHAIRPERSON PARDO: -- yeah. And you know what?

CRA DIRECTOR BROWN: -- just to show you the magnitude of --

CHAIRPERSON PARDO: And this is just another reason why we need to get the private development moving over at the marina.

COUNCILPERSON THOMAS: Yeah.

CRA DIRECTOR BROWN: Yeah.

CHAIRPERSON PARDO: You know, we -- we talked about this last year and we were expecting to be well on our way, right?

CRA DIRECTOR BROWN: Right.

CHAIRPERSON PARDO: We were expecting one of the restaurants to be built the same time as the events center, right? And we would have a grand opening for both of them. And right now we have a lease and nothing else.

CRA DIRECTOR BROWN: You know -- you know, if you could say good news, the good news of this slide is that the issues are between us. It's between affiliated entities.

COUNCILPERSON GUYTON: Uh-huh.

CRA DIRECTOR BROWN: And then when you look at the prospect of debt service for the CRA in the coming years -- and this is a good slide. So for 2016, out of \$4 million of our debt payments, 32 percent of that debt service is between us and the City.

COUNCILPERSON THOMAS: What happens if we forgive that debt?

CRA DIRECTOR BROWN: Well, if we forgive it, it -- it -- it does have an --

COUNCILPERSON THOMAS: I -- I probably need to ask Mr. Sherman just for -- quickly.

CRA DIRECTOR BROWN: Okay.

COUNCILPERSON THOMAS: 'Cause I'm pretty sure you're going to give your --

CRA DIRECTOR BROWN: Could I -- do I get a chance to answer, too?

COUNCILPERSON THOMAS: No. No, no, no. Let -- let me see what Mr. Sherman say, you know?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: (Inaudible).

COUNCILPERSON THOMAS: I know y'all help each other out and all but he --

CITY MANAGER JONES: (Inaudible).

COUNCILPERSON THOMAS: -- yeah, he was chomping at the bit for that one.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: He was.

COUNCILPERSON THOMAS: Yeah. Yeah. Mr. Sherman, what happens if we forgive that Wachovia -- no, the Wachovia note, we're just taking second position on, right?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. The Wachovia note was actually CRA debt --

CHAIRPERSON PARDO: Yeah.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- that the City refinanced so the City issued the debt. The debt is actually --

COUNCILPERSON THOMAS: Is that the \$10 million that we gave?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No, no. It was about \$4.7 million left.

CHAIRPERSON PARDO: This was the old regime.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

CHAIRPERSON PARDO: Remember? There was nothing to show for it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And that is actually in the documents secured by CRA TIF revenue. So that one is kind of like, hands off on that one.

COUNCILPERSON THOMAS: You talking about the -- the Wachovia note?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The Wachovia note, right.

COUNCILPERSON THOMAS: Okay. So hands off on that. The Ocean Mall. No, that's the one we gave the \$10 million for.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The Ocean Mall is the 10 -- the \$10 million.

COUNCILPERSON THOMAS: Okay. What happens if we forgive either some or all? What happens with that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The City's fund balance would go from \$17 million down to \$7 million. It's because, again, we have a receivable on the books, and you have that offset of that receivable is your fund balance. If you take that receivable off the books, your fund balance is going to plummet.

COUNCILPERSON THOMAS: I got it. Let me -- let me make sure that I understand this. And just deal with me for a minute here. Just so I understand it. I'm not an accountant. We took that 10 million cash.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: And we did -- did the Ocean Mall or whatever in the name of the CRA.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

COUNCILPERSON THOMAS: The 10 million is gone, correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. Correct.

COUNCILPERSON THOMAS: It should be.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: Okay. It's gone.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: The payback for this is only whatever that 200,000 or whatever it is, the payback for that is the only actual money that we're getting, right?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON THOMAS: So how does our fund balance go from 17 to 7 in the money is not there?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Because when -- when the money was coming in, okay, your -- your cash was going up and your fund balance was going up accordingly. Okay? All you did is you took the 10 million of cash and you converted it into a receivable. You changed it into a loan to the CRA.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So your fund balance still reflects the fact that that \$10 million had come in. If you now turn around and write that off, your receivable goes away. Your fund balance will go away.

COUNCILPERSON THOMAS: So we're playing games with numbers here, actually.

CRA DIRECTOR BROWN: It's -- it's not cash. What it is, it's not cash.

ASST. FINANCE DIRECTOR HOSKINS: 'Cause it's not cash. Explain that.

CHAIRPERSON PARDO: Right.

CRA DIRECTOR BROWN: It's just not cash.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It's just not cash. It's still -- the receivable is still an asset.

COUNCILPERSON THOMAS: Hold on. Let me just get this.

CHAIRPERSON PARDO: Correct.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah, the receivable is still an asset and the offset to the receivable on your books is your fund balance. So if you write it off, those are the two accounts that are going to get hit.

COUNCILPERSON THOMAS: Okay. When we took this money, was this money not from the surplus of insurance dollars or whatever we had in that account?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It is. But the insurance fund is really a sub fund of your general fund. We just -- we just break it out for accounting purposes but when we report it, it's the general fund. Those dollars are --

COUNCILPERSON THOMAS: Okay. So that's not what I understood when we did this.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- part of the general fund.

COUNCILPERSON THOMAS: What I understood several years ago, that this was money -- it was, like, 12 or 13 million in the budgeting of your -- your insurance monies that you didn't have to use because we went so long without hurricanes or whatever. It was never my understanding that, Oh, well, really, that's what we look at, is the general fund, as well. So why won't we put the whole amount into general fund? Why do we break it out like that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: We break it out so that we can show the insurance companies that we have the -- that when -- when they're -- when they're setting their insurance rates and everything, because we cover part of the claims, you know, we have our deductibles.

COUNCILPERSON THOMAS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: We're showing them, Okay. Here's the general fund. This is dedicated to paying for your claims. So it -- it's an ability just for us, again, it's -- it's bookkeeping. It's just a matter of segregating it so we can show that that's over there. That -- that's all it is. But at the end of the day when we report it, it's all reported as part of the general fund.

COUNCILPERSON THOMAS: Okay. So you're saying we really only have 7 million?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You only -
- only have 7 million.

COUNCILPERSON THOMAS: But on paper we have 17 million.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Because, again, we've reported that we're collecting that \$10 million back.

CRA DIRECTOR BROWN: Over time.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Over time.
Right.

COUNCILPERSON THOMAS: Okay. So that's the Ocean Mall debt?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: What about the marina debt?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay. Again, in the marina debt, that's that \$8 million that we loaned as part of the
22 --

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay? And again, remember, when we asked for the 22, when we asked to borrow the \$22 million, we told the financial world that we're giving a loan to the CRA. We're getting the lease payments. We're getting this back.

COUNCILPERSON THOMAS: So the only thing that we can really --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's --

COUNCILPERSON THOMAS: -- even look at would be the Ocean Mall debt?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, again, we can -- yeah. The -- the Wachovia, they pay us, we pay the bank. That -- that's that.

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The other two, the Ocean Mall and the marina debt, what we've talked about is can we restructure the payments and maybe delay them, push them out a little bit more. The answer to that is yes. I mean, again, we -- we can do that. But a total write-off and forgiveness, it -- it would cost -- it would really wreak havoc with your credit.

COUNCILPERSON THOMAS: Okay. No problem. But if we -- if -- if we kicked the can down the road, which, you know, I don't like to do but it looks like that's what we're gonna probably entertain doing, how does that make it -- how does that still make it seem as if we have this money? If we say, Okay. For three years we're not going to have the CRA pay this -- pay us our debt service, then if something happens, how do we say we have 17 million if we gotta use the --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's -- that's gonna be difficult to do. And I'll tell you, part of the issue is the credit ratings agencies have not looked at the City for years. Last year was really the first year. But they're going to come back every year or two now, whether we issue new debt or not, and they're going to look at your numbers and say, This is what you told us you were going to do. Did you really do it? And if we -- they come back in a couple of years and go, It was 2.2 -- \$10.2 million in '14 and it's still 10.2? They're going to start to discount that and say, You really don't have 17 million.

COUNCILPERSON THOMAS: But we really don't have 17 million.

CRA DIRECTOR BROWN: Mr. Thomas, may I answer that? There -- there -- there's a -- there's a --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CRA DIRECTOR BROWN: -- there's another aspect to the -- to -- to the analysis that the financial analyst is going to do. Next year when you do the audit, they're going to

see a whopping 32 percent increase in your ad valorem tax dollars and they're going to say, Wow. And so the -- so the big news is, is that the City had a billion dollar increase in its tax base.

Yes, it's tangible personal property and it will depreciate faster, but the answer to the question, because it's an internal transaction -- if you're analyzing the relationship anyway, an analyst will likely discount it because we are a subservient district of the City. It gets -- it gets consolidated and it gets discounted. And they would ask, Well, you know -- they would look at our condition and say, When do you expect a payment? But if you made the decision to restructure or waive a portion of that and it did affect the general fund, the receivable balance, the offset to the answer is because it was an internal transaction for all the reasons that we said, but because we had a billion dollar increase in our tax space and a \$6.8 million or \$11 million total, whichever number you want to use of -- of Mr. Sherman's, in our ad valorem base which was unprecedented.

COUNCILPERSON THOMAS: Uh-huh.

CRA DIRECTOR BROWN: And they would say, Wow. Because only -- your only debt that is pledged is your nontax revenue and you have a substantial debt service coverage. And so the City has a very strong balance sheet.

COUNCILPERSON GUYTON: I've got a question.

COUNCILPERSON THOMAS: That was eloquent but I didn't quite understand it.

COUNCILPERSON GUYTON: I -- I've got a question.

COUNCILPERSON THOMAS: It was. It was.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: We need an -- you know, I think --

COUNCILPERSON THOMAS: Yeah.

CHAIRPERSON PARDO: Maybe some people need Accounting 101.

COUNCILPERSON THOMAS: Yeah.

CHAIRPERSON PARDO: No, seriously.

COUNCILPERSON THOMAS: Some of them -- some of the people out there didn't understand that, either, but go ahead.

CHAIRPERSON PARDO: Seriously. Yeah, go ahead, Mr. Guyton. Seriously. This is --

COUNCILPERSON GUYTON: Mr. Sherman?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

COUNCILPERSON GUYTON: I've got a question.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Okay.

COUNCILPERSON GUYTON: The Ocean Mall is technically owned by the City. The City side never gave that up.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Correct.

COUNCILPERSON GUYTON: We had infrastructure put on City property.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON GUYTON: When the CRA came in and extended their boundaries to the Ocean Mall, we, the City, kept ownership and -- of this Ocean Mall. We -- the -- it's still the City's. We're the primary on this side, contact, about issues with the Ocean Mall. Is that correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON GUYTON: Why is the CRA paying back infrastructure on a City project?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I was going to say, you're going to have to have a --

CHAIRPERSON PARDO: It was a way to pull money out of the CRA. And that occurred in 2009, maybe.

COUNCILPERSON GUYTON: Okay. Okay.

CHAIRPERSON PARDO: Then at the downturn --

COUNCILPERSON GUYTON: My -- my -- my point being --

CHAIRPERSON PARDO: -- at the downturn.

COUNCILPERSON GUYTON: My -- my --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right.

CHAIRPERSON PARDO: Again, we were trying to get money out of the CRA.

COUNCILPERSON GUYTON: Understood. Okay. But my point is --

CHAIRPERSON PARDO: Yeah. (Inaudible).

COUNCILPERSON GUYTON: -- is that we on the CRA side apparently has stepped up more than -- on more than one occasion to help the City. That's essentially what was going on.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: Is that right, Mr. Sherman?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, again, I --

COUNCILPERSON GUYTON: Wait, wait, wait. Just -- just say yes --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- no. No. I -- I agree. I agree --

COUNCILPERSON GUYTON: Okay. That's all I want --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- that the CRA has stepped up.

COUNCILPERSON GUYTON: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON GUYTON: That -- that -- that's the answer that I -- was it a yes or no. And the answer is --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes. Yeah, they did.

COUNCILPERSON GUYTON: -- yes. Okay. So we're sitting here now debating whether we're going to help the C -- well, not whether but to what extent, when the CRA has stepped up on more than one occasion for the City's side. This is all one pot of money. The City got -- and Mr. Sherman, correct me -- a net which is 9 million more than what it got the previous year. Is that correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON GUYTON: And now we're discussing giving the CRA just 2 million of that 9. Is that correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON GUYTON: So the City still has 7 million over here. And I'm wondering now personally, are we sharing enough when the CRA has stepped up on their side to help the City? Are we going to step up to a similar level and help the CRA? I mean, they -- they -- they've taken the ground lease. They -- they've taken

the Ocean Mall debt. And -- and I'm talking about "they" but that's us. All of this is the City. But -- but when we are in need we need to have an exchange of revenues. CRA step up, take the debt for 10 million. CRA step up and provide the leverage for the -- for the -- for the bond for 1.2 million. And now monies came over here and it's time for the City side to step up and help the CRA. And that's all I'm saying. And -- and out of 9 million all we're talking about are 2 for the CRA.

CHAIRPERSON PARDO: Right.

COUNCILPERSON GUYTON: And I'm just saying that there need to be --

MAYOR MASTERS: Balance.

COUNCILPERSON GUYTON: -- some balance and consideration that we need to help each other.

COUNCILPERSON THOMAS: I think everybody's good with that.

CHAIRPERSON PARDO: Right. And I think -- yeah.

COUNCILPERSON GUYTON: Yeah. No, no, no.

CHAIRPERSON PARDO: Absolutely.

COUNCILPERSON GUYTON: But -- but -- but what -- but what --

CHAIRPERSON PARDO: And I think that's what staff is saying with this 2,021,500.

COUNCILPERSON GUYTON: I know. It's only 2 million but -- but we're trying to determine whether we're going to take some from the 2 million.

COUNCILPERSON THOMAS: Who's trying to do that?

COUNCILPERSON GUYTON: No, no, no.

CHAIRPERSON PARDO: No, not at all. I think -- I think everyone's good with that.

COUNCILPERSON GUYTON: No, wait. Okay. And -- and maybe --

CITY MANAGER JONES: Yeah. Because --

COUNCILPERSON GUYTON: May I finish?

CITY MANAGER JONES: Yeah.

CHAIRPERSON PARDO: Please.

COUNCILPERSON GUYTON: Okay.

CHAIRPERSON PARDO: Please do.

COUNCILPERSON GUYTON: Thank you. Thank you.

MAYOR MASTERS: Go ahead, Mr. Guyton. Lay it down.

COUNCILPERSON GUYTON: Because out of that 9 million we're only talking about 2 going to the CRA. That's in addition to the 10 that the CRA stepped up over there on the Ocean Mall for us and then this bond that they secured and also the -- at -- at the marina building, the building the marina --

UNIDENTIFIED SPEAKER: Docks?

CITY MANAGER JONES: The lease space for the --

COUNCILPERSON GUYTON: That lease space, stepped up there, too. How much the CRA kicked in over there for the City?

CHAIRPERSON PARDO: What, for the docks or --

CRA DIRECTOR BROWN: For which space?

CHAIRPERSON PARDO: -- a million, right?

CRA DIRECTOR BROWN: For -- 2 and a half million.

COUNCILPERSON GUYTON: Yeah. Two and a half for the docks. I mean, and -- and -- and the list go on and on and on where the CRA stepped up and helped the City. So I'm -- I think now it's time, as we sit on the City side, to say that, you know, you all have stepped up a lot for the City's side. It's time for the City to step up and now make sure that all of these programs are funded and not just for this year, but for an extended period of time. Five to 10 years or whatever it may be. But because if the fund's going to come over here, which is not a real big deal, we need to start just allocating certain amounts to go back over to the CRA.

CHAIRPERSON PARDO: Okay.

COUNCILPERSON GUYTON: And I think that's only fair in that the CRA has stepped up one, two, three, four, five times to ensure that our projects were funded on the City's side. Thank you, Madam Chair.

CHAIR PRO TEM DAVIS: Madam Chair?

COUNCILPERSON THOMAS: I just want to finish with the 10 million. Yeah. I -- I think everybody here understands what we're trying to do. And everybody is trying to - to get to that point. I'm trying to understand, and I thought Mr. Guyton was going along that -- that purpose, the \$10 million was the City's -- the City's at the beginning.

COUNCILPERSON GUYTON: Yeah. (Inaudible).

COUNCILPERSON THOMAS: We -- right. I got it. I'm just trying to have them follow -- follow me. We loaned it to the CRA to do infrastructure for the City.

CHAIR PRO TEM DAVIS: Right, into capital loans.

COUNCILPERSON THOMAS: Right. I'm just -- just follow me. Just follow me.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That's correct.

COUNCILPERSON THOMAS: You might get blessed, you know?

UNIDENTIFIED SPEAKER: He's a reverend now.

COUNCILPERSON THOMAS: So my --

UNIDENTIFIED SPEAKER: Amen.

COUNCILPERSON GUYTON: Amen.

COUNCILPERSON THOMAS: -- no, I'm just joking. No, my -- my issue is why is -- why do we still have to show that particular debt? Why does the CRA have to continue to pay that debt if it was our money, it's our infrastructure? Why don't we just try to build our reserves back up versus making them pay that form of a debt?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. And again, your fund balance will take a \$10 million hit. And the reason that I think you could justify five, six, seven years ago, whenever it was, that the CRA should pay for it --

CHAIR PRO TEM DAVIS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: -- is it's the CRA that benefits from that construction over there. They get the tax dollars from that building.

COUNCILPERSON THOMAS: I get it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So while we're only getting \$27,000 for our lease payments, they're bringing in \$118,000 of property taxes. So the idea is they invested, they built the building up. The building has value. They get the taxes. And that -- taxes, in essence, should be paying for the debt. Unfortunately, again, it's not. But that -- that, my guess is, is the entire concept that was worked in '07, '08.

COUNCILPERSON THOMAS: Okay. So this is -- this is -- this is just me 'cause this is where the -- it's not connecting for me. If we don't have 17 million, and we only have 7, okay, do we have any money left in the insurance fund? The answer will probably be yes, correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. There's still about \$3 million, I believe, at year-end that was in there.

COUNCILPERSON THOMAS: Okay. So do we have 10 total? Or do we have --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No.

COUNCILPERSON THOMAS: -- 4 and 3?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You have 4 and 3.

COUNCILPERSON THOMAS: Okay. That's -- that's --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: -- that's a problem.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

COUNCILPERSON THOMAS: That's -- that's -- that's a real problem.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: But we -- since we don't really have it now to begin with, why can't we just, every year, add more to it and increase -- increase it? Does the money that they pay back now go directly back into the fund balance?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: The money that they pay back now goes to the -- that insurance fund which is, again, a subset of the general fund. So yes, if they have 3 and they pay back half a million, they would have -- the insurance fund would have \$3½ million. Yeah.

COUNCILPERSON THOMAS: How much money has the CRA paid back thus far?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Oh. Two -
- 208 times five years, a million dollars or so.

CITY MANAGER JONES: 'Cause it was (inaudible).

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It's just -- they're paying just interest now.

CITY MANAGER JONES: Just interest.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: They have not paid any principal payments.

COUNCILPERSON THOMAS: So they paid a million dollars of interest?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: Okay. Let me get this straight. We loaned them the money and we charged them interest on the money that we loaned them to fix our own infrastructure issues over there? I mean, please tell me yes so I can say that's modern-day loan-sharking against ourselves. But I mean, is that really what we did? We charged them interest on that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You're charging -- yes. Yeah, because you've lost the ability to invest those dollars and earn interest on -- on the other side. So any time you enter into a loan, you're going to charge an interest on it.

COUNCILPERSON THOMAS: Okay. So do we have a million dollars that they've already paid us back?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That million would be part of that 3 million that's sitting in the fund.

COUNCILPERSON THOMAS: Good. So the first thing we need to do is look at lowering the loan, at least by one million. I mean, that wouldn't be something prudent that we could do?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: My concern would be is what our insurance reserves need to be at.

COUNCILPERSON THOMAS: We have the million dollars.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah. But if our insurance reserves are at 3 million and they're telling us that we can be -- we should be at 4 or we could be at 2 -- you have to -- you have to keep in mind that those dollars are there for a reason.

CHAIRPERSON PARDO: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And if you write that off, it's going to, you know -- it's going to reduce those numbers.

COUNCILPERSON THOMAS: If we write the interest that we've already received off, that's going to be a problem?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You're asking to -- to take -- you're asking to take the --

COUNCILPERSON THOMAS: We had a \$10 million loan.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- interest payments and apply it to principal and not interest?

COUNCILPERSON THOMAS: Right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Right. And again -- and that's fine. You can do it. But now your fund balance would drop by that million dollars. Whether you -- whatever you write off of the loan is going to reduce the fund balance.

COUNCILPERSON THOMAS: Okay. Why we're doing interest to our -- another entity that we still have to control, I don't know. But what I don't understand is if we got the million dollars, if we actually have it, they've paid a million dollars in to it --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Uh-huh.

COUNCILPERSON THOMAS: -- why wouldn't the debt that they have, why can it not be lowered by \$1 million? We -- why do we need interest? I mean, it's -- it's -- we're dealing with the same -- we -- we -- we -- we're dealing with a problem here.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well, again, you can do that. But again, the offset to that is your fund balance. So your fund balance would go from 17 to 16. And that's, you know -- if that's what we want to do, that -- that's what Mr. Brown said.

COUNCILPERSON THOMAS: That's not going to (inaudible) all that if you --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: We need to sit down and see what we can do to restructure those debts and maybe that's part of it.

COUNCILPERSON THOMAS: Okay.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: But --

COUNCILPERSON THOMAS: Okay.

CHAIR PRO TEM DAVIS: Madam Chair?

COUNCILPERSON THOMAS: I -- I'll take some time later with it.

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: Are you done, Mr. Thomas?

COUNCILPERSON THOMAS: Yeah, for now.

CHAIRPERSON PARDO: All right, Mr. Davis?

CHAIR PRO TEM DAVIS: Mr. Sherman?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yes.

CHAIR PRO TEM DAVIS: Just to kind of piggyback off what the councilman just recently stated. As far as referencing to him trying to find a way to give relief with the \$1 million, would that have anything to do with when bond council put the -- went out for the bond council? They was -- did we have to justify how we're going to get that money back, correct?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: We -- we reported all of that to that, correct.

CHAIR PRO TEM DAVIS: We reported all that. At any time were -- were there anyone -- did we have anyone that insured -- insured these bonds for us? Just in case these --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Certain maturities of the 22 million are insured. Not the entire bonds but certain years were, yes.

CHAIR PRO TEM DAVIS: Okay. So, like for instance, so what happened with this FP&L situation where it was recommended based on tangible versus what's real property, who -- sometimes a bond council can insure that -- that shortfall? Did we not request for the bond council to insure that?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No. They -- they wouldn't insure something like that.

CHAIR PRO TEM DAVIS: I mean, that's been done before, though?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Well --

CHAIRPERSON PARDO: No.

CHAIR PRO TEM DAVIS: Yes.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- again, with their -- not -- not in that way. What -- what they're insuring is, is if -- if you have a Katrina come through and we have no revenues --

CHAIR PRO TEM DAVIS: Uh-huh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- and no Citizen, then they're going to start paying that, yeah.

CHAIR PRO TEM DAVIS: I -- I -- listen, I got what you're saying. But when bond council went with FP&L and they had their conversation, and our staff and our attorneys and then they went out, and this was approved, at some point they're saying, Hey, we know how we're going to get this money back. But we're stating now we're trying to discuss how we're trying to write this off. So if we write this off, you're

telling me now that if we fall below in our fund balance, that can put our credit at risk? Is that what you said?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: That is true.

CHAIR PRO TEM DAVIS: That's all I'm asking. So how much -- how many more years before our CRA expires? Is it 34 years, something like that, Mr. Brown?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I think right around 30 years.

CHAIR PRO TEM DAVIS: Thirty-four?

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: It's 29, something like that.

CHAIR PRO TEM DAVIS: So if we try to give you a lease for the next 10 years, the CRA, what you -- what you're requesting there, about \$2 million for the next 10 years?

CRA DIRECTOR BROWN: Partly. And I'm -- I'm going to --

CHAIR PRO TEM DAVIS: Two million for the next five years?

CRA DIRECTOR BROWN: Well, the 2 million in revenue enhancement. Remember, the 2 million is a net 1 because --

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: -- for the reasons that Mr. Sherman said, we -- we still need to go ahead and pay the ground lease rent.

CHAIR PRO TEM DAVIS: Right.

CRA DIRECTOR BROWN: Because it's what helped predicate getting the \$22 million loan. So the 2 million in revenue enhancement for us is still a net 1.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: And so what I've told the city manager and -- and they appear to be open to the proposal, is for me to make a proposal on restructuring our debt in a way that doesn't adversely affect the credit rating and still provide what I will call a million dollar debt service relief. Not forgiveness of debt.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: But debt service relief. And then I think we've been made whole.

CHAIR PRO TEM DAVIS: Okay. So really quick back to what you stated. You said adverse credit relief? Is that what you're saying?

CRA DIRECTOR BROWN: It's debt service. Debt service.

CHAIR PRO TEM DAVIS: So -- debt service. So let's talk about -- what I'm interested in is now how do we protect our credit. So is -- that's what you just stated before?

CRA DIRECTOR BROWN: We would protect our credit. We would continue to pay the ground lease rent.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: The million 2 from us to the City. Right? The City's going to enhance the revenue and give 2 million so it's a net to us is 1.

CHAIR PRO TEM DAVIS: Okay

CRA DIRECTOR BROWN: And then as I shared with you, in 2017 --

CHAIR PRO TEM DAVIS: Uh-huh.

CRA DIRECTOR BROWN: -- the amount of debt that the CRA-to pay, 45 percent of that goes to the City. I think it's most significant that we pay enough that they cover the Wachovia debt.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: And that we continue to pay interest until some period that -- before the CRA's sunset when you can restructure staff and programs, begin the consolidation, do a balloon payment and pay yourself off.

CHAIR PRO TEM DAVIS: So let me --

CRA DIRECTOR BROWN: And that's within 15 to 20 years.

CHAIR PRO TEM DAVIS: Okay. So let me ask you a question. So you say -- in the next 15 years, you're stating?

CRA DIRECTOR BROWN: Yeah. We -- we -- I need to -- I need to give the City an amortization and a proposal of what I'm thinking that doesn't hurt the credit rating, keep the fund balance in place, let us develop the marina, get it profitable or at least break-even.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: And then we can start figuring out how -- you know, we just had a reversal of fortune. And --

CHAIR PRO TEM DAVIS: How to do some real (inaudible) that.

CRA DIRECTOR BROWN: -- and what we -- what we want to do is that together we wanted to make sure that the scales are balanced, or not necessarily balanced, but that collectively, our city still moves forward and is financially strong.

COUNCILPERSON THOMAS: But why do we gotta keep paying interest?

CHAIRPERSON PARDO: Wait, let him -- let --

CHAIR PRO TEM DAVIS: One -- one -- one -- one -- one last question, Mr. Brown. It's been discussed by this board, and everyone shared the concern because it's come up in this discussion time as far as the mill -- loan to millage. Loan to millage by one mill, how would that impact the CRA?

CRA DIRECTOR BROWN: A millage reduction will reduce our revenue.

CHAIR PRO TEM DAVIS: By how much?

CRA DIRECTOR BROWN: Depending on the -- the mill reduction.

CHAIR PRO TEM DAVIS: One mill. Let's say one mill. It was -- it's proposed one mill.

CRA DIRECTOR BROWN: I think I -- I think I've -- I think about 400,000, 530 --

CHAIR PRO TEM DAVIS: Four, 500,000?

CRA DIRECTOR BROWN: 500,000.

CHAIR PRO TEM DAVIS: For the first year. What about the following year?

CRA DIRECTOR BROWN: Well, it would -- it -- if you reduce the millage each year it's going to have a -- it's going to have a commensurate decrease in the revenue. So --

CHAIR PRO TEM DAVIS: But -- but my question is, 'cause there's, you know -- which is presented to us as tangible property in -- in this decreasing, if we lower this millage rate by one mill -- so even in the second year would it be even a lower, much harder impact the second as the -- the property is depreciating based on -- on the real -- not the real property, but the tangible property?

CRA DIRECTOR BROWN: If -- if -- if you lowered the -- the millage rate by -- by 1 mill this year and --

CHAIR PRO TEM DAVIS: Yeah.

CRA DIRECTOR BROWN: -- and you projected it to stay level, the big impact will be this next fiscal year. And then we would just have to project out -- or make the assumption that our revenue remain steady or level at that new level.

CHAIR PRO TEM DAVIS: So the second year, will there be a continuous impact or it will be the same thing or will it be --

CRA DIRECTOR BROWN: It would be the -- it -- let's just assume that if there's no increase and there's no further millage rate, then we should have an even stream.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: So instead of getting 7.3 million --

CHAIR PRO TEM DAVIS: Uh-huh.

CRA DIRECTOR BROWN: Let's say you reduced the millage rate and there's a \$500,000 adjustment. You know, I've projected to you that we'll have revenues next year of 7.3 million if the City doesn't reduce its millage rate. And also remember, we get revenue that would have gone to the County and if the County doesn't reduce its millage rate.

CHAIR PRO TEM DAVIS: But they're discussing it now anyway, right?

CRA DIRECTOR BROWN: And -- and -- and I sent a -- a -- an e-mail to the county administrator and I was told, at least at the time I sent it, that they had no plans to reduce. So -- but if the City reduced his millage rate say by a mill --

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: -- then instead of projecting to you a \$7.3 million increase, we would probably say a 6.8, 6.9.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: And so now what I said, the -- the impact between us, \$2 million, is now the 2 and a half million dollar impact between the assumptions we've made in terms of if everything stayed even.

CHAIR PRO TEM DAVIS: So with the 6.9 and let's say we commit to 2 mill -- 2 million over the next five years, each year, whatever this board discuss, which will bring that from 6.9 till about 4.9, correct?

CRA DIRECTOR BROWN: If I'm -- yes. No.

CHAIR PRO TEM DAVIS: 4.9.

CRA DIRECTOR BROWN: No. Well, no.

CHAIR PRO TEM DAVIS: 'Cause you just stated 6.9.

CRA DIRECTOR BROWN: This -- if the 6.9 would be the tax revenue --

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: -- then that would be programs and grants from the City --

CHAIR PRO TEM DAVIS: Right.

CRA DIRECTOR BROWN: -- that would be a plus.

CHAIR PRO TEM DAVIS: Okay

CRA DIRECTOR BROWN: So then we go from 6.9 in revenue to 8.9. Because there's other sources.

CHAIR PRO TEM DAVIS: Okay. Okay. So 8.9. So the 2 point would keep us at 6.9. Would that have anything that -- so at that time we'd still be in good -- good standings with our -- with our bond and what's required of us, correct?

CRA DIRECTOR BROWN: Yes. What I'd recommend is that -- 'cause we're still going to pay the ground lease.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: Right. And I think -- and -- and --

CHAIR PRO TEM DAVIS: Aren't we required to stay at a certain level?

CRA DIRECTOR BROWN: It's going to be our goal to make sure that, again, what we do between us will not have a net adverse affect to the City.

CHAIR PRO TEM DAVIS: Okay. So what --

CRA DIRECTOR BROWN: And then if --

CHAIR PRO TEM DAVIS: -- what's the number that we need to stay at so that this board understands that on all our decisions moving forward. Well, with those -- I'm going to speak for -- not for every -- just you but everybody else.

CRA DIRECTOR BROWN: Well, I'm going to try not to answer technically but I -- I think that --

CHAIR PRO TEM DAVIS: But I -- I mean, we need to take care of this now.

CRA DIRECTOR BROWN: -- but -- but Mr. -- but Mr. Sherman -- well, what Mr. Sherman wants is to have a sufficient cushion.

CHAIR PRO TEM DAVIS: Okay.

CRA DIRECTOR BROWN: A debt service cushion.

CHAIR PRO TEM DAVIS: That makes sense.

CRA DIRECTOR BROWN: And -- and -- and so -- and that's -- we're going to try to stay within his formula.

CHAIR PRO TEM DAVIS: Okay. Thank you.

CHAIRPERSON PARDO: Okay. So do you want to move on or should we continue our accounting class?

CITY MANAGER JONES: Well, I think, you know, right now Mr. Brown, I didn't know if you had anything else.

CRA DIRECTOR BROWN: No. I think the summary is that what we've agreed between us is how do we, in the -- in the upcoming fiscal years, transfer between -- transfer from the City to the CRA a net two million. And so -- and -- and when I say a net 2 million, because we -- we will still be -- stay obligated to pay the ground lease. And that then I think that the only other thing that we could probably do without affecting cash flow from the City or the City's credit rating, is to offer a proposal to restructure debt. Because the Wachovia debt, I think, burns off in, what, five, six years?

ASST. FINANCE DIRECTOR HOSKINS: The balance is about \$4 million so --

CRA DIRECTOR BROWN: Yeah. So --

ASST. FINANCE DIRECTOR HOSKINS: -- (inaudible) about.

CRA DIRECTOR BROWN: You know, so I -- you know, the goal is -- is to restructure the debt. As I said, so instead of my debt service being 45 percent to the City, if I can cut that in half by a third and not affect the general fund balance and still show it as a loan, then I think hopefully --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Nine more years.

CRA DIRECTOR BROWN: Nine more years? So, you know, the goal -- and we can't prepay it because it has a substantial prepayment penalty.

CITY MANAGER JONES: Yes.

FISCAL YEAR BUDGET DISCUSSION

CITY COUNCIL'S COMMENTS / DISCUSSION

CHAIR PRO TEM DAVIS: Madam Chair?

CHAIRPERSON PARDO: Yeah, go ahead.

CHAIR PRO TEM DAVIS: Mr. -- so will this board be meeting again next week? When the next time these two boards will be meeting to discuss how --

CITY MANAGER JONES: We have not scheduled anything. We were just wanting --

CHAIR PRO TEM DAVIS: Just a minute. I may have asked the wrong question here.

CITY MANAGER JONES: With the two together?

CHAIR PRO TEM DAVIS: Would this be the only meeting that we'll be doing as we get together or will you set up another meeting?

CITY MANAGER JONES: You need to -- I don't know what you would accomplish in another meeting. Once you give us the guidance, then he sets his budget and we set ours.

CHAIR PRO TEM DAVIS: Okay.

CITY MANAGER JONES: And -- and so that was what we were looking for as it relates to the guidance. Like Mr. Brown said, we want the CRA --

CHAIR PRO TEM DAVIS: Uh-huh.

CITY MANAGER JONES: -- it's us. It's the City.

COUNCILPERSON GUYTON: Uh-huh.

CITY MANAGER JONES: We want to do what we can to try to help them.

CHAIR PRO TEM DAVIS: Right.

CITY MANAGER JONES: But we just knew we had some other issues.

CHAIR PRO TEM DAVIS: Uh-huh.

CITY MANAGER JONES: That we needed to make sure we had on the record and they were --

CHAIR PRO TEM DAVIS: So he's just explaining his position today on what's needed, but there's no decision really being made today other than --

CITY MANAGER JONES: The recommendation is the 2 million.

CHAIR PRO TEM DAVIS: Is the 2 million that's been proposed.

CITY MANAGER JONES: That's on the last slide.

CHAIR PRO TEM DAVIS: For the next five years. Or just for this year till we're moving forward?

CITY MANAGER JONES: Well, it can't be -- one of the slides we did not show you --

CHAIR PRO TEM DAVIS: Uh-huh.

CITY MANAGER JONES: -- is the impact of what happens once you get out to about 2019 or '20. So I would say it may have to be that at some point you may decrease that 2 million. But it would be like 1.8 or 1 -- but it would be money for them to continue their major programs.

CHAIRPERSON PARDO: Of course. And we hope by that time we will have private development.

CITY MANAGER JONES: Yes.

CHAIRPERSON PARDO: Okay. Which will increase revenue over --

CHAIR PRO TEM DAVIS: Which will allow -- okay.

CHAIRPERSON PARDO: -- at the CRA.

CITY MANAGER JONES: And the CRA (inaudible).

CHAIRPERSON PARDO: In addition -- right. And then in addition to the other properties inside the CRA, the Ritz Carlton continues to bring in a lot of money, a lot of TIF to the CRA along with marina grant. Uh-huh.

COUNCILPERSON GUYTON: Madam Chair?

CITY MANAGER JONES: (Inaudible) development (inaudible).

CHAIRPERSON PARDO: Right. Correct. Correct. So -- right. The need will be less.

CITY MANAGER JONES: Uh-huh.

COUNCILPERSON GUYTON: Madam Chair?

CHAIRPERSON PARDO: Yes, sir.

COUNCILPERSON GUYTON: While the City and the CRA are restructuring their debt and trying to come up with a way where it doesn't impact the City or the CRA, I think what also need to be factored in is the consideration for what level, if any, of millage decrease it would be so that they can also factor that in. They can come back with the scenario if we did it a mill or we did it a half a mill.

CITY MANAGER JONES: I think he's got those numbers tonight if he wants to --

CHAIR PRO TEM DAVIS: Show them tonight.

CHAIRPERSON PARDO: Do we have a meeting on Monday?

CITY MANAGER JONES: No. You don't have one till the 13th.

COUNCILPERSON THOMAS: Good.

CHAIRPERSON PARDO: And the one on the 13th, what's the plan? What are you showing us? Is that going to be a real city budget meeting?

CITY MANAGER JONES: That one --

CHAIRPERSON PARDO: Going line by line?

CITY MANAGER JONES: -- you're going department by department as to what personnel dollars and operating dollars -- you asked us last night to bring back and do some discussions as it relates to parking. I'm going to make a request to you tomorrow night for that first hour to be something different.

CHAIRPERSON PARDO: Right.

CITY MANAGER JONES: But you will be looking at a draft of what each individual department is.

CHAIRPERSON PARDO: Okay.

CITY MANAGER JONES: And then -- and the adjustments that we've made for insurance and liability and -- and all of that. But we also wanted all of those other items that you all mentioned, waste management discussion, all of those --

CHAIRPERSON PARDO: Right.

CITY MANAGER JONES: -- are to come on the 13th.

CHAIRPERSON PARDO: Okay. And then -- right. And then was that when we were going to have the real discussion on the millage? Because you know, right now, again, it's still preliminary. You know? I've been vocal on, you know, I would like see a decrease. Mr. Guyton said that he would like to see a decrease, also. But you know, before I commit to a mill or something else, we really need to go through the budget.

CITY MANAGER JONES: Uh-huh.

CHAIRPERSON PARDO: To see, you know, what staff is proposing.

COUNCILPERSON GUYTON: And, Madam Chair, and that's why I wanted to know if they can give us a scenario,

CHAIRPERSON PARDO: Okay? You know what I mean? 'Cause -- right. So today. Right. To have the discussion right now. We don't know what, you know -- what you're proposing, how much money of the newfound money you're looking to use in the budget. We had the discussion last year about no new hires.

COUNCILPERSON MILLER: That's what I've been saying all along.

CHAIRPERSON PARDO: So -- you know what I mean? So --

CITY MANAGER JONES: Again, and -- and -- and that's a --

COUNCILPERSON GUYTON: And --

CITY MANAGER JONES: -- there have been requests, like, in some of the departments. We have told them the number one issue was the reduction of the millage. We can show you now if you were looking at a mill, a quarter of a mill, a half a mill, what that impact would be over the respective years. And -- but it -- and it also has an impact on the CRA, as well. So it's not just -- so we can share those with you now and when we start talking on the 13th, it's --

COUNCILPERSON THOMAS: I just think that's putting the cart before the horse. We need to know exactly --

COUNCILPERSON MILLER: Exactly.

COUNCILPERSON THOMAS: That's what I was saying earlier.

CITY MANAGER JONES: You need -- you need to know --

COUNCILPERSON THOMAS: You need to kind of know what -- what the budget -- what you're really trying to do.

COUNCILPERSON MILLER: Yeah. I definitely agree with that.

COUNCILPERSON THOMAS: Yeah. That --

COUNCILPERSON GUYTON: Now --

COUNCILPERSON THOMAS: Okay. Madam Chair, this is the -- however the board wants to deal with it is fine but I think that's putting the cart before the horse. But if -- if you want to say this is the money that you're operating inside of, you know -- you -- you lock yourself to whether you want to provide some things on that unfunded list. Personally for me, for the CRA, I think that we should add another -- about another 500,000 to this 2 million because we don't know what the -- what the County is going to do.

COUNCILPERSON GUYTON: I would agree.

COUNCILPERSON THOMAS: You know? So, I mean --

COUNCILPERSON GUYTON: A mill.

COUNCILPERSON THOMAS: -- all -- all of those things --

CHAIRPERSON PARDO: I would support that.

COUNCILPERSON THOMAS: Yeah. Well, I mean, well, then, cool. But the only thing that I need somebody to help me with right now is why are we charging interest? You -- you're going to help me, Miss Hoskins?

CHAIR PRO TEM DAVIS: The bond council.

ASSISTANT FINANCIAL DIRECTOR HOSKINS: I'll try.

COUNCILPERSON THOMAS: Okay.

ASSISTANT FINANCIAL DIRECTOR HOSKINS: When we issued the loan to the CRA, the original agreement stated that the CRA would start repaying that \$10 million loan in 2010.

COUNCILPERSON THOMAS: Okay.

ASSISTANT FINANCIAL DIRECTOR HOSKINS: But the CRA wanted to issue some additional debt. So in order for them to issue the additional debt, they needed to defer that loan for interest only. The original loan was about 4 percent interest. So we -- so the board said, Okay. We'll agree to 2 percent. We'll defer the loan for five years and then in 2017 is when they'll start paying 4 percent. The interest rate will change to 4 percent plus the principal payment.

COUNCILPERSON THOMAS: So let me --

CRA DIRECTOR BROWN: And may -- may I clarify?

ASSISTANT FINANCIAL DIRECTOR HOSKINS: So they could issue the \$25 million (inaudible).

COUNCILPERSON THOMAS: -- right. So my -- my -- my question is, why -- why just -- why couldn't we just use it for the principal? I'm -- I'm -- what -- this's what I'm missing -- I'm missing. If we controlled it --

CHAIR PRO TEM DAVIS: Yeah.

COUNCILPERSON THOMAS: -- we control the interest, why would we not just say, Okay. Instead of making this interest, this is applied to your principal. Why are we charging ourselves interest? That's what -- that -- that's what I'm -- I'm -- you know? That's what I'm trying to get. And I know I'm the only one up here that has that question.

CHAIRPERSON PARDO: Right. It was -- no, it was a matter of -- again, it was moving from one entity to another. But now -- right. Now that the City is cash rich --

CITY MANAGER JONES: We're going to -- we have to revisit it.

CHAIRPERSON PARDO: -- you know, it's something that can be discussed.

ASSISTANT FINANCIAL DIRECTOR HOSKINS: And --

COUNCILPERSON THOMAS: Okay. Is it -- I mean, is this something illegal for us to do, is say, We don't want you -- we don't want to charge you interest. We want the money to be applied to principal so we can get out of this --

COUNCILPERSON GUYTON: Uh-huh.

COUNCILPERSON THOMAS: -- loop that we're in. Is that -- I mean, is that something that we can do or is that going to hurt us in some type of financial way? You can best believe I'm going to be trying to figure this out, you know, over the next few days. But can you tell me if that -- I mean, is that something that we can really do or --

CITY ATTORNEY RYAN: Well, you can --

CHAIRPERSON PARDO: You can.

CITY ATTORNEY RYAN: You can do it.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

CITY ATTORNEY RYAN: But you have an agreement so we'd have to bring the agreement back.

CHAIRPERSON PARDO: Right.

CITY ATTORNEY RYAN: And amend the agreement that we have with the CRA to allow for that.

COUNCILPERSON THOMAS: So if we brought the agreement back and said, We're going to apply the 200,000 to principal, does that affect what Mr. Sherman was saying earlier about your -- your -- your -- your fund balance?

CITY ATTORNEY RYAN: No, because your principal remains the same. You just basically did not get any interest on money that you would have had sitting in the bank.

COUNCILPERSON THOMAS: Well, that's what I've been trying to say for the longest.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Miss Ryan should stick to law.

COUNCILPERSON THOMAS: Oh.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: No.

COUNCILPERSON THOMAS: That's cold. It was fun. I know. It was cool.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah, it was. I know. It was a jab.

COUNCILPERSON THOMAS: That -- yeah.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: I -- I -- I've missed her. She hasn't been around.

CITY ATTORNEY RYAN: And you -- you better believe (inaudible) to be back.

COUNCILPERSON THOMAS: That was cold. That was -- but it was a good one. I gotta give it to you.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah.

COUNCILPERSON THOMAS: It was over -- it was right on time. Well --

CHAIRPERSON PARDO: Okay. Okay. Okay. All right.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And I should --

COUNCILPERSON THOMAS: Please give it to us.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: And she'll tell me the same thing, stay out of her --

COUNCILPERSON THOMAS: Yeah.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN:
-- Stay in your lane. Yeah. That million dollars has already been picked up as revenue. And it's in the cash in the insurance fund. Okay?

COUNCILPERSON THOMAS: Okay. No problem.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: So when that revenue came in, it went down, and again it increased the fund balance. If I'm now going to take that and reduce the receivable -- 'cause the receivable hasn't been reduced yet. I'm going to have to take that receivable down. We'll assume it's the million dollars that they've paid. The fund balance will drop a million dollars.

COUNCILPERSON THOMAS: Okay. So say we don't take anything down. Say we just say from -- from this point --

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: If you just did it going forward --

COUNCILPERSON THOMAS: -- on --

COUNCILPERSON GUYTON: Going forward.

COUNCILPERSON THOMAS: Yes.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: Yeah, fine.

COUNCILPERSON GUYTON: No problem.

DIRECTOR OF FINANCES & ADMINISTRATIVE SERVICES SHERMAN: You're fine.

COUNCILPERSON THOMAS: Okay. So that's what we should have been doing and I think we ought to look into that instead of loan-sharking, you know --

COUNCILPERSON GUYTON: Not look into it. Let's -- let's direct staff to bring something back to us.

COUNCILPERSON THOMAS: I'm -- I'm good with that. I think that staff ought to entertain that.

COUNCILPERSON GUYTON: And -- and I support that.

COUNCILPERSON THOMAS: Now, you're gonna -- now, Mr. Sherman, you're going to need Miss Ryan for this one.

CHAIRPERSON PARDO: Just so you (inaudible) get that.

COUNCILPERSON THOMAS: You're going to need Miss Ryan for this one, now. Okay.

CITY ATTORNEY RYAN: And I'm just going to make this comment. You asked if it was illegal.

COUNCILPERSON THOMAS: That's exactly right.

CITY ATTORNEY RYAN: And the answer is, it -- it's fine. You could do it that way.

COUNCILPERSON GUYTON: Yeah.

COUNCILPERSON THOMAS: And -- and that's why we keep our --

CITY ATTORNEY RYAN: Mr. Sherman.

COUNCILPERSON THOMAS: -- municipally certified attorney on staff.

CITY ATTORNEY RYAN: Thank you very much.

COUNCILPERSON THOMAS: Yeah. I got your back. No problem.

CRA DIRECTOR BROWN: Madam Chair?

CHAIRPERSON PARDO: Go ahead, Mr. Brown.

CRA DIRECTOR BROWN: Just as a point of clarification to Miss Hoskins, part of the restructuring was done -- the -- the money was not lent to the CRA. The money over time was given to Catalfumo to construct the infrastructure.

CHAIRPERSON PARDO: Exactly.

CRA DIRECTOR BROWN: And so the structure of this loan was requiring repayment from day one. But the -- but the project was delayed and then it was dispersed over time.

CHAIRPERSON PARDO: Correct.

CRA DIRECTOR BROWN: So we had to create a construction period interest. And -- and -- and yes, it was restructured so that we could also be in the position to borrow the 26 million from BB&T at that time. But I just wanted to just say why we restructured and had a longer interest-only period, which was because it -- it -- the money was dispersed differently than the loan agreement.

CHAIRPERSON PARDO: Okay.

CITY MANAGER JONES: And, okay, thank you so much. So what I heard your -- in -- in addition to what we're looking at, we could consider --

CHAIRPERSON PARDO: A half a million --

CITY MANAGER JONES: -- some more for consideration?

CHAIRPERSON PARDO: -- additional (inaudible).

COUNCILPERSON GUYTON: Yes.

CHAIRPERSON PARDO: And then take the interest off.

CITY MANAGER JONES: Okay.

COUNCILPERSON GUYTON: Three are saying yes for another minimum of a half a mill.

CHAIRPERSON PARDO: Half a million. Okay?

CHAIR PRO TEM DAVIS: What about the other two?

CHAIRPERSON PARDO: I don't know. You guys weren't vocal on it.

COUNCILPERSON GUYTON: Chime in.

CHAIRPERSON PARDO: Chime in.

CHAIR PRO TEM DAVIS: (Inaudible).

COUNCILPERSON THOMAS: If you don't think so --

CHAIR PRO TEM DAVIS: Now, what --

CHAIRPERSON PARDO: Whatever.

CHAIR PRO TEM DAVIS: -- what -- what did we say, again?

COUNCILPERSON THOMAS: I -- what I was basically saying is that because we don't know what the County is going to do that could affect our revenues --

CHAIR PRO TEM DAVIS: Oh. Oh, the half a million go toward --

COUNCILPERSON THOMAS: -- I will say add another half a million, at least --

CHAIR PRO TEM DAVIS: -- to the 2 -- 2 million.

COUNCILPERSON THOMAS: So that they know how to start budgeting just in case. If they don't, then if the County affects it, then we can absorb it. If not, then they -- they have an extra 500,000 to try to restructure something with it.

CHAIR PRO TEM DAVIS: Okay.

COUNCILPERSON THOMAS: Was what I was saying.

CHAIR PRO TEM DAVIS: Okay. I see what you're saying.

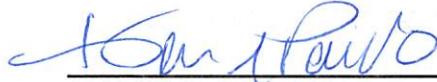
CHAIRPERSON PARDO: Okay. All right.

CITY MANAGER JONES: And that's -- we needed that parameter (inaudible).

CHAIRPERSON PARDO: All right. Well, you got it. Okay. That's it? No more business? Okay. We're adjourned. Thank you.

APPROVED:

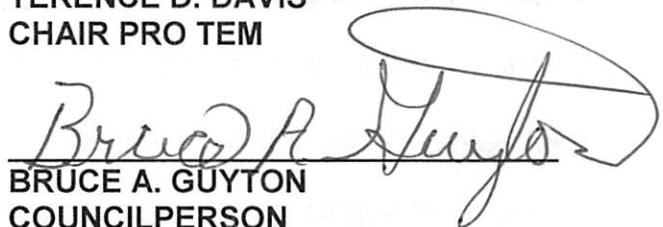

THOMAS A. MASTERS
MAYOR

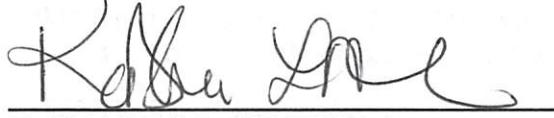

DAWN S. PARDO
CHAIRPERSON

ATTEST:


CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK


TERENCE D. DAVIS
CHAIR PRO TEM


BRUCE A. GUYTON
COUNCILPERSON


KaSHAMBA L. MILLER
COUNCILPERSON

ABSENT
CEDRICK A. THOMAS
COUNCILPERSON

MOTIONED BY: T. DAVIS

SECONDED BY: B. GUYTON

D. PARDO AYE

T. DAVIS AYE

B. GUYTON AYE

K. MILLER AYE

C. THOMAS ABSENT

DATE APPROVED: 08/05/15