

MAY 16, 2023

SPECIAL CALLED MEETING OF THE BOARD OF CITY COMMISSIONERS OF THE CITY OF ALBANY, GEORGIA
GOVT. CTR. – RM. 100 (Virtual and in-person)

PRESENT Mayor Bo Dorough
Mayor Pro Tem Chad Warbington
Commissioners: Jon Howard, Jalen Johnson, Vilnis Gaines, Bob Langstaff, Jr. and Demetrius Young
City Attorney: Nathan Davis
City Manager: Steven Carter

Mayor Dorough called the meeting to order at 8:33 a.m.

The Asst. City Clerk read the call as follows:

Mayor and Board of Commissioners
P.O. Box 447
Albany, GA 31702

Dear Mayor and Commissioners:

There will be a special call City Commission meeting on Tuesday, May 16, 2023, at 8:30 a.m., room 100 of the Government Center Building located at 222 Pine Ave. The purpose of the meeting is to discuss and/or adopt the following resolutions:

- 1. Approving development of the Davis Exchange Building located at 100 N. Washington St.
- 2. Approving Release Agreement in favor of 207 Pine, LLC. a Florida Limited Liability Corporation and Jason James Benedict

Sincerely,

/s/ Bo Dorough
Mayor

/s/ Jon Howard
JON HOWARD, WARD I
CITY COMMISSIONER

/s/ Jalen Johnson
JALEN JOHNSON, WARD II
CITY COMMISSIONER

Notified via email
VILNIS GAINES, WARD III
CITY COMMISSIONER

/s/ Chad Warbington
CHAD WARBINGTON, WARD IV
MAYOR PRO TEM

/s/ Bob Langstaff
BOB LANGSTAFF, JR., WARD V
CITY COMMISSIONER

/s/ Demetrius Young
DEMETRIUS YOUNG, WARD VI
CITY COMMISSIONER

Downtown Manager Lequrica Gaskins introduced Rhett Holmes, Principal/President of IDP, LP properties and Gary Mongol (via ZOOM) and mentioned the proposal to develop property located at 100 N. Washington Street (the Davis Exchange Building). She added that they are also interested in developing the Albany Herald building (125 Washington and 132, 138 Pine Avenue).

Mr. Holmes briefly discussed IDP’s history and experience developing projects. Using a PowerPoint presentation (copy on file) he reviewed past projects, the proposal for the Davis Exchange Building and IDP’s interest in the Albany Herald Building.

Commissioner Howard asked why IDP needs \$1.0 million from the City and if this is a DCA requirement. Mr. Holmes explained that the requirement process regarding market rate units, funding of non-rent restricted units with other dollars, etc., adding that to reach a market rate unit mix they need the \$1.0 million. In reply to Commissioner Howard regarding moving forward and changing

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demographics, Mr. Holmes explained mixed income development/affordable housing and construction costs.

Commissioner Johnson mentioned the three options and asked which option Mr. Holmes feels would be the most efficient. Mr. Holmes stated that his opinion is Option II because it puts the City in first lien position, provides a few more market rate units and gives IDP everything it needs for the development.

Commissioner Gaines asked if local residents will be used in developing this project. Mr. Holmes stated that they hire locally with property management and maintenance, adding that they often use construction subs from Albany on jobs outside of Albany.

Mayor Pro Tem Warbington mentioned the competitiveness of DCA awards, asking if IDP has been awarded anything within the last two years. Mr. Holmes affirmatively replied and discussed deals they have been awarded. In reply to Mayor Pro Tem Warbington regarding other applications, Mr. Holmes mentioned an application in Valdosta/partnership with the Housing Authority, which they have been awarded. Of the three options, Mayor Pro Tem Warbington asked which one makes IDP the most competitive. Mr. Holmes advised that the \$1.75 million makes broader, more financial sense for everyone. Mayor Pro Tem Warbington mentioned the Revolving Loan Fund, asking Mr. Carter if there is room for either Option I or II. Mr. Carter suggested Option I, adding that there are other funding sources available.

Commissioner Langstaff noted that even if IDP receives no funding from the City, they will still apply for the low-income housing tax credits; Mr. Holmes agreed. Commissioner Langstaff stated that by the City providing funds, it will help in DCA's scoring to receive low-income tax credits, which would give IDP three points. Mr. Holmes explained that the \$1.0 million provides two points and the \$1.75 million provides three points. Discussion continued regarding the project's interest rate, and the completion guarantee/non-recourse in the letter of support, which ensures that the project is completed.

Commissioner Young asked the timeframe for completing the project, adding that he felt their building in Pelham seemed to have taken a long time to complete. Mr. Holmes noted that the Pelham building was a complicated project (having to obtain special permission from the Governor's office for waiver requirements) and stated that if awarded, they will start next summer, with approximately 18-24 months to renovate/build and several months to lease out. Commissioner Young asked if their bid package has a minority participation requirement. Mr. Holmes replied negatively and explained that they try to ensure that they hire locally and that subs are local, insured, licensed, bonded and can meet all deadlines.

In reply to Mayor Dorough, Mr. Holmes explained surplus cash flow, how financing is structured, interest typically paid annually on surplus cash notes and the surplus cash at the end of the year going toward the principal and compared the effect of the \$1.0 million or \$1.75 million loan from the City. Mayor Dorough noted IDP's exit strategy to sell the property in ten-15 years and asked if under the agreement, will IDP pay everything to the City once the property is sold or will the City have to deal with the purchaser. Mr. Holmes explained the ways the loan can be structured, adding that they cannot exit until the tax credit investor exits the transaction, which is 15 years after completion. It was noted that Ms. Gaskins prepared the agenda item with Mayor Dorough expressing concern regarding the City Manager being authorized to negotiate the terms of the loan and the language of the MOU, suggesting that the Commission should not abrogate its responsibilities.

Commissioner Howard asked Community and Economic Development Director John Hawthorn if after 15 years they can sell the property and, will the market rent change at that time. Mr. Hawthorn explained that low-income housing tax credits units must stay affordable for a longer period. If the building is sold, the new owner would have to assume the requirement to keep the units affordable. In reply to Commissioner Howard, Mr. Hawthorne noted the positive effects of this project. Commissioner Howard expressed reservations, noting that IDP has indicated that they are interested in the Albany Herald building if this project works. He agreed with Mayor Dorough regarding the language being changed relating to the City Manager.

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In reply to Commissioner Young regarding tax abatement for the cash flow, Mr. Holmes explained the process of city funds, taxes going outside the city and ways to structure so that taxes stay within the municipality. He mentioned the tax freeze on the Exchange Building, which is constitutional and just for that building, but is unrelated to the City at that point, adding that in a conversation, he was asked to put this as a footnote in the presentation. Commissioner Young asked if discussion included how long IDP is looking for the abatement with Mr. Holmes stating that this will be a later discussion. Regarding the Herald Building Mr. Holmes explained their interest in both projects, with the Herald Building being a difficult project; therefore, the intent is to get more development going simultaneously, giving them property management, operations, maintenance, etc. needed for the Herald Building, which will be encapsulated and operated out of the Davis Exchange development, making that project more financially viable as there will be less expenses associated with that development.

In reply to Mr. Davis, Mr. Holmes stated that the \$1.0 million deal puts the City in the 2nd lien position and the \$1.75 million has the City in 1st lien position, adding that the application to DCA has a Friday deadline. Ms. Gaskins interjected that RFP's regarding the Herald Building has been advertised on the City's website for the last two years.

Commissioner Langstaff discussed the pros of the Exchange Building and its effect on downtown development, adding that low-income housing tax credits are the only way to get this project completed, and he supports it.

Commissioner Young also expressed support, mentioning the Revolving Loan Fund, which originally came from utility revenues. CFO Derrick Brown explained the MEAG credits, which were divided into thirds among the City, Utilities, and the Job Investment Fund. Commissioner Young expressed concerns regarding tax abatement and mentioned development on the east and south side of Albany.

Mayor Dorough referred to a letter he sent expressing his concerns, which include buildings that the City owns and should be a priority.

Commissioner Langstaff moved to adopt the following resolution, together with the Letter of Support, and noted changes as stated, which fill in the blanks, seconded by Mayor Pro Tem Warbington.

A RESOLUTION NO. 23-R134

Authorizing expenditure of funds on the affordable housing in Albany, Georgia (re: Davis Exchange Building)

Mr. Hawthorne cautioned that the City cannot provide a letter of support for two separate applications, if Commissioners intend to provide a letter for Dogwood Trails. Commissioner Langstaff countered that this is not a GICH letter, the two are separate.

Mayor Dorough briefly explained the need of the GICH letter for Dogwood Trails.

Hearing no additional comments and, following a roll call vote, the motion unanimously carried.

Regarding the following resolution, Mr. Davis briefly discussed the stop of progress at the old WG&L building with the owner willing to deed it back to DDA, giving the City site control over the property. He advised that the past due taxes were paid in full, adding that if the Board approves the release agreement, they will pay the per diem up through last week for this year's tax bill. This action will absolve 207 Pine, LLC and Mr. Benedict of any further obligations regarding the building.

Commissioner Howard asked if the building will be put back on the market now that the deed is back in the hands of DDA and mentioned CL RED. Mr. Davis stated that he heard CL RED is coming back at the end of this month, as well as interest being expressed by other entities. Commissioner Howard suggested putting it back out and let those interested look at it.

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Mayor Pro Tem Warbington asked if, after the vote, the City is back to square one and can go in whatever direction it chooses; Mr. Davis agreed. Discussion continued regarding a guarantee from the developer.

Commissioner Langstaff noted that the release agreement has ‘hold harmless’ in two places. Mr. Davis advised that the statement has been deleted from the release that will be executed.

Commissioner Young asked if the document regarding remediation was ever found. Mr. Davis replied negatively, stating that the abatement was supposed to have been completed and Planning is waiting for a formal letter. Planning and Development Services Director Paul Forgey advised that remediation has been completed and documents have been provided by the environmental consultant; however, because this was done through an EPA grant, full documentation is required by that agency. He advised that he has been in touch with EPA over the past few months and is unaware of what the holdup is.

Commissioner Young asked when the guarantee from CL RED expires. Ms. Gaskins advised that it was approved more than 60 days ago and that she will ascertain when the documents were signed, adding that they are still in the due diligence process. Commissioner Young agreed with Commissioner Howard that the project should be opened back up to the general public.

In response to Mayor Dorough, Mr. Davis advised that the only documentation the City is receiving from 207 Pine, LLC is a quit claim deed.

Commissioner Langstaff moved to adopt the following resolution with the provision that all references to ‘hold harmless’ be stricken, seconded by Mayor Pro Tem Warbington and following a roll call vote, the motion unanimously carried.

A RESOLUTION NO. 23-R135

Approving Release Agreement in favor of 207 Pine, LLC a Florida Limited Liability Corporation

There being no further business, the meeting adjourned at 10:02 a.m.

MAYOR

ATTEST

ASST. CITY CLERK