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To: Board of Commissioners of the Rivera Beach
 Community Redevelopment Agency

Cc: Scott Evans, Interim Executive Director

From: J. Michael Haygood, General Counsel

Date: December 8, 2016

Re: Riviera Beach CDE, Inc. and Event Center, LLC

The purpose of the memorandum is to provide information regarding actions requested of the Board of Directors described below in Item 8 of the CRA Agenda.

The federal regulations relating to the New Markets Tax Credit Program requires the formation of a not for profit entity to serve as the vehicle for the structuring of the New Markets Tax Credit allocation. A CDE is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities. Benefits of being certified as a CDE include being able to apply to the CDFI Fund to receive a NMTC allocation to offer its investors in exchange for equity investments in the CDE and or its subsidiaries, or to receive loans or investments from other CDE's that have received NMTC allocations. In compliance with the federal regulations the Riviera Beach CDE was formed and ultimately received a loan from another CDE for the development of the Event Center. The Board of Directors of the CDE consists of an initial board of five members, two members who qualified as residents or individuals who maintained businesses in the Low Income Communities and three members who must be employees of the City of Riviera Beach of the CRA. (A copy of the Articles of Incorporation, as amended, is attached for your information).

Tony Brown served as a member of the initial board of directors and qualified for the position under the criteria of the Articles of Incorporation as an

employee of the CRA. As a result of Mr. Brown's termination as an employee of the CRA effective August 28, 2016, he would not be eligible to remain on the Board of Director's of the CDE. (The Board of Directors must appoint a City/CRA employee as a board member to remain in compliance with its Articles of Incorporation.) At a CDE Board meeting on August 8, 2016, the issue of Mr. Brown's status as a member after his termination was raised. After much discussion, a motion was carried to appoint Mr. Brown as a member of the Board of Directors of the CDE as a non City/CRA employee after his termination, subject to consent of a majority of the CRA Board of Directors. (A copy of the draft minutes of the CDE Board meeting is attached. Pages 38-47 are relevant to the motion at issue.) Pursuant to the request of the Board of Directors of the CDE, Mr. Brown's appointment as a non CRA/City employee to the Board of Directors of the CDE was discussed at the next scheduled CRA meeting on August 23, 2016 under the Director's comments and the consensus was that he not be appointed. To avoid any question of the CRA Board of Director's position on this question, we are requesting a formal vote on whether the Board consents to Mr. Brown appointment as non City/CRA employee member of the Board of Directors.

In addition, the Board of Directors of the CRA have the right to appoint a Special CRA Manager to the Event Center LLC, the entity that serves as the actual vehicle for the development of the Event Center, the sole member of which is the CDE. The operating agreement (the equivalent of the bylaws in a corporation) for the LLC provides that the sole nonmember manager for the LLC was Tony Brown who serves in this position without compensation. The operating agreement also provides for the appointment of a Special RBCRA Manager which staff is suggesting that you appoint. (A copy of the Articles of Organization and the Operating Agreement are attached for your information.) The Special RBCRA Manager:

“shall have the right to oversee the administration and operation of the Company [LLC] in any manner necessary to insure that the Company is, and remains, in compliance with the Company's representations, covenants and agreement and shall further have the right to perform, on behalf of, the Company under any documents or agreement related to the new market tax credit financing, including, but without limitation, the delivery or reports on behalf of the Company, the control and disposition of funds of the Company (including repayment of interest and principal on the new market tax credit loans), and the leasing or releasing of the facility constructed with the proceeds of the new market tax credit loan.”

Staff is recommending that Arnold Broussard be appointed as the Special RBCRA Manager of the Event Center LLC.