



Florida's Dynamic
Waterfront Community

MEMORANDUM

TO: Honorable Chair and Members, CRA Board of Commissioners
City of Riviera Beach, Florida

FROM: Tony T. Brown
Executive Director, CRA

DATE: December 2, 2015

SUBJECT: Authorization to apply for no less than \$30 million in New Markets Tax Credit Authorization Authority and additional authorities are delegated to the Executive Director of the Agency to pledge non-binding commitments for debt and leases.

Request

Authorization is requested to support the Riviera Beach CDE, Inc. ("RBCDE") complete an application for a minimum of \$30 million in New Markets Tax Credits (NMTCs) Authority to help finance the Public Market at the Marina, including other Phase I elements that may include additional restaurants along the Boardwalk and Promenade, a parking structure and a mixed-use commercial development at the south-end of the Marina known as Marina Way Village. These projects will be denoted as a general pipeline and consistent with the Agency's prior requests for tax credit authority.

In addition to the authority to apply for NMTCs, the Agency's executive director is requesting the authority to make certain non-binding representations to bolster the application submittal. These representations include:

1. Authorization to pledge a recoverable grant in an amount up to \$30 million to RBCDE as leverage debt for the Public Market, with terms and conditions subject to CRA Board of Commissioners approval upon receipt of a NMTC award.
2. Authorization to negotiate a letter of intent to master lease the Public Market, as a subsidiary of the Riviera Beach CDC, to demonstrate economic substance in the cash flow projections of the Public Market.

RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

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www.rbcra.com

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Cedrick A. Thomas (Dist. 3)
Tony T. Brown, Executive Director



**2012 Whole City Bronze Award
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**2011 Roy F. Kenzie Award
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3. Authorization to spend up to \$20,000 with a variety of NMTC reviewers and researchers (Novogradac, Catalyst Consulting, Dr. William E. Stronge and Zielenbach Consulting) to review responses before formal submission.

Background

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). In 2011, the Agency formed the Riviera Beach CDE and has applied for an allocation of NMTCs unsuccessfully since 2011, although each application has score sequentially better. If we are unsuccessful in this round, we will shift our attention to securing a loan from another NMTC allocatee.

Last year's application was nearly disqualified as I submitted an application under T. Brown Consulting Group for activities unrelated to Riviera Beach. The CDFI Fund claimed that these were related entities as I served as the authorized representative for two CDEs. This year, I will avoid that potential conflict as the only application submitted by me, as an authorized representative, will be Rivera Beach CDE, Inc..

Similar to prior years, we expect to receive over \$50 million in pledged financial support from Fifth Third Bank, BB&T Bank and Palm Beach County's Office of Economic Sustainability. These commitments allow us to achieve our capitalization goals and meet minimum requirements for eligibility.

Prior Results:

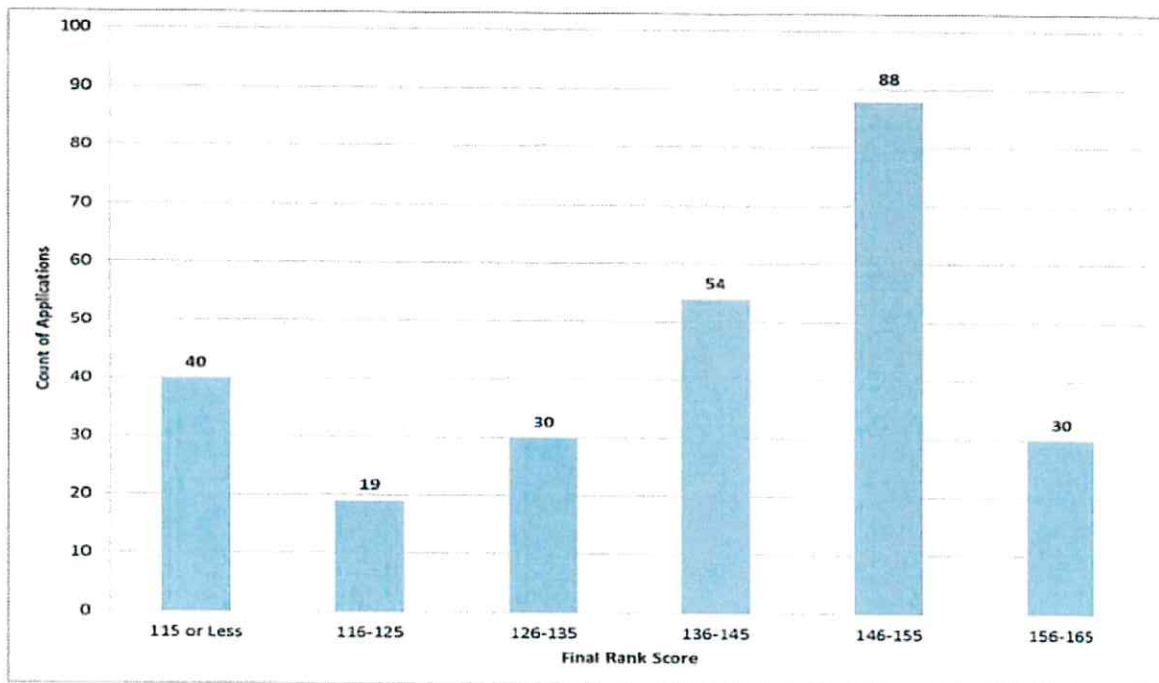
In 2014, our application scored among the top 118 applications among 261 applications received. In that year, the CDFI Fund made 76 awards for \$3.5 billion. The Fund does not disclose an applicant's specific rank.

Figure 1. Applicant Score Ranges

Section	Score Range
Business Strategy	66 - 70
Community Outcomes	66 - 70
Final Rank Score	146 - 155

Figure 2. Final Rank Score Distribution shows the Final Rank Score distribution for all eligible Applicants. This chart shows the distribution of Final Rank Scores for all eligible Applicants in the application pool.

Figure 2. Final Rank Score Distribution²



²This chart includes the Final Rank Score for all Applicants that were deemed eligible according to the criteria set forth in the 2014 NOAA.



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Mr. Tony T. Brown
Riviera Beach CDE, Inc.
2001 Broadway, Suite 300
Riviera Beach, Florida 33404

RE: New Markets Tax Credit Commitment

Dear Mr. Brown:

In accordance with our recent discussions, the Riviera Beach Community Redevelopment Agency (the "Leveraged Lender") is pleased to confirm its commitment to make an aggregate of \$30 million for non-recourse loans (the "Commitment") to single-asset sub-CDEs created by the Riviera Beach CDE ("CDE") and traceable to specific "qualified low-income community investments," ("QLICIs"). You have indicated that the QLICIs will attract Investors to provide qualified equity investments (QEIs), which will be sub-CDE allocatees eligible for an allocation of New Markets Tax Credits ("NMTC") by the CDE, a community development entity certified by the U.S. Department of Treasury's CDFI Fund. Our commitment is contingent upon the CDE's receipt of a NMTC allocation by the U.S. Department of Treasury, CDFI Fund, and is further subject to terms and conditions (i) described herein, and (ii) agreed to by the Investors and Leverage Lender.

While the following items will be more specifically incorporated into investment documents (the "Investment Documents"), to be executed by the Investor, Leverage Lender, the Fund, and the CDE, a description of the most basic elements are summarized below for the purpose of establishing our mutual understanding regarding the Leverage Lender's commitment. The following list of terms is not meant to be all inclusive of the contents of the Investment Documents; additional terms may be added as agreed by the Investors, Leverage Lender and CDE.

Terms

The CDE must receive a NMTC allocation of sufficient size so that at least 85% of the CDE's investment is a "qualified equity investment" ("QEI") under Section 45D of the Internal Revenue Code ("Section 45D").

The CDE must provide acceptable evidence to Investors that substantially all of the CDE's and sub-CDE's assets will be invested in QLICIs, as defined in Section 45D.

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An amount equal to at least 85% of the CDE's QEI will be used to (i) make loans, or (ii) make equity investments in QLICIs located in the Leverage Lender's market area. The loans and equity investments by the CDE will be further detailed in the Investment Documents.

All profits or losses on investment in the sub-CDE allocations will pass through to its Investors. The Investors will receive profits or losses pro rata based upon their ownership interest in sub-CDEs.

The debt provided by the Leverage Lender will be serviced based on the terms and conditions evidenced in the promissory note(s) between the Investors, Leverage Lender and CDE.

The CDE covenants to provide a legal opinion, in a form acceptable to Investors and Leverage Lender, that sub-CDE investment is a QEI and that the CDE is in compliance with all corporate, securities and tax laws, including Section 45D.

The CDE will provide quarterly unaudited and annual audited financial statements, in addition to copies of any non-confidential reporting documents provided to the federal government by CDE on behalf of the Fund.

All Investors in sub-CDE allocations will be investing on the same basis with the same economic and legal rights, privileges, entitlements and risks. Further, it is understood that an Investment Committee of the Fund will be formed, as to which each Investor and Leverage Lender in sub-CDE allocations will designate a member.

Conclusion

Riviera Beach CRA is a public body and is constituted as a public instrumentality. Our powers are governed by Florida Statutes Chapter 163, Part III for the purpose of effecting redevelopment in a defined area of the City of Riviera Beach. We look forward to working with you and hope we can turn this commitment into an investment that will make a positive community impact in our market.

Sincerely,

Dawn S. Pardo
Chairperson