



LEGISLATIVE MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Suzanne Sherman, City Manager

THRU: Joan Junkala-Brown, Deputy City Manager

DATE: July 18, 2024

RE: Resolution 2024-23, providing for the acceptance of the purchase and transfer of four (4) parcels located at 1361 Florida Avenue NE from Evans Center, Inc. (0.79 acres) (\$475,000).

SUMMARY:

At the Regular Council Meeting on April 4, 2024, City Council authorized the City Manager to negotiate a purchase contract and closing with Evans Center, Inc. to acquire the four parcels that make up the Evans Center property as well as certain assets, in an amount not to exceed \$500,000. On June 14, 2024, the City entered into a purchase contract with Evans Center, Inc. providing for a due diligence period of 30 days after execution of the purchase contract by both parties and closing to occur July 31, 2024.

The City contracted Double Scope Inspections to perform a general inspection of the Evans Center. The purpose of the inspection was to evaluate the building for function, operation and condition of its systems and components. The overall building condition was noted as "Ok With Exceptions", citing the building is in overall good condition and has been well maintained; however, there are certain elements that require attention, repair or maintenance. There were no structural defects visible at the time of inspection.

On July 5, 2024, the City received a list of assets owned by Evans Center, Inc., to include the age and estimated value of such assets. The City will inspect the equipment prior to closing to identify any safety issues. Otherwise, all assets will be purchased by the City as part of the purchase contract. Any items not used by the City, or subsequent community partners offering programs out of the Evans Center, will be surplus in accordance with the City's Procurement Department surplus disposal process.

On July 7, 2024, the City received the title commitment from Old Republic National Title Insurance Company providing an ALTA Commitment for Title Insurance for fee simple ownership of Evans Center, which includes the following four parcels at the intersection of Florida Avenue NE and

Pelham Street NE, zoned RM-10, and the existing 6,068 SF facility:

- 1361 Florida Avenue NE, Parcel ID 28-37-14-50-3-23, Tax Account 2826281 (0.31 acres)
- 2279 Pelham Street NE, Parcel ID 28-37-14-50-3-22, Tax Account 2826280 (0.16 acres)
- 2271 Pelham Street NE, Parcel ID 28-37-14-50-3-21, Tax Account 2826279 (0.16 acres)
- 2263 Pelham Street NE, Parcel ID 28-37-14-50-3-20, Tax Account 2826278 (0.16 acres)

The title commitment notes several requirements as a condition of the closing, to include a recorded satisfaction of the mortgage from Evans Center, Inc. to Florida Community Loan Fund, Inc., the assignment of the existing lease with Brevard Health Alliance, and a satisfaction of the mortgage (grant in the amount of \$250,000) from Bayfront Community Redevelopment Agency.

Additional Background:

As of March 1, 2024, Loan A has a balance of \$368,602.73 and Loan B has a balance of \$299,997.50, which the lender is willing to partially or fully forgive upon acquisition/closing by the City of Palm Bay to be held as a public facility.

Effective September 28, 2018, the Bayfront Community Redevelopment Agency (CRA) entered into a grant agreement with Evans Center Inc awarded \$250,000 in CRA funds for the construction of a multi-use facility featuring a community center, grocery store, community room, and a health care clinic. The grant agreement expires 10 years following the effective date (September 17, 2028), for which the property cannot be sold, transferred, leased, or conveyed without advanced written consent of the Bayfront CRA or its successors. In accordance with the agreement, Evans Center Inc executed a mortgage and promissory note in favor of the Bayfront CRA, recorded on October 9, 2018. The Bayfront CRA is in a second lien position behind Florida Community Loan Fund Inc.

The existing lease agreement between Evans Center Inc and Brevard Health Alliance, Inc. (BHA) is for approximately 1,000 SF of space at Evans Center. The lease agreement was originally negotiated during pre-construction, amended prior to the opening of Evans Center in 2019, and later amended in 2022. The agreement provides a lease rate of \$1,100 per month commencing on November 1, 2022 through October 31, 2027. The lease also provides that BHA is solely responsible for all utility charges (i.e. sewer, gas, electricity, phone, security, pest control); however, commons expenses (water, security, garbage collection) are shared on a pro-rata basis (approx. 30%) as provided in the agreement. The lease notes that it is binding upon and shall inure to the benefits of the heirs, assigns and successors.

REQUESTING DEPARTMENTS:

Community & Economic Development

Facilities & Parks

FISCAL IMPACT:

The fiscal impact will not exceed \$475,000. A budget amendment will be submitted to allocate \$475,000 from General Fund Undesignated Fund Balance, account 001-0000-392-1001 to the appropriate Parks & Facilities Department account to acquire the parcels and related assets.

STAFF RECOMMENDATION:

Motion to 1) adopt a resolution accepting the purchase and transfer of four parcels and identified assets from Evans Center, Inc. to the City of Palm Bay, and 2) authorize the City to issue a notice to Evans Center, Inc. satisfying the mortgage from Bayfront Community Redevelopment Agency.

ATTACHMENTS:

1. Purchase Contract
2. Inspection
3. Assets
4. Resolution