



LEGISLATIVE MEMORANDUM

TO:	Honorable Mayor and Members of the City Council
FROM:	Joan Junkala-Brown, Deputy City Manager
THRU:	Suzanne Sherman, City Manager
DATE:	April 4, 2024
RE:	Consideration of purchasing four (4) parcels (0.79 acres) owned by Evans Center Inc. generally located at 1361 Florida Avenue NE (\$500,000).

SUMMARY:

In late summer/early fall of 2023, Evans Center Inc issued a community survey to identify the community's needs and desires for the center. The survey overwhelmingly indicated the need for access to fresh foods, meats, and groceries, followed by expanded healthcare and career readiness and training. The Evans Center sought proposals from the public for the acquisition and operation of the facility, focusing on the community input; however, no proposal was accepted by the Evans Center Board. In late 2023, the City was approached by members of Evans Center Inc and The Brevard Neighborhood Development Coalition, Inc. (dba Neighbor Up Brevard), which is the guarantor, to inquire on the City's interest in purchasing the facility.

Evans Center Inc, a registered Florida not-for-profit, owns four parcels at the intersection of Florida Avenue NE and Pelham Street NE, zoned RM-10. The four parcels contain an existing 6,068 SF facility formerly operated as a neighborhood market and community meeting space with accompanying parking.

The parcels are identified as follows:

- 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)

Documents provided by representatives of Evans Center show mortgage notes held by Florida Community Loan Fund. 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.

It's important to note that there is an existing lease agreement between Evans Center Inc and Brevard Health Alliance, Inc. (BHA) 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.

In April 2023, Evans Center Inc commissioned an appraisal, which valued the property at \$1 million as a non-profit and \$1.3 million as a private for-profit. This does not include furniture, fixtures, and equipment (FFE). The Evans Center owns furniture, fixtures, and equipment for which the City will negotiate to be included in the purchase.

Evans Center Inc has agreed to be the responsible party for providing a property survey, title search and opinion. As of the date of the memo, Evans Center has unpaid 2023 property taxes totaling \$2,147 due by March 31, 2024, or \$2,211.44 if paid before April 30, 2024. The City will include in negotiations that all outstanding obligations be paid off at time of closing.

REQUESTING DEPARTMENTS:

City Manager's Office

FISCAL IMPACT:

The fiscal impact will not exceed \$500,000. A budget amendment will be submitted to allocate \$500,000 from General Fund Undesignated Fund Balance, account 001-0000-392-1001 to the appropriate Parks & Facilities Department account.

STAFF RECOMMENDATION:

Motion to authorize and approve a budget allocation of \$500,000 and authorize the City Manager to negotiate a purchase contract and closing with Evans Center Inc to acquire four parcels, not to exceed \$500,000.

ATTACHMENTS:

1. Bayfront CRA Grant Mortgage Note
2. Recorded Assignment Florida Community Loan Fund
3. Mortgage Note Florida Community Loan Fund
4. Brevard Health Alliance Lease Agreement (2017)
5. Brevard Health Alliance Lease Agreement – Addendum # 1 (2019)
6. Brevard Health Alliance Lease Agreement – Addendum # 2 (2022)
7. Evans Center Community Survey
8. Property Appraisal – April 2023