

**Charlottesville Economic Development Authority (CEDA)
Meeting Minutes – January 18, 2011**

Members Present

Dan Fagan
Kristin Henningsen
Bob Stroh
Tara Boyd
Stan Tatum
Sean Graves

Staff Present

Chris Engel
Hollie Lee
Blair Morris

Others Present

Craig Brown, City Attorney

The Charlottesville Economic Development Authority met on Tuesday, January 18, 2011 in the Second Floor Conference Room at City Hall. Mr. Fagan, Chair, called the meeting to order at 4:31 p.m.

Mr. Fagan opened the public comment period at 4:31 p.m. and there being no comments from the public, he proceeded to the approval of the minutes.

Mr. Fagan called for a motion to approve the minutes of December 14, 2010. Mr. Stroh moved, seconded by Mr. Graves, and all present voted aye.

Mr. Fagan called for a motion to approve the Treasurer Report from December 2010. Mr. Tatum moved, seconded by Ms. Boyd, and all present voted aye.

Since the next item before the Board involved Jefferson School, Ms. Boyd excused herself from the discussion due to a conflict of interest.

Mr. Engel described to the Board the Amended and Restated Funding Agreement between CEDA and Jefferson School. The Board originally approved the Funding Agreement on March 17, 2009 but it has since been amended twice to raise the funding limit permitted prior to closing on the property. The amended agreement is intended to facilitate the complex tax structure needed to assist the redevelopment of the school. Mr. Engel told the Board that Mr. Craig Brown, City Attorney, was also present if they had any questions.

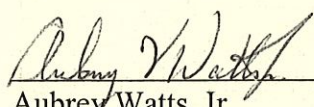
Ms. Henningsen asked if the \$5.7 million total included the approximately \$1 million in funds already paid to Jefferson School Community Partners (JSCP) during the pre-development phase and Mr. Engel responded yes. He told the Board that the entire project cost is close to \$17 million but that the City is only financially involved in the \$5.7 million dollar loan, not in any of the private financing for the remainder of the project.

Mr. Fagan asked for some insight from Mr. Brown regarding the basic legal issues involved and Mr. Brown stated that while he is not a tax law expert he would do his best provide an overview. Mr. Brown quickly briefed the Board on the history of the Jefferson School project. He said that the City is constrained by law so that Council cannot give money to a private, for-profit corporation. However, CEDA has that ability for economic development purposes. For this reason, Council moved the funding for the Jefferson School project into CEDA's account and control so that CEDA could disburse the financing to help initiate the project.

Mr. Brown also said that it was Council's intention from the beginning, that this funding would be the City's contribution to the project and that it was not their intention to recover the funds. However, because of Jefferson School's intention to receive historic tax credits, the agreement needed to be structured as a "loan." Mr. Brown also said that the Agreement permits the CEDA board to convert the "loan" into a "grant" at the end of the term. Mr. Fagan asked if there were any requirements, or limitations, on the Jefferson School Partnership once they took ownership of the building. Mr. Brown said that there were not requirements of that type into the Agreement. Mr. Fagan expressed concerns that once the Partnership owns the building, and receives the money as a grant, that they could sell the property for a large profit, with no restrictions on what that building could be used for. Mr. Brown agreed that could happen but suggested that the Partnership was assuming a substantial risk in undertaking the project.

Mr. Fagan also asked if the building would be put on the City's real estate tax rolls once the Partnership took ownership. Mr. Brown said that yes, as soon as the deal is closed, it will be taxable, but conceivably, it could be put back on the tax exempt list at the end of the Agreement once tax credits are received, with Council's approval. Mr. Tatum wanted to know if CEDA would be covered legally and financially if the project failed. Mr. Brown responded that there would not be consequences of any type to CEDA if that were to happen and he reiterated again that it was always the intention of Council that the funds would not be paid back. Mr. Fagan called for a motion to approve the Amended and Restated Funding Agreement between CEDA and Jefferson School Foundation. Mr. Graves moved, seconded by Mr. Stroh, and all present voted aye.

There being no further business, Mr. Fagan called for a motion to adjourn the meeting. Mr. Graves moved, seconded by Mr. Tatum and all present voted aye. The meeting was adjourned at 5:22 p.m.


Aubrey Watts, Jr.
Executive Director

1/27/2011
Date

3-8-11
Date Approved by CEDA