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# UNION COUNTY BOARD OF COUNTY COMMISSION

15 NORTHEAST 1<sup>ST</sup> STREET • LAKE BUTLER, FL • 32054

PHONE: 386-496-4241 • FAX: 386-496-4810

UCBOCC@WINDSTREAM.NET

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## TEFRA HEARING MINUTES

OCTOBER 21, 2013

6:30 P.M.

1. MEETING CALLED TO ORDER

Chairman Tallman called the meeting to order.

2. PURPOSE OF THE HEARING AND THE FINANCING

This public hearing was scheduled last month and is another step of the TEFRA process. TEFRA is the Tax Equity and Fiscal Responsibility Act of 1982, which was created in order to reduce the government's budget gap by generating revenue through closure of tax loopholes and introduction of tougher enforcement of tax rules, as opposed to changing marginal income tax rates. It was born out of concern over the budget deficit due to a short term fall in tax revenue during an ongoing recession.

Nevin Zimmerman, Attorney for Lake Butler Senior Living, LLC. started out reading part of a Resolution that he would like the Board to pass. He stated that he was not asking the Board for a commitment to issue the bonds at this time. He explained that this was not the final approval hearing. Mr. Zimmerman stated that almost 75% (45 out of 60) of the rooms will be set aside for low income individuals which will allow Lake Butler Senior Living to qualify for "four percent tax credits". These type of tax credits are only available through tax exempt financing or tax exempt bonds that are issued by a government body. Mr. Zimmerman stated that Ms. Wetzel and Dr. Sinclair would like the County to be that entity. He stated that the tax credits would bring in 2.3 million dollars to the project. Mr. Zimmerman stated that by agreeing to do this it would not affect the County's credit and the County would not be pledging any revenue. Mr. Zimmerman stated that the bonds will finance the construction and they will have financing by the U.S.D.A. and a bank to pay off the bonds after construction is complete. He explained that the owner of this project, Lake Butler Senior Living is a not for profit 501(c) (3). After the tax credits are sold a for profit member will come in and will then own 99% of the Lake Butler Senior Living, but the not for profit will remain the managing member of the assisted living facility. After 15 years, when the tax credits are paid, the not for profit will again own 100%.

Mr. Zimmerman introduced Attorney Mark Mustian with Nabors, Giblin & Nickerson, PA. Mr. Mustian stated that he would be acting as the County's attorney. He stated that he has represented most counties in Florida in one way or the other. Mr. Mustian informed the Board that there is a provision in Florida Statutes, chapter 159 that allows local governments to issue bonds and pledge a security for the revenues of a private party and loan the proceeds to them for certain types of projects. He stated that this has been done thousands of times and the bond will have in capital letters that this is not an obligation of Union County. He

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CHAIRMAN

KELLIE HENDRICKS CONNELL  
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RUSSELL WADE  
County Attorney

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informed the Board that no one would be able to hold the County responsible or to go after their assets. He stated that Liberty County had a not for profit juvenile facility that went in to default and it hasn't affected their credit. Mr. Mustian stated that the Resolution proposes that the County issue first mortgage revenue bonds, not exceeding 10 million dollars to Lake Butler Senior Living Facility. Commissioner Smith stated that he did not want the County to deal with any money or sign any checks on this project. He was assured that the County would not. Commissioner Smith wanted to know who would be paying Mr. Mustian since he was to be acting as counsel for the County. Mr. Mustian stated that the Lake Butler Senior Living Facility would be paying him. Commissioner Smith stated that he found that "kind of strange". Chairman Tallman wanted to know who would be liable for the mortgage. Mr. Mustian stated that the bank will have a guarantee for the bond. Commissioner Smith stated that 10 million dollars is a lot of money and he doesn't want to sign anything if it places the County in jeopardy of having to pay it back. He stated that he is in favor of the project, but doesn't want to pay for it. Commissioner Cossey stated that she is in favor of the project, but doesn't see why the County has to get involved. County Attorney Wade said that just because you haven't heard of something happening doesn't mean it won't. He stated that he has concerns. Mr. Mustian stated that they are asking you to pass a resolution that just approved this for purposes of this hearing and that will let them get an allocation from the State for these types of bonds. He stated that it doesn't obligate you to issue them. He stated that they will have to come back and get a seconded approval. Ms. Wetzel stated that the City offered them a \$750,000. CDBG Grant, but it would take too long. She stated that the building for A&A Transport took over two years and people all over the county need this facility. Ms. Wetzel stated that Shands of Starke has offered them a partnership. Mr. Stankiewicz wanted to know what information did she have that could be reviewed. He stated that he hasn't seen any financial documents. Mr. Stankiewicz also questioned which bank they would be using. Mr. Zimmerman stated that the bank will be identified during the third step and the bank has to be guaranteed by the U.S.D.A. He stated that the fees will be paid when the bonds are issued. Commissioner Smith stated that he thinks the Board will feel better by working with someone of their own choosing, along with County Attorney Wade, instead of only Mr. Mustian. He stated that he didn't want to be left owing money. Chairman Tallman agreed with Commissioner Smith, stating that a lot of time when things seem too good to be true, they are. Commissioner Dobbs stated that he wanted to make sure that at no time will the County be responsible for this debt. Ms. Wetzel stated that it will all be in writing. Commissioner Tallman stated that section two of the Resolution bothered him and he was not comfortable approving it at this time.

### 3. INVITATION FOR PUBLIC COMMENTS

Ricky Jenkins stated that a nursing home was long overdue for Union County, but he wanted to make sure that it wouldn't cost the County anything.

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Danny Thomas expressed his concern about the facility being so close to the elementary school. He stated that he would like it in writing that no person who has been charged with a sexual crime be allowed to live there. He also had concerns about the facility being a strain on our EMS.

4. CLOSED TO PUBLIC COMMENTS

5. ACTION BY BOARD

*Commissioner Cossey moved, seconded by Commissioner Croft, to table this matter so that the Board may research this project further. The motion passed 4-1 with Commissioner Smith abstaining since he is a Board Member for Lake Butler Senior Living Facility.*

6. ADJOURNMENT

*Commissioner Cossey moved, seconded by Commissioner Croft, to adjourn. The motion passed unanimously.*

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