50-4/
Agenda Item #:

## PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM SUMMARY

<b>Meeting Date:</b>	July 22, 2014	[ ] Consent [ ] Ordinance	[X] Regular [ ] Public Hearing	
Department:	Facilities Developm	ent & Operations		

### I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: a Modification of Deed Restrictions on 10 acres of land donated by the County to the Elizabeth Faulk Foundation.

Summary: In 1979, the County conveyed approximately 10 acres of land located on the West side of Boca Rio Road just North of S.W. 8th Street to the Elizabeth Faulk Foundation. The County Deed restricted use of the property to habilitative purposes of the mentally ill; required that the Foundation remain a non-profit corporation; prohibited conveyance or encumbrance of the property without the County's consent; and provided that in the event these restrictions were violated, the property would revert to the County. The Elizabeth Faulk Foundation, Inc. was organized in 1971 as a Florida not-forprofit corporation with the charitable purpose of "providing free psychological and consultation services to the needy". The Foundation constructed a 13,000 SF building on roughly 4 acres of the property in which it operates its Faulk Center for Counseling. In 2013, the trustees of the Foundation determined that the Foundation needed to expand its scope of services to offering assisted living and memory care services to the elderly. To that end, the Foundation created Faulk Senior Services, LLC ("FSS"), a wholly owned and controlled entity, in order to effect the development and operation of the Faulk Senior Residence, which is programmed to include a 96 unit/117 bed Assisted Care Living Facility (ACLF) providing Alzheimer's and memory care services. The Foundation has entered into a Development Agreement with Mainsail Healthcare Development, LLC to develop the ACLF on the vacant property. The project will be financed through issuance of tax exempt revenue bonds. Once constructed, the ACLF will be managed and operated by MJM Associates, a related entity of Mainsail. Operation of the ACLF will be governed and controlled by FSS as the owner of the property and ACLF, and the profit from operations will accrue to the benefit of FSS/Foundation. The Modification of Deed Restrictions releases the County's reverter; restricts use of the property to i) mental health counseling and rehabilitation of the mentally ill; and ii) the development, use and operation of a senior living facility with assisted living units accommodating approximately 117 assisted living beds providing memory care services; allows for conveyance of the property to FSS; allows FSS to mortgage the property to secure the bonds; and in the event of foreclosure, expands the allowable use to include a congregate living facility as defined by the ULDC. (PREM) District 5 (HJF)

Background and Policy Issues: On page 3

### **Attachments:**

- 1. Location Map
- 2. Foundation Letter
- 3. Modification of Deed Restrictions

Recommended By:	Anny WIF	7/11/14
$\alpha$	Department Director	Date
Approved By:	(m	7-17-14
7	County Administrator	Date

### II. FISCAL IMPACT ANALYSIS

<b>A.</b>	Five Year Summary of I	Fiscal Impact:				
Fisc	al Years	2014	2015	2016	2017	2018
Ope Externo	oital Expenditures Frating Costs Fernal Revenues Gram Income (County) Kind Match (County					
NET	Γ FISCAL IMPACT	* <u> </u>				
	DDITIONAL FTE SITIONS (Cumulative)					Application of the Control of the Co
Is It	tem Included in Current B	udget: Yes	N	o		
Bud	get Account No: Fund	Program Dept	U	nit	Object	
В.	Recommended Sources	of Funds/Summa	ary of Fiscal	Impact:		
	¥ No fiscal impact.					
	Fixed Assets Number		M	7-15	-14	
C.	Departmental Fiscal Re	view:	M	•		
		III. <u>REVIE</u> V	W COMME	<u>NTS</u>		
Α.	OFMB Fiscal and/or Co	ntract Developn	nent Comme	ents:		
	OFMB SN FONG	<u>(</u>	Ontract Deve	Jacoba clopment and	d Control	114
В.	Assistant County Attorne  Modification not of fine of CAD 42	7/17/14 y igned at				
C.	Other Department Revi	ew:				

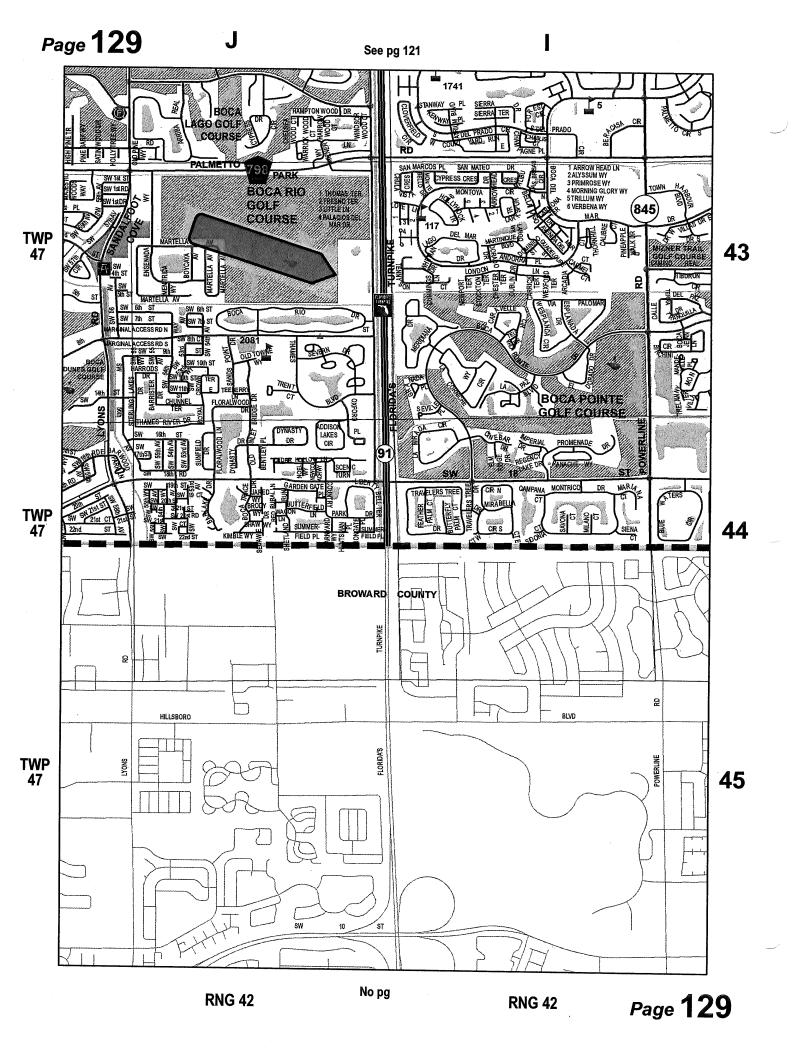
This summary is not to be used as a basis for payment.

### Page 3

Background and Policy Issues: Attached is a letter from the Foundation supporting their request for modification of the deed restrictions. The ACLF will cost roughly \$20M to develop. FSS will issue tax exempt revenue bonds in order to finance the project. In order to underwrite the bonds, a market study was performed to demonstrate the need/demand within the community for the ACLF. The bonds will require a Trustee to oversee expenditure of the bond funds and establishment of trust accounts for revenue and expenses of operations of the facility, payment of debt service, reserves for maintenance, repair and replacement of the facility. The bonds will also require a management agreement with a professional management company to manage day to day operations. The foregoing provides substantial protection against the project failing and falling into foreclosure.

Staff has reviewed preliminary information provided by Mainsail confirming the organization and financial structure of this transaction. While releasing the reverter and allowing the Foundation/FSS to mortgage the property is necessary to obtain financing, it poses some risk in the event of foreclosure where the FSS/Foundation would lose the building and the bondholders or subsequent purchaser would then be allowed to use the facility as a general purpose ACLF without obligation to provide Alzheimer's/memory care services. However the market study, professional management, bond Trustees etc., mitigate this risk.

Staff will not deliver the Modification of Deed Restrictions until we receive a copy of the formal prospectus for the bond issuance in order to verify all of the information and representations referenced herein.



LOCATION MAP





The SKILL to HEAL, the HEART to CARE

July 9, 2014

Board of County Commissioners Palm Beach County, Florida

Re: The Elizabeth H. Faulk, Inc. and Faulk Senior Services, LLC, development of a 96 Unit Assisted Living Facility providing Alzheimer's and Memory Care Services

### Honorable Commissioners:

The Elizabeth H. Faulk Foundation, Inc. (the "Foundation") desires to develop a 96 Unit Assisted Living Facility providing Alzheimer's and Memory Care services (the "Faulk Senior Residence"). As you are probably aware, the Foundation has been providing counseling services to the citizens of Palm Beach County (the "County") for the past 40 years. These counseling services include numerous categories of counseling, many of which are specifically oriented towards senior citizens and are provided at little or no cost. As a logical extension of the Foundation's current mission, the Foundation via Faulk Senior Services, LLC ("FSS") plans to develop a residential care facility where our mission can be expanded. This would include free support groups for families dealing with loved ones with various memory care disorders, community presentations and awareness campaigns regarding the same.

The structure of this proposed project is such that FSS is a limited liability corporation and the sole member of FSS is the Foundation. Thus the Foundation will retain full control over FSS and its activities in operating the Faulk Senior Residence.

The ten acre parcel which was given to the Foundation some 35 years ago by the County has a two story building thereon from which the Foundation provides its counseling services both on site and in many other venues such as schools and senior care centers. Thus, approximately 3.8 acres is utilized by the existing building and its attendant parking. The Foundation plans to convey to FSS approximately 6.2 acres of unutilized land on which the Faulk Senior Residence will be developed. However, the Foundation cannot convey the 6.2 acres to FSS without the consent of the County and FSS cannot encumber the 6.2 acres without the consent of the County.

In order to develop the Faulk Senior Residence on the 6.2 acre parcel, FSS will be utilizing tax exempt revenue bond financing to develop and construct the same. This financing will require that the revenue bonds be secured by a first mortgage on the 6.2 acres. Thus the Foundation and FSS are requesting permission of the County to so encumber the 6.2 acres.

In order to effect the development and financing of the Faulk Senor Residence, the Foundation entered into a Development Agreement with Mainsail Healthcare Development, LLC. As per the Development Agreement, Mainsail is to provide all development services related to architecture and construction and also to assist FSS in the securing the needed revenue bond financing. The Foundation has also entered into a Management Agreement with MJM Associates, LLC to provide the overall management services

for the Faulk Senior Residence. However, FSS retains full control over all operation decisions, including the scope and types of services to be provided to its senior citizen residents. The revenue bond financing will utilize a trust indenture, where among other things, it requires that all net operating income from the operations of the Faulk Senior Residence will accrue solely to the benefit of FSS as the owner. All of such funds would then be up-streamed to the Foundation as the sole member of FSS.

The current deed restrictions contained in the deed from the County to the Foundation some 35 years ago must be modified in order to comply with the above development and financing structure. These modified deed restrictions will ensure that so long as the mortgage on the Faulk Senior Residence is in good standing, only mental health counseling and Alzheimer's and memory care services will be provided within the Faulk Senior Residence which will be licensed as an assisted living facility. However, in the event of foreclosure of the mortgage, the permitted use within the assisted living facility can be expanded to general assisted living facility services usage. This modification is a requirement in order to secure the revenue bond financing for the development of the Faulk Senior Residence.

The documents (which are either attached hereto or which have been previously provided to the County) which confirm the foregoing outlined structure are as follows: the Indenture of Trust, the Management Agreement, the Sources and Uses of Funds, the incorporation documents for FSS and the Modification of the Deed Restrictions. And, prior to the delivery of the Resolution and the Modification of the Deed Restriction, a copy of the Revenue Bond Prospectus will be provided to the County.

The many benefits provided to the County and its citizens by the Foundation will continue and can expand through this development. Since 1973, the Foundation has provided free and low cost counseling services to more than 50,000 Palm Beach County, Florida residents who could not afford private treatment. The Foundation which depends on contributions and receives very little government funding will utilize the net proceeds from the operation of the Faulk Senior Residence to continue these services. In addition, the Faulk Senior Residence will provide new and expanded practicum and internship opportunities for mental health, nursing and medical students at our local universities. And lastly, a much needed state-of-the-art residential care facility will be available to serve the County's residents with Alzheimer's and other memory care disorders.

We believe that the Foundation is an inspiration to others in the medical and mental health field. We believe that working with our core partners, developing key community support, and ensuring future medical professionals (through our educational program) will sustain the mission and activities that will pave the way to our continued success in the future. We look forward to continue to deliver these fundamental services to the indigent, at-risk, and underserved community of Palm Beach County as a result of this development.

The Foundation and FSS respectfully request that the Modification of the Deed Restrictions and the Resolution relating to the issuance of the revenue bonds be approved.

Sincerely,

Elizabeth H. Faulk Foundation, Inc.

Faulk Senior Services, LLC

By:

Vicki S. Katz, CFRE Chief Executive Officer PREPARED BY AND RETURN TO:

Ross C. Hering
PALM BEACH COUNTY
PROPERTY & REAL ESTATE MANAGEMENT DIVISION
2633 Vista Parkway
West Palm Beach, FL 33411-5605

PCN: 00-42-43-27-05-080-0490

### MODIFICATION OF DEED RESTRICTIONS

THIS MODIFICATION OF DEED RESTRICTIONS, made and entered into by and between PALM BEACH COUNTY, FLORIDA, a political subdivision of the State of Florida ("County") and ELIZABETH H. FAULK FOUNDATION, INC., a Florida non-profit corporation ("Foundation").

**WHEREAS**, on May 8, 1979, County donated the property legally described in Exhibit "A" (the "Property") to Foundation and conveyed said Property to Foundation by County Deed recorded in Official Record Book 3110, Page 1982, Public Records of Palm Beach County, Florida; and

WHEREAS, said conveyance was made upon the express conditions that: i) the Property be used for rehabilitative purposes of the mentally ill; ii) that Foundation remain a non-profit corporation; and iii) any conveyance or encumbrance of the Property be subject to approval of County; and

WHEREAS, Foundation previously constructed the Faulk Center for Counseling on a portion of the Property and provides mental health counseling services in said Center; and

WHEREAS Foundation now desires to utilize the balance of the Property for development of an assisted living facility to be known as the Faulk Senior Residence; and

**WHEREAS** County has agreed to modify and replace the restrictions set forth in the above described County Deed upon the terms and conditions hereinafter set forth.

**NOW THEREFORE**, for and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are acknowledged, the parties hereto hereby agree as follows:

1. From and after the date hereof, the Property shall be used solely for the purposes of: i) mental health counseling and rehabilitation of the mentally ill; and ii) the development, use and operation of a senior living facility, with assisted living units accommodating approximately 117 assisted living beds providing memory care services

(the Senior Living Facility") on that portion of the Property designated for a congregate living facility on the site plan attached hereto as Exhibit "B" (the "Site"). Any proposed change in use shall require the prior approval of County, which shall not be unreasonably withheld.

- 2. The Foundation shall have the right to convey the Site to Faulk Senior Services, LLC ("FSS"), a Florida limited liability company, which shall at all times remain wholly-owned and controlled by Foundation.
- 3. FSS shall have the right to mortgage the Senior Living Facility to secure a loan to finance the construction of the Senior Living Facility, such loan to be extended to FSS in conjunction with revenue bonds to be issued subject to approval of County. Such mortgage shall at all times remain subject to and subordinate to the rights of County hereunder. In the event of foreclosure of said mortgage or issuance of a deed in lieu of foreclosure, title to the Site and the Senior Living Facility may be transferred as provided in said mortgage, subject to the use restrictions set forth in paragraph 1 above, provided that subsequent to such foreclosure the Site and the Senior Living Facility may be used as a congregate living facility (as such term is used in the County land development code).
- 4. Except as expressly permitted above, any further or subsequent conveyance or encumbrance of any portion of the Property shall require approval by County, which approval shall not be unreasonably withheld.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**IN WITNESS WHEREOF,** the parties hereto have caused these presents to be executed on the day and year aforesaid.

Signed and Sealed in the presence of:	<b>ELIZABETH H. FAULK FOUNDATION, INC.,</b> a Florida non-profit corporation
Witness Name	(Signature)
Print Witness Name	(Print Signatory's name)
Witness Name	(SEAL) (corporation not for profit)
Print Witness Name	
personally known to me OR who produced	D before me this day of of the aforesaid corporation, who is as identification and who did _
take an oath.  Nota	ry Signature
Print	Notary Name
State	CARY PUBLIC of Florida at Large Commission Expires:

### ATTEST:

# SHARON R. BOCK CLERK & COMPTROLLER By: Deputy Clerk By: Priscilla A. Taylor, Mayor APPROVED AS TO FORM AND LEGAL SUFFICIENCY PALM BEACH COUNTY, a political subdivision of the State of Florida By: Priscilla A. Taylor, Mayor

G:PREM/Dianne/Modification of Deed Restrictions- Faulk Foundation (6-24-14)

### **EXHIBIT A**

### LEGAL DESCRIPTION

# LEGAL DESCRIPTION Faulk Senior Residence at Elizabeth Faulk Foundation (Elizabeth Faulk Foundation MUPD)

TRACT 49 AND THAT PORTION OF TRACT 50 LYING WEST OF THE FLORIDA TURNPIKE, BLOCK 80, PALM BEACH FARMS PLAT NO. 3, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK # 2, PAGE 45, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA. LESS THE EAST 60 AS RIGHT-OF-WAY FOR BOCA RIO ROAD IN TRACT 50.

ALSO LESS THAT PARCEL OF LAND CONVEYED TO PALM BEACH COUNTY FOR THE ROCK ROAD RIGHT-OF-WAY, BY RIGHT-OF-WAY DEED RECORDED IN OFFICIAL RECORDS BOOK 3259, PAGE 918, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE SOUTH 30 FEET OF TRACT 49, AND THE SOUTH 30 FEET OF THAT PORTION OF TRACT 50 LYING WEST OF THE FLORIDA TURNPIKE, BLOCK 80, THE PALM BEACH FARMS CO. PLAT NO. 3, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 2, PAGE 45, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA.

LESS THE EAST 60 AS RIGHT-OF-WAY FOR BOCA RIO ROAD IN TRACT 50. (THE "PROPERTY") OWNED BY ELIZABETH H. FAULK FOUNDATION, INC. (THE "OWNER") CONTAINS 436,222 SQUARE FEET (10.01 ACRES) MORE OR LESS.

Ω

Exhibit