Minutes of the City of Mount Rainier Maryland
Special Meeting and Work-Session

Date: 6-6-2013
Place: One Municipal Place, Mount Rainier
Presiding officer: Mayor Malinda Miles
Councilmember's present: Jesse Christopherson , Ivy Thompson, Brent Bolin, Jimmy Tarlau
Staff Present: City Manager Jeannelle Wallace

Meeting called to order at 7:00 pm

<u>Agenda</u>
FY 2014 Proposed Budget
Tax Incremental Financing (TIF)
Ordinance Revising Chapter 13: Traffic of the City Codeway Parking Permits
City Committee Responsibilities Review
Council Liaison Discussion
Review Legislation for Council Liaison Appointments
General Public Comment
Personnel/ Employee Handbook

Call Special Meeting to order
Approval of 3802 33rd Street Variance request for addition
Councilman Tarlau
2nd Councilwoman Thompson
Vote 4-0

Councilwoman Thompson: The City has been asked to approve a variance for an addition to 3802 33rd Street. The design review board met last night. The variance is for a 5.3% increase of allowable lot coverage (45% via the Gateway Arts District Plan). The board members agree completely. The issue is that it seemed the county was including the square footage of the gravel driveway as part of the lot coverage calculation whereas that is not what our committee does. Everyone agreed that the variance was not necessary and there was no reason to oppose it. They liked the design of the addition of the porch that was being proposed. DRB did send a copy of the recommendation to all of the councilmembers.

There is no objection by the DRB. I think we should support their recommendation and move forward.

Motion to approve 3802 33rd Street Variance request for addition
Councilman Tarlau
2nd Councilwoman Thompson
4-0

Motion to recess from special meeting and move to Work Session
Councilwoman Thompson
2nd Jesse Christopherson
4-0

Attorney Lindsey Rader from Funk & Bolton (Baltimore, MD) came to the meeting to provide the Council with basic TIF information. Councilwoman Thompson invited her because she is working with the Town of Riverdale on a potential TIF that they have been approached about.

Attorney Rader: The idea behind TIF is that an area that is going to be developed or redeveloped is going to increase in the accessible tax base. The idea is that you use some of that increase to support debt service on bonds that are typically issued in the nature of infrastructure improvements such as streets, roads, sewers, parks, parking lots. There is a laundry list of financeable infrastructure improvements in the State TIF Act for various jurisdictions. Prince George's County has a broader list of infrastructure improvements that can be financed by its TIF bonds than some other jurisdictions. A lot of these improvements are the types of improvements that local governments historically either fund themselves from pay-go (funds on hand) financing or by issuing general obligation bonds.

Under the Statute, you have to designate a contiguous area that is known as a development district. The development district is usually drawn around the intended development, which could be residential, commercial or a combination of residential and commercial development. The development district is created by resolution. You take January 1 of the year prior to the year in which the resolution is adopted and you fix the original assessable base of the development district. For example, if a development district is created in 2013 by resolution, the original assessable base date is January 1, 2012. And then going forward with each year, you capture the normal Ad Valorem Real Property taxes. The money that you derive from your normal real property taxes against that original assessable base goes to your general fund. As the property within the development district increases in value, the portion of your normal real property taxes that is in a sense against that increase in value is captured and placed into a special fund. You are not levying any new taxes. You are just diverting a portion of your normal Ad Valorem taxes and the idea is that as the property increases in value, the amount that is attributable to that tax increment is going to grow, is deposited in the special fund, and then used to service debt service on the bonds.

Question: There is a big chunk of property in this development that is owned by Mount Rainier and is tax exempt at this point.

Attorney Rader: Since you are not assessing any taxes, there is going to be nothing coming in. When drawing the development district, you want to look at how you draw it and what is proposed to be included as property in the development district.

Councilman Tarlau: Where is the floor value?

Attorney Rader: It is not an appraisal. You look at the assessable base of all the property included in the development district as of January 1 of the applicable year. While the city owns property, no taxes will be collected on that property. That is a question that needs to be looked at careful as financial calculations are made in terms of incremental tax revenues. Someone who is doing the study is going to want to make assumptions as to when that property is actually going to be sold and in private hands. Once you are ready to go to the bond market, you get a certification from the supervisor of assessments as to what that original assessable base is.

There are two ways to participate in a TIF transaction. You can be an issuer of the bonds or you can be a pledger of incremental tax revenues. To illustrate, let us say that Prince George's County is going to be the issuer of bonds. The city can be asked to pledge its incremental tax revenues from the exact same place and exact same district to support debt service on the bonds issued by the county. And the way that would work is that you would actually approve a form of agreement and as the city levies its own taxes on the properties in that development district, you will do the same thing that the county does. You will separate the tax revenues attributable to the original assessable base that will go to your General Fund. The property taxes attributable to the increase in value will go to the Special Fund. The Special Fund is typically lodged with a corporate trustee. In the bond world, when you issue bonds, there is typically a trustee that acts as a depository and payer of principal and interest on bonds on behalf of the bond holders.

While the TIF Act allows an issuer to pledge its full faith in credit to support the bonds, you are not obligated to do so. I, personally, have never been involved in a TIF transaction where the issuer decided to pledge its full faith in credit. It is a form of revenue bonds. These bonds are not sold to just anybody. They are sold to sophisticated investors typically in increments of a $100,000 or more per bond. They understand that you are not pledging your full faith in credit. If property taxes are not paid, or the property does not increase in value; and therefore sufficient incremental tax revenues are not generated to support the bonds, you are not obligated to come up with any additional money. The bond holders are only able to get what is actually attributable to the incremental tax revenues. They take the risk. You do not.

If there is a deficit, the bonds can only be outstanding for 40 years under the TIF Act. If there are insufficiencies in incremental tax revenues every year and the bonds accrue interest, as the money comes in the bond holders can be paid. But at the end of the day when those bonds mature, if incremental tax revenues have not been sufficient to cover all the debt service, the bond holders are essentially the ones left holding the bag. They don't get made whole by anybody else.

Typically, the developer will hire a company that is well-versed in doing projections for tax incremental financing revenues. And the city is authorized to rely on those projections that that company comes up with. We recommend particularly in a TIF transaction that you also hire your own financial advisor to scrub those numbers on your behalf to make sure the assumptions that that company is using are reasonable and logical.

An appraisal is based on the assessable tax base that the SDAT comes up with.

When improvements are made on a property, there is a building permit that is pulled. Typically, the building permit will have information that the builder, the architect, or the property owner is required to submit. That information is often the basis for the assessment on the property. If someone knows or projects the construction costs on a new property, that gets verified during the development of the assessment. If it costs $35 million to build, that is often going to be set as the base assessment of the property. Right now you are starting with a 2 to 2.5 million dollar assessable base. When the project is done, it is going to be given a value by the state assessor. That value is derived from the cost of construction principally, but not always. If the developer wants to challenge the assessment in court, the construction costs are principal value. So know your construction costs. You might want to have a talk with the state assessor's office before you go.

Targeting your Assessable Tax Base Start Date

The city has control of that. You don't have to say today, let's do the TIF. You can do the TIF after the project is complete. You can say I am going to TIF four years in when you guys are showing me your commitment. You have all the options in the world you can think of that are legal. The issue is not the amount that they are going to get. The issue is the target amount that you want to fund out of this proposition. The issue for you is the degree to which you which you want to enable this project to happen and what you are willing to pay for it or go without. The issue is if you don't finance it, will it happen?

1952 is the date of the first TIF. It was in California.

My Program Officer Collin McGlen made the observation today that if you are on the other side of the boundary of the development district, it is a great place. People inside a bigger TIF district, don't get as big a property bump from the improvement of development immediately around as the other folks on the other side of the boundary. It has to do with perceptions of government involvement and all kinds of regulatory issues. Often, you have to be very careful when you are drawing a TIF. If you think this development is going to be good for you, then you run some numbers.

Stewart describes in detail a graph that shows the correlation between the Base General Tax Revenue and Revenue dedicated to the TIF and examines a spreadsheet of revenue assumptions based on a 20 year debt. There is a plug-in program that Stewart is willing to provide the City so it can play with the numbers.

The city's net real property tax base assessment for the entire city is about $332 million. The city sets its annual tax rate 86 per 100.

Risk of the Investor affects the bond interest

Attorney Rader: Because you are relying on the development to generate your incremental tax revenues… typically, for example in a 20 year bond, when you issue bonds for your own purposes, you pay a principal once a year in each of those 20 years. Normally, the principal amortization doesn't start on a TIF bond for 3-5 years after the date of issuance because there is not going to be any incremental tax revenue in the first couple of years. So there is no principal amortization to begin with.
Also, the bond issued is typically sized to include a concept of capitalized interest because interest does start accruing from the date of issuance and is typically paid semiannually. Under federal tax law, you can finance up to typically three years of capitalized interest. Essentially, you borrow the money to pay the first three years of the interest due on the bonds.

Also, you typically size the bond issue so we take a portion of the proceeds and we deposit them in a reserve fund that is held by the trustee so that in the event… Let's say you get through the capitalized interest period and you do not have enough incremental tax revenues because development did not proceed as assumed, that debt service reserve fund, if the bonds are issued on a tax-exempt basis, there are some limitation under federal tax law as to how much you can put in that debt service reserve fund but just for a rule of thumb assume that it might be 10% of the total principal amount of the bond issue. It is going to depend on a facts and circumstances test. That may cover a year or two of interest after you get through the capitalized interest period. Again, if development didn't occur and you have blown through your capitalized interest fund, you have blown through your debt-service reserve fund; the bond holders get no money. Nobody is personally on the hook for these bonds. The properties within the district are on the hook. If the property owner does not pay his or her taxes, that property will go to a tax sale. If nobody buys it at a tax sale, you will not get any tax sale revenue unless the owner redeems the property or someone is able to foreclose the right of redemption and get title to the property. There could be some time when property changes hands and no money is coming in until it ends up in private hands again.

Councilman Tarlau: Since the City is doing this jointly with the county, who issues the bonds?

Attorney Rader: It could be either the city or the county. Without knowing any real details about this bond issue, my off the cuff reaction is to say you are a small city compared to the size of the county. The county has been an active issuer of TIF and STD (Special Tax District) bonds. These are sold to sophisticated investors and not to the general market place. Of course the county is known in the general market place for its own geo bonds. There will be less of a processing/ documentation burden on the city if the county serves as the issuer and you are just the pledger of the incremental tax revenues. But there could be valid reasons for the city to the issuer and the county to be the pledger. Part of it might be what other TIF transactions or STD deals the county is working on and in terms of its advisors advising it, how many bonds they should have outstanding at one time being the issuer. As the issuer, the city would have a little more control over the process of when those bond proceeds get into the hands of the developer. You control when and if you issue the bonds. The example where you decide not to do a TIF until the development has been in place for four years, the problem is if you are doing the bonds on a tax-exempt basis, you may not be able to issue the bonds four or five years later to reimburse construction costs that were done earlier. Often, the developer wants you to issue those bonds as soon as possible and are going to want you to give them the money as construction progresses.

You can set benchmarks if you are the issuer. We will only release "x" amount when you get to this construction point…taking into account federal tax laws and how quickly you have to spend the money because when the bonds are actually issued, there has to be a reasonable expectation, if they are tax-exempt, that you are going to spend at least 85% of the bond proceeds and investment earnings thereon within three years from the date of issue.

Developers will often approach an issuer and say as we get invoices, we want you to pay them. You can say no we want you to fund the cost and we will not take money out of the trust funds/the bond proceeds to reimburse you until you show us that you have received waivers of any liens on what has been constructed to that point. Those are ways to maintain control over the process. When you are just pledging your incremental tax revenues, you will not have as much control over the expenditure of the bond proceeds.

Councilman Tarlau: One the issues that has come up. If we went with the county and the county tax rate is somewhat similar to ours. Can we do 50% of ours and 70% of theirs? Can we do a different ratio? We need the revenue more than the county needs it.

Attorney Rader: You can sort of get there. Every jurisdiction in Maryland and every local government except for Baltimore City are subject to the general TIF Act. Since you are subject to the general TIF act, once the development district is created and with the assumption that you are the pledger, you have to agree to pay the revenues derived from the tax increment, all of the revenues to the special fund. The statute says that monies can be released from the special fund in each fiscal year when you have covered debt service for that fiscal year. So you can't say we are only going to give you 50% of those incremental tax revenues. The whole 100% of your incremental tax revenues have to go into the fund and then there will be release mechanisms built into the documentation for the leasing back. Understand that you are a little bit at risk and we can try to draft the documents as tightly as possible, but if property owners are not paying, both the county and city's money goes in, you can agree on how money comes back out to you, but really if debt service is not covered in a fiscal year because there have been a lot of property owners who aren't paying their taxes, you aren't getting anything back likely and your share is gone for that year. You can try and build in ways to recoup it in later years but you cannot count on absolutely getting that money back within that same fiscal year. The original taxable base will always go to the general fund. The incremental tax revenues above the original assessable base go into the special fund.

Councilman Tarlau has a question about only giving a percentage of the incremental tax revenues to the Special Fund.

Attorney Rader: There will be tests for allowing the incremental tax revenue money to come back. You cannot legally say you are only going to cover 25%. You may actually end up covering more for a period of time. Baltimore City's TIF statute is a little different and they do have some flexibility in theirs to just pledge a portion of their incremental tax revenues. Depending on when this project is expected to move forward, and when bonds may be issued, one solution may be to go to the general assembly and ask them to amend the TIF statute. I suspect you may be able to get other potential issuers on board to support such an amendment. So perhaps in the future, there will be legislation in place that does allow you to commit only "x" percent of your incremental tax revenues each year.

Stewart: The percentage is the debt you are willing to hit. It is not a loss of income. It is an opportunity cost lost. In economics, it is the next best thing you would have had. If we don't do anything, we don't get development. There is the notion of the multiplier effect on values in the community based upon an improvement on one site versus the others. There are other beneficial factors to doing the TIF outside of the TIF itself.

Attorney Rader: Municap Inc. is a firm based in Bethesda, MD that makes detailed projections and assumes a lot of different variables. They are often hired by the developer. Does the city have a financial advisor?

Mayor Miles mentions Vijay Manjani, the City Treasurer.

Attorney Rader recommends an independent financial advisory firm that specializes in TIF transactions.

It is common now to ask the developer to establish a fund to pay your professionals (i.e. city attorney, bond council, your financial advisor) because these are very complicated and expensive deals to do. Additionally, there is no guarantee that there is a market to sell these bonds. These deals take years to complete from start to finish.

For example, in Riverdale Park, the developer has established a fund and we are submitting monthly invoices. Once the invoice is submitted, the developer can choose to pay it directly or if it doesn't pay within a certain period of time, we are allowed to draw on the fund. When the fund gets below a certain level, the developer has to replenish up to another point this agreement can be made through a letter of intent between the city and the developer.

Mayor Miles: Is there a separate letter of intent or do we address it while we are doing this LDA (Land Disposition Agreement)?

Attorney Rader: It is separate. This deals with the financing piece. Often your bond council comes on board earlier. Then the FA comes on once the developer starts producing projections.

The development district is established by resolution. The authorization for the issuance of bonds is done by ordinance. The ordinance provides has to specify the maximum principal amount to be issued a maximum interest rate, other improvements that need to be financed, and certain other details. That statute allows you by ordinance to dictate to your chief executive officer the authority to determine a lot of other deal parameters by executive order. You don't have to do that but that has historically been the practice on these Maryland deals. You can say we will allow you to finance this, this is the max you can borrow, this is the max interest rate and then everything else is done by executive order or you could decide that you will determine the rest of the details by resolutions so you do not have to do an ordinance for everything.

If you are pledging your incremental tax revenues, depending on timing, we would probably have you do that by ordinance. You would authorize a contribution agreement and you will enter into a contribution with the county in which you agree to deposit money in the special fund established by the county. You may still establish a special fund for your own purposes so you can account for the money as it comes in, but then you will transfer it over to the County's special fund if they are the issuer. The Special Fund is handled by the bond trustee.

Councilman Tarlau: Do we bill them and they will put it into the fund?

Attorney Rader: The County collects the City taxes. They will send the city its taxes and the city will have to divide what goes to the general and special fund. If the city puts the money in its own special fund, the bond indenture, pursuant to which the bonds are issued, will specify a date by which you have to return the money to the County. A lot of issuers want to transfer the money shortly after they receive it so they do not accidentally misuse it.

TIF Financing Request from the developers
Attorney Rader: Why not have hybrid TIF/ STD financing? The first line of defense to cover debt service is to issue a single series of bonds (special obligations) pursuant to the Tax Increment Financing Act and Article 23A section 44A. Under Article 23A Section 44a, the city has authority to issue special tax districting bonds. This comes into play only if the city is the issuer, not just the pledger.

- Having the level of TIF and Special Taxes makes for a stronger deal to generate more interest of the investors and might make the investors willing to buy taxing district bonds.
- Special Tax districting documentation looks similar to TIF documents
- Special taxing district is created as a mirror to the development district.
- The creation of an STD requires the request of the owners of 2/3 of property owners within the STD and the request of the owners of 2/3 value of the assessable base.
- Projections will be made on ITRs (Incremental Tax Revenue) and if they look like they are going to be insufficient in any year, special taxes are levied on properties within that district on an AD Valorem basis or any other basis but they have to be uniform.

STD Considerations
- Owners do not like STD. In the future they will be individual homeowners.
- Make sure county has room on tax bill to put special taxes.
- If the property owner doesn't pay special taxes, the property will go to a tax sale

Proposal of Parking Garage by Developer
- Depending on the use, if the developers are assuming tax-exempt debt and there is private use of parking garage, the city may not be able to do STD back-up.
- The city cannot finance on a tax-exempt basis for STD bond proceeds on a parking garage that is going to primarily or exclusively privately be used.
- At the moment taxable rates are very low historically.

Attorney Rader: Ask the developers why they are not proposing STD?

Mayor: How do we structure language in LDA around the whole TIF issue?

Attorney Rader: There would be a lot we have to go into for me to give you an answer on that, but if you are doing the LDA early on in the process, you want to build in as much flexibility as possible and not commit the city to any one particular structure upfront.

Mayor Miles: We are doing it now.

Attorney Rader: In LDA, you can't truly be committed to bond issuer or pledger unless you take the steps needed under the Tax Increment Financing Act.
Stewart: When is the interest rate set and committed to? The value of TIF to a community is predicated on an interest rate and how long money is kept from the general fund of the town for the improvements that are being sought. The city needs to know to be able to make its financial analysis.

The Interest Rate Setting Process (Attorney Rader)

- The interest rate is not set until about 2-4 weeks before the bonds are issued because the interest rates are set at what bond purchasers are willing to purchase the bonds at.
- A limited offering memorandum contains information about the proposed development.
- Usually the developer hires an engineer to do a study about what permits are required and when those will be obtained. The final form document is finalized only after the bonds are priced.
- Both the city and the county have bond council and financial advisor. The developer hires someone to do TIF Projections.
- With the Rate Method (Special taxing methodology), you specify what the max tax rate may be on any property for future owners to see.
- The underwriter is the firm that looks for the investors to buy the bonds.
- Preliminary offering memorandum; the only thing missing is amortization schedule. They commit to interest rates based on investor interest.
- Sometimes the developer is the bond holder and not sophisticated investors. They don't get paid till it is developed. It is a big risk. In one example, if the city meets certain benchmarks, the developer can put the bond back and have it sold to sophisticated investors which is called remarketing the bonds. It can be a way to control risk.

Councilwoman Thompson: The County prefers the developer to be the bond holder.

Attorney Rader: There is a burden determining what money goes to the general fund and special fund. Typically, you hire an outside administrator. They are paid from the incremental tax revenues that come in. You don't have to pay them out of pocket. ITFs don't just cover debt service. They cover other costs including administrative.

How can the city make the projections without the rate?

Attorney Rader: Legislation will specify a maximum interest rate so there will be projections at that max interest rate and the low. You look at the different scenarios and you will be making the decision based on whether you can live with worst case scenario.

Stewart: There is a time, period, and decision point that the city will have to talk about the economics of the deal sot they can assure themselves that the economics of the deal make sense to their needs.
Does the TIF affect the debt capacity of the town?

Rader: You don't have a tax rate limitation on your charter. This is important for TIF rate projections. I also did not see a debt limit in your charter. In the short-term notes it says "For an amount not to exceed 10% with payments not to exceed 30 years. If you want to move forward, we would probably amend your charter to provide that subsection B only applies to your general obligation debt and not to TIF or STD. Look at debt policy to see if it has limitation. Since you adopted it by resolution, it is easy to amend that if you needed to.

Councilman Bolin: When the county did their numbers with negative projections, what does that chart mean?

Attorney Rader: This is what I talked about. They are not showing us when bond debt service starts. This shows the base value. You see you don't have an excess until year seven. But remember for a couple of years you do not have to make up the deficit. They assumed level debt service in year one, assuming the payment amount is $328,087 every year. Again, these bonds are typically structured so you are paying interest only for a period of time. This is a bit of a misnomer in terms of these projections. Normally, if you are issuing GEO bonds, you would start paying debt service in year 1, but this is not. Let's say principal doesn't start till year five. Ignore the debt service column for a moment and look at the excess deficit. This is not assuming any capitalized interest funded for on the bond proceed s as I mentioned to pay interest during the construction period nor is it assuming hitting the debt service reserve fund to cover any debt service. Ultimately, you would want these numbers rerun based on more typical assumptions of how the bond would be structured.

Stewart: These are grossly inaccurate predictions.

Councilman Tarlau confirms with Rader that the ITR are what is at stake to lose.

Councilwoman Thompson: The key thing for me is that the city does not have to cover the deficit.

Councilman Bolin: We bought properties at 1.8 million and are selling them at 1.8 million and pulling out a 2.5 million TIF. How are we not worse off?

Attorney Rader: If the development is at all successful, you will receive more ITR than needs to cover debt service and hopefully this development will spur other development elsewhere in the city that will hopefully otherwise increase your tax base. Some of that development may be done without your participation in any way shape or form. All the increase from that other development is going to go straight to your general fund.

Mayor Miles asks Attorney Rader to comment or advise on the size of the TIF district.

Attorney Rader: there has to be some reasonable relation of the properties benefitting what is financed. You don't want your district too broad. If you do not have a specific development plan for all the properties included in the district, that is going to hamstring financing later on with the other property. You can structure a series of bond releases for the other properties, but investors are going to put tight restrictions to make sure they are being paid.

If bond issuance is going to be done in series under the same indenture, a process needs to be put in place for the indenture to begin. To change the process, you have to get investors' consent.

Stewart- 2 observations

- STD may be a good solution for some developers when working with one developer. What happens is you are mortgaging the future viability of a business that comes into tenancy because the rent rate dynamic is already blown. The cost of new construction and your tax rate are going to determine the base line rental level $30-$37 per square foot for that 20,000 sq. ft. of retail in there. You have to make a certain amount of volume to meet rent like that. Your current rent is $15-$17per square foot. You are looking to have double the volume, double the market share, etc. to pay for that STD. That is why the TIF is so attractive for so many people. What you are saying is we are not going to enjoy all the benefits of the potential tax revenue but we have something way later on.
- In the handout, the AD column shows the projection of assessed value over time. I would be looking at doing a regression and seeing if this projection is a reasonable trajection of increased value over time. Property taxes and assessed value go in waves. There are no waves here.

Rader: If residential properties are included in your district, you have to consider Homestead Tax Credit and where that is likely to go.

- When you are looking at projections of ITRs, consider increases in cost of your service with development and how that adds to your bottom line.
- Issuers always ask if I do TIF or STD bonds, what does this mean when I want to issue gen obligation bonds for my own services. You only look for ratings if you try to offer general obligation bonds to the public. The rating agencies are savvy enough to understand that these TIF and STD bonds are really revenue bonds and shouldn't impact your ratings or ability to issue general bonds. Banks should understand these bonds too. When you issue general obligation bonds, you are pledging to increase your taxes.

City Attorney Linda Perlman: Some of the properties in consideration were purchased with general obligation bonds from SunTrust. The plan is they will be paid off when the property is sold.

Gateway Arts District Murals **-** Stewart

Stewart: Hyattsville CDC serves as a fiscal sponsor of the marketing activity of the gateway arts district. We utilize the funds in a limited fashion. The chair of the gateway arts district management team works with the CDC of the two different jurisdictions with the funding. Some of the funding is part of a service contract with park and planning and some is out of pocket. The budget for this project is $10,000. It comprises of five murals in the four gateway arts district municipalities at $500 apiece. We are also raising private money on top of that for doing bigger murals.

- Stewart provides a package of 38 pages that includes the overview, timeline, and promotion of the process.

Stewart: We went through a months long, juried, RFQ process where we developed a pool of artists. The jurors were Darlene Watkins (M-NCPPC, active division head of the arts and cultural heritage), Alex Simpson (ran the Brentwood arts exchange and acting County Arts Coordinator), Sam Vernon (runs the county's art and public places program), Mr. Washington, Laura Rodgers (Gateway CDC Chair), Mr. Frankin (from Hyattsville).

CDC staff voted on this jury. The artist pool was selected by January 28. We structured these as privately owned murals. The individuals involved, pick the art and oversee it to make sure it is family-oriented. Then we issue contracts with property owner and artist.

Stewart talks about the status of certain projects.

The art is see-through, which allows you to see into the store. The Blair Building (Post-Office) is one of the projected sites. The 5th site is not locked down. It is a challenge to get interest in participating in this program. Chuck's liquor is a sight that has not been solidified.

MUTC Committee

Stewart: If there is no building permit, there is no ordinance. You have an element in the city's MUTC zone about colors but your MUTC zone exempts murals from that consideration.

Councilman Bolin: I am the MUTC liaison. All the artwork that is in the murals came from the mixed-use town committee. Are you saying that if a property owner wants to paint their building, they have to come before the committee but if they want to paint a mural, they don't? That does not make sense.

Mayor Miles: We will address that issue as a council as we move forward.

Councilwoman Thompson: There has been a system in place. The MUTC should at least have an opportunity to meet and discuss the artwork as a courtesy. One of the issues we continue to have is a lack of people following our processes.

Stewart: Our goal is to finish this by the end of the fiscal year. I told our artists to finish by June 15 so that we can have some time. We are not going to foist anything on you if you don't want it.

Mayor Miles: We do not want to stop the process. We simply want to be informed what is going on our walls in our city. And our councilwoman would like to have a meeting with our MUTC about the process.

Stewart: The deadline is June 15. The drawings are in the package.

Maintenance of Murals

Stewart: We told the artists to use materials that will endure for three years. Street art is not permanent. The idea is that we freshen things up for time being. If it is failing, we will come and paint over. I suspended all artist work until we had this dialogue.

Councilman Bolin: No one on the MUTC committee has a problem with these murals. The problem is that the committee has been viewed years past by the business community as an impediment. It is working hard to be viewed as an organization that is very helpful. And they have been working very hard to work with business owners and do this process. The other NGOs or painting projects have come through the committee. Their concern is consistency and they want all the business owners to be treated fairly.

Ms. Anne Lecure encourages the city to get a public art ordinance. (To Stewart) have you considered VARA (Visual Arts Rights Act) for the artists?

Stewart: We have certain arts rights written into the contract. Everyone understands all rights and license (control of art) stays with the artist. The artist will have to approve of paint over if the owner requests.

Ms. Lecure: Whenever you talk about painting over a piece of artwork, you engage with a law called VARA that says the artist has the right to make determinations of what happens to their work.

<u>Legislation for Council Liaison Appointments</u>

The council agrees on the packets.

Mayor Miles expresses desire to have an art council.

<u>Police Employee Personnel</u>

- Mayor Miles took this item of the agenda indefinitely.
- Mayor had a meeting today with members of the police unit regarding their concerns which led to its removal from the agenda.

Mayor: To move forward with the employee personnel handbook updates, might be a breach of contract. We have agreed to extend that contract as it was. To change the handbook is to change the contract. We are moving it to September. The union is okay with that.

<u>Residential Parking Permit Request</u>

- There was a meeting with Councilman Tarlau, Councilman Bolin and Chief Scott.
- The process for petitioning residential parking permit should mirror our existing process for petitioning traffic calming measures.

- Councilman Bolin wrote 1st Draft and forwarded to City Manager. He would like it to be reviewed at a Work Session.

Brentwood Meeting

- Mayor Miles requested a meeting about speed cameras and residential parking permits with officials in Brentwood. She has not heard back. She will send a follow-up this week
- Councilman Bolin suggests a dinner-type meeting.

Motion to approve funding for Linda Perlman to attend the Maryland Municipal League (MML) convention for one day.

Councilwoman Thompson
2nd Councilman Bolin
Vote 4-0

Motion to come out of Work Session and move back to special meeting
Councilman Bolin
2nd Jesse Christopherson
Vote 4-0