

## SUMMARY MINUTES

### SPECIAL COMMUNITY REDEVELOPMENT AGENCY ADVISORY COMMITTEE MEETING

**Monday, January 26th, 2009**

A special meeting of the Chairman and Members of the Community Redevelopment Agency Advisory Committee (CRAAC) was held at the North Miami CRA Office Conference Room at 6:30 pm

(Phonetic spelling of each speaker's name may be used throughout the minutes unless correct spelling is known.)

#### **I. Call to Order**

<b>ROLL CALL</b>	<b>Absent/ Present</b>
Clint Bower	<b>A</b>
Blanca Cobo	<b>P</b>
Michael McDearmaid	<b>P</b>
Roseline Philippe	<b>P</b>
Carol Preger	<b>P</b>
Clark Reynolds	<b>A</b>
David Rosemond	<b>A</b>
Duke Sorey	<b>P</b>
Armando Vidal	<b>P</b>
Mark Wolin	<b>P</b>

#### **II. Approval of Agenda**

The agenda was unanimously approved.

#### **III. Approval of Minutes - None**

#### **IV. Items for Review and/or Action**

##### **Item 1 - Proposed modification to the development agreement between the CRA and the Urban Residential Development Group regarding payment of development fees**

The CRA Executive Director described the documents within the agenda packet and the state of affairs that has led to the request by Urban Residential Development Group to amend the agreement with the CRA with regards to the payment of development fees.

The CRA Advisory Committee asked if there was any more detailed documentation verifying all of URDG's expenditures. The CRA Executive Director replied that he had received a 24 page breakdown listing all of the third party expenses of URDG, he then passed out copies of this breakdown to the members of the committee with the caveat that he himself had not had time to review it in detail.

Mr. Vidal asked what the \$502,000 "Management Fee" is for. Mr. Wallace IV replied that the management fee was paid by URDG, Mr. Wallace IV said that he would get the back-up documentation for that management fee. Mr. Wallace IV explained that this fee is excluded from the expenditures that URDG will get a 15% fee on.

Mr. Wolin questioned why the total of \$949,506 in legal fees on the summary provided in the agenda packet did not add up with the mere \$18,000 total of legal fees provided in the supplemental detailed breakdown distributed during the meeting. Mr. Wallace IV replied that, at this stage, he has only submitted the detailed breakdown for expenditures that URDG has verified as to its accuracy and validity. Mr. Wolin then asked whether or not URDG is seeking a 15% developer fee on the total \$949,506 in legal fees recorded in the summary within the agenda packet. Mr. Wallace IV replied that URDG is seeking a developer fee on those expenditures. Mr. Wolin replied that in that case, a detailed breakdown of those fees should be submitted in advance of consideration.

Mr. Wolin, Ms. Preger and the CRA Advisory Committee Chair all expressed their dissatisfaction with the documentation provided by URDG, the advisory committee had expressly requested to receive detailed financial documentation from URDG in a timely manner. Mr. Wolin, Ms. Preger, and the CRA Advisory Committee Chair felt that the documentation was vague, incomplete, and only the first half of it was provided in the agenda package for the advisory committee to study before the meeting.

Mr. Wallace IV said that he assumed that if the advisory committee does approve URDG's request, it would be contingent upon the submittal of all back-up documentation of expenditures to the CRA, and the CRA's review and approval of said documentation.

Ms. Philippe argued that, at this stage, the role of the advisory committee should simply be to recommend approval or denial of a request from URDG to get an advance of money already owed to them. It is up to CRA staff to audit the actual numbers and determine their accuracy.

The CRA Advisory Committee Chair replied that the problem is that the documentation is so vague and the CRA staff has not validated all of the expenses. The CRA Advisory Committee Chair noted that the agreement specifically states that the CRA will retain 50% of the fees owed to URDG until

50% of the work has been completed. In that light, Mr. Vidal pointed out if the CRA Board were to agree to pay URDG a 15% developer fee of all their expenses to date now, they would be waiving two conditions of the contract, firstly the condition that URDG will not get their first payment until they have secured construction financing, and secondly, the condition that the CRA will retain 50% of the developer fee until 50% of the work has been completed. Mr. Vidal said that he could not support a recommendation to waive both conditions.

The CRA Advisory Committee Chair said that he might consider the first waiver, but he believed the second waiver puts the CRA in jeopardy. The CRA Advisory Committee Chair urged caution with regards to modifying clauses in the contract designed to protect the CRA.

The CRA Advisory Committee Chair opened the floor for public comment.

Mr. Wolland of 12865 W. Dixie Highway stated that whilst we all want to see Affordable Housing in North Miami, market conditions have changed so much that we all should step back and re-analyze the situation. The Pioneer Gardens project is at a crossroads, a new architect is needed, the remediation plan is not finalized, the market study is out of date and unrealistic and there is no longer an operating budget, unless the CRA Board agrees to advance funds to URDG. Biscayne Landing, which owns 51% of URDG, is in breach of the Munisport Agreement, they do not have a lender and are now faced with a number of lawsuits, URDG have informed the CRA that it will be extremely problematic for Biscayne Landing to continue to fund them after January 2009. If the developers do not intend to continue to fund the project, then why should the North Miami CRA amend the contract to give them an advance of their fees? Mr. Wolland advised that URDG are now involved in "anticipatory breach" of the contract and suggested that the CRA should consult their attorney as to the best course of action.

Ms. Keys of 12550 Palm Road expressed shock that there would be \$949,506 in legal fees in this project. Ms. Keyes also requested a more detailed breakdown of the \$789,000 of consulting, management and architectural fees. Ms. Keyes finished up by arguing that if the contract is renegotiated, the CRA should get something in their favor too.

Ms. Abramson of 2345 Magnolia Drive was surprised that \$949,506 in legal fees had been presented without any back-up documentation on who performed the work and the number of hours.

Mr. Wallace IV replied that the lion's share of those legal fees was to pay Mr. Delagloria \$250,000 per year based on a retainer agreement entered into by Mr. Delagloria and Biscayne Landing.

The CRA Advisory Committee Chair closed the floor to public comment.

The CRA Advisory Committee Chair suggested a motion to recommend that the CRA Board postpone approval of URDG's request, pending more detailed documentation of URDG's expenditures. Mr. Vidal stated that he could only support a motion of denial.

*Moved by Mr. Vidal, seconded by Mr. Wolin*

**To recommend that the CRA Board deny Urban Residential Development Group's request to modify the development agreement regarding payment of development fees.**

*Approved 5-2 (with Ms. Philippe and Mr. Sorey against)*

## **V. Old Business**

In the last regular meeting of the CRA Advisory Committee, Mr. Vidal requested that the CRA Attorney investigate the applicability of Chapter 119 to the records of URDG, particularly with regards to third party contracts. The CRA Attorney replied that the records of URDG for any project conducted with the CRA are required to be openly available to the public.

## **VI. New Business**

Mr. Wallace IV asked if URDG has a contract with an entity that has a sub-contractual relationship with a member of the Advisory Committee, is it the obligation of URDG or the Advisory Committee member to disclose that. The CRA Attorney replied that it would be the obligation of the Advisory Committee member. Mr. Wallace IV asked that if that member does not make a disclosure then would URDG be obligated to make the disclosure, the CRA Attorney suggested that the question could be submitted to the Florida Commission on Ethics.

## **VII. Adjournment**

**The meeting was adjourned at 7:47 pm**