

SUMMARY MINUTES

REGULAR COMMUNITY REDEVELOPMENT AGENCY ADVISORY COMMITTEE MEETING

Monday, January 5th, 2009

A regular 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 6:05 pm.

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

I. Call to Order

ROLL CALL	Absent/ Present	Absences 2008-09*
Clint Bower	P	0
Blanca Cobo	P	0
Michael McDearmaid	P	0
Roseline Philippe	6:09 pm	0
Clark Reynolds	P	1
David Rosemond	6:09pm	0
Duke Sorey	6:28 pm	0
Armando Vidal	P	0
Mark Wolin	P	1
* Absences from special or rescheduled meetings are not counted		

II. Approval of Agenda

The agenda was unanimously approved.

III. Approval of Minutes

Where the minutes noted that Mr. Wolin had requested that the CRA Attorney look into whether there was a need to disclose that Partners for Self Employment were leasing office space from a company owned by a member of the CRA Advisory Committee, Mr. Wolin requested that the words "with grant money from the CRA" and "whether or not disclosure is necessary" be added.

With regards to the increase in the grant amount for Arnolds Royal Castle, Mr. Wolin asked that the minutes be clearer with regards to his objection. Mr. Wolin said that it was not so much that increasing the grant amount costs the CRA time

and money, but that it puts the CRA in an untenable position of rewarding businesses for miscalculating their project costs.

The CRA Attorney requested that the text reading "...if the CRA does not meet the obligations of the contract and vice-versa" be replaced with "...with respect to the matters covered by the indemnity in the agreement."

With the suggested changes, the minutes were then approved unanimously.

IV. Items for Review and/or Action

Item 1 - Status update regarding the Pioneer Gardens affordable housing development relative to site/environmental remediation, proposed development budget, site plan, project design, construction financing, development timetable, etc.

The CRA Executive Director gave a status update on the Pioneer Gardens project. DERM has approved the extension for the submittal of the Site Assessment Report Addendum to 1/23/2009, and URDG is no longer using Siskind & Carlson as the architect for the project, they are now in the process of hiring a new architect subject to the CRA's review of the selection process.

Mr. Wolin questioned whether the confidentiality clause (section 4.1) in the Mutual Release and Assignment Agreement between URDG and Siskind & Carlson (the former architects) is appropriate for a publicly financed project. William Wallace IV of URDG replied that the confidentiality clause was included at the insistence of the Architects, not URDG, to prevent any disparaging remarks being made against them.

Mr. Wolin asked why Siskind & Carlson are no longer working on the project. Mr. Wallace IV replied that it is difficult to give a full explanation without breaking the confidentiality clause in the mutual release contract, but suggested that the question could be redirected to Siskind & Carlson themselves.

Mr. Wolin asked if the plans for the project will be changing. Mr. Wallace IV replied that they have not yet been changed, but the firms being considered for selection as the new architect have indicated that there are some adjustments that could be made to the plans to make the project more cost effective and thus more affordable to working families.

Mr. Bower asked whether any of the architectural firms that applied are located within North Miami, Mr. Wallace IV was not certain whether any of the firms were based in North Miami and added that there is not a large community of architectural firms in North Miami.

Item 2 - Proposed modification to the development agreement between the CRA and the Urban Residential Development Group regarding payment of development fees

The CRA Executive Director explained that, with the downturn in the economy, continued funding of URDG by the developers of Biscayne Landing in 2009 will be difficult. For this reason, URDG is requesting that the CRA modify the development agreement for the Pioneer Gardens project so that anticipated developer fees can be advanced by the CRA to the housing enterprise for the maintenance of its operations and functionality as the CRA's affordable housing developer/partner.

Mr. Vidal suggested that if URDG wants to renegotiate the terms of the contract in their favor, they should bring something to the table that would be beneficial to the CRA, such as reducing their developer fee.

Mr. Wallace IV summarized the work that URDG had completed up to now, including successfully getting Miami-Dade County Water and Sewer Department to install a line stop at their own expense thereby saving City taxpayers almost 1 million dollars, and nearly completing the Site Assessment Report Addendum relative to the Remedial Action Plan required by DERM. So far all this work has been done by URDG without any compensation.

Mr. Wallace IV reminded the committee that URDG is not requesting additional funds. All that URDG is requesting is an advance of some of the developer fees that will be owed to them when they successfully secure construction financing per the development agreement. This advance of funds is needed in order to satisfy the bank that is providing URDG a line of credit and is somewhat apprehensive that URDG has worked on the project for 5 years now and has not been paid a penny. Furthermore URDG will secure any funds advanced to them with the \$2 million promissory note that has already been provided by the developer.

With regards to the suggestion by Mr. Vidal that URDG could bring their developer fee down, Mr. Wallace IV responded that 15% is already on the low side for a fee developer, fees typically range between 15-19%. Mr. Wallace IV said that he could provide documentation to the committee, showing that, of the 7 or 8 applications approved by the State for workforce housing, all of the developer fees ranged from 15-19%.

Mr. McDearmaid questioned whether URDG's role was simply that of a fee developer since some of the housing to be built at Pioneer Gardens would be sold at a market rate in addition to the units sold as workforce housing. Mr. Wallace IV replied that the entire Pioneer Gardens property will be owned 100% by the North Miami CRA, URDG is simply a fee developer and will not have any equity interest in the property at all.

With regards to the \$2 million promissory note, Ms. Philippe asked the CRA Attorney what would happen to the note under a hypothetical scenario where the developers went bankrupt. The CRA Attorney replied that it would become non collectable. Mr. Reynolds asked if the note would get inline with all the other debts owed by the bankrupt developer, the CRA Attorney replied that it would, assuming that it was part of the bankruptcy court proceedings.

Mr. Bower asked for clarification on whether or not URDG's expenses so far have been reimbursed by Biscayne Landing. Mr. Wallace IV replied that Biscayne Landing has not reimbursed the funds issued by URDG to architects, engineers, and environmental consultants in excess of \$2 million.

Mr. Reynolds and Mr. Vidal both asked what would likely happen if the CRA Board does not approve an advance of funds to URDG. Mr. Wallace IV said he did not know but hoped it would not come to that.

Various members of the committee asked how much of an advance URDG needs. Mr. Wallace IV replied that \$1 million should be enough to satisfy the bank, which is half the amount of the promissory note pledged to the North Miami CRA.

Mayor Burns said that when the original development agreement was signed, no one knew the extent of the environmental problems at the Pioneer Gardens site. URDG has worked on the development of the site and the environmental clean up over the last five years without being paid a fee and there is no one else on City staff or outside the city that would have done that. The Mayor added that the 15% developer fee has always been an ongoing topic of discussion at CRA Board and City Council meetings, but any change to the developer fee would need to be first agreed to with the bank that is providing the line of credit.

Mr. Wolin requested a complete copy of the amended and restated development agreement for Pioneer Gardens.

Mr. Sorey felt that URDG has worked in this city for 5 years now and could see no reason why they did not deserve an advance on the money already owed to them.

Moved by Mr. Sorey, seconded by Mr. Wolin

To postpone decision on this item to a special CRA Advisory Committee Meeting on January 26th, 2009. To facilitate better analysis and review of this item. The CRA Advisory Committee should receive the detailed financial material from URDG well in advance of that date.

Approved 9-0

Item 3 - Status update regarding the proposed scope of rehabilitation for the Bel House Apartments East Building

The CRA Executive Director gave a status update for the Bel House Apartments project.

Item 4 - Request from NANAY, Inc. for additional funding assistance in the approximate amount of \$200,000 for building renovation through the CRA's Economic Development Assistance and Incentive Fund - Commercial Grant Program

The CRA Executive Director gave a summary of the request from Nanay, Inc. for additional funding assistance for building renovation through the CRA's Economic Development Assistance and Incentive Fund - Commercial Grant Program. The CRA Executive Director then introduced Bennie Trinidad of Nanay, Inc. who explained the request in more detail.

The CRA Advisory Committee Chair, Mr. McDearmaid disclosed that he serves as a non paid volunteer on the Nanay Community Board and therefore a conflict of interest exists. The CRA Attorney clarified that Mr. McDearmaid is allowed to participate in the discussion but cannot vote on the item.

Mr. Reynolds asked whether the scope of the project fits under the mission of the Economic Development Assistance and Incentive Fund. The CRA Executive Director replied that Nanay, Inc. is a non profit, which makes it eligible for the commercial grant program; some of the requirements of the program would have to be waived to allow for interior work to be done which is also what was done for the grant given to the Arnold Royal Castle restaurant.

Ms. Philippe asked what the maximum grant amount for the commercial grant program was. The CRA Executive Director replied that it was \$80,000. Therefore, an exception would be made for this project.

Mr. Sorey stated that he has lived in the City of North Miami for 30 years now and is familiar with the great work that Nanay does in the community and appreciates it from the bottom of his heart. Mr. McDearmaid and Mr. Rosemond concurred.

Mr. Rosemond asked what contingencies are in place to allow for cost overruns in the project budget. Mr. Trinidad replied that if cost overruns occur, some of the less essential improvements, such as the replacing of the old carpet with tile, would be scratched.

Mr. Bower asked how much of Nanay's own money was being put into the renovation project. Mr. Trinidad replied that none of Nanay's money was going into the project. In the last three years Nanay, Inc. has lost \$280,000 due to

budget cuts, but they have maintained the same level of service to the same number of clients. This has been achieved through the generosity of the founding board members and the support of volunteers. Mr. Trinidad reminded the committee that \$484,000 was being given by Miami-Dade County.

Mr. Vidal asked why the architect designed the renovation to meet LEED standards. Mayor Burns replied that, per the new Comprehensive Plan, the City of North Miami requires LEED compliance. Mr. Vidal then asked if the City could waive the permit cost for this renovation. Mayor Burns replied that there are some possibilities for fee waivers at the discretion of the Community Planning & Development and/or Building & Zoning Director's discretion and also opportunities under certain circumstances for expedited permitting.

Mayor Burns commended Nanay for their work in the North Miami community. He highlighted the fact that this is a really special project and we will all see the difference that it makes to the downtown and to the lives of the citizens of North Miami relatively quickly. However Mayor Burns was apprehensive over the budget and predicted that there would be cost overruns. Mayor Burns suggested that the Advisory Committee could recommend approval of this project to the CRA Board with a 10% contingency for legitimate cost overruns and, if that still does not cover the cost overruns, an additional \$25,000 matching grant could be made available. Finally, Mayor Burns urged the CRA Advisory Committee that they should also recommend that either the City or CRA consider making improvements to the parking lot behind the Nanay building.

Moved by Mr. Rosemond, seconded by Mr. Vidal

To recommend that 1) the CRA Board approve funding to NANAY, Inc. in an amount up to \$245,000 comprised as follows: (a) \$200,000 for the building renovation project, (b) up to an additional \$20,000 or 10% as a contingency to be funded at the discretion of the CRA Executive Director, and (c) up to an additional \$25,000 from the CRA subject to a required funding match by NANAY, Inc.; and 2) the City and/or the CRA address the need for improvements to the municipal parking lot located behind the NANAY building.

Approved 7-0 (with Mr. McDearmaid not-voting)

V. Old Business

Partners for Self Employment, Inc. are receiving funding from the CRA; they are also leasing office space from committee member Reynolds. The CRA Attorney summarized the ethical issues with regards to this arrangement.

Partners for Self Employment entered into a lease arrangement with Mr. Reynolds after having been referred to him by Dan Lima, Economic Development Specialist for the City of North Miami. Mr. Lima had recommended Mr. Reynolds'

property along with two alternatives. Partners for Self Employment settled on the property owned by Mr. Reynolds because it was a fair price.

The CRA Attorney stated that there was a conflict of interest regarding the one line item in the budget regarding the funding of Partners for Self Employment, Inc. and Mr. Reynolds should have disclosed this to the committee at the beginning of the discussion regarding approval of the budget. However no conflict of interest exists with regards to Mr. Reynolds voting on the budget as a whole. Mr. Reynolds did not try to persuade the committee to approve the particular line item for Partners for Self Employment. In fact there was no mention of this line item during the entire budget discussion.

Mr. Reynolds explained that the conflict of interest had not occurred to him at the time, and that he certainly had not attempted to influence anybody with regards to funding partners for Self Employment. Mr. Reynolds made a formal disclosure and apology to the board.

VI. New Business

The CRA Executive Director announced that Arnolds Royal Castle will be having a ceremonial "Grand Opening" event on Wednesday January 14th, at 5:00 pm.

Mr. Vidal requested that the CRA Attorney investigate the applicability of Chapter 119 to the records of URDG and the Housing Enterprise, particularly with regards to third party contracts.

VII. Adjournment

The meeting was adjourned at 8:36 pm