

SUMMARY MINUTES

REGULAR COMMUNITY REDEVELOPMENT AGENCY ADVISORY COMMITTEE MEETING

Monday, June 1st, 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 6:01 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 (6:06 pm)	0 (+1 E)
Michael McDearmaid	P	0
Roseline Philippe	P	0
Clark Reynolds	P	1 (+1 E)
David Rosemond	P	1
Duke Sorey	P (6:13 pm)	1 (+1 E)
Armando Vidal	P	0
Mark Wolin	E	1 (+1 E)
* Absences from special or rescheduled meetings are not counted		

II. Approval of Agenda

The agenda was unanimously approved

III. Approval of Minutes

The CRA Executive Director pointed out that there was an error in the minutes with regards to the absence of Mr. Vidal, who was in reality present at the last meeting. With this correction, the minutes were unanimously approved.

IV. Items for Review and/or Action

Item 1 - Recommendation to increase the amount of Commercial Rehabilitation Grant Assistance to Arco Glass & Mirror Corp. for the project located at 617 NE 125th Street from \$75,663.00 to \$80,000.00

The CRA Executive Director explained that the original cost of the rehabilitation work at 617 NE 125th Street had increased and that is why the applicant is requesting an increase in the grant amount.

Mr. Vidal asked why the estimate provided, totaling \$170,000, does not match the total stated project cost of \$167,800.

Mr. Lima, Economic Development Specialist for the City of North Miami explained that the owner is hoping to get a reduction on the estimate, but either way it makes no difference to the CRA's grant amount, as the Rehabilitation Grant can only cover 50% of the total project cost up to a maximum grant of \$80,000. Since 50% of both figures (\$167,800 and \$170,000) are over \$80,000, the total maximum grant amount would be \$80,000 in either case.

Moved by Mr. Rosemond, seconded by Mr. Reynolds

To approve the increase in the grant amount to Arco Glass & Mirror Corp. for the project located at 617 NE 125th Street from \$75,663.00 to \$80,000.00

Approved 6-1 (with Mr. Vidal against)

Item 2 - Recommendation to approve funding for new Commercial Beautification and Commercial Rehabilitation Grant projects

The CRA Executive Director described the new commercial beautification and rehabilitation grant projects and asked the CRA Advisory Committee to support a recommendation to the CRA Board to approve these grants.

Moved by Mr. Vidal, seconded by Mr. Rosemond

To support the recommendation to approve funding for new Commercial Beautification and Commercial Rehabilitation Grant projects

Approved 8-0

Item 3 - Discussion of terms and conditions for the CRA's potential purchase of the property located at 680 NE 127th Street

The CRA Executive Director described the property located at 680 NE 127th Street, handed out some material from the Miami-Dade property appraisers' website with regards to the property, and explained the reasons behind the CRA's interest in purchasing the property. The CRA is interested in purchasing the property as part of a larger land assembly project that would ultimately result in the CRA owning all of the properties in the triangular city block that the property at 680 NE 127 street is a part of.

The asking price for the property is \$619,000, the CRA had made an offer of \$600,000, which was rejected. The CRA is now considering an agreement whereby the CRA would pay the full asking price subject to the funding for the

purchase being included in the CRA's upcoming budget for FY 2009-10 with the further stipulation that the closing date would be not later than December 31, 2009, and the CRA would advance the monthly mortgage payments for the current property until the closing date with those monthly mortgage payments credited toward from the purchase price.

The CRA Advisory Committee Chair asked whether the CRA has conducted an appraisal on the property. The CRA Executive Director replied that no appraisal had been done yet, but the purchase price will be subject to one or more appraisals.

Regardless of the appraisal, Ms. Philippe still felt that the asking price was way too high in the current real estate market, she felt that an appraisal based on market comparables does not take into account just how difficult it is to sell a property in this market. The CRA Executive Director replied that he does not think the appraisals will come back at the asking price and was hopeful that the sellers will decide to lower the purchase price when they are presented with the results of the appraisals.

Mr. Bower asked the CRA Executive Director how confident he was in being able to acquire the other properties in the block and whether the property at 680 NE 127th Street was "useless" without the other properties that make up the block. The CRA Executive Director agreed that the property would be "useless" without the adjacent properties as well, but also mentioned the possibility of being able to lease the property for a commercial use in the interim period. The CRA Executive Director said that he was pretty confident in being able to acquire the remaining properties in the block, the bulk of which are owned by a single entity that has already expressed an interest in selling the properties to the City or the CRA.

Mr. Reynolds cautioned the committee that the property at 680 NE 127 Street, a former bakery, would require a large investment to make it usable for another type of commercial use and as such, it would be unlikely that any potential tenant would agree to anything other than a long-term lease. He suggested that the best use for the property in the interim period would be if it was leveled and transformed into a parking lot.

Ms. Philippe asked whether any of the retail matches identified in the Buxton report could be targeted to this block. The CRA Executive Director replied that the land assembly project on this block was more of a long term project, the CRA was hoping that the retail matches from the Buxton report could be accommodated in existing retail spaces.

Public comments:

Ms. Keyes of 12550 Palm Road asked if the contract included a 30 day due diligence period. The CRA Executive Director replied that he thinks it is 90 days.

Mr. Newman of 2350 Arch Creek Drive asked if any study has been done to determine the potential future use of the property and the rest of the block. The CRA Advisory Committee Chair replied that there have already been a number of ideas for the property, in fact a committee had been formed to discuss the idea of preserving the building in the block that was once occupied by the Miami Way Theatre and creating a performing arts center and community facility there.

Moved by Mr. Vidal, seconded by Mr. Rosemond

To support the CRA Executive Director in his drafting of a possible contract to purchase the property at 680 NE 127 Street

Approved 8-0

Item 4 - Proposed Subcontract Agreement between First Southwest Company and Akilah Capital Group LLC for services relating to the issuance of long-term debt by the North Miami CRA

The CRA Executive Director introduced the proposed subcontract agreement between First Southwest Company and Akilah Capital Group, a company headed by William Wallace IV, who is no longer associated with Biscayne Landing.

Ms. Cobo questioned why First Southwest feels the need for additional assistance on this project. The CRA Executive Director replied that First Southwest was not the party requesting additional assistance, it is the CRA itself that feels that Akilah Capital Group would be a valuable addition to the team. This should not be viewed as a deficiency on the part of First Southwest, whom the CRA Executive Director believes is fully capable of fulfilling their obligations and responsibilities under their agreement with the CRA.

With that in mind, Mr. Vidal asked what Akilah Capital Group was bringing to the table. The CRA Executive Director replied that Mr. Wallace IV has worked with the CRA for a number of years and has intimate knowledge of the projects that would be funded by the potential long term debt that the CRA is attempting to issue, and he believed that the addition of Akilah Capital Group to the team would help expedite the process.

Mr. Vidal questioned why the CRA has not gone through a RFP process for this scope of work. The CRA Executive Director replied that no other individual or organization has the same specific knowledge of the CRA's projects as Mr. Wallace IV.

Mr. Vidal said that he was not questioning Mr. Wallace IV's knowledge of the CRA's projects, but rather that he has not seen in any of the documentation the specific experience that Akilah Capital Group has in working on the issuance of long term debt. The CRA Executive Director replied that Akilah Capital Group will not be involved in negotiating the financial terms of the debt issue, which is

strictly the responsibility of First Southwest. Mr. Bower asked what specifically Akilah Capital Group can bring to First Southwest to help the process along. The CRA Executive Director replied that while Mr. Wallace IV was employed with Biscayne Landing, he negotiated with various bankers and was involved in the negotiations with the banking consortium that helped finance the new schools in North Miami.

Mr. Bower asked if there was any conflict of interest with regards to Mr. Wallace's ownership stake in the Housing Enterprise and working with First Southwest for the CRA's issuance of long term debt. The CRA Attorney, Mr. Zelkowitz replied that, as he understands the Florida conflict of interest laws, this would not be considered as a conflict of interest, because Mr. Wallace IV is a private individual, not a public official. Mr. Wallace IV can have an ownership stake in one company that is working for the CRA while working with another company that is also working for the CRA without triggering a conflict of interest. Mr. Zelkowitz then reminded the committee that he would not be the ultimate arbiter as to whether or not a conflict of interest exists.

Public comment:

Mr. Newman of 2350 Arch Creek Drive said that he has had some conversations with Mr. Wallace IV when he was at Boca Developers, and advises that the CRA stay as far away as they can from anyone associated with Boca Developers.

Ms. Keyes of 12550 Palm Road made a number of points. She said that First Southwest is a reputable firm and the CRA Executive Director is the best in the state, between them they are more than capable of doing what Mr. Wallace IV would be doing. If the CRA really feels that it needs an additional person then they should go through a proper RFP process and be able to compare the qualifications of Akilah Capital Group to a number of other firms. Finally Ms. Keyes stated that Mr. Wallace IV, in his capacity as a representative of the developers of Pioneer Gardens, had previously come before this advisory committee and presented legal fees of \$750,000 and requested a 15% developer fee on them. It was later determined that those legal fees had nothing to do with the Pioneer Gardens affordable housing project.

Moved by Mr. Vidal, seconded by Ms. Philippe

To deny supporting a proposed subcontract agreement between First Southwest Company and Akilah Capital Group LLC for services relating to the issuance of long-term debt by the North Miami CRA

Approved 8-0

Moved by Mr. Vidal, seconded by Mr. Rosemond

To recommend that the CRA Board instruct the CRA Executive Director to initiate an RFP process to find an entity that could perform the additional scope of work needed for the issuance of long term debt.

Approved 8-0

Item 5 - Discussion of the FY 2009-2010 Budget Outlook and Funding Priorities

The CRA Executive Director described the budget outlook for 2009-2010, according to a recent article from the Miami Herald, the drop in the property tax revenue is the biggest in 25 years. This has serious implications for all CRAs that receive their revenue from the increment in tax revenues within their district since the year of their inception. Assuming a 10-15% reduction in property values across the entire CRA district, the CRA may face a reduction of between \$1.5-\$2 million off of the CRA's current year net TIF revenue of \$6.8 million. The CRA Executive Director asked the advisory committee to begin to think about prioritizing which projects are most crucial to the CRA for funding consideration in FY 2009-10.

Mr. Rosemond requested a written summary of the results of the various projects that the CRA has funded.

Public comment:

Mr. Killiani of 1131 NE 130 Street questioned whether bonding large amounts was sensible in light of declining revenues.

The CRA Executive Director replied that the plan is to commit only part of the CRA's annual revenue to pay back the bond.

Mr. Newman of 2350 Arch Creek Drive hoped that the CRA could fund the development of a neighborhood park in the central area of the city.

V. Old Business

No discussion

VI. New Business

No discussion

VII. Adjournment

The meeting was adjourned at 7:10 pm

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