

**MEETING OF THE FORT LAUDERDALE
COMMUNITY REDEVELOPMENT AGENCY
8TH FLOOR CONFERENCE ROOM
CITY HALL
TUESDAY, OCTOBER 18, 2011 – 2:30 P.M.**

Chairman Seiler called the meeting to order at approximately 4:32 p.m. Roll was called and a quorum was present.

Present: Chairman John P. "Jack" Seiler
Vice Chair Bobby B. DuBose
Member Bruce G. Roberts
Member Charlotte E. Rodstrom
Member Romney Rogers

Absent: None.

Also Present: Lee R. Feldman, Executive Director
John Herbst, City Auditor
Jonda K. Joseph, Secretary
Harry A. Stewart, General Counsel
Alfred Battle, Director, Community Redevelopment Agency (Northwest)
Donald Morris, Director, Community Redevelopment Agency (Beach)

1. Funding Request for Lauderdale Air Show - \$100,0000

The Executive Director advised that there is a similar request for \$75,000 from the Beach Business Improvement District. There is also an item for a waiver of conflict of interest for Dev Motwani and Ramola Motwani, however, they have both resigned from their respective boards (Economic Development Advisory Board and Beach Redevelopment Board) and as such no waiver is required. The City Attorney explained that the waiver was anticipatory. There is no contract at this time. Member Rodstrom noted that they are partners with the vendor and because of the special relationship with the vendor and City, it may have helped with the board committing to the funds. She was uncomfortable with the appearance.

Don Morris, Beach Community Redevelopment Agency Director, noted a brief history of the item, and indicated that it complies with the Beach Community Redevelopment Plan and the Beach Redevelopment Board's recommendation of \$100,000 funding.

Chairman Seiler asked which events have been approved by the Beach Redevelopment Board (BRAB) (Exhibit 3 of Commission Agenda Report 11-1508). Mr. Morris listed the events not yet approved by the BRAB: Saturday Night Alive and Great American Beach Party. After identifying all of the events from the previous year, there was about \$123,000 left over. In response to Member Rodstrom, Mr. Morris advised that the BRAB requested staff take a closer look at the 4th of July Spectacular Event and re-present to them.

Member Rodstrom referred to the June 21 City Commission conference meeting minutes where Dev Motwani stated that the event would be self-sustaining, which she felt meant there would be no request for funds from the CRA. Historically, the City's position has been to not fund the air show. The Executive Director explained that anyone can come before this board and request

anything. Staff is presenting the BRAB's recommendation. In response to Member Rodstrom's question, Mr. Morris advised that the BRAB was aware of the budget.

Chuck Malkus, member of the BRAB, assured the Board that the BRAB diligently reviewed the budget number first presented and considered events funded in the past and those to take place in the future. He discussed the concept of events receiving seed money initially and as time goes by, they become self-sustaining. The BRAB was looking for an event that would put the City on the map. It was a unanimous vote for \$100,000 to go to the air show. Considering what has been done in the past, he did not think that \$100,000 is that much. The organizers thought originally that City fees would be in the range of about \$330,000, but it changed to approximately \$430,000. Chairman Seiler felt that would explain a difference of \$100,000 but not \$175,000. He believed it is a wise expenditure of CRA funds because the event will probably have a greater impact than other events. Mr. Malkus felt it has to do with whether there is going to be a "10" event or a "7" event. Member Rodstrom felt it was going to be a world class event, they would not need to request any funding. In response to Vice Mayor DuBose, Mr. Malkus believed the BRAB would have still recommended the funding even if there had not been a variance with respect to the City fees.

The City Auditor referred to the July 12 City Commission meeting minutes when the two presentations were made. At that point, costs estimates had been provided to both potential vendors in the amount of \$750,000. They were advised prior to the meeting. The amount was discussed at length at the meeting. All costs were known. If anything, the number may have come down since then.

Member Rogers did not think the theory of nursing these events out of the public trough is not being met this year because \$80,000 is shown for Saturday Night Alive and it should be \$50,000. This level of event funding will not be available in the future. However, he agreed that promoting something that is good is a good use of funds. There has not been anything presented to indicate the total budget of the air show, sponsorships and the shortfall. He wanted to know why there is now a need for a City contribution. Mr. Malkus recalled that the previous event promoter's costs were \$1.75 million. The question is how much of a wow or return on investment is the City looking to get from this event. He felt the City should assist anyone who is interested in producing an event. These funds are not coming from the City's general fund, but rather the businesses along the beach who feel they need a world-class event on the beach. Chairman Seiler agreed, but was trying to figure out what happened. He will not second guess the CRA advisory board. The Executive Director advised that the City's costs are roughly \$500,000, that being \$275,000 for police, \$165,000 for fire, \$20,000 for parking and the remainder for parks. Member Roberts pointed out that it is a much smaller event, in terms of time, than the previous show. The Executive Director advised that even though it is a smaller footprint, the crowd is not estimated to be any smaller than before. There is an impact beyond the beach that needs to be staffed, which includes traffic along Sunrise and Las Olas and U.S. 1. Staff's position is that these costs need to be borne by the promoter. Member Roberts had the same recollection as outlined by the City Auditor. With the costs having been trimmed down and the length of the show reduced, he questioned how sure is it that the show will occur when \$175,000 is now also being requested. Chairman Seiler pointed out that the funding request is for City costs and those dollars are not spent until the event happens. The Executive Director indicated staff's recommendation is that any allocation go to reduce the City fees. Member Rodstrom pointed out that it would be precedent setting. Member Rogers noted the distinction of the Beach Business Improvement District (BID) funds because those businesses have assessed themselves. He went on to point out that funds for this event would consume

the entire year's promotional funding. Member Rodstrom noted that there is a \$25,000 shortfall (Exhibit 3).

In response to Chairman Seiler, Mr. Morris advised that the \$80,000 budgeted for Saturday Night Alive is the same amount that was budgeted the previous year. No decision has been made. Discussion at the last BRAB meeting was that the priority should be on City events, such as the fireworks, and that funding for other events should possibly be reduced.

Chairman Seiler supported the allocation of BID dollars. If there is an issue on the cost estimate, but that is not the case. Mr. Malkus explained that the organizers thought that the cost would be less because the show was going to be only four hours instead of ten. He believed the City's costs for the event previously was in the area of \$350,000. Chairman Seiler wanted to know that information. Member Rodstrom did not think this show compares with the previous event.

Continued below

3. Third Amendment to Services Agreement – Five-Year Term

Pursuant to the email provided to the Board, the Secretary announced a correction to the funds appropriation for this item and the corresponding regular meeting item, M-12.

Motion made by Member Rodstrom and seconded by Vice Chair DuBose to approve this third amendment to the services agreement between the City and the Community Redevelopment Agency, providing for a new five-year term, effective October 1, 2011, retroactively. YEAS: Member Roberts, Member Rodstrom, Vice Chair DuBose, Member Rogers, and Chairman Seiler. NAYS: None.

6. Memorandum of Understanding – Community Development Block Grant Program Line of Credit Repayment

This item was removed from the agenda at the request of the Executive Director.

Note: The Community Redevelopment Agency Board of Directors recessed at 5:10 p.m. and reconvened at 8:14 p.m. in the Chambers on the first floor of City Hall.

1. Funding Request for Lauderdale Air Show - \$100,0000

Continued from page above

Major Elizabeth Kreft, representing the U.S. Air Force, indicated that a military jet team is necessary to have a world-class event, and there is a process to follow in which the City's early cooperation is key.

Dev Motwani, of Lauderdale Air Show, LLC, indicated that when they came before the Commission in June, it was their understanding that the cost for the previous event in 2007 was just over \$400,000. They planned to reduce the hours and the footprint while creating more free areas for the public to enjoy the show, in hopes of reducing the City services cost to approximately \$320,000. But he was made aware of the price increase to roughly \$700,000 on July 12. Since then, they have been working with staff to reduce these costs. They met with BRAB as well as the BID early on to make them aware of potential funding requests. Currently, the City services cost exceeds their original estimate by roughly \$200,000. The goal was never to request funding from the general fund; rather support was sought from the BID and BRAB because these boards have a track record of supporting beach area events. Although it was for less than the requested funding amounts, both of these boards unanimously approved their requests. The goal is to have an air show return in 2012. He stressed that B. Lilley, Inc. is capable of executing a world-class show. The requested funding is needed at least for the first year to get the show off the ground.

In response to Member Rodstrom, he confirmed that the CVB (Greater Fort Lauderdale Convention and Visitors Bureau) has pledged some level of support, but he did not have this commitment in writing. Member Rodstrom asked if they have a business plan. He explained that he can only provide estimated figures because the contract with the City is still being negotiated. He offered to have Bryan Lilley present his business model for Ocean City and Cocoa Beach. Member Rodstrom recalled that B. Lilley was selected on the premise that no City funds would be requested, as was pledged by both vendors during the bidding process. She indicated that the City has reduced the police cost and Bonnet House wants the vendor to provide a damages deposit. The venue is not in the CRA; the request has to do with those parts that will impact the CRA. She believed this is precedent setting. She went on to pose various philosophical questions that could be raised if this is approved. The purpose of the CRA is to use the funds for capital improvements. She could not support the request. Mr. Motwani reiterated they went to the BRAB and BID early on to let them know that they might be requesting funding and have always been up front. If the numbers had been in line with the original thinking of the \$300,000 range, it would have been possible to not require any additional assistance. Unfortunately, the numbers came in higher. CRA funding is being sought for those portions of the event that will impact the CRA and this is something raised by the BRAB. In response to Member Rodstrom's question of whether Mr. Motwani was serving on the board when he was part of the team that decided upon the cost impact on the CRA, Mr. Motwani advised that City staff determined the amount. Everyone attending the show from the CRA area is attending for free. Monies from the BRAB and BID can only be used for City services. In response to Member Rodstrom, the Executive Director explained that a surety will be included in the final agreement to ensure that the City's costs are covered. Mr. Motwani mentioned that some surety options are a cash deposit held in escrow; a bond or a letter of credit. He pointed out that this requested funding is only at risk if the show occurs. He felt these funding requests are consistent with the precedent set by BRAB and BID in that these boards have assisted events that support their area businesses; furthermore, in most cases, the funds provided are utilized for costs other than City services. Other events, where the public is asked to spend money, receive financial assistance whereas this event is for three days and free to the public. Member Rodstrom clarified that the issue is about their misrepresentation concerning the funding and the other proposer who made the same stipulations as well as the fact that two members of City advisory boards partnered with the vendor to pitch the idea and the rules have now changed.

Member Rodstrom inquired about their progress with respect to sponsors. Bryan Lilley of B. Lilley, Inc, indicated that an agreement will likely be brought forward on November 15, 2011,

which will include a list of confirmed and potential sponsors, as well as commitment letters. He remarked that, of the 40 potential sponsors, several are major and were affiliated with the former air show event. In his experience with two other air shows, he has never before seen this level of sponsorship interest which includes roughly three blind inquiries each week. In response to Member Rodstrom's request that he convey the largest sponsorship amount received thus far, he explained that such information becomes somewhat proprietary. Sponsors want details of their sponsorships to remain confidential. Member Rodstrom understood, but wanted proof that B. Lilley has adequate funds to execute this event in view of the fact that the rules of the game have changed. If the \$700,000 estimate for City services had been provided to him before June, Mr. Lilley indicated that he would have bid the air show for 2013 instead. But, the estimates presented before June, combined with his model and historical figures, led him to believe that the show could be executed in 2012. However, the increased City services cost has delayed developing an agreement with the City. He clarified that his definition of world-class is based on quality, not quantity. A jet demonstration team is a key element. He indicated that the U.S. Air Force Thunderbirds (Thunderbirds) and the Blue Angels have expressed trepidation based on the City's cancellations in 2008 and 2010. He clarified that this funding request will go directly toward the City services cost, and only if the event takes place. Member Rodstrom indicated that policy has been not to waive City fees. She maintained that they were aware of the City services cost on July 12 and again referred to the minutes of that meeting where it was stated that no City funds would be needed. Mr. Lilley referred to another comment in the July meeting, indicating that they were told that day that the cost estimate was over \$700,000, despite the reduced footprint. In further response, he indicated that his first presentation to the City occurred on June 21. Member Rodstrom questioned that the dilemma has been facing them since July and it is not yet resolved.

In response to Member Rogers, Mr. Lilley advised that their total expense budget is in the range of \$1.25 million to \$1.5 million, based upon the current \$498,000 City services cost estimate. He explained that his budget includes a number of expenses unique to this venue that they need defined such as barricades and performers that includes accommodation variables. They leave room in the number so as not to be surprised. He thought the final budget will be closer to \$1.25 million. He gave some comparable information about the show in Ocean City.

Vice Chair DuBose recalled originally he was uncomfortable that the Commission was not getting the full picture. This request is problematic. Without the funding from the City would B. Lilley still be able to go forward with the event? Mr. Lilley explained that it would be a setback if the requested BRAB and BID funding is not provided. Vice Chair DuBose questioned the vendor's level of certainty. He pointed out that Mr. Lilley is essentially requesting a partnership with the City, though he has expressed trepidation about sharing sponsorship information. He remarked and Mr. Motwani acknowledged that this request is contradictory to their prior statements. Mr. Motwani went on to explain that he cannot offer 100 percent certainty that the show will be possible until an agreement is worked out; there are a lot of moving parts. A lot of progress has been made, for example GEICO has committed its sponsorship. The goal is to execute the show; otherwise, they will have lost time and funds. In further response, he reiterated that they met with BID and BRAB to address funding requests to offset City costs before coming before the Commission. Those boards were approached because they have capital to support beach area events. Vice Chair DuBose questioned whether they considered the BID and BRAB funding as included when they made their presentation to the Commission (July 12). Mr. Lilley explained that the objective was to get the costs to a number that would fit into the model; they were working through multiple ways and one was to obtain BID and BRAB funding assistance. The agreement must first be in place in order to definitively state whether the show will happen. With the funding approved this evening and the agreement, he thought it

would be possible to announce at the November 15 meeting that the show will go forward. Vice Chair DuBose found it problematic that Mr. Motwani requested funding from BID and BRAB before the presentation to the Commission and then indicated during that presentation that no City funds would be requested..

Member Roberts noted his experience with air and sea shows, and indicated that the City services cost was previously in the \$700,000 range for prior shows. Staffing could be an issue. He questioned whether a military jet team will be available to perform. Mr. Lilley explained that the Thunderbirds will announce their 2012 schedule at the International Council of Air Shows (ICAS) convention in December. Member Roberts shared Member Rodstrom's and Vice Chair DuBose's understanding that no City funds would be expended. Nonetheless, he thought bringing back the air show would have a positive impact on the city; and the funds would not be spent unless the show takes place. Although displeased, he was willing to move forward with first-year seed funds.

In response to Chairman Seiler, Major Kreft noted her experience and credentials with the Thunderbirds and the ICAS. She indicated that the jet teams would like to return, but would like the City and the organizers to express a good faith effort. She expressed support of Mr. Lilley's ability to execute a professional event. If the event occurs, she felt confident that many performers, including jet teams, would be able to confirm before year's end. She felt that it would be in the City's best interest to move forward with this event, especially if they would like to see an air show over the next five to ten years.

Chairman Seiler opened the floor for public comment.

Fred Carlson, representing the Central Beach Alliance (CBA), recalled that Mr. Lilley and Mr. Motwani made a presentation to the CBA wherein some residents' objections were satisfied because they indicated that the show will be smaller with tighter controls, and the time period for jet noise will be shortened. The CBA voted to approve the event without the financial aspect as they also understood that no City funds would be requested. On a personal level, he felt that Mr. Lilley's experience with two other air shows indicates his ability to execute a good show. Even with misgivings, he thought the Board should move forward with an agreement that includes protective clauses for the City.

Art Seitz, 1905 N. Atlantic Boulevard, expressed support of bringing back this event. He elaborated upon the attendance he thought it will draw. He believed that bike travel to the event should be encouraged. In response to his request for Member Rodstrom to indicate the number of email messages she has received in opposition to the air show, she clarified that there is desire for this event, but also concern about this funding request.

Nicholas Sakhnovsky, 455 SW 5 Avenue, thought the main issue for taxpayers is the event's cost. He believed the public perception is that the vendor has done a bait and switch. In order to correct this, he believed the Board must set concrete funding limitations., It should not be underwritten by the City. Ultimately, these are public funds. Although the original understanding was that the City would not bear any costs, he understood that there will be some costs, just as there were for prior events. There needs to be some level of certainty; otherwise wait until 2013.

Mr. Malkus noted that this event benefits the entire country as it showcases those in military service and serves as a recruitment tool. He recalled that previously there was a special events department of the City that produced events which is no longer the case. With the current business environment, some flexibility is needed. He supported the risk being taken by these

organizers. This April the U.S. Navy will be celebrating the anniversary of 1812. The Navy has long wanted the air show to return so that they could work with the Air Force. He encouraged the Board to support this event and have a little bit of flexibility.

There was no one else wishing to speak.

In response to Member Rogers, Mr. Lilley advised that they have reached about one third of their funding goal; a lot more is in discussion. Member Rogers suggested a formula be developed so that if they raised more, the amount would be reduced. Chairman Seiler pointed out that no one is comfortable with the situation, but they recognize the air show's value. He suggested the BID funding of \$75,000 be approved, although not granted until needed, and \$75,000 from the CRA as a one-time seed money. If certain fundraising thresholds are met, the CRA money or a portion would be returned, otherwise it is one-time seed money. Member Rodstrom suggested there be post-show funding summary by a certified public accountant. Chairman Seiler pointed out that by reducing the funding amount from \$100,000 to \$75,000, it allows for the CRA to fund the fourth of July event.

Vice Chair DuBose was not comfortable that the show will happen this year with or without the funding and elaborated upon his viewpoint. Members Roberts and Rogers supported Chairman Seiler proposal. Member Rogers elaborated upon his thinking of how the organizers might have thought the City services cost would be less. He felt it is unrealistic to not consider the benefit to the city. Member Rodstrom agreed with Vice Chair DuBose; the original plan was to not have a compromise. Although she would like to see an air show occur, she could not support the way the funding was packaged, despite it being within the CRA marketing budget. In response to Member Rogers, the Executive Director offered to include funding language in the contract which will be brought forward on November 15 as to a formula depending upon the level of fundraising achieved.

The Board recessed momentarily and convened the regular meeting to act on Agenda Item M-13 which had to do with the BID funding allocation for the air show.

Motion made by Member Roberts and seconded by Member Rogers to approve funding in the amount of \$75,000 from the Central Beach Redevelopment Area fund for the Lauderdale Air Show promoted by Lauderdale Air Show, LLC. to defray the City services cost, subject to terms and conditions to be set forth in the upcoming agreement for this event. YEAS: Member Roberts, Member Rogers, and Chairman Seiler. NAYS: Member Rodstrom and Vice Chair DuBose.

Also see City Commission regular meeting, Agenda Item M-13.

2. Funding Request for July 4th Fireworks Spectacular Event

Given that the funding amounts for this item and the air show (Agenda Item 1) have been reduced, Don Morris, Beach Community Redevelopment Agency Director, explained that the Community Redevelopment Agency (CRA) can fund this year's CRA special events as set forth in Commission Agenda Report 11-1508, Exhibit 3 for Agenda Item 1. Also, staff will pursue a funding reduction for the Saturday Night Alive event.

Motion made by Member Rodstrom and seconded by Member Roberts to approve funding in the amount of \$84,000 from the Beach Community Redevelopment Area fund, for the City's July

4th Fireworks Spectacular Event on the beach. YEAS: Member Roberts, Member Rodstrom, Vice Chair DuBose, Member Rogers, and Chairman Seiler. NAYS: None.

The Board recessed momentarily and convened the regular meeting to act on Agenda Item PUR-02.

Also see City Commission regular meeting, Agenda Item PUR-02.

**4. Funding Request – Single-Family Units - \$100,000
DeAngelo Development – WWA Development, LLC**

Alfred Battle, Northwest Community Redevelopment Agency Director, highlighted background information set forth in Commission Agenda Report 11-1284. He also explained why this item was delayed coming to the Board. The original developer's request was for \$50,000 per unit, however the advisory board agreed with staff's recommendation of \$30,000 per unit. In light of the declining housing market and continued discussions with the developer, staff's recommendation has been reduced to \$25,000 per unit which is roughly equivalent to the cost of the land purchased for these properties. The land cost concept is very similar to that of the first-time homebuyer program.

Chairman Seiler recalled numerous occasions in the minutes where he raised the issue of price points. He questioned why one would proceed to a second project when the first could not be sold. He did not want to pay for anything when there is no contractual obligation. Other developers could come forward and ask for assistance in offsetting some of their losses.

Willie McNair, president of DeAngelo Development, advised that they came before the advisory board to request funding prior to commencing the project. The advisory board recommended \$30,000 per unit at the time. Mr. Battle explained it was never brought to this Board for a vote. Mr. McNair indicated the houses were intended for first-time homebuyers. The advisory board asked that some of the amenities be upgraded which is where some of the cost was incurred. Chairman Seiler questioned the suggestion to upgrade the units in 2009 when it was a known fact at that time that the market was soft. Mr. McNair indicated at the time they had appraisals of smaller houses that they had built that sold for about \$180,000, therefore the cost was supported. Chairman Seiler emphasized that the 2009 minutes show that everyone on the board questioned the price point. He reiterated that if the Board is not obligated legally, he did not want to pay.

Vice Chair DuBose was concerned that this item and the next were packaged together. He referred to the master plan, indicating that infill housing is part of that plan. He discussed the benefits of houses in the program that were granted assistance and infill housing in general.

Mr. Battle confirmed for Chairman Seiler that the advisory board makes recommendations, but direction must then come from the CRA Board of Directors. In response to Member Rogers, Robert McNair, vice president of DeAngelo Development, indicated that DeAngelo was not looking for additional subsidy originally (without making added enhancements). They understood that building in the CRA meant certain amenities, but purely from a business standpoint, they would have built smaller. They did not anticipate the degree of market fall that occurred. There are contracts on all four of the units. DeAngelo owned the lots perhaps a couple months before approaching the advisory board. Mr. Willie McNair expanded on how they calculated their risk and the prices originally. Mr. Robert McNair expanded on the chronology

including that they owned the property and then approached the advisory board to seek their advice on what the board would like to see built. The idea was to proceed with a development agreement and DeAngelo would receive funding after certificates of occupancy and contracts on the properties. Mr. Willie McNair indicated that Agenda Item 5 was before this item. They had not started work under this item when Agenda Item 5 was approved. Dialogue continued as to the timing of how long DeAngelo owned the properties before starting. Member Rogers noted there appears to be a huge gap in time between December 2008 conversation with the advisory board and November 2009 when DeAngelo came before this Board. He did not understand the delay. Mr. Battle advised on the new units it is more of a staff issue. Staff did not bring forward a development agreement for the original units because they were having discussions about the new units. Staff did not have enough information to put together an agreement. Chairman Seiler questioned how direction be given to DeAngelo on enhancements when there was no agreement. Mr. Battle recalled desires expressed by the advisory board as to enhancements. Chairman Seiler was concerned that at the same time DeAngelo was being told to make enhancements there is discussion about price points and that they would never occur. Vice Chair DuBose explained that part of the process is to ask for a certain quality of housing. The advisory board has historically wanted to see certain amenities in the infill program. The program is designed to attract developers to build a better quality. This is how it has reached this point procedurally. Chairman Seiler felt the issue is what developers were directed to do in 2004-2006 should not have been perpetuated in 2009-2010. Vice Chair DuBose felt such direction was not given to the advisory board. Member Rogers did not think there has ever been a waiver of market risk. He felt this Board must take some responsibility for its advisory board. These matters should be brought forward to this Board sooner. Chairman Seiler could not find a specific request in the minutes of the advisory board and Mr. Battle indicated that he could not also recall a specific request. However, there was always a concern about unit quality in the program. Chairman Seiler believed there is an obligation for Agenda Item 5. Mr. Battle agreed and commented there was clearly discussion about increasing the size and amenities because of the lot configuration. He confirmed for Member Rogers that such a discussion did not occur for this item to that extent.

Chairman Seiler opened the floor for public comment.

Nicholas Sakhnovsky, 455 SW 5 Avenue, thought since the advisory board cannot allocate funds, the issue is the timing of when this was brought to this Board. He was concerned about the Board being made to feel obligated despite there being no legal substance. The developer made the decision to spend these funds, and it is not the Board's obligation to subsidize their spending after the fact. A distinction should be made between this item and the next.

Member Roberts pointed out that it appears the advisory board is reacting to a staff recommendation of \$125,000 and then it was not brought to this Board for a decision. He expressed support in the infill program and its success. If there are contracts on these four units, DeAngelo has been successful, but there has been a decline in the market. Part of the responsibility is someplace between the advisory board and staff. He did not think the item should be approved. Vice Chair DuBose was concerned about the message being sent about the infill program generally. Chairman Seiler advised that he supports the program, but in this case, one cannot build without authority or build beyond what the market can handle. Units should not be built \$100,000 above what the market can withstand. He preferred to go forward with infill redevelopment projects. Until the market recovers no one is going to buy a house \$50,000 above for what they can buy an existing home. This should not be encouraged. Vice Chair DuBose pointed out that the same issue existed when the market was strong which is the whole reason for a CRA being created. Debate between the Chairman and Vice Chair ensued.

on this point. Vice Chair DuBose stressed that this Board needs to discuss the intent for infill housing. Chairman Seiler was prepared to honor the deal made with DeAngelo for Agenda Item 5 even though the funds will likely never be recovered. Vice Chair DuBose did not believe the infill housing program was designed to recover the funding provided. Chairman Seiler stressed that the goal should be to break even because the funds are recovered through the tax increment financing (TIF). The prices meant to draw residents to the CRA can now be found in other subdivisions throughout the city. So, in the future, infill housing prices need to be adjusted accordingly. Vice Chair DuBose pointed out that this program was designed to attract the building of a better quality home and a different demographic. Chairman Seiler agreed, but he believed this demographic was lost in 2007 (when the market began to drop off). Debate continued between the Chairman and Vice Chair on this topic. Vice Chair DuBose indicated that there are infill housing buyers who do not need financial assistance, but rather bought into the vision for the neighborhood. Chairman Seiler stressed that these buyers can now purchase a larger home for the same price. Vice Chair DuBose maintained that the infill subsidy allows buyers to get a home valued at \$200,000 for \$170,000 and it would still be less expensive than purchasing in another area without the subsidy. Chairman Seiler pointed out that the subsidy has to be in the range that it can be recouped in the TIF formula; a subsidy that exceeds what can be recouped does not meet the needs. Vice Chair DuBose noted that placing a formerly vacant lot on the tax roll is a positive, which is another intent of the program. He stressed that there are intangibles which extend beyond the mathematics. Chairman Seiler agreed, but emphasized that the point of diminishing or no return was caused by the real estate market downturn, not the CRA or this developer. He noted that the 2008 analysis reflected a best-case scenario in which these homes would generate \$160,000 over fifteen years. Vice Chair DuBose contended that, in order to meet the CRA master plan objective, there will be instances when investments bring intangible returns, rather than breaking even financially. Although it is difficult to quantify, a part of the program's intent is to bring these intangibles which affect the quality of life. Chairman Seiler agreed, but he felt a limitation must be decided upon at some point. If considering the program's intent for the neighborhood, Vice Chair DuBose thought the price point is far exceeded because of the intangibles. Chairman Seiler remarked that the CRA budget should be kept break-even; advance funds are granted with the expectation that a larger amount will come back through the TIF. Vice Chair DuBose mentioned the positive impact of attracting a higher income demographic.

Motion made by Vice Chair DuBose and seconded by Member Rodstrom to approve a post-development contribution of \$100,000 from the Northwest-Progresso-Flagler Heights Capital Improvement Project Account toward construction of four single-family units in the Dorsey Riverbend area (Kelley Estates) and transfer of the funds to Capital Improvement Project P11741.347; and authorize negotiation of a development agreement with DeAngelo Development. YEAS: Member Rodstrom and Vice Chair DuBose. NAYS: Member Roberts, Member Rogers, and Chairman Seiler.

Vice Chair DuBose asked what is the Board's desire regarding infill housing as he thought the message being sent contradicts the master plan. He noted the Board's willingness to provide a similar amount of funding for the air show or a fireworks event, although this will have a significantly longer lasting effect. Chairman Seiler contended that the air show offers millions of dollars in documented economic impact, and this matter has a documented impact of \$160,000. Vice Chair DuBose expressed frustration because he felt issues relating to the northwest often pose a conflict. It is very difficult to get people to understand the intangible impact. Sometimes it is necessary to invest more than what one would initially see in return. Chairman Seiler thought that many items have been approved for the CRA; this may be the third one not approved in three years. Another example is the number items approved for Sistrunk that the

Board did not think made economic sense. Vice Chair DuBose thought concerns about the CRA are expressed more vigorously than concerns about other areas that he believes should warrant similar vigor. Chairman Seiler stressed that this Board is required to focus on the tax dollars. Vice Chair DuBose did not dispute that the Board has previously approved a number of CRA projects because of their benefit to the neighborhood, even though economic viability may have been lacking; however, his frustration stems from having to beg for the Board's support. The next agenda item is probably not a wise investment because of timing. He was concerned that approving this item to help a developer cover their losses on infill would spark similar funding requests. Vice Chair DuBose explained that he is frustrated with having to fight on every issue. Chairman Seiler believed that the Vice Chair has made major accomplishments in this district in the last three years. Chairman Seiler pointed out that this was a request for assistance after the fact with no obligation (on the part of the CRA) and he did not think anything of this nature would not be heavily debated. Vice Chair DuBose indicated that not moving forward with this item will negatively impact the neighborhood and the city. The developer got to this point based on how the program is operated. It should be examined.

5. Development Agreement – Four Infill Housing Units – Dorsey Riverbend - \$140,000 DeAngelo Development, WWA Development, LLC and RDM Development, LLC

Alfred Battle, Northwest Community Redevelopment Agency Director, reviewed Options 1 and 2 as set forth in Exhibit 1 of Commission Agenda Report 11-1557. He confirmed that expansion of the unit size was related to the lot configuration. Because the lots would not accommodate a single-family house, the only option was to build multi-family units. He verified that the original projection was that these units would generate approximately \$100,000 over 15 years; the current projected tax benefit is approximately 30 to 40 percent less. In response to Chairman Seiler, he advised that one of the units is complete and occupied, another is complete, and the other two are in the block stage of construction. The occupied unit was sold for \$205,000 in December, 2010. Willie McNair, president of DeAngelo Development, advised that the completed unit is under contract for \$195,000. He contended that, if the same units were built in South Broward, they would currently appraise for \$259,000; but, in the Northwest area they appraise in the range of \$178,000 to \$190,000. The units in Agenda Item 4 would also appraise higher if built in a different area. He thought there will always be a problem with blight in this area until appraisers use properties in the next neighborhood if they cannot find an appropriate comparable property in a mile radius. This problem existed even when the market was strong. It was confirmed for the Chairman that the subsidy on these units is \$35,000 each. Member Rogers concluded that the unit that has already been closed upon should be authorized. He framed the issue before the Board and recommended that the subsidy for the others be paid at closing because the goal is to have the unit occupied. In response to Chairman Seiler, Mr. Battle explained that there was prior discussion about executing an agreement in which the subsidy is provided when a certificate of occupancy (CO) is issued, and payment would not be released until there is a buyer ready to purchase to prevent the units from being rented. In response to Member Rogers, Mr. Battle indicated a similar project was model row and in that case, the lots were not released until there were sales contracts. Whether it be the properties or funds, this item would be treated similarly in the agreement. Mr. McNair explained that a CO has been issued for two units, and one is occupied and there is an executed contract on the other, awaiting closing. The other two are in construction. Chairman Seiler believed the CO stage was previously indicated and he felt the Board should honor that term.

Motion made by Member Roberts and seconded by Vice Chair Rogers to approve Option 1, an agreement for funding for the total amount of \$140,000 or \$35,000/unit with payment to be

provided upon issuance of certificate of occupancy. YEAS: Member Roberts, Member Rodstrom, Vice Chair DuBose, Member Rogers, and Chairman Seiler. NAYS: None.

There being no further business to come before the board, the meeting was adjourned at 11:02 p.m.

John P. "Jack" Seiler
Chairman

ATTEST:

Jonda K. Joseph
Secretary