

**MINUTES OF THE COMMUNITY REDEVELOPMENT AGENCY BOARD
SPECIAL WORKSHOP MEETING HELD ON TUESDAY, FEBRUARY 11, 2009,
AT 6:00 P.M. AT THE CAROLYN SIMS CENTER,
BOYNTON BEACH, FLORIDA**

PRESENT:

Jerry Taylor, Chair
Jose Rodriguez, Vice Chair
Woodrow Hay
Marlene Ross
Ron Weiland

Lisa Bright, Executive Director
James Cherof, Board Attorney

I. Call to Order – Chair Jerry Taylor

Chair Taylor called the meeting to order at 5:59 p.m.

II. Pledge to the Flag and Invocation

Mr. Hay offered the invocation followed by the Pledge of Allegiance to the Flag.

III. Roll Call

The Recording Secretary called the roll, and a quorum was present.

(Vice Chair Rodriguez arrived at 6:02 p.m.)

(Ms. Ross arrived at 6:02 p.m.)

IV. Presentation: MLK Corridor Project and Master Development Agreement by the Auburn Group

Cito Berguirstain, Auburn Group, provided background on Auburn's development experience and discussed the genesis of the project through the current date. It was Auburn's mission to develop affordable housing and revitalize neighborhoods in the Heart of Boynton. The proposed three-phased development consisted of a grocery store and retail complex, satellite senior center, rental units for seniors and single-family housing. The revised plan eliminated the eight-story buildings along Federal Highway and provided for two and three-story buildings. A more holistic approach would be taken regarding the development.

(Mr. Weiland left the meeting at 6:17 p.m.)

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Mr. Berguirstain noted Auburn sought confirmation that the development was still desired. He emphasized Auburn would not bear the \$70,000 cost for the third-party financial review until an agreement had been secured.

(Vice Chair Rodriguez left the meeting at 6:43 p.m.)

Mr. Berguirstain reviewed the CRA's protections under the agreement, stressing the CRA had the power to review Auburn's financials at any time. He also reiterated the need to resolve the grocery/retail complex issues in order for Auburn to obtain the tax credits for the senior rental community.

V. Public Comments

Questions were submitted on cards and are set forth below, together with responses.

- ◆ Would Auburn, the City or the CRA request the use of eminent domain during the process? Mr. Berguirstain responded he would not hesitate to utilize the eminent domain process to transform hot spots into green areas and to prevent crime. Chair Taylor noted the CRA did not have the power to use eminent domain, and the City could do so for a public purpose only.
- ◆ What is your plan to accumulate all the "missing pieces" relating to 75 property owners along the MLK corridor? Mr. Berguirstain responded Auburn had been able to secure contracts for a number of properties, even though this was difficult without a Master Development Agreement.
- ◆ How long do you anticipate it would take to get all the properties under control and how would this delay the project if you were unable to do so? Mr. Berguirstain was unable to respond, as not all of the properties had been under contract.
- ◆ Could the Wellness Center be combined with the Senior Center? Mr. Berguirstain responded several types of services could be combined in a facility. He was not familiar with the Wellness Center.
- ◆ Would any part of the redevelopment project exceed existing heights and/or density? If so, what part and by how much? Mr. Berguirstain responded affirmatively, noting 30 units per acre had been designated for the Senior Center. City staff indicated this was feasible. He reiterated construction of the eight-story structures had been eliminated.

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- ◆ How can we have a safe, family-friendly commercial/residential community with a strip club still in existence? Mr. Berguirstain believed the strip club contributed the least to a precarious environment when compared to the convenience store on Seacrest Boulevard. It would be his recommendation to convert the area into a park.
- ◆ Do you plan to incorporate a Public Art element in the project? Mr. Berguirstain responded affirmatively. The agreement called for a traffic circle which would provide opportunities for the incorporation of Public Art. Additionally, the City's ordinance required the incorporation of Public Art components in all development and redevelopment projects.
- ◆ Has the Master Development Agreement been signed? If not, what is the anticipated date? Mr. Berguirstain noted the Master Development Agreement had not been signed. He hoped the anticipated date would be sometime in March.
- ◆ What measures were in place to assure residents the community would not be "sold out"? Examples would include prequalifying for mortgages or bond assistance prior to construction. Mr. Berguirstain responded the agreement included elements to provide affordable workforce housing during construction.
- ◆ During the construction phase, where would you relocate displaced owners? Mr. Berguirstain responded Auburn had provided opportunities for displaced persons to reside in one of Auburn's rental communities and up to \$2,500 to cover relocation expenses.
- ◆ Do you plan to continue to assist in paying for programs proposed at the Senior Center? Mr. Berguirstain responded affirmatively.
- ◆ Do you have a short-term construction loan and a long-term 30-year loan in your financing? Mr. Berguirstain was not certain, as Auburn had not yet secured the construction financing. It was Auburn's intent to secure all the financing necessary.
- ◆ Do you apply for tax credits or do you use the SunTrust credits? Mr. Berguirstain responded Auburn had applied for low-income tax credits for affordable rental housing, and for Neumark tax credits for commercial construction.
- ◆ Do you have a letter of intent from the retail store? If so, what would the square footage be? Mr. Berguirstain responded negatively, adding he had spoken to a number of operators who had expressed an interest in the property. Auburn had

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not finalized an agreement with any particular operator as the Master Development Agreement was not yet in place.

- ◆ What type of changes do you propose along MLK Boulevard and Seacrest? Mr. Berguirstain responded no changes were proposed for Seacrest. The City and the CRA would be responsible for streetscape improvements along MLK Boulevard.
- ◆ Would the City, the CRA and Auburn Group deed restrict height and density along Federal Highway? Mr. Berguirstain responded the CRA did not have the authority to do so. This would fall under the authority of the City.
- ◆ Would the project tie up CRA monies so that no other projects could be undertaken? Ms. Bright noted the question could not be answered. Auburn had eliminated Phase 4, and it was not known how this would impact the CRA's forecast for the future.

Comments offered by the public included the following:

- ◆ Height limitations should be established for structures on MLK Boulevard and Federal Highway.
- ◆ The developer should be vetted to ensure its viability.
- ◆ The site plan changes could be worked out.
- ◆ No monies should be provided to Auburn until bank commitments were produced.
- ◆ The City and the CRA should demonstrate support for the development and purchase the remaining properties to lock in Phase 1 and Phase 3.
- ◆ The stakeholders should be contacted regarding the development.
- ◆ Due diligence must be made to secure Auburn's financials.
- ◆ The City should not be stripped of funding. The sum of \$10,000 was a great deal of tax money to put into buildings.
- ◆ While the agreement was not perfect, if the City did not step forward and take an active role, the project would fail, and it could be years before the MLK corridor was redeveloped. Land assembly would always be an issue. The retail

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component should provide sustainability and appeal to those outside the neighborhood as well.

- ◆ Other projects should be fostered and facilitated by the CRA to generate greater Tax Increment Financing (TIF) revenues. An independent financial review should be obtained to determine the Tax Increment Financing (TIF) revenue needed for the project. The project should be funded in the normal manner, provided the financials were viable.
- ◆ The project should be integrated into the community, and no one should be displaced. Long-term commitments for employment should be sought and dollars set aside for training. The grocery store should be large enough to accommodate fresh meats and vegetables. If the store was too small, it could become a vehicle for drug dealing. It was not the developer's responsibility to reduce crime. The City's citizens merited affordable, quality housing east of I-95. The Senior Center was a valuable component of the project.

A person in the audience requested that Ms. Ross, Mr. Hay and Chair Taylor comment on Mr. Berguirstain's presentation. Ms. Ross appreciated his presentation and agreed with earlier comments that it was not the developer's responsibility to reduce crime or deal with social issues. These issues would fall under the domain of law enforcement and social workers and would require significant financial commitments. Ms. Ross believed Auburn should focus on its financial responsibility to the CRA and the Board. Mr. Hay opined the meeting was intended to gather information, and issues addressed should be evidenced in writing. Chair Taylor agreed with Mr. Hay. He noted promises were offered and major changes had been made regarding Phase 4. It would be necessary to review the proposals in writing and ensure the financial viability of the parties.

Chair Taylor noted Auburn's agreement at the February 10, 2009 CRA Board meeting to pay for the third-party financial review upfront. Mr. Berguirstain inquired whether Auburn's refusal to do so would be a deal breaker. Chair Taylor advised the issue would have to be brought before a full Board. Mr. Hay noted he resided in the Heart of Boynton and favored the redevelopment. However, he could not support the project without a written agreement in place. Chair Taylor noted the input received at this meeting would be incorporated in the agreement for review at the next CRA meeting, if it were provided in a timely manner. Attorney Cherof noted he would begin working on the final draft as soon as it was in his possession.

Ms. Bright clarified several issues. The project would not be funded by the City. City staff would assist with land use and zoning changes. Additionally, the CRA had no site plan control for use of the City Hall site. She dispelled the perception that the CRA had

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inherited million of dollars at the time the agency was created and that the Board and CRA staff had not designated dollars to redevelop the MLK corridor. The Board and CRA had always supported redevelopment efforts for the area. Ms. Bright noted the CRA was attempting to work with Auburn to fund \$10 million (reduced from \$23 million), but stressed it would be irresponsible to proceed without a third-party verification. She pointed out if the deal fell through, the monies would be programmed in another manner to redevelop the MLK corridor.

Bill Bymel, Retail Sites International, Inc., advised he had previously met with Tom Hinners on behalf of a retailer interested in the property. To date, he had not heard from Mr. Hinners. He believed there were other retailers interested in the property as well.

Residents suggested police substations be created to rid the community of crime and drugs. Ms. Bright noted this had been attempted in the past. However, there had not been enough police officers to man the substations. Additionally, funds were not currently available to build substations. She pointed out a separate meeting could be held to discuss this issue, even if it were just attended by Chief Immler, CRA staff and residents. The focus should be on the Master Development Agreement.

Additional comments were offered by the public as follows:

- ◆ Stipulations should be incorporated into the agreement.
- ◆ Inlet Cove Association (INCA) wished to have an opportunity to review the agreement.
- ◆ Auburn should pay for the third-party verification in order for the project to move forward. The cost of the review was insignificant and would not affect Auburn's profit.
- ◆ While the redevelopment of the MLK corridor and affordable housing were needed, due diligence must be accomplished in obtaining the third-party verification prior to the execution of the Master Development Agreement.
- ◆ Mr. Berguirstain's request was not unusual. There were always contingencies and conditions set forth in agreements. The Board should listen to the community and find a way to resolve the issues.
- ◆ An opportunity had been presented to improve the quality of life along the MLK corridor. The \$70,000 cost for the financials should not be a deal breaker.

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Ms. Bright emphasized CRA staff had not reviewed Auburn's financial statements since July 2006. In December 2009, the Board directed staff to hire a financial consultant for the third-party verification. While PMG Associates had been hired to provide a financial analysis for Seacrest Village more than two years ago, Mr. Berguirstain noted at the January 13, 2009 meeting that Auburn had a significant conflict of interest with PMG Associates. While Auburn indicated it wished to move forward with the agreement, the CRA was attempting to be fiscally responsible in requesting a review of Auburn's financials. She noted it would take approximately six weeks for the Tax Increment Financing (TIF) and financial analyses to be completed.

Chair Taylor held he had read the agreement while the residents had not. Once the agreement was signed, a number of conditions would have to be met by the CRA and the City. There would also be a fee to terminate the agreement. Additionally, the reference "to be determined" had appeared throughout the agreement. This was inappropriate, as everything should be identified up front.

Mr. Hay suggested payment be made to Auburn through Tax Increment Financing (TIF) dollars on the back end. This would free up funding to improve Seacrest Boulevard. While Mr. Hay favored the development of the Heart of Boynton, Auburn was requesting the CRA to make a decision without the proper information. He cautioned against moving too quickly.

Other comments were:

- ◆ Auburn and the CRA should each pay for half the cost of the third-party verification.
- ◆ It was a failure of the City to clean up the MLK corridor resulting from a lack of commitment to the area.

Chair Taylor called for comments from City representatives.

Kurt Bressner, City Manager, noted he had not previously seen the revised plan, and believed it to be a step in the right direction. Auburn had taken a look at the east end of the parcel and brought the density down. There were issues regarding title to the vacant property next to the convenience store and meat market. The property had been conveyed to the City, by the County, for open space. Deed restrictions had been applied which could result in the relocation of the open space to benefit the community. This should be clarified. The issue of the deed restrictions had not been included in the draft agreement and was discovered upon Mr. Bressner's review of the document. Chair Taylor inquired whether City staff had expressed concerns regarding the four-story height proposed for Phase 2. Mr. Bressner replied it did not conform to the

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original site plan, but as the market had changed, the conditions had changed as well. He would defer any staff concerns to Mr. Greene.

Quintus Greene, Director of Development, noted he had not seen the revised agreement either and agreed it was a step in the right direction. As to the four-story height, there would be a necessity for a change in the Heart of Boynton plan and a modification to the zoning, which he believed was doable. He envisioned the area along the MLK corridor could conform to the City's mixed use low 2 category. This allowed for 45 foot height limitations with between 20 to 40 dwelling units (du) per acre. The category for the MLK corridor was a local collector road, and not an arterial road. An arterial road would allow up to 40 dwelling units (du) per acre. This could be resolved with the developer. Mr. Greene believed it was obvious from the presentation that the developer had been listening to the community and had taken steps to modify the agreement. It would be necessary for Mr. Greene to review the completed Master Development Agreement before rendering any specific recommendations.

VI. Board Discussion

(Discussion by the Board had been set forth earlier.)

VII. Adjournment

There being no further discussion, the meeting properly adjourned at 9:23 p.m.



Stephanie D. Kahn
Recording Secretary
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