

**MINUTES OF THE COMMUNITY REDEVELOPMENT AGENCY BOARD MEETING
HELD ON TUESDAY, JUNE 14, 2011 AT 6:30 PM IN
CITY COMMISSION CHAMBERS, CITY HALL,
100 E. BOYNTON BEACH BLVD., BOYNTON BEACH, FLORIDA**

PRESENT:

Jose Rodriguez, Chair
Bill Orlove, Vice Chair
James "Buck" Buchanan
Woodrow Hay
Steve Holzman (*arrived 7:20 p.m.*)
Mark Karageorge
Marlene Ross

Vivian Brooks, Executive Director
James Cherof, Board Attorney

I. Call to Order - Chairman Jose Rodriguez

Chair Rodriguez called the meeting to order at 6:32 p.m.

II. Pledge to the Flag and Invocation

Mr. Karageorge gave the invocation and led the Pledge of Allegiance to the Flag.

III. Roll Call

The Recording Secretary called the roll. A quorum was present.

IV. Legal:

There were no legal issues to discuss.

V. Agenda Approval/Disclosures:

A. Additions, Deletions, Corrections to the Agenda

Mr. Hay pulled Item VIII, Consent Agenda, Item D.

Mr. Karageorge pulled Item VIII, Consent Agenda Items E and G for brief comment.

Ms. Brooks pulled Item VIII, Consent Agenda Item A.

Chair Rodriguez advised Mr. Holzman would be late and had requested moving Item XII, Old Business, Item A to the end of Old Business.

B. Adoption of Agenda

Motion

Mr. Karageorge moved to approve as amended including the request from Mr. Holzman. Mr. Hay seconded the motion. The motion passed unanimously.

VI. Informational Items and Disclosures by Board Members:

B. Disclosure of Conflicts for Items Presented to the CRA Board on Agenda Items (Heard out of order.)

Mr. Karageorge disclosed he had served as a volunteer for Habitat for Humanity for the past several years; however, the relationship does not meet the legal definition of "conflict." Later in the meeting, Chair Rodriguez requested disclosures be listed first under VI. Informational Items and Disclosures from the Board. There were no objections to the request.

A. Informational Announcements

Mr. Hay announced he was very proud of the City because there were dead plants along the Seacrest Corridor project on the north end which were recently replaced and the area was beginning to look better. Additionally, the hedge in front of the marquee was trimmed and looked nice. He commended staff on a great job.

Ms. Ross agreed with Mr. Hay's previous comments that Seacrest Avenue and the artwork looked great. She highlighted the public art along the corridor and thanked Ms. Coles-Dobay, the Public Art Administrator and the Arts Commission Chair for their efforts.

Vice Chair Orlove announced he enjoyed participating in the "City Hall Spruce Up." The building looks better and he noted the Seacrest side would be addressed at a later date. He concurred with Ms. Ross' comments regarding the Seacrest beautification effort and that it was beautiful. He was anxious for the formal ribbon cutting ceremony.

Mr. Karageorge attended the last CRA concert of the season and congratulated Kathy Biscuiti, Special Events Director, and staff on a great job. Additionally, he, Ms. Ross and Mr. Hay attended the ribbon cutting for the new Pathways to Prosperity building and commended their efforts in the community. He attended the evening session of the Galaxy ribbon-cutting event along with representatives of the School Board. Other Commissioners were present throughout the day. The project was a "Green" project, which was well received by the community. He also attended Mr. Hay's retirement from the School District and advised he had a wonderful evening.

VII. Announcements & Awards:

- A. 4th of July-Salute to Independence

Kathy Biscuiti, Special Events Director, announced the 4th of July event would be held at Intracoastal Park. The park opens at 6 p.m. At 6:30 p.m., the Amber Leigh Band, a local favorite, will perform. At 7:30 p.m., the Patriotic Salute with the City Commission, Fire Honor Guard and a vocalist singing the National Anthem will take place. The Band would resume until 9 p.m. when Fireworks by Grucci would commence, choreographed to music. The event was a family event with food and drink vendors on site. No pets are allowed, and attendees should bring chairs and blankets. All were invited to attend.

VIII. Consent Agenda:

- A. Approval of Minutes – CRA Board Meeting May 10, 2011

This item was pulled by Ms. Brooks.

- B. Approval of Period Ended May 31, 2011 Financial Report
C. Monthly Purchases Over \$10,000
D. Approval of Two Month Extension of Lease for CRA Office at 915 South Federal Highway

This item was pulled by Mr. Hay.

- E. Approval of Interior Build-out Grant to Palm Orthopaedic Institute, Inc.

This item was pulled by Mr. Karageorge.

- F. Approval of Rent Subsidy Grant to Palm Orthopaedic Institute, Inc.
G. Approval of Commercial Façade Grant to Rainbow Colors, Inc.

This item was pulled by Mr. Karageorge.

- H. Approval of Interior Build-out Grant to Rainbow Colors, Inc.

IX. Pulled Consent Agenda Items:

- A. Approval of Minutes – CRA Board Meeting May 10, 2011

This item was pulled due to a correction on the letter sequencing. Items VII, Old Business, F, G, and H, should be Items E, F and G respectively.

Motion

Mr. Karageorge moved to approve. Ms. Ross seconded the motion. The motion passed unanimously.

- D. Approval of Two-Month Extension of Lease for CRA Office at 915 South Federal Highway

Mr. Hay questioned the need for the extension, what effect on the overall cost it would have, or if it had any impact. Vivian Brooks, Executive Director, explained the roof support system for the new office was not tied down and the back wall had no support. There were items found that were not anticipated and it was realized the plans had to be redesigned. The landlord opted for a more modern design. The redesign will not affect the cost to the CRA, which was set by the lease as the landlord was bearing all the costs for the exterior changes. The lease for their current office was extended due to the changes to the plans and having to resubmit them.

Motion

Mr. Hay moved to approve. Ms. Ross seconded the motion. The motion passed unanimously.

- E. Approval of Interior Build-out Grant to Palm Orthopaedic Institute, Inc.

Mr. Karageorge thanked the applicant, who was present at the meeting, for bringing her business to the City. He inquired if the applicant planned to add additional employees, to which the applicant responded she was.

Motion

Mr. Karageorge moved to approve. Mr. Hay seconded the motion. The motion passed unanimously.

- G. Approval of Commercial Façade Grant to Rainbow Colors, Inc.

Mr. Karageorge thanked the applicant, who was also present at the meeting, for locating in Boynton Beach and commented it was a great asset to have the company in the industrial base.

Motion

Mr. Karageorge moved to approve. Vice Chair Orlove seconded the motion. The motion passed unanimously.

X. Information Only:

- A. CRA Policing Activity Reports
- B. Public Comment Log
- C. Small Business Development Program Student Follow-up
- D. Press Releases and Media Coverage

XI. Public Comments: (Note: comments are limited to 3 minutes in duration)

Chair Rodriguez opened the public comments. No one came forward.

XII. Old Business:

- A. Consideration of Design and Budget Options for Jones Cottage Tenant

This item was discussed at the end of Old Business.

- B. Consideration of Design and Budget Options for Magnuson House Tenant

Ms. Brooks explained staff was taking the lowest intensity of use, single-family home to the highest intensity, commercial use, to accommodate a full-service restaurant, with a full bar and 150 seats. The building, which was constructed in 1904, would be brought up to Code while still maintaining the historic feel of the building. The site plan focused on increasing the square footage to the rear of the building. It added room for a kitchen, two required handicapped restrooms, a deck on the east side for outside dining, and a bar area. It also added a porch to the front of the house, returning the dwelling to its original state. Three designs were created and the second design was selected because it provided for the needed seating and most efficient movement. The total cost estimate, based on the design, was \$811,500. Ms. Brooks noted this was not put out to bid.

Chair Rodriguez recalled the Board had discussed the project in the past and approved other downtown projects but this was not one of them. He assumed, because the Agency did not have the \$811,000, it was in next year's budget.

Ms. Brooks responded it could be sooner and it depended on how they approached the project. The CRA owns the property and intended, at one time, to use it as an office. They would borrow money to make the renovations and have a mortgage because they would pay rent anyway if they leased an office elsewhere. If the Board wanted to pursue the project and make it financially feasible, staff could draft the plans, see what they could borrow, and have the tenant pay the debt service, which was anticipated to be about \$2,600 a month. It was a low interest rate of 3%.

It was assumed the property would not be highly taxed because the property is presently not highly taxed. If the Property Appraiser decided it was worth more, the tax would be added to the rental amount. Staff suggested creating an incubator program with the properties to assist in launching businesses and helping them to become established. The businesses participating in the incubator program would pay a service fee to operate at the premises. It may not be rent, per se, and the tax liability would be dramatically lower. The Community Redevelopment Agency would act as the incubator but Ms. Brooks preferred to have a more formal structure in the event staff had to protest the valuation. It was anticipated the Property Appraiser would value the property on its best use and assess the building at a commercial restaurant value.

Chair Rodriguez was concerned the tenant only had \$50,000 to contribute and about the tenant's viability from a capital and working capital perspective. He expressed they are important items to consider when the Community Redevelopment Agency has a large investment.

Jordan Chussler, Principal with the Chussler Group, explained the \$50,000 was the builder's contribution for kitchen equipment, finishings, walk-in coolers and other needed items. It did not list their operational costs, which he anticipated to be between \$100,000 and \$125,000. He did not know what should be provided by the tenant as it pertained to the buildout and the equipment. It was clarified the tenant had the \$50,000 and another \$125,000 to cover their operations through the first year as they had estimated rent would be about \$20,000 per year. He commented they had originally anticipated the first year would be free rent.

Mike Simon, Development Director, commented in the meetings prior to the Board selecting an operator, staff brought up lease discussions and provided several options. At that time, it was contemplated having the first one to three years as no rent and they would not have tax liabilities. The Chussler Group initially anticipated \$1,200 to \$1,500 a month rent, if they had to pay rent during the first year and used the best-case scenario if they did not receive a break in the startup costs. It was noted the tenant increased the sales volume of its current restaurant operation and enhanced its corporate standing by improving its operations.

Discussion followed that Houston's, the tenant's other restaurant, is an established brand as opposed to opening a new restaurant. The Board wanted to ensure Ocean Avenue

was a success and only had a certain amount to invest. The \$900,000 was a lot of money and would be a burden on the Community Redevelopment Agency; however, Mr. Chussler indicated he was willing to look at options and did not object to the Community Redevelopment Agency placing a lien on their equipment.

Ms. Brooks sought direction so staff could bring back terms. She thought, as it pertained to cash flow, they should pursue getting the plan done because the Board wants an active use on Ocean Avenue. Even if the Board decided to have something else, there would still be a cost. In this instance, kitchen equipment was not the biggest part of the budget. Vice Chair Orlove was concerned about setting a precedent and commented there are other projects the CRA wanted to attract. He wanted the restaurant to succeed, but noted currently, the burden was on the CRA. Chair Rodriguez agreed the idea was for the tenant to increase his vesting in the project and for them to pay some portion of the debt service if the CRA had to get a loan.

Discussion followed staff should enter into an agreement with the tenant for the property. Staff still needed to obtain plans for the building and Ms. Brooks explained staff could move the plan forward and work with the tenant concurrently to obtain the financials, marketing and business plans for them to carefully review. Staff did not want the business to fail.

It was also suggested staff be given the authority to move forward with an appraisal once they have a drawing because the debt service will be based on the appraisal. The CRA will be putting in cash, the property has value now, and with the equipment and square footage, the dollars needed for the project would be close.

Motion

Mr. Buchanan made a motion to move forward with obtaining the plan so they could get an as-built appraisal and concurrently with the Group, staff proceed with further negotiations with them to include a financial plan to show they can sustain the requirements for a minimum of a year, a firm business plan, and a marketing plan. Mr. Hay seconded the motion.

Vice Chair Orlove amended the motion to add staff to research whether they should do this as a small business incubator, which may lower the tax burden, those two options, and which was best for the Board to consider. Mr. Hay agreed to the amendment.

Mr. Chussler indicated the second plan created was satisfactory. He had been meeting with Mr. Simon, who met with REG and Kaufman Lynn and was helpful in designing a plan. The \$900,000 estimate was based on the input of all those parties regarding the design, layout, and other factors. Mr. Simon was fairly confident the amount needed was close to the estimate, but commented there may be savings.

Chair Rodriguez opened the public comment.

Jolynn Slebonick, 625 Casa Loma Boulevard, Marina Village, asked if the Oscar Magnuson House was supposed to be the new CRA headquarters. Chair Rodriguez responded it was originally purchased for that purpose and had been discussed a year ago. Ms. Slebonick found the real estate discussion difficult to digest. There were transportation cuts and the Board forgets about the people.

Mr. Buchanan suggested if the discussions with the Group failed, to offer the project to other groups. Ms. Brooks clarified staff would bring it back to the Board in July and then make a recommendation to go out to the market.

Vote

The motion passed unanimously.

- C. Consideration of Reverting Project Approval to the CRA Board (Tabled April 12, 2011)

Motion

Mr. Hay moved to remove the item from the table. Mr. Buchanan seconded the motion. The motion passed.

Ms. Brooks commented this item was on the agenda at the request of a Board member. At one point, the Board acted as the Planning and Development Board for projects within the Community Redevelopment Agency District. The rationale was the CRA has design guidelines and different incentive programs. Often a Direct Incentive Financing Agreement (DIFA) is associated with upgraded designs and such that the Board wants. At that time, the Board was an independent Board with two architects seated. When the Commission sat as the CRA Board, the project approval reverted back to the Planning and Development Board, which has no connection to or knowledge of a DIFA or any financial benefit associated to a project or design upgrade.

Discussion turned to whether the CRA was a separate entity and Chair Rodriguez commented per Legal, the "Independent Board" label is not accurate and should not be used in documents. The Board serves at the discretion of, and is appointed by the City Commission.

(Mr. Holzman arrived at 7:20 p.m.)

Further discussion followed the CRA is a separate entity. Florida Statute 163 indicates there is a degree and level of independence and that was the basis of why the term was commonly used in the past. It was not to say the City Commission did not have any

leverage. Since Mr. Buchanan brought the item forward, he thought it was important to operate as a complete Board so developers know they are dealing with the CRA. He did not think the process should be split.

Lengthy discussion ensued plans would still have to be approved by the City Commission. The Planning and Development Board was concerned with the entire City and, in the past, never looked at the economic side which pertained to incentives, Tax Increment Financing and other initiatives, until ordered to by the City Manager three months ago. When Walmart was in the works, the Planning and Development Board discussed aesthetics and design, not the economic side.

Vice Chair Orlove recalled requesting an Assisted Living Facility to change the color of the building. When it came before the Commission, they had a new color. He inquired at the Planning and Zoning level, if staff would be involved in the process, if a project was in the CRA district. Ms. Brooks responded they were.

Accordingly, Vice Chair Orlove surmised it would not necessarily have to come to the Board. It added a layer. Ms. Brooks clarified since the members sit in dual capacities, it would not, but if the CRA was a citizen Board, it would. Chair Rodriguez commented there are two different functions and he supported the current process. Additionally, when Ms. Brooks assumed her duties as the Executive Director, she meets weekly with the City Manager and established a good line of communication.

Mr. Buchanan differed and explained the current process added a layer because a developer has to go to Planning and Zoning and then come to the Community Redevelopment Agency for incentives. By bringing the review back to the Community Redevelopment Agency, one only has to go to the Community Redevelopment Agency and then the City Commission. A developer presently deals with three entities as opposed to two. He thought the Board should streamline the process and the function return to the CRA.

If the process was changed, staff would review the projects and include them on the agenda. Ms. Brooks explained she is a planner and has reviewed prior projects as did Mr. Simon. Mr. Holzman opined there was not that much time for staff to review projects; however, Ms. Brooks explained some days are busier than others and staff could do the review. They do not look at it from the same perspective City staff does. They review it for consistency with CRA goals and guidelines or other financial incentives developers requested. Staff was not duplicating the work. City Staff does all the technical work.

Chair Rodriguez requested a motion to deny the change.

Motion

Mr. Buchanan moved to implement the change. Mr. Hay seconded the motion.

Chair Rodriguez opened the floor to public comment. No one came forward.

Vote

The motion passed 4 to 3. (*Chair Rodriguez, Vice Chair Orlove and Mr. Holzman dissenting.*)

D. Budget Prioritization Discussion

Ms. Brooks presented her policy recommendations to the Board, which were for the CRA to continue to move forward with capital projects, economic development and event projects that build on what staff was doing in the downtown area. Staff needed to create an identity and brand different from the adjacent municipalities that would attract people to Boynton Beach and projects such as the Amphitheater, the Jones Cottage and the Marina would help.

Ms. Brooks reviewed the reduction in the CRA assessed valuations and the cuts they made to the general operating fund. As a result, staff was able to pay off some of the debt to the Related Group for part of the marina purchase. The Community Redevelopment Agency has a DIFA payment to make to the Promenade of \$385,000, a small payment to Cornerstone, and may still have to make a payment to the Economic Development Regions grant. They have about \$1 million to work with for projects, programs and special events. Ms. Brooks budgeted \$213,000 for that issue which did not include \$45,000 for fundraising. Staff developed a comprehensive list of individuals to approach to fund special events.

Legal expenses, commercial facade and economic development grants needed to be funded. Staff wanted to continue to add elements to Ocean Avenue as well as lighting. Ocean Avenue was very dark at night and some type of artistic, fantastical, sea creature-type lighting was needed. Ms. Brooks felt the impact from the lighting would be amazing.

The Community Redevelopment Agency constructed a road extension and Promenade Park by the water, which most of the public did not know about. An entry feature to the Marina would alert the public to those amenities. Development of the next phase of the marina was also planned. The dive shop area would be a green space with chairs, have a kiosk for tournaments, and areas to wait for the boats. Banners on Ocean Avenue from Seacrest into and throughout the Marina area would reinforce the area and brand it, signifying one was in a special place.

Ms. Brooks commented some of the merchants were not sophisticated in their marketing efforts. Accordingly, staff was working with the Chamber of Commerce to develop a training program. As an incentive, existing merchants could receive training and funds to advertise as a reward for participating in the program. Most small businesses have no experience in marketing and most fail because of it.

**Meeting Minutes
Community Redevelopment Agency Board
Boynton Beach, FL**

June 14, 2011

The Community Redevelopment Agency had been paying for police enforcement because they had a high crime pocket in the District. Ms. Brooks noted they would receive police services anyway and did not recommend funding them again. It was more important for redevelopment efforts to focus on projects and events.

Once the downtown was successful, a Clean and Safe program similar to the one in Delray Beach would be implemented. Ms. Brooks noted when an area experiences much success with special events, people are needed to clean up afterwards.

Vice Chair Orlove had suggested the bus bench and shelters project be something artistic. He received inspiration from the Arts Commission Visioning Workshop and the facilities could be usable and artistic. There were no benches or seats in the northern area and the program, if initiated, would be limited to commercial sites. It was also noted there were some areas on Federal Highway that did not have enough of an easement area to accommodate them. Messers Hay and Holzman also liked the concept.

Mr. Karageorge suggested a business relocation program to pay a portion of moving expenses for companies coming into the CRA area be offered as an incentive program.

The Savage Creatures of the Ancient Sea was a project considered about six years ago. It was a museum concept depicting the evolution of sea creatures from old days to the present. The concept died because of the economy and the cost. Mr. Buchanan commented he raised the issue because the consultant estimated it would bring over 680,000 people to Boynton Beach and would yield about \$3 million per year from an investment of \$30 million. It would take time to evaluate the program and further evaluate it as a private partnership to see if it would be a driver to the downtown.

Ms. Brooks did not allocate any funds for it. The project was proposed as a partnership with a non-profit entity who was never identified, but it was thought National Geographic or a similar organization would be interested in the project. Although a study was done in the past, more research was needed to determine whether to make the investment and where it would go. Mr. Holzman suggesting using the facilities the CRA had and expanding them. He inquired if the CRA provided any funding for the Children's Schoolhouse Museum and Ms. Brooks responded they did not.

Discussion ensued if there was interest in projects, they should be brought to the Board for discussion. Chair Rodriguez explained the members should decide what they want to budget for as it would make the budget workshops easier. Mr. Holzman thought Ms. Brooks picked out great projects and from a policy standpoint, he would not change anything on the budget.

Mr. Hay noted there are lights on the east side of Seacrest Avenue but none on the west side. It was acknowledged the lack of lighting had to do with financing; however, he wanted to keep lighting the other side of the street in mind. He also agreed with moving

in the direction of development, albeit at the expense of officers. He thought the Board owed it to the citizens to show they are proactive and doing something to draw people to the City. He supported the Executive Director's suggestions.

Mr. Hay also relayed a conversation he had with people new to the City who expressed their disapproval about the lots on Seacrest and other roads that are unkempt. He suggested the Board focus on upkeep and maintenance to make the area attractive. The second couple was looking elsewhere because of the lack of maintenance. He thought the Board should find funds for a line item to keep the lots clean and maintain what the City has. In the past, the Board took those funds out.

Discussion followed Code Compliance sites the landowner. When there was money available to clean the lots, the City would do so and charge the landowner for the cleaning. Without the money, it is a City issue and not a CRA issue.

Ms. Brooks sought direction on specifics. She reiterated if the Board wanted to pursue a pure redevelopment budget and include economic development and capital improvement projects, they could not fund the Police. The Police contract requires the Agency to notify them by June 20 or the contract begins for the next year. If the desire of the Board was to not fund the Police, as City Commissioners, they would need to know it in order to address the City's budget. The amount needed to fund the Police was about \$430,000 net of the \$50,000 credit they received from the COPS grant received three years ago. The actual cost would be \$480,000; however, the grant credit runs for another year, until 2012.

Matt Immler, Police Chief, explained whether the officers were funded through the Community Redevelopment Agency or the City, they will have to be funded one way or the other. The grant committed the Police Department to maintaining 164 police officers of which five were dedicated Community Redevelopment Agency officers.

The City Manager had requested all departments reduce budgets in some manner and contemplated five of the 164 officers would be paid for by the CRA. It would be problematic if the CRA decided not to fund the five officers because the City Commission would then have to find the money to do so.

Chief Immler explained the COPS grant was used to protect jobs as opposed to adding positions. In the budget year this occurred, the City was considering laying off 12 police officers. Eight positions were supported through the grant. The requirement; however, is they had to maintain all the jobs. Mr. Holzman pointed out the goal is to redevelop the downtown and he suggested the Board decide if they want to have something developed for the officers to police.

Motion

Mr. Holzman made a motion to strike the police from the upcoming CRA budget as suggested by the Executive Director. Mr. Holzman amended his motion to give notice the Community Redevelopment Agency is terminating the agreement. Mr. Karageorge seconded the motion.

Discussion followed whether there was any chance to prioritize the concepts and fund the police. Ms. Brooks responded there was not. Chair Rodriguez noted the decision does not preclude the Board from allocating monies for police while terminating the agreement. Chief Immler commented there would be some offset by having dedicated officers. If there was an event, the officers would work the event instead of paying overtime if done during working hours.

Chair Rodriguez opened the floor for public comment. No one come forward.

Vote

The motion passed unanimously.

The next motion pertained to the supporting the Executive Director's direction with the proposal.

Motion

Mr. Karageorge so moved. Mr. Hay seconded the motion. The motion passed.

E. Consideration of RFP Response for Ocean Breeze West RFQ/RFP

Ms. Brooks explained a response to the RFP was received and reviewed. The respondent was Habitat for Humanity in partnership with the Boynton Beach Faith Based Community Development Corporation, which was a non-profit organization. The proposal and scoring matrix were included with the meeting materials.

(Ms. Ross left the meeting at 8:12 p.m.)

A representative from Habitat for Humanity was present and reviewed a PowerPoint presentation. He advised through a partnership with the CDC, they feel they can provide a mixed-income community that would benefit the Seacrest Avenue Corridor, and the low and moderate-income homeowners. He gave a brief overview of the organization's background.

(Ms. Ross returned to the dais at 8:14 p.m.)

All 21 lots would be transferred to the Habitat for Humanity Land Trust. The lots would be leased and the homeowners would pay taxes on the improvements to the land, thereby providing a cost savings. A conceptual site plan was provided. Property maintenance would be included in the lease agreement with the Land Trust, so property maintenance would be addressed in a manner similar to a Homeowners Association or gated community. The area also has three well systems so lawns would be watered by community wells, which would also be incorporated in the lease agreement. The community would intermix affordable housing and moderate housing so each home would have similar features and looks. Fifteen homes were designated as affordable and six homes were designated as falling within the 80% to 120% income range. Habitat for Humanity wanted to construct 11 homes and the CDC would build 10. Homes and the streetscape would be designed to match the homes in the surrounding neighborhood.

Keturah Joseph, Boynton Beach Faith Based CDC, explained the CDC has been in the community since 1999, and she gave a brief overview of its history programs. The CDC would assist low to moderate-income individuals. She commented the community has always wanted a mixed-income community and this project provides the opportunity to do so. The collaboration with Habitat for Humanity provided support and opportunities for the community.

The CDC homes would be priced between \$60 to \$70 per square foot. If the pricing holds, a three bedroom, two bath, one car garage home would be priced between \$120,000 and \$125,000. A four bedroom, two bath, one car garage home would be priced between \$130,000 and \$135,000.

Habitat for Humanity homes would have a \$58 per square foot cost and would receive between \$95,000 and \$100,000 per home. They self-fund the home, carry the mortgage, hold it for 30 years and the homeowner reimburses Habitat for Humanity the cost of the home over the 30 years. The organization also selects the homeowner and has them in place before the home is completed. The process is directly through Habitat for Humanity and private funding.

Since all of the lots would be transferred into the Habitat for Humanity Land Trust, the Land Trust will create an MOU with the CDC to build the homes. The MOU will spell out what Habitat and what the CDC will do and the Community Redevelopment Agency will have an agreement with the Land Trust. If the pricing does not hold, the MOU will allow either entity, with notice, to be excused from the agreement and then the Community Redevelopment Agency can award the remaining entity the work or go out for another RFP and find another builder.

The CDC works with buyers to improve their credit and obtain a mortgage through a lender. The partnership would work because the CDC services individuals who do not qualify for Habitat for Humanity homes. A low-income applicant could earn \$42,000 for

a family of four or less. Moderate-income applicants could earn between \$54,000 to \$60,000 or greater.

Mr. Morris and the Sunny South developer was not used by the CDC in the past. The CDC advertised a request for builders and received one response, but the quote was out of line. Ms. Joseph then searched for builders and found Mr. Morris. She commented the builder has experience in affordable housing in other municipalities. Mr. Karageorge commented he did not see much residential building experience and it was explained the builder had worked for other developers but was now on his own. After brief discussion, there was agreement the developer still needed to be vetted by the CDC.

The Habitat homes would include six homes in the higher income category of up to 120% of the median income. The homes will be identical so one cannot distinguish which category of home is which. Habitat for Humanity builds their own homes. The CDC will work with a contractor. Ms. Brooks explained it was not unusual for two organizations to form an entity and she would bring back a development agreement with the entity laying out the items wanted by the Board.

Motion

Mr. Karageorge moved to proceed to develop a development agreement with the Executive Director, Ms. Joseph and Mr. Campbell.

Ms. Brooks suggested the motion be to move forward with a developer's agreement which outlines the expectations and reverter clause in the event there is a failure to perform because they do not want to lose the land. She suggested they deed over the land as they have buyers, instead of all at once.

Mr. Hay agreed with Mr. Karageorge and the understanding was the agreement would come back to the Board and seconded the motion.

Vote

The motion passed unanimously.

F. Promenade DIFA Amendment

At the last meeting, Attorney Cherof came up with an agreement to amend the existing DIFA agreement. The language is straightforward and was reviewed by the two entities. The change amended the language to add a clause to read at the option of the Community Redevelopment Agency following the termination of the Promenade Condominium. Both parties approved the language.

Chair Rodriguez opened the floor for public comment. No one came forward.

Motion

Mr. Hay moved to approve. Ms. Ross seconded the motion which unanimously passed.

A. Consideration of Design and Budget Options for Jones Cottage Tenant

This item had been moved to the end of Old Business. The concern the Board raised with the tenant for the Magnuson House, was they were not vested enough in the project. The Community Redevelopment Agency would spend \$900,000 and the tenant would spend \$50,000. The respondent was requested to vest himself to a higher degree in the form of paying rent and/or incubator fees and placing a lien on the equipment. The Executive Director would negotiate those terms and bring it back to the Board. The applicant would also provide business and financial statements as well as a marketing plan. There was consideration of entering into a mortgage to implement the project because the Community Redevelopment Agency did not have enough funds for it.

The policy issues for the Ruth Jones Cottage were the same as for the Magnuson House, which were how does one want to fund it and what information was wanted from the potential applicant. Chair Rodriguez explained the Board was reallocating dollars in order to implement the project.

Sandra Gagne, the applicant explained her understanding at the time of application was that there were available monies for the build-out cost. She was providing some equipment such as ice machines, dishwashers and other main items. Between the licensing and inventory, she was facing a \$60,000 investment to open her doors. She did not have additional funds to put towards the build out of the building. She would raise capital funds through investors. She anticipated other than the main items, she had the rest of the equipment. The \$60,000 would be to support her for the first nine months.

Vice Chair Orlove expressed the tenant for the Magnuson house was being asked to provide business, financial and marketing plans and was then asked to provide additional information. This applicant should as well. He thought due diligence or increasing their investment was appropriate. He was also unsure if the Board should remove a line item from the Heart of Boynton budget to subsidize these projects.

Discussion followed verification of funds and equipment would occur. Ms. Gagne had requested rent abatement for the first year. She noted \$1,300 was listed if the project would be handled as an incubator project. Her project was different. She has 800 square feet to accommodate the kitchen, restrooms and perhaps 20 seats inside. The patio would be 400 square feet, for a total of up to 42 seats mostly outside. If there were inclement weather, her business would be significantly impacted. She thought

requesting one year of free rent to stabilize the business, determine her sales and what was affordable in rent was reasonable. She had proposed a successful restaurant business and to be successful, the owner needs to maintain the rent at 4% to 7% of the annual sales.

Vice Chair Orlove recalled her establishment would also provide take-out. She planned to offer off-site catering which was drop off or pick up style, corporate-type catering. She wanted to sell merchandise, beer and wine packages to go along with cheese. This could help spark business where there is limited seating but she emphasized there is still only 800 square feet and there is still a limitation on how many sales could be generated in the space.

Based on Ms. Gagne's experience, she thought the effort could be a successful experience but felt what was presented to her and what was now being asked were two separate items. What was advertised was there would be rent abatement and incentives for build-out and grant dollars. Ms. Gagne had a nearby restaurant, which she recently closed. Her prior restaurant had a lot of square footage. She conveyed her learning experience within the industry and noted she closed her restaurant when her lease was up. She did not want to operate on a month-to-month basis.

Mr. Holzman commented the goal is to redevelop and the Board should do all it can to help the business be successful. They have to invest every dollar to make the business successful so others will come. This was step one. He emphasized the Agency exists to set someone up, not make money. He noted over the past year, five different restaurants attempted to become established on Ocean Avenue and they failed. He emphasized there was nothing there and the Board should be cognizant of the situation and make the investment. For the first year, the Board should be all in

In an effort to fund the initiative, the Board reviewed its line items. The Economic Development and the Commercial Façade grants were two items that had remaining funds. The Board sought \$50,000 from those line items; however, Chair Rodriguez inquired if a business sought one of those two grants, would they have to wait until next year. Ms. Brooks confirmed that was correct. She explained staff was aware some of the grant funding would be used for this purpose and commented she was comfortable with using the funds.

Motion

Mr. Buchanan made a motion that the Board should move forward with the project; they should use the incubator concept discussed earlier; negotiate with the entity, and provide a financial statement to ensure they could survive the first year and the incubator fee, as well as provide a detailed business and marketing plan. In this fashion, the Board could be comfortable investing their funds on a viable entity.

Mr. Karageorge expressed concern that the funding would be coming from the Heart of Boynton (HOB) to the project. Mr. Hay, as the representative of that district, was not comfortable with it. Staff clarified any funds left over could be transferred. There were also funds were left over from the Residential Improvement Program. There was \$170,000 allocated to the HOB that was not planned to be used within the next three months and then the Agency would go into the next budget cycle.

In the meanwhile, the cottage was being prepared to be moved. The interior was not built and staff did not have a formal design, only a conceptual design. This would take about six weeks. Mr. Holzman inquired about the timeline. He spoke about the economies of scale and inquired if the Community Redevelopment Agency would lose savings. Ms. Brooks responded they could, but there was no way to determine how much. Staff can still pursue the design. Mr. Holzman sought clarification that regardless of the tenant, the Board could go forward with design plans, continue to move forward with the process, and ask the tenant to come back. Ms. Brooks explained the concept was to address the items concurrently.

Mr. Buchanan agreed to add the word "concurrent" to the motion.

Chair Rodriguez expressed frustration that the project pricing was assumed to be all inclusive and now other funds were being expended which the CRA did not have. When the projects were approved, it was only for certain things and now more money was needed.

Chair Rodriguez summarized the motion was to request of the anticipated tenant, financial and marketing information and a business plan, confirm they have the funds needed to sustain the business for a year. The Board would concurrently continue with the buildout plans and potential bids to keep the project moving along, irrespective of who the tenant is because they still needed to do the work and to include the incubator concept.

Ms. Brooks agreed to try to have the information by the next meeting.

Vote

The motion passed 6-1 (*Mr. Holzman dissenting.*)

XIII. New Business:

None.

XIV. Executive Director's Report

A. Project Status Update

Motion

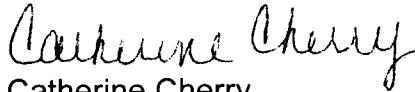
Vice Chair Orlove moved to accept the Executive Directors report. Mr. Hay seconded the motion that passed unanimously.

XV. Future Agenda Items:

- A. Renegotiate the Terms/Fees with the Palm Beach County Commission on Ethics
- B. Consideration of Options for VIP Area at Public Events (Tabled 4/12/11)
- C. Consideration of Recommending to City Commission the Time Certain Creation of an Independent CRA Board (Per Board direction to be done in Oct.)
- D. Consideration of Recommending to City Commission the Naming of Independent CRA Board Members at the Time of Creation of Independent CRA Board (Tabled 4/12/11)
- E. Consideration of Employment Agreement for Executive Director

XVI. Adjournment

There being no further business to discuss, Chair Rodriguez properly adjourned the meeting at 9:14 p.m.



Catherine Cherry
Recording Secretary

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