

City of Fort Lauderdale

*City Hall
100 North Andrews Avenue
Fort Lauderdale, FL 33301
www.fortlauderdale.gov*



Meeting Minutes

Tuesday, March 21, 2017

2:30 PM

**OR AS SOON THEREAFTER AS POSSIBLE
City Commission Conference Room**

COMMUNITY REDEVELOPMENT AGENCY BOARD

***FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY BOARD OF
COMMISSIONERS***

***JOHN P. "JACK" SEILER - Chair
DEAN J. TRANTALIS - Vice Chair
BRUCE G. ROBERTS - Commissioner - District I
ROBERT L. McKINZIE Commissioner - District III
ROMNEY ROGERS Commissioner - District IV***

***LEE R. FELDMAN, Executive Director
JOHN HERBST, City Auditor
JEFFREY A. MODARELLI, Secretary
CYNTHIA A. EVERETT, General Counsel***

ROLL CALL

Present 5 - Commissioner Romney Rogers, Commissioner Bruce G. Roberts, Vice Chair Dean J. Trantalis, Commissioner Robert L. McKinzie, and Chair John P. "Jack" Seiler

QUORUM ESTABLISHED

Also Present: Executive Director Lee R. Feldman, Secretary Jeffrey A. Modarelli, General Counsel Cynthia A. Everett, City Auditor John Herbst, and Sergeant at Arms Matthew Bucella

No public e-comments were submitted for this meeting.

CALL TO ORDER

Chair Seiler called the meeting to order at 4:53 p.m.

MOTIONS

M-4 [17-0287](#)

Motion to Accept Fort Lauderdale Community Redevelopment Agency (FLCRA) Annual Report and Audit Report and Authorization to Transmit to Taxing Districts

Chair Seiler recognized Michele Blackstock, Senior Manager with Crow Horwath LLP Independent Auditors for the Community Redevelopment Agency (CRA), who presented the September 30, 2016 Audit for the CRA. She stated the Independent Auditor's Report is a clean opinion, containing nothing that needs to be brought to the attention of the CRA Board. Additionally, the Independent Auditor's Report on internal controls over financial reporting, compliance and other matters was a clean opinion.

In response to Vice Chair Trantalis's question, Ms. Blackstock stated she has not directly addressed the audit issues related to compliance in spending CRA funds in the required timeframe. She confirmed she would address this question and get back to the Board on this issue.

City Auditor John Herbst confirmed for Chair Seiler that after his review, he is comfortable with the audit findings. Ms. Blackstock expounded on the financial aspects of the CRA as noted in her presentation.

A copy of Ms. Blackstock's presentation is attached to these

minutes.

Ms. Blackstock discussed one year's finding that has been cleared and remediated, having to do with IT controls. She discussed the reporting of fair values of investments that have now been disclosed and included in the Audit Report, confirming this report encompasses all three areas of the CRA.

In response to Commissioner Rogers's question on page 46 of the audit report, Ms. Blackstock confirmed that the finding noted on page 46 was from a prior year, stating it had been remediated. City Auditor Herbst explained the difference between an audit of financial statements in which you review internal controls and a specific engagement on internal controls, where an opinion would be expressed on internal controls. He further expounded on this issue, stating this is not an assigned scope of their audit. However, if they find it, they are required to disclose. There were no questions or comments from the Board.

Commissioner Roberts made a motion to approve this item and was seconded by Vice Chair Trantalis.

APPROVED

Aye: 5 - Commissioner Rogers, Commissioner Roberts, Vice Chair Trantalis, Commissioner McKinzie and Chair Seiler

Chair Seiler recessed the Community Redevelopment Agency Board Meeting at 5:00 p.m.

Chair Seiler reconvened the Community Redevelopment Agency Board Meeting at 8:36 p.m.

- M-1** [17-0392](#) Motion to Approve Minutes for February 21, 2017 Community Redevelopment Agency Board Meeting
- Commissioner Roberts made a motion to approve this item and was seconded by Vice Chair Trantalis.
- APPROVED**
- Aye:** 5 - Commissioner Rogers, Commissioner Roberts, Vice Chair Trantalis, Commissioner McKinzie and Chair Seiler
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- M-2** [17-0135](#) Motion Approving Funding of Materials Testing and Inspection Services for Las Olas Boulevard Corridor Improvement Project - AMEC Foster Wheeler Environment & Infrastructure, Inc. - \$199,997.50

Commissioner Roberts made a motion to approve this item and was seconded by Commissioner Rogers.

APPROVED

Aye: 4 - Commissioner Rogers, Commissioner Roberts, Commissioner McKinzie and Chair Seiler

Nay: 1 - Vice Chair Trantalis

M-3 [17-0368](#)

Motion to Review and Approve a Subordination Agreement from Sterling Bank, Primary Lender for LPF Realty FL LLC/Triangle Services, Inc. for the Triangle Services Southeast Regional Headquarters Project Located at 550 West Sunrise Boulevard

Vice Chair Trantalis asked Executive Director Feldman if this item compromises the City's position. Executive Director Feldman stated he does not believe so and the City Attorney's Office has some concerns. He deferred to General Counsel Cynthia Everett. General Counsel Everett stated she believes it limits the City's abilities to recover its funds, deferring to Assistant City Attorney Lynn Solomon.

In response to Vice Chair Trantalis's questions, Assistant City Attorney Solomon explained that Sterling Bank has the first mortgage on this property and their mortgage provided that the City cannot place any subordinate liens on the property. Working with Anthony Alfonso, Esq., counsel for LPF, she was able to negotiate a subordination agreement with the City, though not in a preferable position. Assistant City Attorney Solomon expounded on the business aspects of the negotiations stating LPF can make payments to the Community Redevelopment Agency (CRA) as long as the Sterling Bank mortgage is not in default. Additionally, now there is a standstill provision requiring the City to notify Sterling of a default on its mortgage and there is a four month timeframe to negotiate. If after four months the default on the CRA loan remains, it can take enforcement action as long as LPF is not under default with Sterling Bank. She emphasized that if the CRA intends to take enforcement action, there must be an understanding as to how the CRA plans to fully satisfy the Sterling Bank mortgage. Further discussions ensued on the payment strategy to Sterling Bank should the CRA foreclose.

Chair Seiler recognized Jason Crush on behalf of LPF Realty who stated the appraised price of the property when purchased was \$3,200,000. He stated an additional \$500,000 has been put into the property to bring the building up to Code. He stated it is estimated to now appraise for \$3,500,000. Once the facade is completed as part of Phase 2 of the CRA funded agreement, it should appraise at

approximately \$4,000,000 - \$4,500,000. He emphasized the default would only occur if the jobs are not created as promised. In response to Vice Chair Trantalis's question, Assistant City Attorney Solomon stated the amount of the lien at risk is \$900,000. This balance goes down if they create 55 jobs each year. Should the number of jobs being created each year be lower than 55, the amount of the lien is reduced on a pro rata basis. Commissioner Rogers recommended once Phase 2 is completed, having an as built appraisal done for the record and file. Further discussions ensued.

Vice Chair Trantalis made a motion to approve this item and was seconded by Commissioner McKinzie.

APPROVED

Aye: 5 - Commissioner Rogers, Commissioner Roberts, Vice Chair Trantalis, Commissioner McKinzie and Chair Seiler


ADJOURNMENT

There being no further business before the Community Redevelopment Agency (CRA) Board at the CRA Board Meeting of March 21, 2017, Chair Seiler adjourned the meeting at 8:47 p.m.



John P. "Jack" Seiler
Chair

ATTEST:



Jeffrey A. Modarelli
Secretary