

## ROLL CALL

**Present** 5 - Vice Chair Bruce G. Roberts, Commissioner Dean J. Trantalis, Commissioner Robert L. McKinzie, Commissioner Romney Rogers, 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 Tarek Bazzi

**No e-comments were received for this meeting.**

## CALL TO ORDER

Chair Seiler called the Community Redevelopment Agency (CRA) Board Meeting to order at 3:41 p.m.

## MOTIONS

**M-1**     17-1490

Motion to Approve Minutes for November 7, 2017 Community Redevelopment Agency (CRA) Board Meeting

Vice Chair Roberts made a motion to approve the noted minutes and was seconded by Commissioner Trantalis.

**APPROVED**

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

**M-2**     17-1390

Motion to Approve an Amendment to the Property and Business Investment Program Agreement between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc., Modification of Mortgage between the Fort Lauderdale Community Redevelopment Agency and Rechter Holdings, Inc. and Subordination of Mortgage Agreement between the Fort Lauderdale Community Redevelopment Agency, Stonegate Bank, and Rechter Holdings, Inc.

City Auditor John Herbst stated there are policy issues that need to be considered by the Community Redevelopment Agency (CRA) Board for this Amendment to the Property and Business Investment Program Agreement between the Fort Lauderdale CRA and Rechter Holdings, Inc., and associated documents. Mr. Herbst commented on concerns

relating to loan to value ratios, the appraised value of the property and concerns about the cash being used to improve the parcels. He confirmed there were no other outstanding liens on the property.

Chair Seiler recognized Assistant City Attorney Lynn Solomon who stated Stonegate is taking out a first mortgage on all three parcels. Commissioner Rogers said the closing took place in September 2017, commenting on the City's position on the three mortgages and concerns raised by Mr. Herbst.

Chair Seiler recognized D'Wayne Spence, Esq., CRA Manager. He confirmed knowledge of these concerns, explaining the history of the developer's relationship with the Board, his investment with development initiatives in the Progresso Village area and his personal investment in a number of properties. The developer's intent is to invest the loan amounts back into the properties. Mr. Spence invited Dr. Michael Rechter to address the Commission on their concerns.

Chair Seiler recognized Dr. Rechter, who discussed a portion of the 2015 application to the CRA Board, explaining the difficulty in obtaining financing and the process used to continue financing the rehabilitation of these types of properties. Dr. Rechter explained that this item's funding will be reinvested into these properties, confirming the City is in a second position regarding the mortgages. Commissioner Trantalis asked Dr. Rechter about the ability to repay the debt. Dr. Rechter confirmed, citing examples of increased equity in 2015 development projects related to loan to value ratios. Further questions, comments and discussions ensued on Dr. Rechter's building purchases and reinvestments in the area, details involved in the loan request, previous hold back amounts, bank funding when other area projects are completed and incentives provided for the project located at 835 Second Avenue. Dr. Rechter likened his efforts to the revitalization of Miami's Wynwood area.

Chair Seiler voiced his concern regarding the need to document and track the promised reinvestment of the funding. City Auditor Herbst commented on the concept used for financing these projects and monetizing assets. Discussions ensued on the terms of repayment. Bob Wojcik, CRA Housing and Economic Development Manager, confirmed the former date of repayment was at the time of loan refinancing. Dr. Rechter noted he is refinancing prior to completion. Further discussions ensued on the date of closing and the mortgage recording. Dr. Rechter confirmed the amount of his funds currently in escrow.

Assistant City Attorney Solomon confirmed the Property recording and

Business Investment Agreement (Agreement), stating the mortgage was attached to this Agreement. Mr. Wojcik confirmed that a portion of the Agreement, \$50,000 and \$75,000 of the grant has been funded. Further discussion ensued on details involved in the September 2017 closing, the amount of funding to date, additional Stonegate Bank requirements and funding, and financial aspects of Dr. Rechter's redevelopment projects.

Chair Seiler commented on his concern about the CRA, requesting the General Counsel's Office, the City Auditor and the head of the CRA provide assurances that the financial interests of the City are protected. Commissioner Trantalis asked for confirmation that the City would cross-collateralize the loan. Mr. Spence confirmed, stating these forgivable loans could also be grants. He discussed the format of providing funds as an incentive.

Mr. Herbst commented on aspects of this transaction as compared to the original transaction, noting the need for a business plan for all three parcels. Chair Seiler discussed the need to expand this item's narrative to define exactly how these funds will be used. Mr. Spence confirmed the requested information could be ready by the January 3, 2018 CRA Board Meeting.

Vice Chair Roberts made a motion to defer this item to the January 3, 2018 CRA Board Meeting and was seconded by Commissioner McKinzie.

**DEFERRED to the January 3, 2018 CRA Meeting**

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

## RESOLUTIONS

**R-1**     17-1331

Resolution to Approve an Award of a Development Incentive Program Incentive in the Amount of \$1,400,000 to North West 6th Investments, LLC for the Sistrunk Market Project located at 115 West Sistrunk Boulevard; Approving the Terms and Conditions of the Development Incentive Program Loan Commitment; and Authorizing the Executive Director to Execute the Loan Commitment, Development Agreement and Any and All Other Documents or Instruments Necessary or Incidental to Consummation of the Transaction

Chair Seiler recognized Bob Wojcik, CRA Housing and Economic Development Manager, who explained the details of this Resolution. In response to Chair Seiler's question, Mr. Wojcik explained details