

**MINUTES OF THE COMMUNITY REDEVELOPMENT AGENCY
BOARD MEETING HELD ON TUESDAY, OCTOBER 12, 2010, AT 6:30 P.M.
IN CITY COMMISSION CHAMBERS, BOYNTON BEACH, FLORIDA**

PRESENT:

Jose Rodriguez, Chair
Marlene Ross, Vice Chair
Woodrow Hay
Steven Holzman
William Orlove

Vivian Brooks, Interim Executive Director
Jim Cherof, Board Attorney

I. Call to Order

The meeting was called to order at 6:30 p.m.

II. Pledge to the Flag and Invocation

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

III. Roll Call

The Recording Secretary called the roll.

IV. Agenda Approval:

A. Additions, Deletions, Corrections to the Agenda

The following changes were made to the agenda:

- ◆ VII. Consent Agenda, Item A was pulled for discussion by Mr. Orlove.
- ◆ XIII. New Business, Item C was requested to be tabled by Chair Rodriguez as a number of communications had been received on this issue. There was no objection to the request.

B. Adoption of Agenda

Motion

Mr. Hay moved to approve the agenda excluding the items pulled. Mr. Orlove seconded the motion that passed unanimously.

V. Informational Items by Board Members & CRA Attorney:

None.

VI. Announcements & Awards

Mr. Hay announced he had attended the opening of Florida Career College and was impressed with the College's organization. The College, which is located on Congress Avenue in the City, has the ability to accommodate 250 students, and 100 students had enrolled to date. Cosmetology services, including haircuts, manicures and pedicures, were available to the public. Vice Chair Ross commented that many of Mr. Hay's constituents in District II attended the Florida Career College, utilizing Molly's Trolley to access the campus. Chair Rodriguez noted he had attended the original grand opening and was impressed with the College.

VII. Consent Agenda

- A. Approval of Period Ended September 30, 2010 Financial Report

This item was pulled for discussion by Mr. Orlove.

- B. Monthly Procurement Purchase Orders

VII. Pulled Consent Agenda Items:

- A. Approval of Period Ended September 30, 2010 Financial Report

Mr. Orlove inquired why there was such an increase in fuel sales at the Marina.

Susan Harris, Finance Director, advised that sales were dependent upon volume as well as gasoline and diesel fuel prices. Since there had been a drop-off in fiscal year 2008/2009, staff had been conservative in its projections for 2009/2010. Fuel sales during the spring season were favorable and resulted in an increase in revenues and expenses. However, the Agency remained "in the black" in terms of the overall Marina.

Mr. Orlove commented on line item 225 shown on page 18 of the report. It appeared the CRA was considerably over budget for association meetings and seminars, and he inquired as to the reason for this. It was explained the figures pertained to the percentage of the budget remaining rather than to negative figures.

Motion

Mr. Orlove moved to approve Item A of the Consent Agenda. Vice Chair Ross seconded the motion that passed unanimously.

IX. Information Only:

- A. CRA Policing Activity Reports
- B. Public Comment Log
- C. Letter to South Florida Regional Transportation Authority re: Funding for Trolley
- D. Local Vendor Outreach
- E. Fireworks by Grucci Contract Discount
- F. The ABCs of CRA Seminar

X. Public Comments (Note: Comments are limited to three minutes in duration)

No one coming forward, Chair Rodriguez closed the public comments.

XI. Legal:

- A. REQUEST FOR CLOSED ATTORNEY/CLIENT SESSION** – Pursuant to Section 286.011(8), Florida Statutes in the Case of Boynton Beach Community Redevelopment Agency adv. Splashdown Divers, Inc. – Case No. 502010CA012453XXXXMB – Closed-door meeting date and time to be established

Attorney Cherof requested a closed-door meeting with the Board to discuss the pending litigation with Splashdown Divers, Inc. and their tenancy at the Marina. He advised 20 or 30 minutes would be needed to discuss the case and litigation strategies. He pointed out that the judge in the case had granted the plaintiff 15 or 20 days to amend its complaint, which would provide additional time for Attorney Cherof and the Board to meet. The members agreed to hold the closed-door session at 6:00 p.m. on the date of the next CRA meeting.

XII. Old Business

A. Consideration of Maintenance Program for 500 Ocean Avenue Site

Mike Simon, Development Director, noted the item was brought before the Board to consider a maintenance program for the former 500 Ocean Avenue site at the corner of Federal Highway and East Ocean Avenue. The Board had directed staff to explore possibilities for working with the owner to establish a maintenance plan or come up with ideas for remedying the unsightly condition of the property. Staff had contacted the owner and the Bank and neither was willing to do anything. The Bank, however, had been working with Code Compliance on some of the issues. The options suggested by staff are as follows:

Option 1 provided estimated costs to clean the lot and eliminate, remove and grade the fence which would provide additional green, open space, and open the view of the Ocean Avenue corridor from Federal Highway.

Option 2 providing for approval for the CRA to perform the actions and lien the property was no longer feasible, as it was discovered the CRA did not have the legal right to lien the property after mowing the lot.

Option 3 would be to take no action at this time with regard to mowing or other maintenance, and allow Code Compliance to continue to work through and resolve those issues with the owner.

Mr. Simon advised the proposals did not include the removal of the fence, as the CRA did not have the right to do so. He did not believe the owner would want the liability risk of removing the fence. Removal of the torn screen and enhanced maintenance would improve the appearance of the lot.

The cost provided by Superior Landscaping for the initial cleaning of the property, grading and disposal of debris would be \$7,700. Thereafter, the cost to sod the entire parcel would be \$9,000. It was believed the cost for the initial cleaning and mowing of the property would amount to \$3,000-\$5,000. After that, the monthly maintenance cost for mowing and cleanup would be \$1,500-\$1,600.

Mr. Hay commented the parcel was prime property and as such, it should be as attractive as possible. Rather than expending the costs set forth, he felt the lot should be mowed and that no further action should be taken by the CRA. Mr. Simon pointed out that as the item was not budgeted and the property was privately owned, a budget amendment would likely be necessary.

Attorney Cherof noted the CRA's only legal alternative was Option 3 because the Board did not have the authority to implement Options 1 or 2. While it was the Board's desire

to clean up the property, the Board had no authority to improve or maintain private property and there were no provisions in the CRA Plan to do so. Option 3 would be the best choice as the City did have authority that the CRA did not have with respect to nuisance properties. Code Compliance action is currently pending on the property and this could be an additional aspect to be considered.

Vivian Brooks, Interim Executive Director, felt mowing would be necessary on more than one occasion since the property was in foreclosure.

Attorney Cherof indicated that while the owner had authorized the CRA to perform the maintenance, the CRA did not have any written agreement with the owner to do so. Additionally, the affect of the agreement could not be known in light of the foreclosure proceeding. Court approval would be necessary in order for a side agreement with the owner to be enforceable. Additionally, no funds had been appropriated, nor would any currently fit in any category under the budget or CRA Plan for maintenance of the property.

Chair Rodriguez inquired whether the Board wished to direct Mr. Simon and Attorney Cherof to work with the owner to determine whether an agreement could be reached for mowing and maintenance. A dollar amount could be ascertained at a later date. The Board agreed.

Mr. Orlove agreed with Attorney Cherof as to the selection of Option 3. He was not in favor of spending money to clean a site that could be in foreclosure for some time and which he considered to be an eyesore. Chair Rodriguez disagreed and felt the property should be cleaned up if it remained in foreclosure because, with the redevelopment of Ocean Avenue, visibility to the new restaurants would be obstructed by the site. Mr. Holzman felt the condition of the property would deter visitors from frequenting the downtown area.

Attorney Cherof suggested exploring some type of relief on a temporary basis in the foreclosure proceeding and securing an interim order from the court providing the CRA authority to improve the property. The Board agreed to the suggestion and to have Attorney Cherof report his findings. Attorney Cherof pointed out it would still be necessary to review the CRA Plan as well as the budget to determine the manner in which the funds could be expended.

Mr. Hay inquired whether the same rules and regulations applied to residents with regard to Code compliance. **Scott Blasie**, Code Compliance Administrator, confirmed the same rules did apply. As a result of the depressed economy and existing foreclosure crisis, a number of unsightly properties existed. However, as the 500 Ocean Avenue site is a focal point in the CRA district, it is much more obvious. Mr. Blasie

noted the Code had recently adopted an ordinance which allowed the City to hold banks responsible for property maintenance once a foreclosure action was filed. However, the Bank had no interest in complying with regard to the 500 Ocean Avenue site, as it had other problems. Mr. Blasi agreed to work with Attorney Cherof and Mr. Simon in their efforts with the property owner.

- B. Consideration of Beautification Options for 1010 N. Seacrest Blvd. (Roberts Bldg.)

Chair Rodriguez noted the similarity of this item to the preceding item. In this instance, however, the CRA is the owner of the property.

Mr. Simon reviewed the item brought before the Board. At the last meeting, the Board directed staff to bring back beautification options for the property once the property had been demolished. Last week, the building was demolished and the property leveled in preparation for the proposed beautification. An existing cement wall remained on the property, and at the last meeting, it was suggested staff work with Debby Coles-Dobay, the City's Public Art Administrator with regard to a mural to be painted on the wall. Improvements to the wall would enhance the site more than merely sodding the property. Ms. Coles-Dobay had received estimates from qualified artists to paint the mural which were presented to the Arts Commission at its September meeting. The Arts Commission selected Chen Shepard to produce mural concepts for the wall and recommended to CRA staff a budget of approximately \$3,000 for the artwork. Mr. Simon presented three options to the Board as follows:

Option 1 pertained to the approval of a budget of approximately \$6,600 for the installation of Bahia sod, mulch and coconut palm trees. Additional funds would be required for the artist's services.

Option 2 would be to approve a budget amount of \$3,500 for the sod only.

Option 3 would include options 1 and 2, and would approve an additional \$3,000 for some type of artwork for the existing wall. The final design approved by the Arts Commission would be presented to the CRA Agency Board for approval. The Board could allow the Arts Commission to handle the project directly, if it wished to do so.

Mr. Simon explained the Board could select any one of three options or a combination thereof. He recommended, at a minimum, that Bahia sod be planted at the site.

Mr. Hay commented the property was located in a major, high-traffic area of District II, and as such, he believed the parcel should be as attractive as possible. Mr. Simon noted suggestions for the wall included a mural of a field of flowers. The maximum

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package (the coconut trees, Bahia sod and mural) would run approximately \$10,000. If the wall was painted white, eliminating the artwork, and the coconut trees and sod were installed, the cost would fall into the \$5,500-\$6,000 range.

Ms. Brooks felt the property should be sodded. She explained that previously, for the Bandom property, railroad ties had been installed and the property was grassed. As part of the Seacrest project, Public Art would be installed at the intersection of MLK and Seacrest Boulevard to include four panels on each corner. An additional vertical piece would be located in the Sarah Sims triangle. She suggested a few trees be added, not necessarily Coconut Palms, which are costly. Grass would prevent a barren feel when driving by the area. She added the appearance of the neighborhood was in the midst of change and she hoped the CRA properties were contributing to the positive change.

Mr. Holzman suggested an option of just grass and railroad ties. Mr. Simon explained this was covered by Option 2 which could also include the railroad ties. Chair Rodriguez agreed with Option 2 as there were ample trees in the swale area. The Board agreed benches should not be placed on the property.

Motion

Mr. Holzman moved to approve Option 2. Mr. Hay seconded the motion that passed unanimously.

- C. Consideration of Authorizing Funding in the amount of \$_____ to the Palm Beach County Commission on Ethics to Provide Investigation Services to the CRA

Attorney Cherof provided background on the item. The City had previously agreed to submit to the jurisdiction of the Palm Beach Ethics Commission, and the CRA Board has agreed to do so as well. The first step in the process includes training to be provided by the County to City staff and Board members as well as CRA staff and the CRA Agency Board free of charge. The County does not believe the CRA is covered under the City's jurisdiction in the conduct of an investigation of a complaint and wants to enter into a separate agreement with the CRA, charging a flat fee. The amount suggested was \$5,000-\$10,000 for the first year, with the amount to be evaluated at the end of the year. Pursuant to the communication received by Attorney Cherof, the County was not opposed to an hourly rate, but as mentioned above, suggested a flat fee. Attorney Cherof did not favor a flat fee, and suggested negotiating further regarding an hourly rate and the expectation of time involved. Training had not yet commenced and nothing was pending. Attorney Cherof requested the Board's authorization to respond that the Board was not yet comfortable with the flat fee. There was Board consensus to authorize Attorney Cherof to respond.

D. Consideration of Four-Month contract for Molly's Trolleys

Ms. Brooks noted the item was placed on the agenda as a direct result of the last meeting to bring forward a contract for four months until a transit system could be established for the residents.

Ms. Harris advised the rate paid last year for 12 months was \$71, while this year's rate is \$67 with the four-month contract.

A question was raised as to the \$15,000 regarding signage for the 4 months. Ms. Brooks indicated a meeting would be held the week of October 23rd including City staff, Mr. Bointon and "Molly" regarding the development of a transportation process. Pending the outcome of the meeting, the \$15,000 might not be needed. Mr. Orlove questioned whether the Board should enter into a contract at this meeting, and inquired whether the item should be tabled. Ms. Harris commented the trolley had been operational since October 1st. If the issue were tabled pending the discussion, it was likely the \$20,000 termination would be triggered. She noted the funds had already been set aside for this purpose.

Chair Rodriguez's position was that the transit system was "nice-to-have," but resources were not currently available. By a majority vote, however, the Board's directive was to move forward. He inquired whether there was a change of heart. Mr. Orlove noted he suggested the issue be extended on an interim basis. Ms. Brooks acknowledged the four-month contract could be cancelled early, and a purchase order had been completed for the \$20,000 cancellation fee. Chair Rodriguez recalled the contract would have run for three months, but staff needed four months to resolve all issues relating to the incorporation of the various transportation methods. Mr. Brooks advised staff was waiting to hear from the South Florida Regional Transportation Authority to determine whether funding was available. She anticipated hearing from the South Florida Regional Transportation Authority at the end of the month.

Mr. Hay wished to preserve the four-month contract. Ms. Harris noted the item was funded in this year's budget by taking the funds owed the City for the 4th Street project.

Vice Chair Ross inquired whether the Board wished to discuss an email from Attorney Cherof regarding decisions made by the Board in accordance with CRA statutes. Chair Rodriguez recalled seeing something relating to the Trolley and whether it was allowed as it traveled outside the CRA district. The Trolley system had been approved in 2004 and nothing had been changed. Chair Rodriguez thought perhaps this issue should be reviewed as part of the restructuring.

Mr. Harris verified that if, after the meeting, it was determined the process was not workable, the cancellation fee would remain at \$20,000.

Motion

Mr. Hay moved to approve the service modification amendment between the CRA and Molly's Trolley. Mr. Orlove seconded the motion for discussion as he wished to amend the motion.

Motion

Mr. Orlove moved to amend the motion to only renew the contract for the \$136,680 and not for signage at this point. Mr. Hay seconded the motion that passed 4-1 (*Mr. Holzman dissenting*).

E. Consideration of Options for the Delray-Boynton Academy

Ms. Brooks noted this item had been discussed at the last meeting. The property is located at 425 E. Martin Luther King, Jr. Boulevard and was formerly the home of a charter school owned and operated by Mr. Green. The County and the CRA had provided a grant of \$100,000 to Mr. Green to construct the new building and open the school. The relatively-new building is made of steel and is not "CBS" constructed. It consists of 8,500 square feet on .83 acres of land, with 15 parking spaces at the site. The future land use designation would be "Local Retail and Neighborhood Commercial Zoning."

Ms. Brooks was directed to determine what could be done with the building. She had spoken with Mr. Green regarding the Property Appraiser's estimated value of \$795,000, which Mr. Green currently indicated he would accept. CRA staff would also secure an appraisal per State statute. Mr. Green would not agree to hold a purchase money mortgage in favor of the CRA. Most of the property owned by the CRA on MLK Boulevard is at Seacrest Boulevard. The CRA does not own any property adjacent or even near the site and as such, there would be no strategic value to the acquisition. If the Board was desirous of moving forward and Mr. Green was willing to negotiate further, the site could be used as a small business incubator, a non-profit health clinic, police sub-station, Community Caring Center or a grocery which could be leased. The CRA would only purchase the building if a user could be secured.

Mr. Holzman had spoken to Mr. Green at length on this matter. Mr. Green advised he had been contacted by another church wishing to enter into negotiations. If the Board decided against the purchase of the building, the property would be purchased by a church and removed from the tax rolls.

While Chair Rodriguez was impressed with the options and potential uses provided, the CRA had no funds to purchase the property, nor did it fit in with any current plans. As such, he did not believe this matter should be entertained any further.

Mr. Holzman suggested the Board help Mr. Green locate a tenant. Ms. Brooks noted Mr. Green is currently holding a 14-year lease on the building which he is attempting to reconcile. There was Board consensus to assist Mr. Green in locating a tenant for the building which would also help the HOB (Heart of Boynton).

No other action was taken.

F. Status of Ocean Breeze East/Auburn Group

Chair Rodriguez noted the letter received by the Auburn Group was self-explanatory, but it would be necessary for the Board to determine what it wished to do.

Ms. Brooks had contacted another proposer at the direction of the Mayor, but the developer would be utilizing the same pool of money, Low Income Tax Housing Credits, at 9%. The new rules for the tax credits make it very difficult to secure funding in Palm Beach County for multi-family rental. Additionally, the CRA is not located in a Transit-Oriented Development (TOD), and the new rules are being used to promote development toward TODs. The CRA would not accumulate enough points to even score. Approximately \$150,000 is required to put in an application to the Florida Housing Finance Corporation. The rule changes this year did not favor the Ocean Breeze site. Staff recommended that, because of the rule changes, especially with regard to the Transit-Oriented Development (TOD) in the County, that the CRA land bank the site until Ocean Breeze West is developed. Ms. Brooks will be bringing back information in November or December related to Ocean Breeze West.

Motion

Mr. Hay moved that the Board go with the staff recommendation that the CRA land bank the site until Ocean Breeze West is developed and sold out so as not to create competition with the CRA efforts. Vice Chair Ross seconded the motion that passed unanimously.

G. Status Report and Follow-up on Lease for 710 N. Federal Highway

Ms. Brooks informed the Board that the lease had been executed. It would be necessary for the landlord's architect and contractor to perform work required on the interior and the exterior. It was staff's desire that the main entrance be located on

Federal Highway in order to achieve a more urban look. Once the plans for the exterior were received, REG Architects would be laying out the plans for the interior and the project could move forward

Vice Chair Ross recalled that at a recent City Commission meeting, citizens had commented on the Holiday House. She clarified for the record that in between the two CRA Board meetings held during which the Holiday House proposal offered by Mr. D'Almeida had been discussed, she had been informed by Boynton Beach Real Estate that Sharon Grcevic had been involved in the process as a referral agent. Vice Chair Ross publicly disclosed that she had voted for contingent approval of the Holiday House Lease Agreement and had informed the Interim Executive Director, Vivian Brooks, and the CRA Board Attorney that she wanted the correct language regarding the third party (Boynton Beach Real Estate and Sharon Grcevic) inserted into the Lease Agreement. From what Vice Chair Ross understood from the CRA Board Attorney, the third party would be paid by Mr. D'Almeida, and not the CRA.

Chair Rodriguez agreed the relationship between Boynton Beach Realty and Mr. D'Almeida had nothing to do with the CRA or the Board. Boynton Beach Realty became involved when Chair Rodriguez visited the Realty office to discuss the various options at the time the proposal was on the table. At his request, Chair Rodriguez was provided with a list of the buildings available on Boynton Beach Boulevard or North Federal Highway, and he had brought the list back to the Board. Ms. Grcevic had never shown the property to Chair Rodriguez. Chair Rodriguez had visited the site at the time he had received the listing information, and had walked around the outside of the building by himself. The only time he entered the building was when he was directed by the Board to speak with Mr. D'Almeida. On that occasion, Chair Rodriguez met with Mr. D'Almeida, and both went inside the building. That was the extent of Chair Rodriguez's involvement.

Mr. Hay disagreed. He recalled a motion had been made that Chair Rodriguez was to meet with the CRA's Executive Director and work with Mr. D'Almeida regarding the Holiday House. Mr. Hay was not aware of a realtor being included in the package. If that were the case, Mr. Hay believed an RFP process should have been utilized so that others would have an opportunity at redevelopment or that another site would be considered. He believed there was confusion as to what really took place and the direction provided by the Board. There was a gray area. Mr. Hay recalled Chair Rodriguez bringing back to the Board a document relating to the location. This led Mr. Hay to believe Chair Rodriguez had been handling the negotiations rather than a third-party realtor, and that the Board had neither approved nor was aware of such action.

Chair Rodriguez explained the third party's role was to review the MLS software for the available properties, and provide a listing to Chair Rodriguez. Upon his receipt of the

listing, Chair Rodriguez drove by the property on his own, without Board direction, as the item had been placed on the agenda and he wanted to explore other options. Mr. Hay inquired whether Chair Rodriguez had ever met with the Executive Director. Chair Rodriguez reiterated that when the item was placed on the agenda, he investigated other options on his own, and drove by the property. He then brought the listing to the Board and the Holiday House was one of several properties listed. The Board members felt the Holiday House was the more suitable consideration and directed Chair Rodriguez to work with the Executive Director to arrange for a meeting with Mr. D'Almeida. The Executive Director had been invited to meet with Chair Rodriguez and Mr. D'Almeida to view the property. Thereafter, negotiations took place, with the engagement of the Board.

Mr. Hay inquired whether there was any violation of the procurement policy regarding the Holiday House. Attorney Cherof indicated he was not aware of any violation. He pointed out that the CRA had no agreement or relationship of record with any broker with respect to the transaction. In fact, the first few versions of the lease made no reference to a broker because no broker had been disclosed. The lease did contain a provision for safeguarding the interest of the CRA such that any commission or broker's fee due on the transaction was the responsibility of the landlord and not that of the CRA as the tenant. Thus, even following the execution of the lease, the CRA had no obligation with respect to the action, if any, of a broker in the transaction. To date, Attorney Cherof was not aware whether a broker was or was not involved in the transaction on the landlord's behalf.

Mr. Hay inquired as to the Board's responsibility if the procurement policy had been violated. Attorney Cherof responded he would have to ascertain whether the procurement policy had been violated. Although Attorney Cherof did not have the policy in front of him, he was not aware of any provision that would be violated by leasing property, and the proposed acquisition was not covered by the policy. The Board had approved the original Notice of Intent or proposal on the property and then the negotiations took place to finalize the terms and conditions of the lease, which the Board did approve and occurred publicly. Attorney Cherof noted the procurement policy had been modified in January 2009.

Attorney Cherof pointed out the Board members had the individual authority to investigate situations and discuss their findings with the Board, but had no authority to bind the CRA specifically to any type of contract. In the case of the Holiday House, to Attorney Cherof's knowledge, there had been no binding agreement prior to the Board's decision.

XIII. New Business

- A. Consideration of Second Amendment to direct Incentive Agreement between the CRA and Boynton Village, LLC (the Preserve)

Ms. Brooks had received a document from Michael Weiner's office on behalf of the Cornerstone Group, the developer of the Preserve. The CRA had entered into a Direct Incentive Funding Agreement (DIFA) or Tax Increment Financing (TIF) Agreement with the Cornerstone Group for the Preserve for the creation of 50 affordable homeownership units. The DIFA had been amended to increase the buyers' eligibility from 120% of median household income for Palm Beach County to 140%. The second amendment to the DIFA would create 100 affordable rental units that would count towards the affordable access requirement of the DIFA. Of the 180 units approved onsite, 150 would be categorized as affordable units, and 83% of the units would be affordable within the development.

In addition to the Direct Incentive Funding Agreement (DIFA), the CRA provided 17 buyers of the units with down-payment assistance in the total amount of \$850,000. Of those units, five are currently in foreclosure, and this exceeds the South Florida foreclosure rate by approximately 10%. Ms. Brooks was not recommending approval of the requested amendment because of the community and the CRA's homeownership investment to date of \$850,000.

Attorney Michael Weiner, on behalf of Cornerstone Group, was accompanied by his partner, Jeffrey Lynne, who is responsible for the changes to the Agreement, as well as Lenny Wolfe, Principal of Cornerstone. Attorney Weiner noted it would be possible to build affordable housing in 2010 as the project was shovel-ready. Sixty-six units had been built, many of which had been sold. The Association struggled to maintain its obligations. He explained the Direct Incentive Funding Agreement (DIFA) involved profit sharing and Cornerstone would not realize any savings until a profit was realized by the CRA.

(Begin Transcription by C. Cherry)

The profit would average out to 50/50. In this market they could not build condominiums. They could build an additional 114 apartments units. To secure financing, they have to show cash flow projections. When they enter the real estate taxes, without the DIFA agreement, it tipped those projections to a point where a bank would not want to make a conventional loan. The DIFA was not an additional source of funds. Attorney Weiner explained the funds expended by the Community Redevelopment Agency did not directly benefit the developer, they assisted the individuals who purchased the homes. The Agency would be able to assist the homeowners and the City by having additional affordable rental units and bringing them online. They would provide construction jobs for 114 units and generate impact and

building permit fees. It would increase downtown activity by having 300 additional residents that move into the units.

Agreeing to the DIFA amendment would stabilize the community by allowing them to build the additional units which would assist the association with maintenance. The apartment complex owner will need to make two-thirds of the contribution for the maintenance. The owner's only problem was obtaining the construction financing. The agency was not writing a check, they were increasing the unit's affordability without having to impact the budget. He asserted by doing so, they would increase the tax base.

Ms. Brooks explained with the DIFA, they would receive credit for 100 rental units. They wanted credit for creating the units for rental. They were swapping out the ownership piece with the rentals and have the DIFA agreements apply to the low income affordable housing units. There would be no impact from a TIF standpoint.

Ms. Brooks was unsure how the units would show as valued on the Property Appraiser's role. They typically appraised using an income approach which may be different and affect what the Community Redevelopment Agency pays out annually. There was discussion rental units can be valued higher than condominium units.

Mr. Orlove was concerned about destabilization; however, Mr. Wolfe believed it would have a stabilizing effect because they would provide the maintenance and support the condominium association that was going to be there. Mr. Wolf explained there are no 1,600 square-foot rental units in Florida in the affordable housing arena. Many of the residents have not been paying maintenance. A question was posed who would be in charge of the condominium association. Mr. Wolfe explained there are individual condominium associations for each building and a master association combining them all. He explained the action would relieve the burden on the homeowner and he anticipated they would be managing it. Mr. Wolfe encouraged the members to view their other communities.

Vice Chair Ross explained many residents from the Preserve appeared before the City Commission seeking assistance to stay in their homes. She inquired if they offered any assistance to those residents. Mr. Wolfe explained they closed units in the past month or so. The market appears to have stabilized and he has not heard of any other unfortunate circumstances.

Attorney Cherof inquired if the proposal to transition the development was disclosed to the property owners because in the past, a proposal from one interested party in a community comes forward, and then people in opposition to it find out about it and

come to the next meeting. Mr. Wolfe indicated he would have to check with his partner.

Attorney Weiner explained they were uncertain of the outcome of this meeting. The development would remain the same. As to the units that are sold, the difference between actual ownership and rental was blurred. If someone comes back, they can address it because they will have contributed to the value of their resale and not detracted from it. They were delivering exactly what was promised from the beginning.

Vice Chair Ross thought tabling the matter may be appropriate. Chair Rodriguez inquired if they qualified the development as an ownership-based development to the residents that are there now. Mr. Wolfe was almost certain the documents allow them to change the use of the property at any point in time. The five buildings that were condominiums would be part of the Master Condominium Association but they do not govern the individual associations. He was unsure if they were turned over because that occurred when they reached a certain number of sales in each building.

Motion

Mr. Orlove moved to recommend approval of the second amendment to the DIFA. Mr. Holzman seconded the motion.

There were no comments received from the public on the item. The motion passed.

B. Presentations of Interested parties on Ocean Avenue Properties

Ms. Brooks explained there was a good response to staff's efforts to market the properties. A pre-bid meeting was held earlier in the day and 25 contractors attended the meeting. Six proposals were received.

Mr. Orlove requested each presenter give a short synopsis. Since the members read the presentation materials, there was agreement the presenters would make their points as soon as possible and give a brief summary.

The Board recessed for a break at 8:08 p.m.

The Board reconvened at 8:16 p.m.

Oscar Magnuson House

i. Artspace

Melissa Markowitz and Ralph Papa, were present. Mr. Papa explained this location would be the least intrusive site and an ideal home for Artspace to use according to the

Master Plan. He and Ms. Markowitz would be the nucleus of the project which was to bring successful artists in and involve the community. The downstairs could house sculptures and ceramics. There are four rooms upstairs and they could hold classes, run auctions and exhibit paintings. Mr. Papa operates this way in Delray Beach with the Old School Square and with the Boca Artist Guild. For the long term, it would bring art into the community. It was not just the money to be made building, showing or teaching art, it was that people would come in with monies and be involved in the art and infiltrate the neighborhood. They can work outside, tie the community groups into the art program, whether it was visual, performing arts, or music. The home was small but it was a starting point and could be expanded into other facilities throughout the downtown. It was a thread to tie things together. Lincoln Road in Miami was successful as were several other areas around the country.

In response to questions, the following information was given:

Artspace planned to be a seven-day a week operation. They hoped to expand from two artists to six and would like to operate from 10:00 a.m. to 6 p.m. weekdays and 11 a.m. – 9 p.m. on weekends. Mr. Papa did not see the project as something that would generate congestion or traffic. The effort would start slowly. The public likes to watch artists working and they could come in to do so. Ms. Markowitz explained this type of operation occurs in Soho, Tribeca and other artist communities throughout the world. She believed the 211 Artspace would plant a seed, grow and revitalize the area.

Ms. Brooks noted that currently, they were not paying taxes on the property.

Mr. Papa explained they were seeking to have classes for all ages. He works with Dreyfus and the Bach School of the Arts, as he was at the Old School Square. He tries to involve youth and attract adults willing to pay for the classes. They would use rates similar to those used at the Old School Square. The classes could be in filmmaking, sculpture, painting, etc. Mr. Papa was not familiar with the Boynton Beach Art Center, only the Civic Center. Mr. Orlove expressed concern Artspace would detract from either location. Mr. Papa would work in concert with them and not in competition. The locations were two to three blocks from one another and Artspace was trying to establish the location as the nucleus for professional artists, showcasing high quality work. Artspace feels high quality work draws visitors to the area. He commented the Arlington Torpedo Factory was an ideal national example of what they hoped to grow in Boynton Beach. He did not consider other locations within the Community Redevelopment Agency area. Ms. Markowitz expressed they preferred the Magnuson House and felt they could expand on it.

Mr. Papa was a professional artist for the last 12 years and works hard and was involved in the community. He was not familiar with Artspace.org, which was a non-

profit and Ms. Brooks explained her impression was they were. The national organization typically is housed in historic structures. The teaching rate was the artist would receive 60% of the tuition and 40% would go to the Community Redevelopment Agency. The name would be the 211 Art House; however, the name was not yet registered. When the building is converted from a residential to a commercial use, regardless of whether the building was historic or not, provided the upstairs is not used for storage, there must be access to the public. There would be open studio space. An elevator would be \$30,000. If the business failed, the next tenant in the building may want it.

ii. Jordan Chussler – Oscar's Restaurant

An unidentified individual spoke about the mission and goals of the restaurant. He sought to create a comfortable neighborhood atmosphere for local customers and add to the restaurant presence on Ocean Avenue. They would place emphasis on affordable and top quality dishes and a create a value to ensure return clientele. Since there are no direct connections from I-95 to the location, they would stress marketing and advertising in their plan. They would have a family-oriented atmosphere with occasional art and musical entertainment. To support their goals, they would target all demographics and be open for lunch and dinner seven days a week. With the City facilities in the immediate area, lunch hours would be instrumental to the success of the restaurant at that location. The primary income for the principal owners would be maintained to increase the likelihood of its success.

Mike Buckner and Bob Abrams were also present, and were equal partners. Mr. Buckner was a restaurateur for 25 years. He has three restaurants in Argentina and thought this was a good opportunity to restore a historic home to its original state. It would have a Key West Café covered-veranda feel. Private restaurants are being replaced by establishments run by large corporations and the intimacy is lost. They want to be a major participant on Ocean Avenue. Mr. Buckner was the general manager of a restaurant in Boca and would be the general manager at the Magnuson House.

Mr. Buckner explained there are always challenges with parking for any business and they would meet with Planning and Zoning. He has met with some contractors on some issues. They could use a valet service and use the outer ring of the property for parking. As it pertained to size, this restaurant was smaller than the restaurant he runs, but he noted sometimes smaller was better. He believed if they present good quality products, they should garner enough traffic flow. They would like to have an organic menu because there was not a lot of indoor space; 60% of the business would occur outside, which would be adapted according to the weather. Their goal was to have 150 seats which would allow them to obtain a liquor license without paying for a

bar license. He anticipated using the upstairs and patio as well. The price point would be contingent on the price of the products, but they want to have an affordable product. Music could be provided by a solo guitarist, mellow or gentle entertainment. Once the Certificate of Occupancy was obtained they anticipated they would lose money during the first year, and if they did not execute on the highest level during that time, they would not survive. They can have a secondary catering business, but first they must function at the location.

Mr. Buckner explained he has a relationship with marketing companies. Good marketing must be done on a professional scale. They wanted the restaurant to be an upper casual restaurant and be an example of what Ocean Avenue would be. The menu would be American/Continental with a café-style flair, with lots of fish, salads, and burgers based on the local ingredients they can find centering on what is in season.

Ms. Brooks explained as to parking, there is a parking lot just east of the Children's Museum which could be used by the public. There was also parking near the railroad tracks. Additional parking could also be created.

The members discussed both the pros and cons of the options for the Magnuson House.

Motion

Mr. Orlove moved to work with Jordon Chussler and his group to bring the Oscars Restaurant concept to Magnuson House. Vice Chair Ross seconded the motion.

Chair Rodriguez opened the item to public comment.

Harvey Oyer, 512 N. Seacrest Boulevard, owned property in the 400 and 500 Block of Ocean Avenue. He commented the two concepts were interesting. He hoped the matter could be addressed from the restoration of the Old High School. He thought there were funds to do it. It would take a commitment by the City to turn it over to a non-profit organization with a reverter clause if it failed. He contacted the Palm Beach County Cultural Council and a non-profit would have to be in business for two years which the Boynton Historical Society would qualify for. If the High School were restored it would provide many of the opportunities the Board was discussing. The most expedient way would be for the Historical Society to retain an architect and a contractor, and use the Magnuson House as a temporary location for the refurbishment of the High School. There are civic organizations that obtained funds that could meet there and bring activities back to the center of town.

Mr. Oyer spoke about the Old School Square. Delray had to pay for the land and made use of it, but Boynton Beach did not.

Chair Rodriguez commented the Board had a proposal for the development of the Old High School which may be heard at the next City Commission meeting. The Old High School would be a key anchor in the downtown/Ocean Avenue area. They will work to make that happen.

Barbara Ready, SW 13th Avenue, supported the art project for the Magnuson House and further hoped when the restaurant refurbished the structure it is done sensitively to the historic nature of the interior of the home. The kitchen would need serious renovations. She reminded the members Ocean Avenue was the cultural corridor. She was glad the Board was encouraging art along the Avenue and hoped it would be explored further.

Lance Chaney, 4312 Pomelo Boulevard, expressed concern about sustainability. He commented one year may not be good business sense. He commented they have not heard much about a five-year business plan or the financial impact to the City regarding the taxes it would pay and jobs that would be created. If the business does not sustain itself, it gives a bad example to other businesses coming into the area to establish restaurants.

Buch Buchanan, 807 Ocean Inlet Drive, liked both concepts and expressed a huge art presence on Ocean Avenue is needed. He thought the practical approach would be a restaurant which would have a more immediate draw. Once activity commences on Ocean Avenue, art should be brought in. He commented art was not the draw on Atlantic. The public goes there to eat and for the entertainment. He thought the restaurant was a better decision.

It was also noted the Historic Preservation Ad Hoc Committee was bringing forward an Ordinance. Mr. Buckner responded they were willing to work within the confines of it and pointed out 2011 would be the 100th Anniversary of the building. It would be appropriate to restore it to its original state with a few minor changes.

The motion unanimously passed.

Ruth Jones Cottage

- i. Chrissie Benoit – The Little House

Ms. Benoit explained she has a restaurant in Lake Worth called Havana Hide Out. The restaurant has a great vibe and was economically positioned. The average guest stays for three hours and established a rapport with the patrons. Ms. Benoit was used to working within odd spaces. They built their kitchen in a truck and ended up on Food

Network. She refurbished the building because she saw an opportunity to create a fun and dynamic restaurant. They have a great clientele that frequents the restaurant. Her restaurant is packed and they have an open microphone twice a week to accommodate the many patrons that want to use it. They use local musicians. She's been involved in restaurants for 24 years and had opened them in different areas of the country. She has worked with very talented people. She made a connection with the community, who was into home brewery. They now have a home brew cook off and she studied the issue and the economics of it. Her proposal for the Ruth Jones cottage was for a brew pub. She loved the historic nature of the cottage and planned to preserve the Dade Pine. Brew pubs are very trendy right now but they are timeless.

She explained after she opened her restaurant, other establishments moved in and energized the street. She commented Lake Worth was currently voting on a music and sound ordinance and she sat on the Board to review it. She worked for years with Wolfgang Puck and opened some restaurants for him and herself. She designed a restaurant in Lake Worth and that was how she wound up in Lake Worth. She has won many food awards. She explained once individuals like a beer made by their brew master, they cannot get it anywhere else and it is a real draw.

She also wanted to have a shuttle come from Havana to the restaurant in Boynton Beach because there are many beer enthusiasts there. They have 1,000 people who signed up for their emails. She also thought there were some opportunities for food at the cottage because it is a smaller space. She has a concept called the Production Kitchen which she just opened in West Palm Beach. It is an incubator kitchen, but they get to handle more of the food flow which could help facilitate the level of food they have at the cottage. She provided information on beer trends. Micro breweries were becoming well known.

Mr. Holzman disclosed he was a big fan of Ms. Benoit's restaurant in Lake Worth. Ms. Benoit's idea for the shuttle came from a movie that was shown at her restaurant. She clarified every Monday was movie night and she thought it would be great to have a bio-shuttle. The cost of a driver to operate it was included in her proposal but she had to research it further. She did not know what the insurance would be or what it would cost to convert a diesel or gas vehicle to hydrogen.

Ms. Benoit explained her expenses were based on the traffic flow and growing her business. She was not requesting any funds for the build out. She would spend \$60,000 of her own money to do it. The money was what she hoped to recoup before the rent kicked in. Ms. Brooks explained they cannot build a full kitchen with the equipment. They only needed a tenant.

Ms. Benoit confirmed she was looking for rent abatement until she reached the break even point. It was unknown how long that would take. She explained initially, Havana Hideout was losing money. Now she had 60 seats and does \$700,000 a year. She started the restaurant on the premises when the economy tanked. Once she recouped her money, she wanted her rent to be equitable. Ms. Benoit commented she would consider other locations within the City if not selected for the Cottage. Only three brewing systems could be used because space could be challenging. She anticipated her break-even point would be a little over a year and would need free rent close to two years when she recovered all her investments.

ii. Christine Francois – Francois' Decadent Indulgences

Ms. Francois was in China and was not present for the presentation. Ms. Brooks explained she proposed a full bar with desserts. She was asking for free rent for three years, a grant for each employee hired, which was not available at this time. The Community Redevelopment Agency would pay for the exhausthood, grease trap, hedge or fence to screen the traps, a loading dock and walk-in cooler or freezer. The hood and grease trap was about \$30,000 plus about \$1,500 for a fence. The cooler/freezer was estimated to be about \$20,000. She anticipated having about seven employees.

There was agreement the members were not comfortable reviewing the presentation without Ms. Francois present.

iii. Sandra Gagne - Trading Post

Sandra Gagne, 2561 SW 13th Court, Golfview Harbor, has lived in Florida for 28 years and lived in Boynton for 17 years. She owned Dockside Market, and was in the restaurant business all her life with her family. She was interested in the Ruth Jones Cottage and wanted to have a lively business that would attract people. Her proposal was for the 201 Trading Post. The original address for the Cottage was 201 and she planned to preserve as much of the cottage in its original condition as possible. She sought a market/pub gathering spot that people could join. During the day it would be a casual location for dining where patrons would read the specials on the chalkboard at the counter, order, and sit and the food would be served to them. The patron would pay at the counter before leaving. In the evening, the Cottage would transition to a dining-room style with a regular menu.

The first window would be a take-out walk-up window for coffee or smoothies. On the other side of the building, the other windows could be expanded to accommodate a full bar and patrons could be seated indoors or outdoors. The Cottage is small having slightly under 800 square feet. There would not be a lot of room if 300-400 square feet is used for kitchen/storage and restrooms. She liked the idea of a communal table and

it seemed to be a trend. There would be a counter with stools. Ninety percent of the seating would be outdoors, and they would need to take a different approach with different revenue sources. She could not do just table service, which was why they could have the walk up aspect. The public could purchase fine wine and cheeses.

Ms. Gagne was looking to create a local spot where people can come and hangout and not be just a restaurant. She would have great comfort food, i.e. meatloaf sandwich or chicken fricasee. The menu would change seasonally and focus on local fare. Her forte was for hearty stews/casseroles, something that mom would make. She would feature homemade soups, sandwiches, entrees. Boynton was developed on produce and seafood. She noted there are other restaurants focusing on seafood so she would not pursue that menu. It was a spot one could pick up a meal to go, a bottle of wine, have a cold beverage with friends there and go on their way.

She proposed to ask for one year's free rent and she believed she could break even between years two and three. The average range in restaurants is not to have rent to exceed four to seven percent of the gross sales.

Mr. Holzman disclosed he was an avid fan of her restaurant before it closed. Ms. Gagne explained she wanted to appeal to all audiences and have a year-round business. Her hours were 10 a.m. to 10 p.m. and on Friday and Saturday nights, be open until 11 p.m. She would not mind having music at some point if suitable.

iv. Kim Kelly – Barnacles

Kim Kelly, 529 East Ocean Avenue, presented a coastal cuisine concept. She reviewed her menu and expressed she would keep the Cottage as authentic as possible and open the ceiling to show the wood frame. She would add windows to both sides of the cottage to create an airy feeling. She would keep the Dade Pine. The fastest way to develop a downtown is to have theme bars and restaurants, and retail art would follow. Restaurants generate more traffic than any other small business entity. She has created and owned Hurricane Alley since 1996. She established a loyal customer base allowing her to offer them another choice with great food. She plans on having 13 employees and doubling that by 2016. She anticipates 50 to 60 seats with an equal portion inside and out. The amphitheater and ongoing Marina project only enhanced the area. The two restaurants would not be replicated and would have different food and drink. She has a strong work ethic and always strives to find solutions. She educates herself and keeps current in the industry. She restored a historic building and was aware of the grants and opportunities available.

Entertainment is not currently provided at Hurricane Alley. Ms. Kelly would like to institute a weekend brunch and bring in Caribbean food and steel drums from 8:30 a.m.

to noon. Hurricane Alley does not currently offer breakfast. Her proposal was to have breakfast only on the weekends. She requested \$25,000 for the build-out of the building. She would pay for the kitchen herself. Chair Rodriguez also noted she requested below market rent of \$1,000 per month for three years. Mr. Orlove and Vice Chair Ross disclosed they met with Ms. Kelly.

Ms. Kelly explained she would have drop downs to cover the outside dining area when it rained. She also had the fireplace which could be used on cold days. She explained she had a leg up because she already had an established customer base which was instant advertising, and they have liquor and it provides for a better variety. Ms. Kelly intended to apply for a liquor license for the location. She expressed for a small space, liquor sales would be necessary. She was considering obtaining the liquor license from the strip club Platinum Gold and paying them monthly so that would provide income. They could finance the liquor license if they had to. Mr. Holzman thought the menu's for the two locations were similar. Ms. Kelly responded they were not. She wanted to bring the price of an alcoholic beverage down. She expressed \$3.50 well drinks, \$4 premium drinks and \$5 top shelf drinks. She planned on offering catering and take-out.

The members had a lengthy discussion about the pros and cons of each presentation. There were components from each presentation they liked. Mr. Holzman was leaning towards the 201 Trading Post. Vice Chair Ross expressed Ms. Kelly's presentation was a strong presentation and liked the 201 Trading Post. Mr. Hay was leaning towards the 201 Trading Post.

Chair Rodriguez appreciated all the presenters and explained other opportunities may open up. He felt Ms. Kelly made the best presentation. He thought the Board should look at alternatives to give other business owners opportunities in the community. He thought multiple business owners on the Avenue would be appropriate. He was also in favor of the Trading Post. He felt another owner on the Avenue would create excitement, competition and a different viewpoint.

The Trading Post would not pay rent for one year. Barnacles would pay \$1,000 a month for the first three years and then adjust it upwards. Chair Rodriguez was not concerned about the rent because they did not know what the tax implications were.

Motion

Mr. Holzman moved to enter into negotiations, or accept the proposal by 201 Trading Post for the Ruth Jones Cottage. Mr. Hay seconded the motion.

Chair Rodriguez opened the public comments.

Kim Kelly took exception to Chair Rodriguez's comments to having other business owners and expressed it was not fair. America was about doing better. If you don't allow someone who does a better presentation to do better, than she did not believe the Board represents what America stands for. She explained she worked hard in Boynton Beach for 15 years. She never left or had a failed business. The competition was here for a year and a half. Ms Kelly had proven herself and wanted the Board to know how important this opportunity was to her. She fought hard for Boynton and never stopped. She did not think someone should be penalized because they wanted to do better in life.

The motion passed 3-2 (*Vice Chair Ross and Mr. Orlove dissenting.*)

- C. Discussion regarding process for replacement of Executive Director

This item was tabled.

XIV. INTERIM Executive Director's Report

- A. Agency priorities for FY 2010/2011

Ms. Brooks provided priority projects for the Board to consider and was complimented on its layout. She explained the projects would be accomplished by the end of the fiscal year barring any unforeseen circumstances.

- B. Staffing Report

Ms. Brooks explained there are a number of positions within the organizational chart. Some of them were not funded and remained. The rationale for them has changed. The Community Redevelopment Agency Board acted as the Planning and Development Board for all projects within the Community Redevelopment Agency. They applied their adopted plans to the projects. This changed three years ago. Instead they are heard by the City Commission. She recommended the positions be removed from the organizational chart and the assistant director position not be kept or funded. She did not think the position could be justified because of the trend in the revenue. They attempted to fill the finance assistant position.

Mr. Holzman appreciated Ms. Brooks acting as Interim Director. He inquired how it was working in terms of salary and benefits. Ms. Brooks responded she was at the same salary. Chair Rodriguez would be holding discussions about alternatives and combining the two positions into one and would discuss it with her. He commented on the elimination of the planning director and economic development director positions and explained those positions were never funded. He also agreed Ms. Brooks was doing very well and they could get by with one leader. Ms. Brooks is handling the economic

development duties with assistance of other staff members. Chair Rodriguez thought 2011 would be a great year.

C. CRA Workshop dates

This item pertained to mapping projects beyond next year and the direction the agency would take. There were a number of policy issues that needed to be discussed, such as organization, administration of the agency, and their Capital Improvement Program. Ms. Brooks noted the Downtown Master Plan was not specific.

Chair Rodriguez commented on the City Commission level, they would be having a workshop because they asked about the Police Station and City Hall. He suggested Ms. Brooks should be part of that meeting.

Mr. Orlove thought if they are moving forward with an appointed Board in January, it would be helpful for the City Commission and the new members to meet to engage in their thought process and what should be brought forward. He requested the Interim Director look at the calendar for a date for the workshop in November or December.

Chair Rodriguez requested Ms. Brooks contact the City Manager. The Board requested he schedule a meeting and they could piggyback it off of that for a combined meeting. He explained it may be a day long meeting and he requested Mr. Bressner try to schedule it before the end of the year. Mr. Orlove stated for the record he thought it should be mandatory for the 10 candidates to be at that meeting, if they wanted to be seriously considered for the Board.

Mr. Hay suggested they be proactive and come with a plan as to how to seat the Board. Chair Rodriguez did not want to discuss the plan or process at the workshop, but did encourage ideas to be submitted to the City Manager. Vice Chair Ross was also in favor of a plan.

It was clarified no motion was needed for elimination of the positions discussed earlier in the meeting. There was consensus.

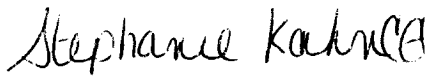
There was also consensus that Ms. Brooks should speak with Mr. Bressner about a time to have a Community Redevelopment Agency workshop and/or combined City and Community Redevelopment Agency Board meeting that includes the downtown. Mr. Orlove wanted to be clear he thought the 10 candidates should be invited and their attendance be strongly encouraged. Vice Chair Ross agreed.

XV. Future Agenda Items:

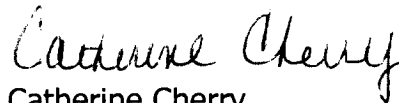
- A. Where do locals go...: Video Program Update

XVI. Adjournment

There being no further business to discuss, the meeting properly adjourned at 10:30 p.m.



Stephanie D. Kahn
Recording Secretary
10/13/10



Catherine Cherry
Recording Secretary
10/21/10