

**SPECIAL MEETING
JANUARY 22, 2008**

A Special Meeting of the City Commission of the City of Delray Beach, Florida, was called to order by Mayor Rita Ellis in the First Floor Conference Room at City Hall at 6:00 p.m., on Tuesday, January 22, 2008.

Roll call showed:

Present - Commissioner Gary P. Eliopoulos
 Commissioner Fred B. Fetzer
 Commissioner Woodie McDuffie
 Commissioner Brenda B. Montague
 Mayor Rita Ellis

Also present were - David T. Harden, City Manager
 Susan A. Ruby, City Attorney
 Chevelle D. Nubin, City Clerk

Mayor Ellis called the special meeting to order and announced that it had been called for the purpose of considering the following item:

SPECIAL MEETING AGENDA

1. **COMMUNITY WORKFORCE HOUSING INNOVATION PROGRAM (CWHIP) AGREEMENT FOR VILLAGES AT DELRAY:** Consider approval of the Community Workforce Housing Innovation Program (CWHIP) Agreement for Villages at Delray.

Joseph Safford, Director of Finance, introduced Rebecca O'Connor, Treasurer, and presented this item. He discussed the present property use handout distributed to Commission. As part of the Community Workforce Housing Innovation Program (CWHIP) agreement the developer asked that the City forgive \$1.5 million dollars of the Urban Development Action Grant (UDAG) loan. Staff was asked to evaluate the projects to determine if it is recommended to support forgiving the loan. He explained the UDAG loan has a balance of \$4.2 million dollars. Based on the proposed property use, three project developments would take place. The three project developments would be the Village at Delray, which would include two hundred sixty-four rental units; Village at the Lakes, which would be three hundred sixty townhomes and condominium units; and Village Square. Mr. Safford stated the collateral for the loan would be thirty-one (31) acres and two hundred fifty-six units that are currently on the Auburn Trace property. The Village Square project would be built first with projected completion in 2010. The Village of Delray would be built next followed by the Village at the Lakes. The projected completion time is 2012 for the Village at the Lakes.

Mrs. Montague asked when the Village at Delray Lakes would be completed.

Mr. Safford stated Village at Delray Lakes would be completed in 2010.

Mr. McDuffie asked when the Village Square project would begin.

Mr. Safford explained the contributions and the financial projections for all three projects. He also discussed several questions included in the back-up material. Mr. Safford pointed out that the City would be losing eleven (11) acres and ninety-six (96) units of collateral for the loan, however; the City would not receive a portion of the \$6.5 million. He presented several focal points that he asked be clarified by the Developer. Mr. Safford advised Commission that the \$1.5 million dollar loan if forgiven as an account receivable would be no different than a bad debt write-off. Staff recommended the loan not be forgiven; a portion of the UDAG loan should be repaid when Auburn Trace sells the land and demolish the units that provide the current collateral. Mr. Safford says that the remainder of the loan should be repaid upon the completion of the other two projects.

David T. Harden, City Manager, discussed the handout he gave to Commission on the amount of money the City has spent in the area which is about \$5 million.

Mrs. Montague asked if a breakdown of where the money is coming from can be specified.

Mayor Ellis questioned if particular areas that required replacements such as water mains, sewer pipes and stormwater treatment would be an expense of the City and must it coincide with the development of the property.

Mr. Harden advised that some utilities would part of the project cost; supporting pipes to get everything to the area would be the expense of the City.

Cito Berguiristan, First Vice President of Auburn Trace Development, gave a PowerPoint presentation on behalf of Auburn Development, LLC. Mr. Berguiristan advised that Auburn Development, LLC would like to have the \$1.5 million dollar loan forgiven after the balance of the loan is paid. Based on the current agreement, Auburn Development LLC. would pay approximately \$150,000 to the City annually with an expected payoff in 2022, however, Mr. Berguiristan would like to pay approximately \$3 million dollars before 2012 in exchange for forgiveness of a portion of the loan. In addition, the City would get affordable rent and income restricted units for fifty (50) years. He discussed the City's goals for affordable workforce housing and its Ordinances. He clarified some of the previous statements made by Staff that the Delray Beach Housing Authority (DBHA) did not make a substantial contribution.

Mr. McDuffie advised Mr. Berguiristan that his numbers are incorrect; he stated the County contribution number is an error in the PowerPoint; however, the percentages are correct.

Mr. Berguiristan discussed cash flow benefits and distributed a handout to Commission. He talked about the Return on Investment (ROI). He discussed the Developer Fair Profit Analysis conducted by Economic Research Associates (ERA) which analyzed different facets of the real estate market. ERA was employed by nine cities in the tri-county area including Boynton Beach, to determine that the pricing was reasonable based on an analysis of the different communities and marketing surveys. Mr. Berguiristan advised that the rental deal would not be a 50% partnership with the DBHA as stated by staff. He discussed tentatively being awarded the \$20 million dollar HOPE VI Grant and what he would like to accomplish.

Mr. Berguiristan addressed earlier statements and questions presented by staff. He also showed Commission an animated presentation of the new projects.

Mr. Fetzer advised Mr. Berguiristan that he gave an impassioned presentation and asked staff to respond to the Benefit Present Value number given by Mr. Berguiristan.

Ms. O'Connor advised that staff did not look at the Benefit Present Value because the monies would go directly to Lula Butler, Director of Community Improvement's budget.

Mr. Safford explained why the money would be distributed to Mrs. Butler's budget and not towards the General Fund in further detail. He explained certain government restrictions would not allow the City certain expenditures with the grant such as salaries.

Mr. Eliopoulos concurs that Mr. Berguiristan gave a phenomenal presentation; however, he does not want to see anything deferred. He expressed several concerns such as where this type of agreement has been done before for any development. He is concerned with the type of precedence the City would set. He questioned how Mr. Berguiristan arrived at the \$1.5 million loan amount to forgive. He asked what amount the Developer wanted from CWHIP and what contribution amount from the City.

Mr. Berguiristan advised that Auburn would like to have \$5 million dollars.

Mr. McDuffie advised this was a large amount of information to digest from the presentation and packets that were distributed to Commission. The project is something he felt the City had been looking for a long time. Mr. McDuffie explained there could be an enormous risk or reward to the City and the Developer which is critical at this time. He would like staff to meet with the Developer to understand how this project could be accomplished.

Mr. Harden advised the deadline for the CWHIP application is the end of January 2008.

Mrs. Butler stated the proposal presented tonight is little different from what was previously reviewed.

Mrs. Montague questioned the \$149,000 yearly payment and when would the \$10,000 per unit commence. She requested clarification as to how this would affect Mrs. Butler's budget. She questioned where did the \$1.5 million come from and what if the Developer does not get the CWHIP Grant.

Susan Ruby, City Attorney, clarified that the City is not actually getting a lump sum.

Mr. Berguiristan stated that the \$1.5 million is needed whether the City gets the CWHIP grant or not.

Mr. Harden stated that the \$1.5 million is integral to the CWHIP Grant.

Mayor Ellis stated that the neighborhood has waited patiently for years for this development and the City will not renege on its promise to the SW and NW 13th Avenue residents.

Commission concurred they would have another Special Meeting if necessary to make sure that the project is handled correctly.

Mr. Berguiristan made two (2) suggestions since the Developer is under time constraints. The first is to have a signed agreement from the City. He also requested another Special Meeting held the same week.

Mrs. Butler stated she received an e-mail that the City has satisfied obligations with UDAG and is free to negotiate this particular loan.

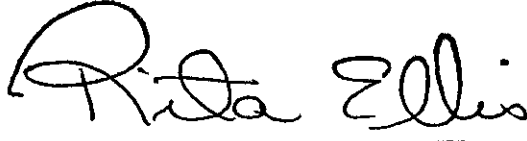
It was the Consensus of the Commission to have a Special Meeting on January 23, 2008 at 6:30 p.m. in the First Floor Conference Room to further discuss the Community Workforce Housing Innovation Program (CWHIP) Agreement for Villages at Delray.

Mayor Ellis adjourned the Special Meeting at 8:28 p.m.



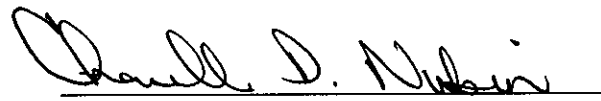
City Clerk

ATTEST:



MAYOR

The undersigned is the City Clerk of the City of Delray Beach, Florida, and the information provided herein is the Minutes of the Special Meeting of the City Commission held on Tuesday, January 22, 2008, which Minutes were formally approved and adopted by the City Commission on February 5, 2008.



City Clerk

NOTE TO READER: If the Minutes you have received are not completed as indicated above, this means they are not the official Minutes of the City Commission. They will become the official Minutes only after review and approval, which may involve amendments, additions or deletions to the Minutes as set forth above.