



Delray Beach Housing Authority

ANNUAL BOARD MEETING

OCTOBER 21, 2010

MINUTES

I. CALL TO ORDER

Meeting called to order at 8:50 a.m..

II. ROLL CALL

Joseph Hepp – Present

Christel Silver – Present

Choli Aronson – Present

Sylvia Morris – Absent

Shelly Petrolia – Absent

Shelly Weil – Present

Guarn Sims - Present

III. APPROVAL OF AGENDA

A motion to approve the Agenda was made by Vice Chairman Silver. Motion seconded by Commissioner Weil. All in favor. Motion passed.

IV. ANNUAL ELECTION

a. Election of Chairman

A motion nominating Mr. Hepp for the position of Chairman was made by Vice Chairman Silver. Motion seconded by Commissioner Aronson. With there being no other nominations, Mr. Hepp was elected Chairman by acclamation.

b. Election of Vice Chairman

A motion nominating Ms. Silver for the position of Vice Chairman was made by Commissioner Aronson. Motion seconded by Commissioner Weil. With there being no other nominations, Ms. Silver was elected Vice Chairman by acclamation.

V. APPROVAL OF THE MINUTES OF SEPTEMBER 16, 2010

A motion to approve the minutes of September 16, 2010 was made by Commissioner Aronson. Motion seconded by Commissioner Weil. All in favor. Motion passed.

VI. RECOGNITION OF VISITORS

David London

Michael Hartman – Roundstone Development

VII. PUBLIC COMMENTARY

Mr. London continues to encourage the Authority to consider moving toward a smoke free environment for the redevelopment project.

VIII. CONSENT

A motion to approve consent agenda was made by Vice Chairman Silver. Motion seconded by Commissioner Weil. All in favor. Motion passed.

IX. CORRESPONDENCE

NAHRO Newsletter

X. OLD BUSINESS

A. Chief Operations Officer's Report

Section 8 Waiting List

The Chief Operations Officer reported that on October 10, 2010 the DBHA opened up the Section 8 Waiting List. The applications were posted as an ad in the Palm Beach Post newspaper. As a result a total of 7000 applications had been received. As advertised, selection procedures will be on a lottery basis and the DBHA's software system will randomly select 1000 applications to be placed on the Section 8 Waiting List.

Section 8 Project Based

The Chief Operations Officer noted that as mentioned at the previous board meeting, the DBHA was planning to open this waiting list but has since decided to put the process on hold until the Authority is certain with regards to the implementation of the Project Based Program in connection with the redevelopment project.

Section 8 Administrative Plan

The Chief Operations Officer stated that a revision to the Administrative Plan will be presented at the next board meeting to include the DBHA's Tenant Selection process. The Chief Operations noted that the DBHA has the intention to change the current Tenant Selection process from date and time to the lottery selection. The lottery selection process was highly recommended by HUD, this method is also very common for housing authorities to use.

B. President/CEO's Report

The CEO welcomed the DBHA's newest Commissioner, Guarn Sims, Principle of Village Academy. The CEO noted that this appointment was extremely important because Village Academy is the neighborhood school located immediately across the street from the redevelopment site and it is a valuable resource for the community.

Developer's Background Checks

The CEO noted that the DBHA has completed the background checks for the developer and has received positive remarks, particularly about Michael Hartman who is the DBHA's contact. The CEO noted that as part of the background check for the developer a Financial Feasibility Study was performed and the study was completed by PMG Associates. The Development Officer reminded the Board that PMG was asked to look at Roundstones number's, review the deal and advise the DBHA if what Roundstone was proposing was feasible.

PMG's Summary

PMG Associates reported “yes” the deal is feasible.

- PMG Associates concluded that the developer has sufficient financial capability to develop the project and see it through to completion.
- PMG Associates concluded that the developer should have sufficient cash to meet the short term needs of the project.

Draft Development Agreement Discussion

The CEO noted that a draft copy of the Master Development Agreement (MDA) had been sent to the Board earlier in the month, allowing the Board time to review the documents. The CEO asked the Board to pay close attention to the deal as the Attorney explained the MDA. The Attorney explained that there are three components to this development.

- The Elderly Phase
- The Mixed Family Phase
- The Single Family and Duplex Phase

The Lease

In accordance with the proposal that Roundstone presented to the DBHA it was envisioned to create three Limited Partners. The Attorney stated that he didn't feel that there was a need for three limited partners because the limited partners should be only for the Elderly Phase and the Mixed Family Phase. The Attorney explained that the limited partnership envisioned will have two co-general partners. The first general partner will be the Delray Housing Group (DHG) and the second co-general partner will be Roundstone Development, LLC. The Single Family Phase will not need a limited partnership because this phase will be like a Market Product. The Attorney noted that currently he was awaiting comments from Roundstone regarding the lease.

Limited Partnership Documents

The Attorney noted that these documents will be changed to reflect the new names. The Attorney also noted that there is one document that needs to be created, an agreement from the Limited Partners with the Developer. This document will go in conjunction with the MDA.

Master Development Agreement (MDA)

The Attorney stressed the importance of the Master Development Agreement. It was noted that this agreement will govern the project until completion. The Attorney stated that he will need the assistance from staff in reference to Article II (g) Section 3, The Minority Business Enterprise (MBE) and the Women Owned Business Enterprise (WBE) of the MDA: “Where as the developer shall require all sub contractors working on the development, including the General Contractor, Architect and Engineer and all their subcontractors (collectively “subcontractors”) to comply with section 3, MBE and WBE requirements.”

Management Agent

The Attorney stated that when speaking of the DBHA taking control sooner, he felt that it referred to the management of the properties. The Attorney noted that there is a possibility for the Authority to take over sooner provided two things.

- 1- The Developer is released from the guarantees.
- 2- The Limited Partners accept the DBHA.

The Attorney noted that it would be in the best interest of the Authority to proceed down this route after project stabilization.

Developer Fees

The Attorney stated that these numbers track Roundstones response in the RFP. It was reflected in the RFP that the developer should receive 85% of the Development Fees and the Authority shall receive 15% of the Development Fees. The Authority is hopeful of negotiating a higher percentage of the Development Fees.

Cash Flow

The Attorney noted that Cash Flow is “subject to approval of the tax credit investor and prior to Project Stabilization, cash flow shall be dedicated first to operating expenses, then to funding of any operating reserves, if any, then to the payment of any deferred Development Fee.” If any cash flow remains, it should be divided with 70% to the Developer Affiliate and 30% to the Authority Affiliate. The CEO explained that the way for the DBHA to control this piece is by monitoring the Developer Budget. The Attorney noted that under Article IV 4.02 of the MDA it is stated that “Proposed revisions to the Development Budget in excess of \$10,000 for any one change or \$100,000 aggregate in any quarter will be submitted by the Developer to the Authority, as needed, in form of a proposed revised Development Budget.” The Authority may approve or disapprove such changes in its sole but reasonable discretion.

Predevelopment Cost

The Attorney stated that Roundstone will be providing an estimate of what their predevelopment cost are projected to be, the DBHA will do the same. These numbers will be reflected in the budget as Line items. The Attorney noted that once Roundstone and the DBHA have identified these numbers, they will be reflected under section 6.05 of the MDA.

Selection of Professionals, Contractors and Consultants

The Attorney recommended that Roundstone be very inclusive of the Contractors or Subcontractors that they will be using for this project. The Attorney noted that under this document, substitution of Contractors for light work requires the approval of the DBHA and it requires the Developer to go through a competitive process.

Termination

The Attorney noted that under Article XV there will be set dates once the Developer is able to provide dates that they are comfortable with. Therefore if by the determined dates, certain assignments have not been completed as reflected under the MDA, the DBHA will have the right to terminate the agreement under those terminations, each party will assume its own cost. The Attorney recommended that the Board focus on this section and understand its contents. The Attorney reminded the Board that the deadline issued to enter into an agreement is November 19, 2010.

Roundstone Development/Michael Hartman Updates

Mr. Hartman informed the Board that Roundstone Development began working immediately after they were selected. Mr. Hartman informed the Board that he has met with every potential source of money (County Commissioners, HFA, County Administrator, CRA and the City of Delray Beach). Mr. Hartman reported that Roundstone filed a request on behalf of the DBHA with the City to give them a rebate on the one site infrastructure estimated to be approximately \$100,000. Mr. Hartman informed the board that on Thursday October 21, 2010 they will meet with the CRA to ask them for a \$100,000 grant that will help with the Family Rental Phase. Mr. Hartman noted that Roundstone is working with the DBHA on the Hope VI Application. Mr. Hartman reported that Roundstone will be making Bond Application on October 29, 2010 on behalf of the DBHA for tax exempt bonds because their resolutions are needed to incorporate into the Hope VI Application.

Mr. Hartman commended the DBHA's Attorney regarding the Draft Master Development Agreement, and reported that currently Roundstone Developments Attorney's were reviewing the document. Mr. Hartman has two questions.

- 1- Can the DHG operate as a nonprofit?
- 2- Will Roundstone pull out immediately after stabilization or will they remain until the deferred developer fee is paid?

Mr. Hartman anticipated that Roundstone will have comments ready by Tuesday October 26, 2010 for the DBHA's Attorney to review.

Discussion

The CEO noted that she felt that the DBHA should have a larger share of the Developer Fee. The CEO explained that DBHA staff will walk the application through City Hall. The Authority has had a relationship with the City for years and therefore felt confident that due to this relationship there are many possibilities that perhaps Roundstone would not have with another partner. The CEO stated that staff will do a great deal with regards to the Developers approvals. The Development Officer noted that in regards to the actual

entitlement, the DBHA can definitely do the agent work. The CEO stressed the fact that the Authority has a very good relationship with local government and felt strongly about the DBHA receiving a larger share of the Developer Fee.

The Attorney noted that Roundstone had placed a significant value on the lease. Mr. Hartman explained that if the 9% tax credit is received than when referring to the budget that was proposed, there is a substantial upfront lease payment for the Authority (approximately \$576,000). Mr. Hartman stated that it truly depends on the sources of financing that are obtained. Mr. Hartman stated that they are pursuing 2 different avenues, the first is the 9% tax credit and the second is Hope VI. If the DBHA is awarded this valuable grant, it would allow the project to move faster. If the 9% tax credit is obtained there will be more money for lease payment for the DBHA. When assuming that the Authority will receive the 9% tax credit financing, the lease payment will be received when the project goes through Construction Loan Closing. The Attorney stated that he will need Mr. Hartman's assistance when revising the Mixed Family Phase.

Mr. Hartman informed the Board that the State has pushed back the date of when they will be doing the tax credit cycle by forty five days. Therefore it is reasonable to assume that as opposed to the application being due immediately after the New Year, it will be due March 1, 2011.

The CEO informed the Board that the exhibits of the MDA will be sent to them via e-mail. The CEO will be reviewing Roundstone's comments once received on Tuesday October 26, 2010. The CEO would like to have an agreement by the Hope VI Application deadline (November 22, 2010).

After a brief discussion regarding the requirement to have an agreement due to the Hope VI Application, and due to the submission of application deadline (November 22, 2010), it was determined that the DBHA will hold their Regular Monthly Meeting on Friday November 12, 2010 at 1:00 p.m. The Attorney recommended that Roundstone should have someone with authority present at this meeting to ensure that if any comments arise, they will be able to be addressed and agreed upon on this date.

The Attorney noted that the names for the different entities needed to be established because the documents needed to be prepared.

The CEO informed the Board that the name Village Square had been chosen previously because of the history of the entire neighborhood. The SW

neighborhood plan referred to the Carver Estates area as “the Village Center” and then there is Village Academy and it all comes from the “Village by the Sea” that has been used to describe the City of Delray Beach for years. .

It was determined that the name of the Partnership would be Village Square Elderly Limited and Village Square Family, Ltd and the name of the Development would be Village Square.

HOPE VI APPLICATION UPDATE

The CEO informed the Board that the DBHA has been meeting weekly except for the next two weeks with representatives from the City of Delray Beach, CRA, Workforce Alliance, Families First, the Developer, and Senior Staff planning the DBHA’s strategies and designing the DBHA’s fourth application for these redevelopment funds known as Hope VI. This application is due November 22, 2010. The CEO reported that they have not decided on the budget but the Authority is eligible to apply for up to \$22 million. The CEO noted that the Authority would like to incorporate the Beacon Center in this project. The Beacon Center was funded by Children Services Council, but that funding was cut. Commissioner Sims explained that the Beacon Center is an extended after school program that involves children and a number of academic social activities that are comprehensive. This program also offered educational courses to the parents.

XI. NEW BUSINESS

Resolution 2010-08 Approving an Amendment to the DBHA’s Mission Statement to include Green Principles

The Development Officer informed the Board that in 2007 The City of Delray Beach formed a Green Task Force to provide recommendations to the City Commission on moving Delray Beach to become a greener city. The Green Task Force was made up of various City Departments and other local agencies such as, the CRA, the DDA, the Chamber of Commerce and the DBHA. Each department and agency was responsible for recommending and implementing initiatives on how to move their own organization to become more sustainable. One of the DBHA’s recommendations was to modify the Housing Authority’s Mission Statement to include Green Principles. The Development Officer recommended approval of Resolution 2010-08.

A motion to approve Resolution 2010-08 was made by Vice Chairman Silver. Motion seconded by Commissioner Weil. All in favor. Motion passed.

XII. COMMENTS

a. President/CEO

None

b. Attorney

c. None

d. Commissioners

Commissioner Aronson asked if it would be possible for Commissioners to attend a Commissioners Orientation Seminar. The CEO noted that she is a true believer of providing the necessary training to commissioners and staff. However due to this year's conservative budget it is not feasible. The CEO will explore the possibilities to provide adequate training in 2011.

XIII. ADJOURNMENT

Meeting Adjourned at 10:26 a.m..