



**North Miami
Community Redevelopment Agency**

RFP # 2006-01

REQUEST FOR PROPOSALS

FOR

**\$10,758,300
LINE OF CREDIT**

Issue Date: September 11, 2006

Due Date: September 25, 2006

North Miami CRA Request for Proposals – Line of Credit

I. INTRODUCTION

A. Objectives

The objective of this Request for Proposals (the "RFP") is to identify the institution that can provide the North Miami Community Redevelopment Agency (the "CRA") with a Line of Credit (the "LOC") at the lowest overall borrowing cost, pursuant to certain terms and conditions. The primary purpose for which the CRA is seeking financing is to permit the construction of a successful 136-unit Affordable Housing project known as "Pioneer Gardens at North Miami" f/k/a Ruck's Park. The LOC will be secured by the tax increment revenues of the CRA and will be ultimately be repaid by future CRA bonds.

B. Proposal Instructions

1. *Sealed Proposals*

One original and two (2) copies of the response to this RFP should be submitted on or before 3:00 P.M. EDT, Friday, September 22, 2006 to:

Mr. Tony E. Crapp, Sr., Executive Director
North Miami Community Redevelopment Agency
615 N.E. 124 Street
North Miami, Florida
Phone (305) 899-0272

Proposals received after this date and time will not be considered.

In addition, one copy of the response to this RFP (which may be in electronic format) should be submitted to:

Edward Marquez, Financial Advisor
First Southwest Company
15280 NW 79th Court, Suite 107
Miami, Florida 33016
(305) 819-8886
Fax (305) 819-9992
emarquez@firstsw.com

The CRA reserves the right to reject any and all proposals, to waive any informalities or irregularities not involving price in any proposals received, to solicit new proposals, or take any other such actions that may be deemed to be in the best interest of the CRA.

2. *Proposal*

Each proposal should address all pertinent areas and be specific. Any conditions should be clearly stated. The failure to disclose substantive terms, conditions and covenants may be considered cause for the proposal to be rejected by the CRA.

3. *Questions, Additional Information*

Respondents, their agents and/or associates shall refrain from contacting or soliciting, directly or indirectly, any member of the North Miami CRA Board, North Miami CRA Advisory Committee, the CRA Attorney or the employees of the CRA regarding the RFP during the selection process. Failure to comply with this provision may result in disqualification of the respondent. All requests for clarifications or additional information must be made in writing and directed to:

Edward Marquez, Financial Advisor
First Southwest Company
15280 NW 79th Court, Suite 107
Miami, Florida 33016
(305) 819-8886
Fax (305) 819-9992
emarquez@firstsw.com

All such requests and CRA responses shall be distributed to all potential respondents.

C. Background Information

The Pioneer Gardens Affordable Housing Project

The City of North Miami owned approximately 6.2 acres of land between NE 137th and 139th Streets and NE 4th and 5th Avenues and has donated the land to the CRA. As part of its FY 2005-06 and FY 2006-07 budgets, the CRA has allocated \$200,000 for site clearance/preparation.

The CRA will enter into a development agreement with North Miami Housing, Ltd. (the "Developer") whereby CRA will offer the Pioneer Gardens site as collateral for the Developer to obtain pre-development/construction loans totaling approximately \$30+ Million. Through the provisions of the development agreement and negotiated construction loan, the CRA will retain the right to assume North Miami Housing's obligation under the construction loan in the event of non-performance.

The construction loan will provide the funds to construct 136 town-home units each having approximately 1,287 square feet of living area, and assigned parking spaces as well as amenable common areas. All of the 136 town-homes to be constructed will be sold to eligible homebuyers as affordable and workforce housing. They will be sold at North Miami Housing's cost to construct, which is estimated to be approximately \$195,000 inclusive of all financing costs.

In order to make these units accessible to creditworthy, low to moderate income earners, the CRA will grant soft second mortgages to the purchasers configured to allow their monthly PITI payments not to exceed approximately 30% of their monthly income.

Transaction Participants

The **North Miami Community Redevelopment Agency** was created by Miami-Dade County and City of North Miami ordinances in FY 2004-05 (fiscal years end on September 30th). Its powers are defined by Chapter 163 of the Florida Statutes as delegated and modified by an Interlocal Cooperation Agreement between the City of North Miami, the CRA, and Miami-Dade County dated September 1st, 2005. The Mayor and City Council members serve as the Board of Commissioners for the CRA.

The CRA received its first year tax increment in December 2005 totaling \$2,465,325 Million. The tax increment is expected to grow in future years through normal inflationary growth (for the fiscal years 1995 through 2004, growth in real property assessments in North Miami has averaged 5.4% per year) and through significant new construction occurring at Biscayne Landings (a 200 acre, 6,000 condominium, master-planned community located east of Biscayne Boulevard and between 137th and 151st streets being built by Boca Development Co.).

North Miami Housing, Ltd., is controlled by the owners of Biscayne Landing with the balance of ownership vested with minority partners. Otis Pitts, Jr., a local businessman/developer and former assistant secretary of US HUD serves as President/CEO of the company.

Although not technically a transaction participant, **Boca Development Co.**(Boca) is a major player in ensuring the success of CRA's redevelopment plans. In its development agreement with the City of North Miami, Boca is committed to construct one elementary and two senior high schools, contribute up to \$10 Million toward to cost of a new City library, and contribute up to \$10 Million toward the construction of an Olympic training facility, all within CRA boundaries, as well as to assist in the development of up to 6,000 affordable housing units throughout the CRA redevelopment area.

D. Use of Proceeds

The CRA will use the proceeds from the LOC to:

1. provide homebuyer training and credit qualification services for prospective homebuyers (approximately \$500,000)
2. provide approximately \$6,088,000 for a mortgage subsidy/loan program to provide access to the 136 housing units to be constructed at Pioneer Gardens to creditworthy and eligible low to moderate income earners;
3. Pay a development fee of approximately \$4,120,128 to North Miami Housing, Ltd. for the development of the property in its entirety; and
4. provide approximately \$50,000 for all issuance related expenses and miscellaneous costs

E. Security for the LOC

The repayment of the LOC will be from a first-lien pledge of tax increment revenues accruing to the CRA and a future long-term revenue bond issue. The following table reflects the collection history of these revenues as projects them out though FY 2011:

North Miami Community Redevelopment Agency

	FY 2005/06	FY 2006/07	5-Year Future Forecast				
	Estimated	Proposed	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
	Actual	Budget					
Tax Increment Revenues:							
City of North Miami	\$ 1,461,825	\$ 4,088,509	\$ 4,344,560	\$ 4,685,441	\$ 5,036,549	\$ 5,398,191	\$ 5,770,682
Miami-Dade County	1,003,500	2,700,921	2,923,633	3,153,026	3,389,302	3,632,665	3,883,329
Estimated Future TIF Revenues	-	-	-	2,530,506	4,441,084	8,251,413	8,251,413
Total Tax Increment Revenues	2,465,325	6,789,430	7,268,193	10,368,973	12,866,935	17,282,269	17,905,424
Less Refund							
Miami-Dade TIF Refund	781,468	2,483,265	2,697,097	2,917,345	3,144,200	3,377,860	3,618,530
Net TIF Revenue	<u>\$ 1,683,857</u>	<u>\$ 4,306,165</u>	<u>\$ 4,571,096</u>	<u>\$ 7,451,628</u>	<u>\$ 9,722,735</u>	<u>\$ 13,904,409</u>	<u>\$ 14,286,894</u>

Exhibits A and B indicate the anticipated construction and sales of residential units at Biscayne Landing and the related and projected annual growth of tax increments due to this development, respectively.

F. Preliminary and Estimated Draw Schedule:

The current project schedule anticipates commencement on or around October 1, 2006, and completion is currently estimated on or around July 31, 2008. The substantial draw on the LOC of \$6,088,000 for home buyers loan subsidies is anticipated to occur during the last month of project completion. The remaining balance on the LOC of \$4,670,300 will be drawn in various incremental monthly amounts at the inception of the loan and particularly as construction ramps-up after January 1, 2007.

G. Structure of the Financing

The following describes the CRA's requirements in establishing the LOC:

1. Amount: Not to exceed \$10,758,000.
2. Rate: Respondents should, *at minimum*, respond with a fixed rate for the entire term of the LOC assuming no prepayment penalty. Variable rates, pegged to 1-month LIBOR, as well as fixed rates that preclude prepayments without penalty will also be considered as alternatives.
3. Terms: The LOC will mature on three years after closing (anticipated closing October 12, 2006). The City will make interest payments on the LOC semi-annually on April 1 and October 1, commencing on April 1, 2006. Principal payment will be at maturity.
4. Alternative Structures: The CRA will consider alternatives to the structure, such as lengthening the maturity of the LOC, optional conversions to long-term debt, etc., so long as its payments during the initial three year period are not substantially increased.

H. Provisos

The CRA will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any bank account as a condition for the LOC.

The CRA will not accept proposals that require the Respondent's approval before additional debt may be issued. Specification of an "Additional Bonds Test" as a condition to the LOC is allowed.

The CRA will furnish, without charge to the successful bank, the opinion of GrayRobinson, P.A., counsel to the CRA, regarding the legality of all closing certificates and documents related to the transaction.

II. EVALUATION OF PROPOSALS - CRITERIA

A. Evaluation and Award

Proposals will be evaluated on the basis of the overall lowest borrowing costs, the conditional terms of the proposed LOC and compliance with the proposed structure and terms of the LOC as outlined in this RFP. The CRA will begin negotiations with the highest ranked institution and reserves the right to negotiate with other respondents should those negotiations not be successful.

B. Proposal Format

In order to assist the CRA and First Southwest Company in reviewing the responses, each proposal should include the following information:

- (1) Legal name of the lending institution and primary contact person (include address, telephone, facsimile number, and e-mail address).
- (2) Please provide a Fixed Interest Rate for the full term of the LOC. The rate should be stated as a fixed interest rate that will be held for a maximum of forty-five (45) days.
- (3) Fees and Expenses - Describe in detail all fees and expenses which the CRA will be responsible to pay to the lending institution and/or its Legal Counsel. The amounts stated in the proposal shall represent the maximum amounts payable to the lending institution by the CRA.

Conditions - Provide a listing of all conditions, covenants, terms or restrictions, other than those specified in this RFP, which would be included in your commitment to provide the LOC. Also, please describe the procedures, if any, the Respondent may have in place to increase the amount of the LOC in the future should the CRA request it.

III. INSTRUCTIONS TO RESPONDENTS

- A. Respondents shall thoroughly examine and be familiar with the RFP specifications. Failure of any Respondent to receive or examine this document shall in no way relieve any Respondent of obligations pertaining to this RFP or the subsequent contract.
- B. Any modifications from the stated terms and conditions can result in the rejection of the proposal as not being responsive to this RFP.

- C. Delivering the proposal to the CRA on or before the specified date and time will be solely and strictly the responsibility of the Respondent. The CRA will in no way be responsible for delays caused by the United States Postal Service, or other courier services, or a delay caused by any other occurrence. Offers by telephone or fax will not be accepted.
- D. The response deadline shall be strictly observed. Under no circumstances will a proposal delivered after the time specified be considered. Such RFPs will be returned to the Respondent unopened.
- E. Respondents will not be allowed to withdraw or modify their proposal for a period of forty-five (45) days after the opening time and date.
- F. The CRA reserves the right to reject the proposal of any Respondent who has previously failed in the proper performance of a contract or to deliver on time other contracts similar in nature, or who in the opinion of the CRA, is not in the position to perform properly.
- G. Federal, state, county and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Respondent will in no way be a cause for relief from responsibility.
- H. No successful Respondent may assign any portion of the contractual agreement between the parties without prior written authorization by the CRA, which authorization may be withheld by the CRA in its sole discretion.
- I. Changes to the RFP may be made by and at the sole discretion of the CRA.
- J. Warranties - The Respondent, in submission of its proposal, warrants to the CRA that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

IV. TENTATIVE SCHEDULE

The CRA will attempt to adhere to the following schedule:

- September 11, 2006 RFP Issued
- September 25, 2006 Written responses due prior to 2:00 P.M. EDT
- September 29, 2006 Determination of Proposal Rankings
- October 10, 2006 Resolution before the CRA Board and Approval of Lending Institution
- October 16, 2006 Closing on LOC

The CRA reserves the right to alter scheduled dates if necessary.

V. OTHER INFORMATION

- A. The CRA reserves the right to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the RFP process, and to accept or reject any items or combination of items. The award will be to the institution whose response complies with all of the requirements set forth in this RFP and whose proposal, in the sole opinion of the CRA, is best taking into consideration all aspects of the Respondent's proposal.
- B. In the event that the successful Respondent does not execute a contract within a time frame acceptable to the CRA, the CRA may give notice of intent to negotiate with the next most qualified Respondent or to solicit new proposals and may proceed to act accordingly.
- C. The successful respondent will, at the time of loan closing, be required to execute a "sophisticated investor letter" and affirmatively state that the line of credit will held for their own account.
- D. Respondents acknowledge and agree that the approval of Miami-Dade County of the ability of the CRA to obtain the LOC is currently pending. While the CRA fully expects such approval will be forthcoming, if the County fails to provide such approval, the CRA reserves the right to terminate the RFP process, and/or any ongoing negotiations following proposal rankings without cost or liability to the CRA.

Exhibit A

**Biscayne Landing
Unit Closing Schedule
Projection for City of North Miami CRA
August 15, 2006**

Project	Units	Average Square Footage	Average Sales Price	Total Sales Value ⁽¹⁾	Projected Completion Date	Fiscal Year Property Placed on Tax Rolls				
						2008	2009	2010	2011	
Phase 1A - 23.4 Acres										
Tower 1- 25 stories ⁽²⁾	149	0	\$ 453,020	\$ 67,500,000	Feb-07		\$67,500,000			
Tower 2- 25 stories ⁽³⁾	224	0	506,696	113,500,000	Apr-07		113,500,000			
Tower 3- 25 stories ⁽⁴⁾	235	1,604	648,936	152,500,000	Sep-08			\$152,500,000		
Town homes ⁽⁵⁾	28	2,560	967,857	27,100,000	Sep-07		27,100,000			
Flats ⁽⁶⁾	56	1,012	426,786	23,900,000	2007 & 2008		11,950,000	11,950,000		
Tower 4- 25 stories ⁽⁷⁾	235	1,604	704,255	165,500,000	Jun-09				\$165,500,000	
Phase 1B - 11 Acres										
Mid- Rise # 1- 11 stories ⁽⁸⁾	106	1,195	478,000	50,668,000	Mar-09				50,668,000	
Mid- Rise # 2 -15 stories ⁽⁸⁾	131	1,195	478,000	62,618,000	Jun-09				62,618,000	
Mid- Rise # 3 -11 stories ⁽⁸⁾	106	1,195	478,000	50,668,000	Aug-09				50,668,000	
TOTALS	1270			\$ 713,954,000		\$	-	\$ 220,050,000	\$ 164,450,000	\$ 329,454,000

Note:

- (1) The Sales Values are based on projected sales prices. The Dade County Tax Assessors Office will assess the units at a percentage that is less than full sales price.
- (2) Under construction -roof complete, drywall to 21st floor
- (3) Under construction -roof complete, drywall to 11st floor
- (4) Permitting stage- start construction 4th quarter 2006
- (5) Permitting stage- start construction 4th quarter 2006
- (6) Permitting stage- start construction 2nd quarter 2007
- (7) Permitting stage- start construction 3rd quarter 2007- depending on sales
- (8) Conceptual building design

Exhibit B

Projection of Future Tax Increments from Biscayne Landing

Increment available by December 31,	Estimate of Assessed Value (90% of Sales)	Number of Units	Homestead Exemptions Units * \$25,000	Estmate of Taxable Assessed Value	Estimate of Tax Increment			Budget Increment Times 95%
					City at 8.5 Mills	County at 5.72 Mills	Total	
2009	\$198,045,000	429	\$10,725,000	\$187,320,000	\$1,592,220	\$1,071,470	\$2,663,690	\$2,530,506
2010	148,005,000	263	\$6,575,000	\$141,430,000	\$1,202,155	\$808,980	2,011,135	\$1,910,578
2011	296,508,600	578	\$14,450,000	\$282,058,600	\$2,397,498	\$1,613,375	4,010,873	\$3,810,330
	<u>\$642,558,600</u>	<u>1,270</u>	<u>\$31,750,000</u>	<u>\$610,808,600</u>	<u>\$5,191,873</u>	<u>\$3,493,825</u>	<u>\$8,685,698</u>	<u>\$8,251,413</u>