

C.R.A. Advisory Board Meeting

*July 7th, 2014
6:30 P.M.*



The Monthly CRA Advisory Board Meeting of the City of North Miami was held in Council Chambers of City Hall on Monday, July 7th, 2014, beginning at 6:30 p.m.

(Phonetic spelling of each speaker's name may be used throughout the minutes unless correct spelling is known.)

I. CALL TO ORDER / ROLL CALL

Mr. McDearmaid: Good evening everybody and welcome to the July 7th meeting of the CRA Advisory Board for the City of North Miami. Can we begin with the Pledge of Allegiance. For the record we have the Board Members who are attending are Blanca Cobo, Jeff Mondesir, Mark Reynolds, Kenneth Each, myself Mike McDearmaid. And we will announce arrivals as they come. We don't...I'm sorry. I did.

Unidentified Male Voice: Yeah, I come to the meeting and they are marking me absent.

Mr. McDearmaid: Who marked you absent? Was it in the minutes? Wait a minute, do we have the minutes from the last meeting?

Mr. Ghany: Leslie normally who would write them up. So I beg...

Unidentified Male Voice: But it said approval of minutes none.

Mr. McDearmaid: Well I just thought if we...you know.

Mr. Ghany: That's why I said none.

Unidentified Male Voice: That's correct. Until you had a quorum you wouldn't be able to vote on the approval.

Mr. McDearmaid: We understand that. I just...but he mentioned that you weren't...

Unidentified Male Voice: Yeah for the last three meetings I was marked absent even though I was here.

Mr. Ghany: Yeah I know you were here because I was here at the last advisory meeting.

Unidentified Male Voice: Well somebody doesn't like you.

Unidentified Male Voice: Exactly. Mike will not take offense...

Unidentified Male Voice: They're not important I like you.

Mr. McDearmaid: Yeah we all like you. Correction noted. Tonight we don't have any items for a vote but we do have some discussion items. So I would like to turn it over to our Executive Director of the CRA to begin with the...we should begin with the item I.

IV. ITEMS FOR REVIEW AND/OR ACTION

DISCUSSION REGARDING COMMUNITY REDEVELOPMENT AGENCY (CRA) AUDIT REPORT

Mr. Ghany: Good afternoon everyone. I guess on the agenda we have two major items that I really want to go through which is Agenda Item #1 which is Discussion Regarding the CRA. And the second item which is Item #2 which is the Reorganization of the CRA. Those two I would say are critical items that I would like to address at this meeting; the first one being the audit report. I sent a copy of the CRA Audit Report to each one of you, which you should have obtained.

Unidentified Male Voice: That I didn't receive.

Mr. Ghany: You didn't?

Unidentified Male Voice: Was it by email?

Mr. Ghany: Yeah it was in the package.

Mr. McDearmaid: Yeah it was sent by email and attached as part of the packet.

Mr. Ghany: There's a copy of the...

Unidentified Male Voice: Forty-one pages.

Unidentified Male Voice: Maybe I didn't see the attachment.

Mr. Ghany: And based on the CRA Report I just want to mention something that is on Page 3 of the financial highlights. And I will read it but it's not that long. The agency tax increment reviews net of Miami-Dade County refund and administrative fees decreased by \$213,682.00, which is 31% from a total of \$682,743.00 in Fiscal Year 2012 to \$469,061.00 during Fiscal Year 2013. Which represents a

decrease of 62% in the prior year. The second bullet item I'll just summarize it again. The Fiscal Net position \$6,514,750.00 however a prior period adjustment of \$2,589,000.00. Basically where I'm going with all this, this is the section you look at. We had in our CRA salaries, rental costs, attorney costs amounting to \$307,000.00. Looking at the numbers, the actual physical numbers, something had to be done with the CRA. And that's why I'm discussing the report because it's based on the report the other...the permanent employees of the CRA were terminated. We had one member making \$110,000.00. Another member making \$109,000.00. \$42,000.00 for rental, copying, internet service, computer service and another \$45,000.00 for attorney fees. So you add up all those numbers you get approximately \$360,307.00 with a budget of around \$469,000.00, leaving me with \$162,000.00. So drastic measures had to be taken in order to make the CRA continue a function.

Unidentified Male Voice: And you know that's after the former Executive Director with the \$200,000.00 salary.

Mr. Ghany: I understand. And listen it's not...as I said in everything, in all my media releases, there's nothing intended to one person like being Leslie or anybody Aldwyn, it doesn't matter. Something had to be done and I had to make the decision. The CRA was practically...

Unidentified Female Voice: Broke.

Unidentified Male Voice: Can I say something? I don't know if you remember during election time (inaudible) and Mr. Blynn. My big concern at that time was the salary of the CRA Mr...

Unidentified Male Voice: Tony Crapp.

Unidentified Male Voice: Tony Crapp was making 220.

Mr. Ghany: 220 correct.

Unidentified Male Voice: And you were supposed...one of the motion I would like to make if I can do it is that, we don't pay in the CRA nobody more than \$50,000.00. It doesn't matter if you're the director, it's the lawyer whoever. We have a lot of people we Master's Degree outside there that they will be glad to do the job. We don't have to pay that amount of money. Even in the last meeting that we had when Ms. Carol Keys was here, that was my complaint. That's why I was running again in the CRA. And I'm still running against that.

Mr. Ghany: Ok, I hear you.

Unidentified Male Voice: They got too big; those salaries. I volunteer to be the director for no money, free and that's what we need in the City. People that volunteer, everything is money. But it's no money about \$30,000.00. It's about \$100,000.00 plus benefits. A lot of things that the City cannot afford to pay.

Mr. Ghany: Well the budget coming in was around \$469,000.000, \$470,000.00.

Mr. Each: You have it on...

Mr. Ghany: It's all there in my memo too right. So...go ahead.

Unidentified Male Voice: : You know about two years ago I was at a meeting downtown and...

Mr. McDermid: We...even though we can't vote as an official body because we don't have a quorum, we certainly can get a generalized feeling. And we do have a motion that was made. Does anybody want to second that motion?

Mr. Ghany: Let me go through the rest of the report.

Mr. McDermid: I'm sorry, I thought you had finished.

Mr. Ghany: Drastic measures had to be taken and that's what I did. Now in the restructuring of the CRA, which is the second item.

Mr. Sorey: Also missing in the report we would...the Manager.

Mr. Ghany: Executive Director. The Executive Director.

Mr. Sorey: The Executive Director, I'm sorry. The audit did point out that we need to do fund to balance which was not being done at that time. Also monthly reconciliations with the CRA and the City and overall management of the CRA. They said they weren't confident in the overall management of the CRA. And those things...I just wanted to bring that up while you're on that section Mr. Executive Director. But with the services now being in house, with everything being done in house, it'll be seamless cause that's what we already do now. So the mistakes that they found between the CRA's books our Staff found the mistakes.

Unidentified Male Voice: Well we haven't heard they had mistakes.

Mr. Each: Yeah we haven't heard that part yet.

Mr. Sorey: It did say it inside the package.

Mr. Ghany: If you read the actual...the CAFR, the financial, the Comprehensive Financial Report of the CRA, you will see also that there is...I wouldn't say mismanagement but reconciling of the City's books against the CRA's books. And it was mentioned by our CRA Auditor himself Mr. Rodrick Harvey the discrepancy of about \$100,000.00. And it's public records. If you pull up the tape of the last City Council meeting when he did his presentation on the CRA Audit. Actually I was just texting him to see if he's here but he was supposed to be here to present this.

Mr. Each: Was that of a reconciled...

Mr. Sorey: Yes it was.

Mr. Ghany: We are looking...

Mr. Each: Find the money?

Mr. Ghany: Right.

Mr. Sorey: It wasn't missing but they owed us more money that they thought they did.

Mr. Ghany: That they thought they did, correct.

Mr. McDearmaid: The CRA owed the City money?

Mr. Sorey: Yes.

Mr. Ghany: Correct. So again this item...the Comprehensive Financial Report I just summarized some of the items in there that I thought was you know, was standing out to me. But one of the other things that we had to look at is, there's some liability issues that we...that I have looked at, that I'm looking into sorry. And that's the \$2,000,000.00.

Mr. Each: What page are you on?

Mr. Ghany: Sorry, right here 2012 and 2013. Current liabilities...

Unidentified Male Voice: But what page are on page 5?

Mr. Ghany: Page 5. The current liabilities of \$1.3 million and the long term liabilities of \$17,423.00. Can anybody over here let me know what those numbers are and what they represent?

Mr. Sorey: The long term liabilities as we did go through some of the stuff at the CRA office is apparently their compensated absences, the sick and vacation pay outs.

Mr. Ghany: That's the long term right?

Mr. Sorey: That's the long term liabilities. That's the sick and vacation pay out of the Director, the Coordinator and the Finance Manager.

Unidentified Female Voice: How much he said?

Mr. Sorey: \$17,000.00. And that's basically their accrued vacation time that they have.

Mr. Ghany: Vacation and sick time.

Mr. Sorey: If they should decide to leave when we went over there. And that's what we're going to owe them now that they're terminated.

Mr. Ghany: I think one is 17 and the other one is about \$14,000.00, so it's more than this. And the current liabilities are...

Mr. Sorey: And this is at the end of last year.

Mr. Ghany: The current liabilities?

Mr. Sorey: The current liabilities is just monies they have outstanding for projects and there's a list of projects that we have at the office that we're actually going to be contacting everybody to see which projects are still going to be done and what's not going to be done. If they have past by their year deadline to get the projects done, we'll look at bringing that money in house and reprogramming the funds.

Mr. Ghany: Okay so we start looking at those budgets...I mean those contracts and terminating the contracts. Again, we're trying to free up money that was out there. People have not been using them. Some of these are the façade programs and the assistance programs that...I met with Commissioner Sally Heyman. I took my Budget Director with me. And if I tell you some of the things that came out of that meeting, this is not the forum to discuss. But basically they are mad of how the CRA was being run. If nothing was done within that two month period to the CRA, when I say

nothing, if something drastic was not done to the CRA, North Miami would not have continued having a CRA. And those are the words that was told directly to myself and Mr. Duke Sorey. The third thing is, why is the CRA paying for radio programs? Why is the CRA paying for Fidel's Fish and something? I understand that we do have functions and we do pay for food and all of that. But you know why is not the money being used for tangible projects. Drive down West Dixie and look at the condition, tell me what is happening there. Look at...show me a brick and mortar project that this CRA has done that could stand out over the last five years and said, North Miami CRA has put something in the ground and can show something for it. And with those things coming out at me, as I said, the decision that I had to make was drastic but it had to be done. Look at the Comprehensive Financial Report as well. So everything went hand in hand. Talking to the Commissioner who is going to be voting on our continued budget. We still have to present a budget for approval. So we're at the point where she said listen, if you bring the same stuff that you've been bringing for the past three years, I'm not going to vote for it. And that's a frank statement I'm making and that's exactly what happened. I'm not holding back any punches. I'm telling what I did as the CRA Director. So again, there's no friction with anybody but my Budget Director Duke Sorey can tell you what happened at that meeting as well. So with that, those are some the highlights that we have on the CRA. The second thing I want to mention is the restructuring of the CRA. As it is right now to keep the cost down, what I'm doing is, I'm bringing all the work in house and this was a suggestion from Sally Heyman herself. Pay somebody 10% to run your budget. Pay somebody an additional 5% to control your projects. Your City employees are already do the jobs. Pay them a little extra money from the CRA and let them continue doing the work that was supposed to be done and that's a direction. I'm going to get direction from other people from people who have knowledge on the CRA. We're going to have somebody coming in as a consultant to assist but the bulk of what we're going to be doing now is going to be done in house with City Staff. They're going to be paid an extra 5% of their salaries to handle the budget side of it so we can reconcile our budget together with the financial side of it. Finance will be cutting all the checks. I've spoke to the attorneys firm Steven Zolcowich and there's an agreement that we have in place. He will be conducting the rest of the meetings pro bono until October 1st. And moving from October 1st the attorney's will be charging me \$20,000.00. I've negotiated \$20,000.00 for the next Fiscal Year. If you add up all of that we're going to be looking at about \$60,000.00. And I'll be freeing up more than \$200,000.00 towards projects for the CRA and that's the plan. Moving forward that's the direction. We will have consultancy fees, Mr. Schneidmann is needed and other people that we will need I'll bring them on as consultants on an as needed basis to run the CRA or to assist us with running of the CRA and keep it moving forward. Am I missing anything Duke?

Mr. Sorey: No. Just the last week we've been at the CRA office going through all of the files everything. So we're actually going through everything, making sense of everything, preparing a report for the Manager and we're going to continue to do so. We have a meeting scheduled for Thursday and it's brining everybody to the table to

go over and come up with the vision for the CRA then we'll be bringing back to you guys. But we want to come up with a clear vision for the CRA.

Mr. Each: Which meeting (inaudible) Staff?

Mr. Sorey: City Staff and we just spoke with Mr. Schneidmann and we're going to work with getting him involved and also another person who does North Miami Beach's CRA. So we're going to come up with a clear...basically we're starting over to come up with a clear plan but going off of what Mr. Schneidmann has already recommended.

Mr. Ghany: Right. And in the timelines and everything.

Mr. Sorey: So we're going to be moving forward with that. And from now on you guys will have reports. Every time you meet we'll have reports. You'll have bank statements. We meet with the bank tomorrow so you'll have bank statements. And everything will be clear and transparent from now on. I can promise you that, we'll be working to do that.

Mr. Each: Thank you Duke.

Unidentified Male Voice: There's a whole thing going on with the Planning Department...with Zoning and Planning City. I assume we're dub tailing with that.

Mr. Sorey: Tanya's on board...

Mr. Ghany: Tanya's on board. Tanya's going to be at that meeting. But keep in mind that's just one part of this whole big puzzle; the whole Downtown Redevelopment. Not all the CRA money. CRA has...I was just talking to Frank about this. It's a number of projects that we have to develop not just one downtown development project. And bonding out that project for the downtown, we will be looking at...

Unidentified Male Voice: What we have to do is, we got to focus on one thing at a time if we're going to get anything done, don't we?

Mr. Ghany: Yeah but we're looking at downtown as part of the major project for the CRA itself.

Mr. Each: My understanding was with the Downtown Redevelopment and correct me if I'm wrong. I thought we were going to concentrate on that but let me just reiterate what I said a couple of meetings ago. We have three entities involved. And in

the Downtown Redevelopment you have the Planning Commission and you have the CRA. And we want to stay focused on one thing. And also we're coming up now for review on a seven-year land use. I wanted to start it early and I think that maybe you should give it...as your other hat as the Manager, maybe speak with Planning. And let's start to get that out there. For we have a vision of where we're going. Otherwise, we're just going to be chasing our...

Unidentified Male Voice: Same thing we've been doing.

Mr. Ghany: Same thing we've been doing for 10 years.

Unidentified Male Voice: A little bit here and a little bit there. Nothing broad, nothing big ever happens. So no redevelopment really ever occurs.

Unidentified Male Voice: We need to look at that. I don't mean to hog the time here but...

Mr. Ghany: Yeah I understand.

Unidentified Male Voice: I cut out an article. I'm looking at the City of Miami. This was in the Wall Street Journal the other day. Now if we want to think small then we're always going to be small. But if we want to save this City, we've got to have something really, major developments. You know Biscayne Landing for the developer was the greatest deal for a developer since Peter Stiverson bought Manhattan Island from the Indians for \$26.00 worth of trinkets. They got a good deal on that land out there. And I'm looking at the whole City and it's totality and when I see the City of Miami coming up with this type of a project, I'll pass this around. This is a magnificent project. Where is our brain power? We spend \$80,000.00 on a beauty parlor on N.W. 7th Avenue and we're spending \$100,000.00 getting inside facilities that we have no business in doing. We're supposed to be taking care of the façade. You hit it right on the head. I don't mean to be a preacher but this nonsense we were doing. \$100,000.00 a year to send 14, 15 kids up to Savannah, Georgia to Tallahassee; that didn't get rid of blight. We just squandered this money. \$25,000.00 to the PTA for leadership training. How the hell did that get rid of blight, it didn't. And finally I'm glad to see that the Attorney General of the State of Florida came out and said hey, that money is for bricks and mortar.

Mr. Ghany: Brick and mortar projects.

Unidentified Male Voice: And you know what, we have to look back at what kind of grants we're going to give out. Not \$80,000.00 for a beauty parlor. We should be taking care of façade, you know important things. Street...curbing, gutter, streetscape, you know to make our City attractive. I go up to Marot Island in Fort Pierce and I see what they did up there. And by the way I wanted to bring this out that you just

did here, I have to compliment you on. A couple of years ago I was downtown when I had all the CRAs together and they were doing their presentation before the County Board. City of Miami Beach under its old Mayor and old City Manager did everything in house. They developed that with Smith & Wollensky with Bayfront Park. That was a CRA project and you should see the transformation over the last couple of years. But it was done in house. They didn't have an expensive staff and any of this other stuff.

Unidentified Male Voice: But they hired the best park development company in the world and spent a fortune on it. So I wouldn't quite say that they were (inaudible – simultaneous discussion) so cost efficient.

Unidentified Male Voice: The staff was done in house by the Manager's staff. Their attorney was in house I believe and the same thing with the accounting. I'm not talking about outside consultants that came in like Frank over here. I mean that's important but what they did is, they didn't have any of this extraneous costs that...

Unidentified Male Voice: Well one of things too that...one of the most important things for those who went to Delray and I know those of us who visited the west coast. The most important arm that the CRA has at its disposal is its bonding power. We never...we've talked about it, we talked about it, we talked about it and there was great upheave about we don't want to bond anything. We don't want to bond anything. But yet that is and correct me if I'm wrong Mr. Schneidmann or Dr. Schneidmann. That is one of the most important things that the CRA does to raise the money to do the brick and mortar. I mean we've got an income stream, it may be small but hopefully it'll get larger. And we need to get to the point of saying we need to bond the tiff. Am I correct Dr. Schneidmann?

Unidentified Male Voice: You have to have the redevelopment plan projects first.

Unidentified Male Voice: Yes but what I'm saying is, we know the projects. We understand that but to fund those you need to do the bond. If you keep spending the tiff money in little dribs and drabs on different little things, nothing ever gets accomplished, which is what we've seen. So that I'm glad to hear that we're finally addressing.

Unidentified Male Voice: I have a question in regards to the 2013 liabilities. You guys say you have \$1.3 in liabilities. Those are I guess outstanding projects?

Mr. Ghany: Well as we say we're talking about liabilities. Roderick Harvey from the group that actually did the Comprehensive Financial Report just walked

in. So Mr. Harvey, we're looking the CRA Audit and we're looking at your long term liabilities.

Unidentified Male Voice: Would you like to come up and introduce yourself?

Mr. Ghany: Can you come up and give us an explanation on it.

Unidentified Male Voice: Over the microphone over here and introduce yourself for us.

Mr. Ghany: And we were discussing Page 5, long term liabilities 2013.

Mr. Harvey: Good day Roderick Harvey partner with HCT Certified Public Accountants and Consultants also the engagement partner for the North Miami CRA Audit Team. So thank you guys for having me. Which page are you...you guys are on Page 5.

Mr. Ghany: Liabilities. Current liabilities and long term liabilities.

Mr. Harvey: I didn't hear the question I was just walking in. So can you restate the question for the record please?

Mr. Ghany: What does the current liabilities of \$1.38 million...what does that...

Identified Male Voice: What does it consist of?

Mr. Ghany: Breakdown to or what...Is it projects? Is it unfinished projects? What actually is that \$1.3 million dollars; current liabilities?

Mr. Harvey: If I could give a little background on this. You have several sections for the financial statement document. You have the MDNA, which is the Management Discussion and Analysis. Which basically just gives management an opportunity to kind of put some words with the numbers. Then you have the Basic Financial Statements and of course you have the footnotes, which support the numbers. So what I would like to do now is move us from Page 5 to Page 8 to begin to answer your question. So if we roll to Page 8 you will also see that that same \$1.3 million is at the middle of the page. With that you now get a breakdown, a little more of a breakdown of what's encompassed in that \$1.3. So you got \$68,000.00 and I rounded up to 70 in accounts payable. Those are just trades payables, stuff that you would pay every 30 days, every 45 days. You have \$1.2 that due to other governments. And then you have \$15,000.00 in what is basically an overdrawn account. \$17,000.00 represent your

compensated absences. Another nice way that all of us can relate to compensated absences is just the sick and accrued time for employees that you pay once they leave or retire. So that gives you a breakdown or break out of the \$1.3 million dollars.

Unidentified Male Voice: What do you mean by compensated absences?

Mr. Harvey: Very good, let me restate. Compensated absences is just the accrued time, sick and vacation that we have to pay to employees once they retire or terminate employees. It's just the value of that time. So give you another example. If a guy has 200 hours in sick time...yeah. As accountants we roll it all together and give a value to that number and put it on the financial statements.

Mr. Ghany: And that number, is it...that's ending September of last year?

Mr. Harvey: That's correct September 30, 2013.

Mr. Ghany: So actual liabilities if they are terminated right now is a little bit higher than that?

Mr. Harvey: I can't answer that because I haven't seen the books since that time. But your statement makes since. I will support and say that. But from an auditors prospective, the numbers that we supported are reflected as of September 30, 2013. So you got to roll back in your mind a few months, about eight or nine months.

Unidentified Male Voice: Checks drawn in excess of bank balance. What were those checks generally? I mean we were writing checks that we didn't have funds for?

Mr. Harvey: Amen. We overdrawn the accounts.

Mr. Ghany: Bounced checks.

Mr. Harvey: Well they don't bounce. They don't necessarily bounce. The bank covers it and it's...

Mr. Ghany: We cover it and it's reconciled.

Mr. Harvey: Right so we're required to take it out of assets, which is where you would normally see bank balance and put it in liability. Cause at some point we've got to true up that account with the bank. And it's probably already trued up. As of September...remember we do it as of a date. So as of September 30 we had an overdrawn account. We could have made up that balance October 1 that would not be reflected in my financials. Because I take a snap shot as of that date. So the best

example I give new staff accountants is, it's Wednesday, you got no money in your account. You're getting a direct deposit on Friday. So if I look at your bank balance on Wednesday we put. If I look at it on Saturday morning or Thursday night or Friday night, you're good.

Unidentified Male Voice: I think the rule of thumb is, you don't write a check unless you got money.

Mr. Harvey: That's a rule of thumb per the State Attorney's Office. Practice is different than theory. Let the first among us cast a stone.

Mr. Ghany: All right. Any other questions on the audit? You know this is the man who prepared it. Shoot all the questions.

Unidentified Male Voice: So in that position 2.7 so that's basically...

Mr. Harvey: Just give me your page so I can get with you. What page are you on?

Unidentified Male Voice: Same page 8. The total of that position 2.7 that's basically what's available to the CRA?

Mr. Harvey: No sir. But let me let you finish your question.

Unidentified Male Voice: No that was it.

Mr. Harvey: Your net position is the difference between your assets and your liabilities. It is just your net worth, that's how I explain it. It is not a tangible dollar in the bank balance. You can go...you will not be able to go anywhere and see 2.7. In theory if we sell all of our assets at 4.1 right. We pay out all of our liabilities, we should net 2.7. But we all know as businessmen liquidation value is much different than normal sale value. So it is just a (inaudible) figure. It is supported by concepts but it's a figure that shows here our net position, net worth if you will as of that day. But we do not have 2.7 in cash or in buildings or in you know stock.

Mr. Ghany: It is not liquid cash in the bank.

Mr. Harvey: It is not liquid cash.

Unidentified Male Voice: Net position restricted for capital projects. Are these capital projects already dedicated to the \$1.5?

Unidentified Male Voice: Those are ones that we approved.

Mr. Harvey: That's correct.

Unidentified Male Voice: Okay and what is other purposes, \$656,000.00?

Mr. Harvey: Those will just be other assigned projects that were general in nature. So we didn't give...

Unidentified Male Voice: Give me an example.

Mr. Harvey: You might get an, I don't know right now. That may be one that I would have to go and research.

Mr. Schneidmann: Very simply and my name is Frank Schneidmann. I'm the Founding Executive Director of the North Miami Community Redevelopment Agency. The law requires that at the end of each year any excess funds that have been contributed to the Tax Increment Trust Fund be returned to the contributing local government bodies, the County and the City in a proportion to which they were contributed. Unless they are specifically reserved for Debt Service or are specifically reserved for projects. Now there's two categories of the projects that the North Miami CRA has been reserving the funds for that are quote unquote excess. One is for the projects that you've approved that the applicant that received the approval has not yet either completed the projects, begun the project or has met the milestones for which there has to be any reimbursements. Many of these projects haven't even gotten off the ground. However, the approval is still valid for those projects. Additionally, there's a...money set aside generally for projects that relate to the alleviation of slum and blight. And so you've got into a capital project so that then affecters know excess funds at the end of the year that need to be returned. Because everything is either dedicated to a project that you've approved or to projects for the alleviation of slum and blight pursuant to the projects that are approved in the redevelopment plan.

Unidentified Male Voice: What is unrestricted? I see capital projects, other purposes unrestricted at half a million or \$527,000.00.

Mr. Schneidmann: That probably is still part of the funds set aside for future projects dealing with the alleviation of slum and blight but categorized differently from the other purpose monies. Because I didn't do the audit but the bottom line is, historically the CRA was looking at its redevelopment plan and looking at its projects, funding applications that had come in and once you approve a project whether it's a façade grant, business development grant, those funds are actually set aside. They may still be in the account but actually it's as if they're gone. They're restricted until you either pay it out or you cancel the project and put it back in the pot. Then there are the projects that you're hoping to do and are identified. And then there's the reserved for

we're carrying it over to next year because we're going to be spending it on this category of projects. And so it may not be restricted to the façade grant. It may not be restricted to, we're going to be paying the Clean Team or we're going to be doing the sidewalks, or we're going to be doing a right turn lane. But we're going to do it in general redevelopment projects but it's not excess because we've committed it to an account that says it's for the alleviation of slum and blight.

Mr. Ghany: By committing the funding to an account but there's no projects associated with that.

Mr. Schneidmann: There is a category of projects that are the projects in the redevelopment plan. So in other words, because if you think about this, since we have not issued a bond and the projects that we're doing are...in the plan are significant, cost items, you can't in one year have enough money to do the project. And so you carry over monies so that you can fund the projects in three years. Because in year one you don't have enough money and you reserve money for it. In year two you add more money to it and year three you can finally pay for it.

Mr. Ghany: All right. Any other questions for the Board?

Unidentified Male Voice: I'll make a comment. I understand this past year that staff's been spending a lot of time trying to determine which projects were not going ahead and trying to essentially recapture the projects...recapture the funds rather. So I don't know how far they got.

Mr. Ghany: Actually that's one of the first things I gave directive to my Budget Director and his assistant. To look at all the projects that we had committed funds to, look at the contracts, see if the contracts are still valid. If they are no longer valid, we are going to terminate and bring the money back into the CRA. And that's one of the first steps I'm taking to bring back the pot of money. So that's why the question was asked just now about restricted and unrestricted. So maybe that unrestricted number will go up a little bit. As long as the money is not committed for a certain project, then I will put the money into that pool so we can build up that reserve to do the bigger projects of what I believe the CRA was formed for. That's just a comment on your question.

Unidentified Male Voice: I have one question. I'm still waiting for that project to get off the ground on Arch Creek. What happened to it? Is that \$25,000.00 still valid?

Mr. Sorey: I believe when I talked to you about that Arch Creek project, I think that was one of the projects that was said it was going to be done. And when we had the reconciliation problem, I think that kind of fell in that picture. Because nowhere in the books that we've gone through, that we've run across that they had...

Mr. Ghany: Committed for you for that project.

Mr. Sorey: No where there (inaudible – simultaneous discussion).

Mr. Each: At the Advisory and it was also by...

Mr. Ghany: On your budget? Well it should be on the Budget right? And we're also looking at the Budget as well to see what was budgeted last Fiscal Year.

Mr. Sorey: Was that CRA money?

Mr. Each: That was CRA money that was supposed to go to District 1.

Mr. Ghany: Well it's no longer districts, it's just CRA money. There's no districts in CRA.

Mr. Each: What's the answer with the project?

Mr. Ghany: Well it's whether the money is still...if the money is there we'll still do the project. And staff is going to be looking into it.

Mr. Each: Cause that \$25,000.00 was allocated. That's about nine months ago. A couple more weeks and we'll get Social Security for it.

Mr. Schneidmann: If it's still a viable project and the money is there, they'll get it done.

Mr. Each: Well who's to say if it's not a viable project?

Mr. Ghany: No we will...

Mr. Each: The money was approved for it.

Mr. Ghany: If the money is approved and the money is there. We are looking into all the books. The money will be spent on that project.

Mr. Each: Let me ask you one other question here, with regards to that. We've been dancing with this project I think on 6th Avenue. Where we had allocated funds to that building that was burnt down, the old medical clinic on the entrance to North Miami.

Unidentified Male Voice: On 123rd Street?

Mr. Each: Is that 123rd?

Unidentified Male Voice: 123rd and 6th.

Mr. Ghany: I think that money we're going after...we're bringing that. That money came back in. That came back in. We met with the owner and the contract was terminated.

Unidentified Male Voice: Let's go burn it down.

Mr. Ghany: Again? You can't burn it twice. And I think that's one of the things that I'm trying to look at some of these properties like that. It's really...it creates...it's not only an eye sore. It's like it further exacerbates the slum in certain areas. Because people coming in 119th and making that turn, they always see that building there on the corner of 6th. So it is, it is bad.

Mr. Schneidmann: Any other questions on Item 1 and 2? I will be restricting.

Unidentified Male Voice: Congratulations.

Mr. Ghany: Well I hope I had the Board support, well the Advisory Board Support on this.

Mr. McDearmaid: As a matter of fact I think that it's appropriate since we do have a quorum and I do want to make a note here besides Mr. Sanchez that we also have Pastor (name indistinct) has joined us giving us a quorum. So I would like to make a motion that this Advisory Board endorses the actions of the City Manager.

Mr. Ghany: The Executive Director.

Mr. McDearmaid: The Executive Director, I'm sorry. So I make that motion, do I have a second?

Unidentified Male Voice: Second.

Mr. McDearmaid: All in favor? AYE. So you have the Board's support sir.

Mr. Ghany: Thank you sir. Thank you.

Unidentified Male Voice: What time is your board 6 o'clock tomorrow?

Mr. Ghany: 6 o'clock tomorrow.

Mr. McDearmaid: Is it 5:30 or 6?

Mr. Ghany: 5:30 yeah.

Mr. Each: I think it would be a good idea if we cut it short for that.

Mr. McDearmaid: I'll be here.

Mr. Sorey: We'll definitely...all the meetings now will be recorded and we'll have minutes transcribed.

Mr. Ghany: We'll have transcribed minutes moving forward.

Unidentified Male Voice: The CRA Board has not...formerly presented with the reorganization yet?

Mr. Ghany: Yes it did in a memo.

Mr. McDearmaid: I think that one of the things that they need to...the Board needs to do is, obviously the one thing that's really on the table is, moving rapidly to get the City of North Miami CRA Board has to make a decision. Let's go forward with our CRA or let's forget it. And that's a basic decision they have to make. And then the second part of that is, we need to get on the fast track to get the continuation of the CRA done so that we can you know utilize. Because with the money that eventually is going to come on and I know there's something on the agenda tomorrow night. And if things go as...you know when Biscayne Landings finally gets up and running, we'll see some projects coming out of the ground and our tiff will be increased. And we'll get to do a lot of projects. And most importantly we'll get to bond some of the money so that we can do the big brick and mortar that everybody's been talking about for years.

Unidentified Male Voice: In order...one of the requirements for the continuation of the CRA I understand is, we need to present some major projects. So that has to happen now. And what's in front of us is what's come out of the planning...

Mr. McDearmaid: The Keith and Schnar's report.

Unidentified Male Voice: That's the first thing we can present as projects in order to show that we're moving forward. Is that right?

Mr. Sorey: We're going to start working on that on Thursday...in the meeting to Thursday to determine which projects we're going to try to move forward with.

Mr. Each: With regards to Downtown Redevelopment, myself and the Chairman were at a meeting about two weeks ago on a Friday and it was very empty. And I didn't see a whole lot of discussion going on. I think it's imperative that this Board meet with them and give them our input and our ideas. We're all citizens here and we all have a vested interest in the downtown area. And for a few select people to say this, that and the other thing...I don't know. You want the Downtown Redevelopment?

Unidentified Male Voice: You can always talk to me.

Mr. Each: I didn't see you there.

Unidentified Male Voice: I was out of town.

Mr. Each: I just think it's important that we should have our input into it. I mean we all live here and I don't see a viable downtown.

Mr. Ghany; And again let me mention. Downtown is a huge project. You know you're looking at millions or tens of millions of dollars. But...you know up to hundreds, that's right. But what we're looking at is certain projects like a parking facility. We know that parking is lacking along this corridor. Taking out one of these major projects for downtown, we know City Hall has lack of parking. Putting a parking lot on City property that the businesses and the public can use as well. So this is one of the areas that you know we target parking. We target you know the redevelopment within one certain block. Because CRA money is not the cure all for everything. CRA money is to be used as its intended purpose slum, blight and redevelopment. Those are the three criteria's that you're looking for. So we're looking at redevelopment. And what is one of the major importance in redevelopment, parking needs. So looking at a parking garage, a parking system, these are some of the things that we're going to...we are not going to be the cure all as I said, for everything. But putting in the parking then they will build around your parking availability. So this is what you know my input into the whole thing is.

Mr. Each: One other question and maybe I can direct this to Frank. A while back I was reading about the CRA, the Omni district down in City of Miami. And they had other incentives besides offering businesses money. Tax abatements, waving the impact fees, is that a viable thing or does that have to be written into our...if we don't have the cash and we want to bring someone in, can we do that or how does it work?

Mr. Schneidmann: The Community Redevelopment Agency has no police power or regulatory authority. That vests in the State, State delegated to the City. So the City of Miami is the one that permits and it's the ones that waives fees, it's not the CRA. The CRA...for example if the City is involved in bonding for infrastructure improvements, it can't waive the fees that are actually used to pay off that debt service because it would violate the bond (inaudible). But it doesn't mean that the CRA couldn't reimburse to the developer the cost of that fee that was used toward the fund that paid off the debt service on the infrastructure, sewer water or whatever. The critical issue when you talk about Omni or other CRAs is that they're actually in a relationship through an inter local agreement with the local government. An incentive package that basically looks at what the City can do with its regulatory authority and what the CRA can do with financial incentives. And so there's a lot of times when you can't waive an impact fee because it's used to pay the debt service. But you can...the developer can pay the impact fee because then it goes into the fund but the CRA can reimburse the developer for those fees or a percentage of those fees.

Unidentified Male Voice: How about...(inaudible) the property tax they waived for say 10 years for a new project coming in. Is that up to the City or is it up for the County? It's got to put a various tax entities?

Mr. Schneidmann: The reality of it is, that's what a tax increment agreement with a developer is when you basically abate their tiff payment. Because what happens is...

Unidentified Male Voice: But I'm talking about...is that what they were doing down in the Omni?

Mr. Schneidmann: Well yeah if you think about it, in 2005 we established the CRA. And in that year the property taxes going to the General Fund in the City and the County were frozen. And so the County gets whatever and then all of the increment comes into the Tax Increment Trust Fund until the CRA sunsets. So when the developer comes in and there's a gap in his ability to get financing for the project, one of the ways to fill that gap to convince the bank is to rebate the property taxes that are the increment. The CRA has the authority to basically give all of it back to the developer if they so choose and there's formulas anywhere from 20 to 100% of what they pay in the increment taxes. The base tax you know whatever it was in 2004, that's a City or a County decision. The City can decide that it wants to in it's own authority, now again in North Miami it's the same people that would make those decisions, it's the CRA Board or the City Council but they're wearing different hats. And they have different legal responsibilities. And again sometimes you can't waive the property tax from the General Fund because the City needs the General Fund for general operating purposes. And you are diverting because 60% of this City is in the CRA. You're diverting a substantial amount of incremental monies into the Tax Increment Fund away from the General Fund.

But on the incentive ability of a CRA, it's more like let's make a deal. Because the freedom that the CRA has in dealing with what it can do with property it buys or sells is much greater than the City has as far as appraisals and sale prices and incentives. And if you're meeting the public purpose test, the CRA can do a great deal more. The problem what the CRA Executive Director has identified is that you can't do more with nothing. And so the key really is, is to figure out those things that actually can increase the property taxes coming into the CRA. So when you identify the projects that you want to do and this is the reason we went to Delray Beach. Delray Beach had a very difficult decision to make because it had significant blight issues and affordable housing issues but fixing those properties first would not have generated a tax increment that they needed in order to be able to effectively deal with all of the problems. And so they focused on the areas of the community with ways the tax increment the quickest. And then with that tax increment now at \$18 million dollars a year, they're able to address the affordable housing projects, the infrastructure projects that they could have never done if they had started doing affordable housing first. Because there would have not been the tax increment. Keep in mind that under Chapter 163.300 it's slum, blight, affordable housing but there's also the requirement of increasing the property tax base. And so again, the interesting thing that you have before you is the fact that with more than 120 community redevelopment agencies in the State of Florida, there is no inventing anything new. And the experience gained or politely said, the mistakes made and lessons learned of all these other CRAs are right there in front of you. And so whether you are looking to do a specific project, there's hundreds of examples all over the State. I think the biggest challenge that you are facing is that from 2005 to 2014 you have allowed politics to control redevelopment. And what's really been interesting is the complete lack of an understanding of how the government of North Miami is supposed to operate. This City is not operated by a strong Mayor. The City is operated by a City Manager form of government and the Mayor is just one vote. And what has evolved is a situation where this City which has a Charter and a regulatory process and a professional management capability, has allowed politics to run the City. So that as it relates to the CRA, you have seen significant financial resources been devoted to political decisions that have nothing to do with the goals and objectives and policies of your redevelopment plan. The opportunity that you have as an Advisory Board is to end this interim project before the new Mayor is elected. Is to make sure that everyone understand that this City is run by a professional City Manager. That the Mayor is as important to the Country...to the City as the Queen of England is to the Country. There are ceremonial figure head. They don't come into City Hall and run the government. Your City Manager does that. And I watched...I spent nine months of my life setting up this CRA. And I watched year after year the effectiveness of this CRA being destroyed by an ineffective City Manager who allowed the Mayor to become a strong Mayor and divert the funding of the redevelopment agency into projects that were politically expedient. And so you have spent millions of dollars because you have refused, ignored and to the detriment of your own citizens refuse to recognize that you have the benefit or an organization, of a City organization that allows you have a professional Manager running the City and not a

politician. And so your opportunity between now and September is to make it very clear. That when you get a new Mayor in that office and my suggestion is, that you move the Mayor into her office just like every City Councilperson. So there's no question that the Mayor does not run the City, the City Manager does. And I'll stop there.

Mr. McDearmaid: Thank you very much Frank. We do...hopefully we have a new day Frank. I think we do. I think with the City Manager that we have now I think we have a new day. We're moving forward. And thank you Aleem. Claudio you wanted to say something.

Unidentified Male Voice: Yeah. I would like to congratulate (inaudible). But in North Miami it's a game. Because we already had Kevin Burns. He's a strong Mayor and he was. Andre Pierre and he was. And I don't know who will be the next Mayor but if the Mayor decide to do something, the other around they will back up. And the City Manager is controlling this City by the Mayor. And that's why Mr...why don't we go back and begin investigating the CRA since Kevin Burns. Because all the money that went inside the CRA was spent on a lot of things. There's a million that is lost. He gave it to a friend of his and we couldn't get it back. Why we don't have that since that time?

Mr. Schneidmann: That's on the agenda.

Unidentified Male Voice: I know but I'm making my comment.

Mr. Schneidmann: Well anyway that's on the agenda to have a forensic audit.

Unidentified Male Voice: That is only for this period.

Mr. McDearmaid: No it's going to go all the way back. Claudio, it's going to go all the way back. That's what they're talking about.

Unidentified Male Voice: It will?

Mr. McDearmaid: Yes. Yes sir it will. Frank, Dr. Schneidmann we appreciate you coming tonight and being here. And thank you very much. I thank the City Manager. Now the...the Executive Director for his actions and for leading us and for taking us into a new day here. And we also want to thank Staff that's here. We appreciate you guys and all the things that you're going to do. And I know Duke is always on top of stuff so we can depend upon him and you as well. I'm sorry. Would you like to introduce yourself?

Mr. Henley: Terry Henley, Budget Administrator.

Mr. McDearmaid: Terry, and you as well. We've been here a while so we're depending upon you guys and I know you will. I know you guys perform and will continue to. So thank you very much.

V. OLD BUSINESS

Mr. McDearmaid: Is there any Old Business to come before us?

Unidentified Female Voice: Oh yes I'm sorry. I want to first of all apologize for my lateness. I did contact the Chairman to say I was going to be late and so I apologize. I was...I had a meeting that I couldn't get out of.

Mr. McDearmaid: Oh you're noted that you're here.

VI. NEW BUSINESS

Mr. McDearmaid: Any New Business to come before us?

VII. ADJOURNMENT

Mr. McDearmaid: That being said, do I hear a motion to adjourn?

Unidentified Male Voice: So moved.

Mr. McDearmaid: Second. All in favor? AYE.