

ORDINANCE NO. 2009-19-191

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA AUTHORIZING THE BORROWING OF NINE MILLION DOLLARS (\$9,000,000); AUTHORIZING THE ISSUANCE OF CITY OF MIAMI GARDENS, FLORIDA TAXABLE LAND ACQUISITION REVENUE BONDS NOT TO EXCEED NINE MILLION DOLLARS (\$9,000,000); PROVIDING FOR A SUPPLEMENTAL RESOLUTION SETTING FORTH THE DETAILS OF SAID BONDS; PROVIDING FOR ADOPTION OF REPRESENTATIONS; REPEALING ALL ORDINANCES IN CONFLICT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, as part of its economic development activities and in order to foster economic growth in the enterprise zone, the City desires to purchase the property described on Exhibits “A-1” and “A-2” attached hereto, less the property described on Exhibit “A-3” attached hereto, from Cornerstone CW Commercial, L.L.C. and Cornerstone CW, L.L.C. (collectively, the “Company”),

WHEREAS, the City and the Company executed an Option to Purchase Real Property on April 29, 2009,

WHEREAS, the City desires to authorize the borrowing of Nine Million Dollars (\$9,000,000), and to authorize the issuance of bonds not exceeding Nine Million Dollars (\$9,000,000) for the purpose of financing the costs of purchasing the property, and paying costs of issuance of the bonds, and

WHEREAS, pursuant to Section 4.3 of the City’s Charter, an ordinance must be adopted in order to authorize the borrowing of money, and

WHEREAS, the Council desires that the bonds be secured by the communication services tax, the local government half-cent sales tax, and the revenues received from the tax on the purchase of electricity, which constitutes a portion of the public service tax (also known as the “utilities service tax”), as further specified by subsequent resolution of the Council,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AS FOLLOWS:

SECTION 1. ADOPTION OF REPRESENTATIONS: The foregoing Whereas Clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Ordinance.

SECTION 2. AUTHORIZATION: In accordance with the provisions of the Charter of the City of Miami Gardens, Florida and Chapter 166, Florida Statutes, the City Council of the City of Miami Gardens hereby authorizes the borrowing of Nine Million Dollars (\$9,000,000). The City Council further authorizes Taxable Land Acquisition Revenue Bonds (the “Bonds”) of the City, to be

issued in an aggregate principal amount not to exceed Nine Million Dollars (\$9,000,000), in one or more series, for the purpose of financing the costs of purchasing the property identified above, and paying costs of issuance of the Bonds. The Bonds shall be designated "City of Miami Gardens, Florida Taxable Land Acquisition Revenue Bonds, Series 2009B" or such other designation as may be approved by supplemental resolution, shall be dated such date, shall be in such denominations, shall be stated to mature in such year or years not later than five (5) years from their date of issuance, shall bear interest at a taxable rate from their dated date at a rate or rates not exceeding the maximum rate permitted by law at the time of issuance of the Bonds, shall be subject to redemption at the option of the City at such times and prices, and shall have such other details, all as shall hereafter be determined by the Council by supplemental resolution.. The Bonds shall be secured by a pledge of and lien on the communication services tax, the local government half-cent sales tax, and the utilities service tax, on a parity with the City's outstanding \$7,300,000 Taxable Land Acquisition Revenue Bonds, Series 2009, \$2,000,000 Equipment Acquisition Revenue Bonds, Series 2009, \$4,700,000 Land Acquisition and Improvement Revenue Bonds, Series 2008, \$14,400,000 Land Acquisition and Improvement Revenue Bonds, Series 2007, \$2,500,000 Capital Improvement Revenue Bonds, Series 2005, and \$7,500,000 Land Acquisition Revenue Bonds, Series 2005, as further specified by supplemental resolution of the Council. The supplemental resolution may be adopted, and the Bonds may be issued, at any time after the effective date of this Ordinance.

SECTION 3. AUTHORIZATION: The City Manager and the City Finance Director are each hereby authorized to negotiate with banks and other financial institutions for the purchase of the Bonds and with respect to the terms of the Bonds. The City Attorney and Bond Counsel to the City are hereby authorized to draft documents, including bond documents and a purchase contract, and to do all other things necessary to accomplish the issuance and sale of the Bonds and the purchase of the property.

SECTION 4. CONFLICT: All ordinances or Code provisions in conflict herewith are hereby repealed.

SECTION 5. SEVERABILITY: If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions of this Ordinance.

SECTION 6. EFFECTIVE DATE: This Ordinance will become effective immediately upon its final passage.

PASSED ON FIRST READING THE 8th DAY OF JULY, 2009.

ADOPTED AND PASSED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON THE 22nd DAY OF JULY, 2009.


SHIRLEY GIBSON, MAYOR

ATTEST:



RONETTA TAYLOR, MMC, CITY CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:



CITY ATTORNEY

Prepared by ADORNO & YOSS LLP, Bond Counsel

SPONSORED BY: DANNY O. CREW, CITY MANAGER

MOVED BY: Vice Mayor Watson
SECONDED BY: Councilman Bratton

VOTE: 5-1

Mayor Shirley Gibson	<u>X</u> (Yes)	___ (No)
Vice Mayor Barbara Watson	<u>X</u> (Yes)	___ (No)
Councilman Melvin L. Bratton	<u>X</u> (Yes)	___ (No)
Councilman Aaron Campbell, Jr.	<u>X</u> (Yes)	___ (No)
Councilman Oliver Gilbert III	<u>X</u> (Yes)	___ (No)
Councilwoman Sharon Pritchett	___ (Yes)	___ (No) (not present)
Councilman Andre L. Williams	___ (Yes)	<u>X</u> (No)



City of Miami Gardens Agenda Cover Memo

Council Meeting Date:	July 22, 2009		Item Type:	Resolution	Ordinance		Other	
			(Enter X in box)		x			
Fiscal Impact: <i>(Enter X in box)</i>	Yes	No	Ordinance Reading: <i>(Enter X in box)</i>		1st Reading		2nd Reading	
							X	
	x		Public Hearing: <i>(Enter X in box)</i>		Yes	No	Yes	No
							X	
Funding Source:	Bond		Advertising Requirement: <i>(Enter X in box)</i>	Yes		No		
				x				
Contract/P.O. Required: <i>(Enter X in box)</i>	Yes	No	RFP/RFQ/Bid #:					
Sponsor Name	Danny Crew, City Manager		Department:		City Manager			

Short Title:

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Staff Summary:

Extraordinary time bring extraordinary opportunities. One such opportunity was the recent Warren Henry land purchase and option. That deal provided the City with the opportunity to assist a major developer stay in the community while at the same time, giving the City a revenue source (\$72,000 per year) and/or the opportunity to own a major commercial development site with the City at a price \$2 million under appraisal. Now another major economic development opportunity has been presented to the City for consideration.

The Warren Henry deal set a high standard for City participation. As I described at the time, I wouldn't recommend a deal that was not a win-win situation for the City. Now the City has been offered another development opportunity that I could also describe as a win-win for the City and have secured a purchase option to give City Council the opportunity to consider he offer.

Council is aware of the 46 acre commercial/residential development approved several years ago with Cornerstone Properties on the east side of NW 27th Avenue, east and south of NW 191st Street. The development consisted of office commercial along NW 27th Avenue and 600+ residential townhouses in the area behind the old police station south almost to the County Library.

Cornerstone Properties has approached the City with a deal similar to that reached with Warren Henry. They are proposing a similar arrangement; however, as an added incentive, they are willing to deed the two (2) commercial office lots immediately north of 191st Street along NW 27th Avenue to the City. These lots have an appraised value of \$2.5 million. They would be deeded to the City at the closing; allowing the City to immediately offer the lots for sale/development.

Other particulars would be similar to the Warren Henry transaction. They would propose an option to re-purchase the remaining land and would pay the City monthly, non-refundable option fees plus 1% for our carrying cost (approx. \$100,000/year). Upon issuance of their building permits, they could exercise the option and complete the project. All out-of-pocket costs of the transactions would be borne by Cornerstone. In addition, any increase in the market value of the property during this period would be split 50/50 with the option as was the case in the Warren Henry transaction.

Currently, Cornerstone owes approximately \$10 million on the property. They have about \$3 million equity in the property. In order to complete the deal, the City would have to issue approximately \$9 million in Taxable revenue bonds. This would result in a yearly debt service payment of approximately \$850,000. The City's pledge for this payment would be the electric franchise. I have also attached a memo from Daniel Rosemond detailing the economic development aspects of the proposal.

As was the case with Warren Henry, if the option is not exercised, they City would have the property to use in its economic development efforts. And like Warren Henry, the City would have to assume payment on the bond. It is anticipated that that the marketability of this property would limit the City's exposure; additionally, the City will have a new revenue source available at that time to help cover this cost – the Calder Revenue. This could be used as a temporary bridge until the property is re-sold.

Recommendation:

That City Council approves the bond ordinance on its first reading.

Attachment:

Attachment #1 is a map of the property.

Attachment #2 is a listing of the City's current bonded obligations.