



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager 

DATE: May 11, 2011

SUBJECT: **REFERRAL TO THE FINANCE AND CITYWIDE PROJECTS COMMITTEE TO DISCUSS A PROPOSED MODIFICATION OF THE PROMISSORY NOTE DATED FEBRUARY 5, 2007, FROM MBCDC MERIDIAN PLACE LLC, A FLORIDA LIMITED LIABILITY CORPORATION, TO THE MIAMI BEACH REDEVELOPMENT AGENCY, AND TO DISCUSS A SUBORDINATION OF THE CITY'S MORTGAGES IN FAVOR OF A MORTGAGE BEING MADE TO MBCDC BY BANK UNITED.**

ADMINISTRATION RECOMMENDATION

Refer the matter to the Finance and Citywide Projects Committee for discussion.

ANALYSIS

On October 11, 2006, the Miami Beach Redevelopment Agency (RDA) approved an appropriation of South Pointe Redevelopment Area funds in the amount of \$1,500,000 to be utilized by the City of Miami Beach to enter into a loan and/or other funding agreement with Miami Beach Community Development Corporation (MBCDC), for the purpose of MBCDC's acquisition and rehabilitation of the building located at 530 Meridian Avenue (the Project) to provide 34 units of affordable housing for elderly, formerly homeless persons. On February 5, 2007, a Mortgage and Security Agreement and a corresponding Promissory Note were executed by MBCDC MERIDIAN PLACE, LLC, a Florida limited liability corporation, committing to a repayment schedule in the amount of \$150,000, commencing December 31, 2011, and continuing each December 31 thereafter annually.

MBCDC obtained additional funding from HUD and Miami-Dade County to cover some of the increased construction costs, but must also obtain commercial bank financing in the amount of approximately \$650,000 to cover the remaining budget gap. In order to qualify for the commercial bank financing, MBCDC is seeking to modify the repayment terms of the February 5, 2007, Promissory Note and is also, as is customary with bank financing, requesting that the City subordinate its secured debt position to the commercial lending institution.

CONCLUSION

The Administration recommends that the Mayor and the City Commission refer the matter to the Finance and Citywide Projects Committee for discussion.


JMG/HMF/AP/KOB

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Date 5-11-11

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