



MEMORANDUM

Agenda Item No. 7(K)(1)(B)

TO: Honorable Chairperson and Members
Board of County Commissioners

DATE: May 20, 2003

FROM: Steve Shiver
County Manager

SUBJECT: Approval of Equity Capital
Investments for Six Urban
Development Projects Within
Miami-Dade County's
Targeted Urban Areas

RECOMMENDATION

It is recommended that the Board of County Commissioners approve the attached resolution, which authorizes and approves the Miami-Dade Empowerment Trust, Inc. to make equity capital investments for urban development projects within Miami-Dade County's targeted urban areas. The proposal is to invest in aggregate \$2.3 million in six (6) businesses. It is estimated that the average return to the fund in stock appreciation and dividend payments will be in the eight – to – ten percent. It is also recommended that the Board authorizes and approves the Miami-Dade Empowerment Trust, Inc. to utilize the remaining \$2.7 million for future equity capital investments for urban development projects within Miami-Dade County's Targeted Urban Areas.

BACKGROUND

In September 2001, the Board approved the allocation of \$6 million to the Miami-Dade Empowerment Trust, Inc. (MDET) to provide the seed capital necessary to form a New Markets Venture Capital Fund (the Fund). The intent of the Fund is to identify additional private sector and/or Federal investment capital to make equity investments throughout Miami-Dade County in non-traditional markets and in entrepreneurs indigenous to those communities. In 2000, Congress passed the Community Renewal Tax Relief Act that authorized the creation of a New Markets Venture Capital Fund initiative whereby the Federal Government would match all private investments up to \$35 million on a one-to-one basis linked to a minimum investment of \$6 million. The MDET staff solicited proposals for a qualified Fund Manager requesting that the applicant submit an application for a New Markets Venture Capital designation; manage the County's New Markets Venture Capital Fund; leverage the County's funding (\$6 million) with additional capital; and identify investment opportunities in Miami-Dade County for the New Markets Venture Capital Fund. The MDET received one proposal seeking to become the Manager for the County's proposed New Markets Venture Capital Fund.

Subsequent to receiving the above mentioned proposal, two set backs have occurred. First, the Board in September 2002 reduced its commitment from \$6 million to \$5 million. In January 2003, Congress eliminated the funding for the New Markets Venture Capital Program from the

Federal Budget. The funds were eliminated as part of the Omnibus Reconciliation bill. Both of these impacts have lead the MDET staff to restructure its approach and immediately implement and manage the venture capital fund with its capitalization of \$5 million.

In August 2002, the MDET staff solicited proposals seeking to provide equity capital to focused and experienced businesses and commercial/retail developers with the potential of stabilizing and strengthening urban neighborhoods. As a result of this solicitation, fourteen (14) proposals were received. Staff convened a five-member review committee panel comprised of private sector professionals in the fields of real estate development, commercial lending and County professionals with a combined total of 60 years of experience in community development and financial lending. The committee has recommended the following six enterprises for funding:

- 1) Peninsula Edison Plaza, LLC (\$500,000 investment, Attachment A)
- 2) Diapers Empowerment Zone New Markets, LLC (\$170,000 investment, Attachment B)
- 3) Healing Edge Wellness Center, Inc. (\$100,000 investment, Attachment C)
- 4) Haitian Broadcasting Network, Inc. (\$500,000 investment, Attachment D)
- 5) World Wide Concessions (\$500,000 investment, Attachment E)
- 6) Spanish Media Broadcasting, LLC, d/b/a Classical 1360 (\$500,000 investment, Attachment F)

Funding priority given to those census tracts and block groups where the household income level is 30% or less of the median income in Miami-Dade County.

MDET staff supports the selection committee's recommendations that has an aggregate investment value of \$2.3 million and will create over 150 new jobs. Staff has provided an underwriting analysis and a business profile for the above referenced transactions (see Attachments A-F).

With the recent decision of Congress having eliminated Federal matching funding for the New Markets Venture Capital Fund, MDET Staff recommends that the remaining \$2.7 million be utilized to again solicit proposals seeking to provide equity capital to focused and experienced businesses and commercial/retail developers with the potential of stabilizing and strengthening urban neighborhoods. Subsequent to the release and closure of the equity capital solicitation in September 2002, MDET staff has received numerous inquiries from perspective entrepreneurs seeking equity partners for franchising opportunities, as well as, other viable business investment opportunities. With the current state of our economy, there is a need to provide access to capital opportunities for small and medium size businesses, as they create most jobs in a challenged economy.

Honorable Chairperson and Members
Board of County Commissioners
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In summary, MDET staff is recommending that the Board accept the selection committee's recommendations and to utilize the remaining \$2.7 million for future equity capital investments as indicated in the above paragraph. The MDET staff seeks the authorization and approval from the Board of County Commissioners to proceed with the recommendations and submit them to the Miami-Dade Empowerment Trust, Inc.'s Board of Directors for final approval.



MEMORANDUM

(Revised)

TO: Honorable Chairperson and Members
Board of County Commissioners

DATE: May 20, 2003

FROM: Robert A. Ginsburg
County Attorney

A handwritten signature in black ink, appearing to read "R. A. Ginsburg", is written over the printed name.

SUBJECT: Agenda Item No. 7(K)(1)(B)

Please note any items checked.

- ☐ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☐ No committee review

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 7(K)(1)(B)
5-20-03

RESOLUTION NO. _____

RESOLUTION AUTHORIZING AND APPROVING THE MIAMI-DADE EMPOWERMENT TRUST, INC. TO MAKE EQUITY CAPITAL INVESTMENTS FOR SIX URBAN DEVELOPMENT PROJECTS WITHIN MIAMI-DADE COUNTY'S TARGETED URBAN AREAS AND TO UTILIZE THE REMAINING \$2.7 MILLION FOR FUTURE EQUITY CAPITAL INVESTMENTS FOR URBAN DEVELOPMENT PROJECTS WITHIN MIAMI-DADE COUNTY'S TARGETED URBAN AREAS

WHEREAS, this Board approved on January 29, 2002 the authorization of a Request for Proposal in the aggregate amount of \$5 million to identify a qualified fund manager for a New Markets Venture Capital Fund and the establishment of the Miami-Dade County Economic Development Equity Investment Fund to provide equity capital for ripe transactions ; and

WHEREAS, an equity investment program has been established to enhance the private sectors ability to make investments in underserved communities and neighborhoods; and

WHEREAS, Request-for-Proposals were prepared and released to identify a Fund Manager for the New Markets Venture Capital designation and to solicit responses from viable entrepreneurs seeking equity investment capital for industrial and commercial/real estate transactions ready to proceed; and

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board adopts the recommendations to authorize and approve the Miami-Dade Empowerment Trust, Inc. to make equity capital investments for six urban development projects within Miami-Dade County's Targeted Urban Areas and to utilize the remaining \$2.7 million for future equity capital investments for urban development projects within Miami-Dade County's Targeted Urban Areas.

The foregoing resolution was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____, and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro
Jose "Pepe" Diaz
Sally A. Heyman
Jimmy L. Morales
Dorrian D. Rolle
Katy Sorenson

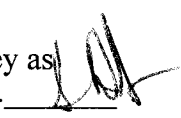
Dr. Barbara Carey-Shuler
Betty T. Ferguson
Joe A. Martinez
Dennis C. Moss
Natacha Seijas
Rebeca Sosa

Sen. Javier D. Souto

The Chairperson thereupon declared the resolution duly passed and adopted this 20th day of May, 2003. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

Approved by County Attorney as
to form and legal sufficiency. 

By: _____
Deputy Clerk

MIAMI DADE EMPOWERMENT TRUST, INC.

1. APPLICANT NAME: Peninsula Edison Plaza, LLC ("PEP")
2. PROJECT LOCATION: 62nd Street and 7th Ave
Miami, FL
3. PROJECT IS: () Expansion (X) New Development
4. APPLICANT: () Non-Profit (X) For-Profit
5. PROJECT TYPE: Subordinate Debt
OBJECTIVE: Costs associated with the development of Edison plaza Marketplace.
6. PROJECT FUNDING:

URTF Section 108	\$ 5,025,000
Bank Debt	1,500,000
MDET (Equity.)	500,000
OCED	841,000
MDET (Grant)	400,000
City of Miami	400,000
Other	<u>500,000</u>
Total	\$ 9,166,000
7. TERMS: The investment will be structured as a subordinate debt note. Investment will accrue at prime (fixed at closing) and be due and payable in sixty (60) months from the date of closing. Interest only shall be due on note for twenty-four months (24) months. Beginning on the twenty fifth (25th) month, the investment will be repaid over fifty nine (59) equal installments of principal and interest, based on a fifteen-year amortization and one payment of the balance. Disbursement is contingent upon total financing being approved and in place.
9. DESCRIPTION OF PROJECT:

Marketplace Group selected Peninsula Developers, Inc. to develop and implement a 76,000 sq ft shopping center in the heart of Liberty City (Edison Marketplace). The objective of the new development is to construct a new destination and convenience commercial center, while creating new jobs and helping to sustain existing businesses, as well as attract new businesses to the Edison Center/ Liberty City Community. Edison Marketplace is an important step in community-responsive economic redevelopment projects. This project is driven by an urgent need to remedy the under investment and disinvestment phenomena, which fuel and sustain the decline of inner city economies generally; and threaten to reverse the economic development progress made in the Edison Center Business Corridor. The Developer's ultimate effort will lead to the reestablishment of a historically viable commercial district in Liberty City.
10. MANAGEMENT TEAM:

Tacolcy Economic Development Corporation, owner; and Otis Pitts, Peninsula Developer, Inc., Joint Venture Partner.

MIAMI-DADE EMPOWERMENT TRUST, INC.

1. NAME OF APPLICANT: Diapers Empowerment Zone New Markets LLC. (“DEZNM”)
2. PROJECT LOCATION: 183rd Street and 27th Avenue
3. PROJECT IS: (X) Expansion () New Business ()
4. APPLICANT: () Non-Profit (X) For-Profit
5. PROJECT TYPE: Equity OBJECTIVE: Working Capital, Lease Hold Improvements, and Equipment
6. PROJECT COSTS:

New Store – Carol City	\$ 90,000
Capital Expenditures	<u>80,000</u>
Total	\$ 170,000
7. TERMS: The Miami Dade Empowerment Trust, Inc. (“MDET”) will make an additional capital contribution into Diapers Empowerment Zone New Markets LLC. MDET will retain its 20% membership interest in Diaper’s Empowerment Zone New Markets, LLC Limited Liability Company (LLC). MDET shall receive a five (5%) percent cash on cash return as a priority distribution. Exit strategy will be the purchase of the Trust interest by Diapers, Etc. at 1.5X Book Value.
8. DESCRIPTION OF PROJECT:

In February 2002, MDET and Diapers Etc., Inc. formed a limited liability company for the purpose of opening infant toddler stores throughout the Empowerment Zone. Since formation, the company has opened locations in Overtown and Homestead and has approved funding for a location in East Little Havana. In its brief operating history DEZNM has generated \$230,000 in revenues and created six full time jobs of for Empowerment Zone residents. DEZNM is seeking \$170,000 to open an additional store in the Carol City area of Miami Dade County in the 183rd Street and 27th Ave corridor. These funds would be used for the acquisition and implementation of the following systems and capital equipment for the entire enterprise: POS system, Loss Prevention Camera/Surveillance system, Delivery truck and advertising expenses.

The Company's history proves that the concept is viable. Diapers Etc., which has an eighty (80%) percent membership interest and is the managing member of DEZNM, was launched in April 1995 in Toronto, Ontario and has grown steadily since. The Company currently operates five stores in Toronto and three in Miami, Florida. In Toronto, Diapers Etc. has established itself as the leading value specialty retailer for infant and toddler products. In the Miami area, Diapers Etc. is quickly doing the same. Diapers Etc. is realizing a concept that is brand new to the infant and toddler retail market. The company's success to date suggests that the concept is extremely profitable, scalable and competitively differentiated. The company has flourished in non-traditional urban markets.

The Diapers Etc. business strategy is to offer quality brand name and store brand products at the lowest available prices in an informative, energetic, fun and enjoyable store environment with a commitment to service. Key to this strategy is the Company's three core business tenets:

1. Maintain low operating costs
2. Provide excellent customer service
3. Offer products that provide the customer with the best value

9. MANAGEMENT TEAM:

The project's management team consist of Sean Kelly, President, Board of Directors; Stephen den Elzen, General Council.

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MIAMI DADE EMPOWERMENT TRUST, INC.

1. APPLICANT NAME: HealingEdge Wellness Center, Inc. ("HEWC")
2. PROJECT LOCATION: 150 NW 168th Street
North Miami Beach, FL 33169
3. PROJECT IS: ☐ Expansion ☒ New Business
4. APPLICANT: ☐ Non-Profit ☒ For-Profit
5. PROJECT TYPE: Subordinate Debt Note OBJECTIVE: Working Capital and Equipment
6. PROJECT COSTS:

Equipment	\$ 50,000
Working Capital	<u>50,000</u>
Total	\$100,000
7. TERMS: The investment will be structured as a subordinate debt note. Investment will accrue at prime plus two (2%) percent (fixed at closing) and be due and payable in eighty-four (84) months from the date of closing. Interest only shall be due on note for twenty-four months (24) months. Beginning on the twenty fifth (25th) month, the investment will be repaid over fifty nine (59) equal installments of principal and interest, based on a fifteen-year amortization and one payment of the balance. A General Security Agreement and UCC-1 filing on the assets of HEWC will secure facility.
8. DESCRIPTION OF PROJECT: HealingEdge Wellness Center, Inc ("HEWC") is a startup company with the primary objective of focusing on the Complementary and Alternative Medicine (CAM) and wellness industry. The secondary objective of HEWC is to provide physical therapy and care services to traffic accident patients who are covered by personal injury protection (PIP) insurance in Florida. HEWC began its operation in January 2003 through a \$50,000 equity contribution from Etzer and Josette Zamor. The idea of creating a wellness medical clinic is a joint vision shared by Josette Zamor and Etzer Zamor. Josette Zamor is a licensed Acupuncture Physician with expertise in Oriental Medicines, which comprises of Acupuncture, Chinese Herbology, Chinese massage (Tui-Na), Homeopathy, and Homotoxicology. She is the first Haitian-American Acupuncture Physician to practice Traditional Chinese Medicine (TCM) in the Caribbean community of South Florida. HEWC is a Florida corporation, which was incorporated in March 2002. HEWC is a model of the next generation of wellness healthcare clinical services establishment. The company has embraced the approach to alternative healing by using a combination of Traditional (Na), Herbology, Nutritional Therapy, modern day physical therapy and chiropractic techniques, and finally herbal dietary supplement distribution.
9. MANAGEMENT TEAM:
Josette Zamor – President/CEO; Etzer Zamor – Executive Vice President/COO;

MIAMI-DADE EMPOWERMENT TRUST, INC.

1. NAME OF APPLICANT: Haitian Broadcasting Network, Inc.
2. PROJECT LOCATION: 185 NE 84th Street
Miami, FL 33138
3. PROJECT IS: () Start Up (X) Expansion () Relocation
4. PROJECT TYPE: Equity OBJECTIVE: Equipment, Capital Expenses and Working Capital
5. PROJECT COSTS:

Working Capital	\$ 295,000
Capital Expenditures	15,000
Debt Repayment	<u>190,000</u>
Total	\$ 500,000
6. TERMS: The investment will consist of a \$400,000 convertible subordinated debt note and \$100,000 of common stock.

Convertible Subordinated Debt (CSD): The CSD will carry a coupon of six (6%) percent, payable on a semi-annual basis. Principal will be payable in full in five (5) years. The CSD will be convertible into common stock of Haitian Broadcasting Network. The conversion price will be \$32 per common share.

Common Stock: Common Stock will equal approximately 2.4% ownership Haitian Broadcasting Network (approximately 11% assuming the conversion of the subordinated debt) based on 127,00 shares currently outstanding. The payment of any dividends related to the common stock and the underlying shares of the subordinated debt will be subject to the discretion of the Board of Directors of HBN and will depend on HBN's financial performance.

7. DESCRIPTION OF PROJECT:

Haitian Broadcasting Network, Inc. (the "Company" or "HBN") operates the number one Haitian/Caribbean targeted radio station in the United States broadcasting 24 hours a day on Radio Carnivale 1020 AM ("Radio Carnivale" or the "Station"). The Company currently leases state of the art facilities located in Miami, Florida, which are set up to eventually broadcast using the AM digital format with FM quality sound.

HBN's vision is to contribute to the "ethnic mosaic" of South Florida through the provision of targeted radio programming aimed at the Haitian and Caribbean population – the third largest ethnic group in South Florida. This media venture provides advertisers with the ability to reach a larger proportion of the Haitian and Caribbean population in South Florida than any other advertising medium, by reaching them in their language. The Company was founded by Dr. Rudolph Moise during the last quarter of 2000. The entrepreneurial expertise of Dr. Moise, combined with the media expertise of the Company's management team and board of directors will ensure the future success of the Station. Based in South Florida, the Company is still in the infancy stage of its development with full programming only activated since June 25th, 2001

8. MANAGEMENT TEAM:

Dr. Rudolph Moise, Founder; Edward Lozama, Program Director; Mervyn Moore, Local and National Sales Manager; Ms. Kim Massey, Account Manager; and Mr. Ralph Delly, Cultural Director.

MIAMI-DADE EMPOWERMENT TRUST, INC.

1. NAME OF APPLICANT: World Wide Concessions
Level 2 Concourse H
4200 MW 21st Street
Miami, FL 33122
2. PROJECT LOCATION: Bayside Marketplace
3. PROJECT IS: () Start Up (X) Expansion () Relocation
4. PROJECT TYPE: Loan OBJECTIVE: Equipment, Capital Expenses and Working Capital
5. PROJECT COSTS:

Leasehold Improvements	\$ 1,130,000
Equipment	400,000
Training Cost	200,000
Working Capital	<u>100,000</u>
Total	\$ 1,830,000
6. FUNDING:

Bank Financing	\$ 830,000
Owners Equity	500,000
MDET Financing	<u>500,000</u>
Total	\$ 1,830,000
7. TERMS: The investment will be structured as a subordinate debt note. Investment will accrue at prime (fixed at closing) and be due and payable in eighty-four (84) months from the date of closing. Interest only shall be due on note for the first twelve (12) months. Beginning on the thirteenth (13th) month, the investment will be repaid over seventy-two (72) equal installments of principal and interest. World Wide Concessions, Inc and Latin American Concessions, Inc. will guarantee the note.
8. DESCRIPTION OF PROJECT:
World Wide Concessions, Inc ("WWCI"), a certified DBE, is a joint venture between World Wide Concessions, Inc and Latin American Concessions, Inc. WWCI has built and is currently operating nine (9) restaurants at Miami International Airport. The Airport operations currently employs approximately 220.

WWCI has recently been approved by Brinkers International to open a Chili's restaurant in Bayside Marketplace. WWCI will be leasing spaces in the North Pavilion 2nd Floor, with 3,860 SF of A/C space, 1,000 balcony overlooking the water. It is anticipated that the new location will employ 65 to 100 people on a permanent basis. Investment will be used for equipment, training cost and working capital expenses associated with the opening on the Bayside Marketplace location.
9. MANAGEMENT TEAM:
Peter Amaro, CEO; Jose G. Alberni, CFO; Jorge Carbajal, Operations Committee; Dewey Knight III, Public Relations & Marketing; and William Perry, Construction and Franchise expansion.

MIAMI-DADE EMPOWERMENT TRUST, INC.

1. NAME OF APPLICANT: Spanish Media Broadcasting, LLC
d/b/a Classical 1360
3191 Coral Way, Suite 1000
Miami, FL 33145
2. PROJECT LOCATION: Performing Arts Center
3. PROJECT IS: () Start Up (X) Expansion (X) Relocation
4. PROJECT TYPE: Loan OBJECTIVE: Equipment, Capital Expenses and Working Capital
5. PROJECT COSTS:

Equipment	\$ 138,000
Capital Expenses	255,000
Working Capital	<u>107,000</u>
Total	\$ 500,000
6. TERMS: The investment will be structured as an unsecured subordinate debt note. Investment will accrue at one (1) percent above prime (fixed at closing) and will be amortized over 15 years. The investment will be due and payable in eighty-four (84) months from the date of closing. Interest only shall be due on note for the first twenty- four (24) months payments. Beginning on the twenty fifth (25th) month, the investment will be repaid over fifty nine (59) equal installments of principal and interest, based on a fifteen-year amortization and one (1) payment of the balance.
7. DESCRIPTION OF PROJECT: Spanish Media Broadcasting, LLC d/b/a Classical 1360 is the FCC licensee and owner of WKAT-1360 AM (hereinafter "WKAT" or "Radio Station"). WKAT has been a radio fixture in the Miami community since its inaugural broadcast in 1937. At the beginning of 2002, WTMJ-FM, which had been Miami's classical music station for many years, discontinued its classical music format and adopted an "urban dance" music format. Since that time, Miami-Dade County has been without a full-time classical music radio outlet. The owners of WKAT saw an opportunity to return a full-time classical music outlet to the Miami-Dade County market as well as work together with the various arts organizations within Miami-Dade County to foster growth in the arts.

In that vein, WKAT converted to a classical music format on September 19, 2002. The Radio Station will be relocating to Florida Grand Opera's building, which is currently under construction adjacent to the Performing Arts Center of Greater Miami. This facility will house the Radio Station studios and offices as well as provide an accessible outlet for broadcasts of performances at the Performing Arts Center and related facilities located the immediate vicinity. Disbursement contingent upon relocation to the Florida Grand Opera's facility.
8. MANAGEMENT TEAM:
Christopher Korge, President; Adob Eden, Vice-President; Herbert M. Levin, Vice-President; Andres Cantor, Treasurer; Andrew Korge, General Manager; and Anthony T. Lepore, General Counsel.