

**COMMUNITY REDEVELOPMENT AGENCY  
OFFICIAL AGENDA  
September 13, 2016  
Immediately Following 6:00 p.m. Special City Commission Meeting  
Municipal Administration Building  
Commission Chambers  
201 W. Central Avenue  
Lake Wales, FL 33853**

1. ROLL CALL

2. AGENDA ITEMS

2.I. Approval Of Minutes: August 31, 2016

Documents:

[2016-08-31CRA.PDF](#)

3. EXECUTIVE DIRECTOR'S REPORT

4. COMMUNICATIONS AND PETITIONS

Public participation is encouraged. If you are addressing the Commission, step to the podium and state your name and address for the record. Please limit your discussions to five (5) minutes.

Minutes of the CRA meeting can be obtained from the City Clerk's Office. The minutes are recorded, but are not transcribed verbatim. Persons requiring a verbatim transcript may make arrangements with the City Clerk to duplicate the recording, or arrange to have a court reporter present at the meeting. The cost of duplication and/or court reporter will be the expense of the requesting party.

Persons who wish to appeal any decision made by the CRA Board with respect to any matter considered during this meeting will need a record of the proceedings, and for such purpose may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based.

In accordance with Section 286.26, Florida Statutes, persons with disabilities needing special accommodations to participate in this meeting should contact the office of the City Clerk no later than 5:00 p.m. on the day prior to the meeting.

A meeting of the Community Redevelopment Agency was held on August 31, 2016 in the Commission Chambers at the Municipal Administration Building. Chairman Jonathan Thornhill called the meeting to order at approximately 5:30 p.m.

**COMMISSIONERS PRESENT:** Pete Perez; Robin Gibson; Eugene Fultz; Terrye Y. Howell, Vice-Chair; Jonathan Thornhill, Chairman

**COMMISSIONERS ABSENT:** None

**CITY REPRESENTATIVES PRESENT:** Kenneth Fields, City Manager; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk

[The minutes are recorded but are not transcribed verbatim]

## 1. AGENDA ITEMS

### Agenda Item 1.I. Approval of Minutes: June 7, 2016

Vice-Chair Howell made a motion to approve the June 7, 2016 meeting minutes. Mayor Fultz seconded the motion.

By Voice Vote:

Vice-Chair Howell	"YES"
Mayor Fultz	"YES"
Commissioner Perez	"YES"
Commissioner Gibson	"YES"
Chairman Thornhill	"YES"

The motion carried 5-0.

### Agenda Item 1.II. Purchase Offer for Longleaf Business Park Parcels 13, 14, 15, 16, 17, 20, 21, 22, and 23 and Option to Purchase Parcels 4, 5, 6, and 7

[Begin agenda memo]

#### SYNOPSIS

The attached Purchase Offer is for the Sale of nine parcels and an Option to Purchase an additional four parcels in Longleaf Business Park to CRV Development which intends to build logistics and warehouse facilities on these parcels. This sale would place all but two small parcels in the Longleaf Business Park in private ownership and on the city's tax roll. The offering price is thirty thousand dollars (\$30,000.00) per acre. The properties are currently valued by the Property Appraiser at approximately seventeen thousand dollars (\$17,000.00) per acre. The total purchase price is approximately one million forty-three thousand dollars (\$1,043,000.00) subject to final determination of the exact size of each lot.

#### RECOMMENDATION

It is recommended that the Community Redevelopment Agency Board approve the Executive Director signing the Purchase Offer for the sale of Longleaf Business Park Parcels 13, 14, 15, 16, 17, 20, 21, 22, and 23 and the Option to Purchase Parcels 4, 5, 6, and 7 and authorize the Executive Director and Agency Attorney to negotiate and sign a final Sales and Option Agreement to implement same at a price of thirty thousand dollars (\$30,000.00) per acre.

#### BACKGROUND

The City of Lake Wales CRA entered into a contract with Coldwell Banker Commercial Saunders Ralston Dantzler to market the remaining CRA owned parcels within the Longleaf Business Park. Through their efforts, CRV Development has made an offer to immediately purchase nine parcels in Longleaf Business Park with the intention of constructing industrial, logistical and warehousing facilities for lease or sale to businesses that desire to have their own facilities. Time is of the essence as this is an IRS 1031 exchange of real estate. Upon execution of the final sales agreement, CRV Development would be the primary owner of the Longleaf Business Park and the City through the Community Redevelopment Agency would retain only two small parcels. Although the offered price is below the asking price, it is still substantially higher than the Polk County Property Appraiser value and is justified by the large number of parcels being purchased at one time and placed on the city's tax roll.

## **OTHER OPTIONS**

Continue to market the property to other potential buyers.

## **FISCAL IMPACT**

City tax revenue alone would be approximately \$7,600 per year based on the sale price of the property and the proposed millage rate for Fiscal Year 2017. In addition, as the City would no longer be the primary property owner within the Business Park, it would no longer have responsibility for maintenance of the parcels and related infrastructure.

[End agenda memo]

City Manager Kenneth Fields reviewed Agenda Item 1.II. He said the owner of CRV Development is offering to purchase nine parcels with an option to purchase an additional four parcels in the Longleaf Business Park. He intends to build logistics and warehouse facilities on these parcels. This sale would place all but two small parcels in the Park in private ownership and on the City's tax roll. The original asking price was \$35,000 and his offer is \$30,000 an acre cash. This discount is not out of order because we will net close to a million dollars after payment of commissions to Coldwell Banker etc. Our maps list certain acreage for each parcel and the property appraiser's records show a different number so that will have to be reconciled at some point. We probably will have surveys done prior to closing to determine the actual amount of acreage but the rate will be \$30,000 an acre in actual sales. This sale will get us out of the real estate business. This gentleman will now become the majority owner at Longleaf and he, along with the current property owners, will take over the responsibility of maintenance of the parcels and things of that nature so we can be relieved of that responsibility.

The developer thinks that this is an area great for logistics and a spinoff of CSX and additionally, he visited the airport for he is a former military commercial airline pilot and is interested in putting in a corporate hangar for himself and also talking about some other development opportunities at the airport. Time is of the essence so this has to be approved this evening, not because of us but because this is an IRS 1031 real estate transaction under the Federal Internal Revenue Service Laws meaning that he has sold property somewhere and has to arrange to purchase another property of similar kind in a certain period of time to take advantage of certain tax advantages so this is why time is of the essence and why this meeting could not be held off until a later date.

Kevin Kieft, Lake Wales Chamber and EDC, said this gets the City out of the development business and cities are not developers so this moves it into a developer that we can work with and with an all cash offer he could not be any happier with Coldwell Banker and with the City.

Commissioner Perez said this is a great opportunity and asked if the million dollars included the other buildings at Longleaf. Mr. Fields said no, the other buildings are owned privately by individuals. After this transaction, the City will be left with two smaller parcels. The money from the sale goes into the CRA fund and not into the City's general fund budget and there might not be time to adjust the CRA budget for next year because it gets approved in September. Because this represents a one-time revenue source his recommendation would be to let the money sit there earning interest and since we are ready to begin the

process of rewriting the CRA Plan that the money be used for capital improvements or a one-time expenditure because it is a one-time revenue not recurring. Even though he is happy to see close to a million dollars it creates an opportunity for the CRA to start doing some significant things in the downtown and other CRA areas in the City. He said let's not rush to spend it, let's make sure we have a good plan going into the future. We have money set aside in the CRA budget to develop a new CRA Plan and to do other things on an ongoing basis. This money will now make it possible to implement whatever it is that we come up with in the future.

Mr. Fields recommended approval and said the action tonight will allow him to sign the Purchase Offer the developer gave the City and authorizes the CRA attorney and himself to negotiate and sign a final Sales and Option Agreement which satisfies the developer's requirements, and because he will be signing that document he doesn't think it has to come back for ratification once approved.

Commissioner Perez asked for clarification that there is no exposure or any issues. Mr. Fields confirmed there are none and said that upon signing the final Sales and Option Agreement, the developer is required to make a down payment to an escrow agent and then at the closing the balance will be sought. He said if this falls through we will continue marketing the property but he sees no reason that it would because we have done our due diligence and it is a developing opportunity for the developer.

The Mayor said he is happy to see the City getting out of the real estate business, the City never should have been in it, and the timing of the purchase is perfect for what we have been doing. We talked about CRA monies needed for the projects that are needed and getting the new board up and going so this is perfect timing for all this to conjoin and to begin doing some great things for Lake Wales.

Commissioner Howell inquired about the spinoff of the CSX. Mr. Fields said the speculation is that CSX built a huge one single warehouse that they are trying to fill up with tenants. The developer indicated that smaller companies that don't want to be one of multiple tenants in one building would rather have their own smaller building so he thinks Longleaf is the perfect market for that and it is located right outside of CSX. He can build buildings there and rent them out to one company.

Commissioner Gibson said he is interested in knowing how the CRA was utilized to make this all come about and to what extent we can rectify some of it. The property was purchased in 1997 and according to the March 2, 1999 Commission minutes the total on the west side of Hwy. 27 was 164 acres and 72 acres of which were set aside for wetlands conservation and 92 acres to be developed. The preliminary site plan designated 21 acres for drainage retention, 7 acres for roadways, and 64 acres for industrial business construction. He said this sale is \$30,000 per acre which is a lot more than what we paid for it in 1997, but is 2016 dollars and asked if it was a flat million dollars. Mr. Fields said no, it is \$30,000 per acre subject to the final determination of the exact acreage. Commissioner Gibson said at a million dollars that would be 33.33 acres. He asked about the other 164 acres and the acreage designated for drainage retention, wetlands, roadways, etc. Mr. Fields said all the infrastructure was constructed at the time the park was so the roads are in place, the drainage is in place, and the wetlands are there. After this sale there will be two developable parcels left. It being shovel ready is the beauty of the site, there are no drainage permits needed, the utilities and roads are all in place so in terms of developable land these parcels and the two remaining parcels are left. The project would essentially be finished once we sell the last two parcels. Commissioner Gibson said it sounds like the roadways remain publicly owned and we have some maintenance responsibility there as we do in other places. Mr. Fields confirmed so and said once this happens a property owner's association will have to take over the responsibility for the common elements like landscaping and irrigation. Commissioner Gibson asked the property appraiser's value of the parcels and Mr. Fields said \$17,000 per acre. Commissioner Gibson said that is very good and it doesn't impact the arrangement we have with Mr. Miranda because it is completely separate.

Commissioner Gibson said originally this land was annexed into the City and quickly thereafter purchased by the City. It paid \$2.4 million for the larger parcel, which is not the one we are talking about tonight. When the CRA was expanded it included this land and then the City for some reason felt it had to constrict the boundaries of the CRA. The golden nugget for any CRA is land that is going to be developed and to create an increment. For some reason the City decided to constrict by giving away the golden

nugget. It can be reinstated into the CRA so we should look at that. This person is buying this obviously to develop it to increase its value and it would not cost him any cent more. We may be able to rectify a hindsight and decision we regret a great deal so he is interested in that. Mr. Fields said he would have to look into what it would take to bring it back into the CRA and what the base value of that would be. Commissioner Gibson said we would lose the original base we had. It would have to be the base when it comes in which means the sooner the better. Mr. Field said the important thing right now is that the CRA will be the beneficiary of this element as owner of the land even though it is not in the CRA boundaries. Commissioner Gibson said compared to the projections, which were in excess of a million dollars a year for increment and we are talking about a sale price of a million dollars for one time only compared to the projections, the CRA is coming out very short. He said he is exploring this and it has nothing to do with tonight.

Vice-Chair Howell made a motion to approve the Purchase Offer for the sale of nine parcels and an option to purchase an additional four parcels in Longleaf Business Park to CRV Development; approve the Executive Director signing the Purchase Offer; and authorize the Executive Director and Agency Attorney to negotiate and sign a final Sales and Option Agreement to implement same at a price of \$30,000.00 per acre. Mayor Fultz seconded the motion.

By Roll Call Vote:

Vice-Chair Howell	"YES"
Mayor Fultz	"YES"
Commissioner Gibson	"YES"
Commissioner Perez	"YES"
Chairman Thornhill	"YES"

The motion carried 5-0.

#### **COMMUNICATIONS & PETITIONS**

There were no comments from the public.

There being no further discussion the meeting was adjourned at approximately 5:52 p.m.

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Chairman Jonathan Thornhill

ATTEST:

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City Clerk Clara VanBlargan, MMC