

**Community Redevelopment Agency (CRA)
Meeting Minutes May 23, 2018
(DRAFT)**

5/23/2018 - Minutes

1. AGENDA ITEMS
2. ROLL CALL

CRA members Present: Mayor Fultz, Commissioner Stewart, Commissioner Curtis Gibson, Chair Robin Gibson, Commissioner Howell

Staff Present: Kenneth Fields, CRA Director; Albert C. Galloway Jr, City Attorney; Jennifer Nanek, City Clerk

Chair Deputy Mayor Robin Gibson called the meeting to order at 5:00 p.m.

3. RESOLUTION 2018-01, Approval Of The Amendment Of The Interest Rate On Its Outstanding Redevelopment Revenue Note, Series 2007.

[Begin Agenda Memo]

SYNOPSIS: Approval of the Amendment of the Interest Rate on its Outstanding Redevelopment Revenue Note, Series 2007.

RECOMMENDATION

It is recommended that the CRA Board approve the amendment of the interest rate to 4.3362% on its outstanding Redevelopment Revenue Note, Series 2007, effective April 1, 2018.

BACKGROUND

The CRA approved a \$9,500,000 Note issued on December 24, 2007 to Bank of America (the "Bank"). The current outstanding principal amount is \$5,572,674.50. The Note provides that it shall bear interest at a rate of 3.7735% until its maturity date of October 1, 2027 so long as the maximum corporate tax rate is 35%. It further provides that in the event of a change in the maximum corporate tax rate, the Bank shall have the right to adjust such interest rate in order to maintain the same after-tax yield.

The maximum corporate tax rate was recently lowered from 35% to 21% and the Bank has adjusted the interest rate on the Note to 4.5862% (81.27 basis point increase = \$240,255 increase over the remaining term of the Note). Through negotiation, City staff and the Bank have proposed an interest rate of 4.3362% (56.27 basis point increase = \$166,347 over the remaining term of Note).

OTHER OPTIONS

Do not approve the proposed interest rate of 4.3362%, and the Bank's new interest rate shall be 4.5862%.

FISCAL IMPACT

The reduction in the interest rate from 4.5862% to 4.3362% would be a savings to the CRA of \$73,908 over the remaining term of Note.

[End Agenda Memo]

Jennifer Nanek, City Clerk, read **RESOLUTION 2018-01** by title only.

RESOLUTION NO. CRA 2018-01

A RESOLUTION OF THE LAKE WALES COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING THE AMENDMENT OF THE INTEREST RATE ON ITS OUTSTANDING REDEVELOPMENT REVENUE NOTE, SERIES 2007, PURSUANT TO THE CONSENT OF BANK OF AMERICA IN ACCORDANCE WITH RESOLUTION NO. 2018-16 OF THE CITY OF LAKE WALES, FLORIDA, AS SUPPLEMENTED; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH AND PROVIDING AN EFFECTIVE DATE.

Dorothy Ecklund, Finance Director, reviewed this item.

Chair Robin Gibson said that there is really nothing we can do about this. Ms. Ecklund said that's correct. Chair Robin Gibson commended Ms. Ecklund for getting the interest rate down a little.

Commissioner Howell made a motion to approve **RESOLUTION 2018-01**. Commissioner Stewart seconded the motion.

Roll Call Vote:

Commissioner Howell "YES"

Commissioner Stewart "YES"

Commissioner Curtis Gibson "YES"

Mayor Fultz "YES"

Chair Robin Gibson "YES"

Motion passed 5-0.

4. Acceptance Of Promissory Note For Deferred Payment Upon Sale Of Parcel 12, Lake Wales Park Of Business And Technology, Formerly Longleaf Business Park

[Begin Agenda Memo]

Acceptance of Promissory Note for Deferred Payment Upon Sale of Parcel 12, Lake Wales Park of Business and Technology, formerly Longleaf Business Park

SYNOPSIS

The owner of Parcel 12 in the former Longleaf Business Park has requested that the payment of the deferred amount due to the CRA upon the sale of the property be satisfied by acceptance of a promissory note payable over ten years.

RECOMMENDATION

It is recommended that the CRA accept the promissory note as satisfaction of the deferred payment to allow the sale of the subject property to proceed. It is further recommended that the City Attorney prepare the necessary documents to be included in the closing of the sale.

BACKGROUND

When the City of Lake Wales Community Redevelopment Agency sold Lot 12 in the then Longleaf Business Park in 2004, it allowed a portion of the sales price, One Hundred Seventeen Thousand Three Hundred Dollars (\$117,300.00) to be deferred until such time as the property was sold as an inducement to development of the property. The purchaser, Joseph Miranda, agreed to build a speculative building on the parcel to attract tenants to the business park, which he proceeded to do. As no tenant was ever secured to occupy the space, however, the building was never completed.

Mr. Miranda now has the opportunity to sell the parcel and uncompleted building to a purchaser (Robert Richard) who intends to finish the building and relocate an existing business into it. In addition to increasing the value of the property by completion of the building, the proposed sale will also potentially result in ten to twenty new jobs being created in the City. The sale will also create an on-site presence for Mr. Richard, the owner of the other undeveloped parcels in the now renamed Lake Wales Park of Technology and Commerce which should aid in the development of these parcels.

To facilitate the sale, Mr. Miranda and Mr. Richard have requested that a promissory note satisfy the deferred payment due the CRA with equal payments made over a ten year term without interest. There was no interest due on the original deferred payment.

OTHER OPTIONS

The CRA could elect not to accept the promissory note in lieu of the deferred payment due.

FISCAL IMPACT

Since the building on Parcel 12 was never completed, the parcel is currently taxed as vacant land. The sale of the parcel and completion of the building should result in a significant increase in ad valorem tax revenue from the parcel. Payment of the deferred amount over time instead of as a lump sum should have no negative impact on the CRA.

[End Agenda Memo]

Kenneth Fields, CRA Director, reviewed this item.

Joe Miranda, property owner, reviewed the history of his relationship with the City over the past 20 years. They asked him to build and City leaders promised him that they would fill the building. This did not happen. Over the years he has leveraged a lot of money to keep his property out there and make improvements. Robert Richards approached him over a year and a half ago. He is willing to let it go for \$1 million with Mr. Richards help to fill the rest of the buildings. He did not remember that he still owed this \$116,000 on this property. He can't do \$116,000 and he is asking the City to work with him and defer this so we can get him in the building.

Chair Robin Gibson said that he does want to be considerate of Mr. Miranda for joining us on this venture. He is concerned about the CRA that it has been taken advantage of in the past. He wants to do the right thing. Chair Robin Gibson reviewed past costs to the CRA. The CRA has a lot of money invested as well. LongLeaf Business Park was built with CRA money that needs to be paid back. The CRA gives away hundreds of thousands of dollars a year. We are trustees of the CRA money and we need to be responsible for it. These buildings were conveyed to Mr. Miranda for \$1 million. Joe Miranda said that he and the City are both losing money on this park. He is still losing money on this as he is paying taxes on it. He said that the City promised to fill it if he invested. Robert Richards can go elsewhere. Mr. Fields said that the property is still undeveloped. If Roberts moves forward and develops the property then more tax revenues will be generated. This will bring in about 40 well paying jobs. Mr. Fields said he would like to see this developed because of the jobs it will bring. We have been actively marketing this property. If we can encourage this development then it is to the City's advantage. Chair Robin Gibson asked about the Kegel property if they paid money to the City. Mr. Fields said that Kegel was actively recruited by the City. Mr. Miranda said he recruited Kegel. Mr. Miranda said that he thought this was a partnership and that he fronted the money of \$100,000 when the City needed it. Mr. Miranda said that this is not a good business decision for the amount of money he has invested. Mr. Miranda said that this is a decision for the City. Chair Robin Gibson

asked if we received money for Lot 3. Mr. Miranda said yes and for Lot 1 as well. Chair Robin Gibson reviewed the status of other Lots. Chair Robin Gibson said that this payment has differed for 14 years. Mr. Miranda said that we should not look to the past let's look forward and stop the bleeding. He said that he is losing more money than the city is. This building can sit here for 10 more years or we can bring in Mr. Roberts and move forward. Chair Robin Gibson asked if he was requesting a deferment without interest. Mr. Miranda said that he didn't charge the City interest on the \$100,000 that he fronted the City. Mr. Miranda said that he has helped the City any time it was asked of him.

Commissioner Curtis Gibson said he had to investigate this matter himself. He said he was opposed to deferring this lien for another 10 years. This is not a good deal for the City he said. He then reviewed the history of expenses and sales at Long Leaf Business Park. He also reviewed Mr. Miranda's other business endeavors in the City. He said that Mr. Miranda has benefited greatly from his partnership with the City. Commissioner Curtis Gibson said that if he is selling the building for \$1.4 million why can't he pay the city back the \$117,000. Mr. Miranda said he won't because he is already losing \$1 million on this. Mr. Miranda said that this is a business decision we could just stay where we are at.

Mayor Fultz said we can't go back and change things. The only way to move forward is to agree to the 10 year payment plan. That way the CRA gets something back. Chair Robin Gibson asked the Mayor if he supported the recommendation from Mr. Fields. The Mayor confirmed that he does.

Commissioner Howell asked the City Attorney the difference between this note and a lien. Albert Galloway, Jr., City Attorney, said that a lien is secured by property where as the note is not. Mayor Fultz said that both hold up in court. Mr. Galloway said that this note would take away this lien. She said that Mr. Miranda is not for the note. Mr. Miranda said that while he would like the debt forgiven he will agree to the note.

Chair Robin Gibson asked if essentially Mr. Miranda is pocketing the money on selling the lot. Mr. Miranda said he has outstanding loans on this park so he won't benefit from this. Chair Robin Gibson said that he believes that Mr. Miranda lost money on this park but so has the City. Chair Robin Gibson said he is trying to understand the sequence of events concerning this lot and where the money goes. Mr. Miranda said that in the past, TD bank called in the loan on this and he had to leverage himself and pay the bank. Chair Robin Gibson confirmed that banks were not lending on real property for a period of time.

Commissioner Stewart asked if there is a way to know that Mr. Richards will follow through and develop the building so we are not in the same place in 10 years. Mr. Miranda said that he is confident that Mr. Richards will do as he says in whatever time frame the City sets.

Chair Robin Gibson said he is trying to be fair to both the citizens and Mr. Miranda. He said he is in favor of requiring interest on the payments. Commissioner Curtis Gibson asked what happens to this promissory note if Miranda goes into bankruptcy. Mr. Galloway said it would not get paid.

Mr. Fields said that many of these buildings have been sitting empty for years and even federal dollars have gone into this project. Mr. Fields said that going forward is what is most important and the additional tax revenue that will be generated if this project goes through. The revenues generated will go directly into the general fund. There will be gains to be made going forward with the project. Mr. Fields described various ways of how Mr. Miranda is a good cooperate citizen. This is a good deal for the city.

Mayor Fultz made a motion to approve staff recommendation which includes the promissory note in paying the amount of \$117,00 with no interest. Commissioner Howell seconded the motion. Chair Robin Gibson asked if there was further discussion.

Commissioner Curtis Gibson asked if Mr. Miranda would be willing to put down a lump sum and use one of his other buildings as collateral. Mr. Miranda said he had no problem with using one of his other buildings as collateral. Mayor Fultz said that he has known Mr. Miranda since he has come in the office and he has worked with the City in many different ways. By approving the 10 year payment plan the CRA get its money and this project can move forward and Mr. Miranda is not let off the hook.

Chair Robin Gibson made a motion to amend the earlier motion to include an interest rate of 4.3362%.

Commissioner Stewart said that this interest rate would be an incentive for the money to be paid back faster. Commissioner Howell seconded the motion.

Commissioner Howell made a recommendation that the interest rate be 5 years instead of 10. Chair Robin Gibson said that would require an amendment to the current motion on the floor. Mr. Miranda said that he did not charge interest on the \$100,000 dollars that he loaned the City because he thought we were partners. Commissioner Howell asked if we currently owe \$100,00 dollars to Mr. Miranda. Mr. Fields confirmed that the money was paid back within the last year. Mayor Fultz said that we owed Mr. Miranda that money for years and he did not charge the City interest. Commissioner Curtis Gibson said that he would prefer that the term be shorter, like the 5 years, and that this debt would be transferred to a property that Mr. Miranda currently owns. Chair Robin Gibson said let's focus on the amendment currently on the floor.

Chair Robin Gibson clarified that the amendment on the floor is to add an interest rate to this debt owed by Mr. Miranda. A yes vote is in favor of adding an interest rate a no vote is against the interest rate.

Roll Call Vote

Chair Robin Gibson "YES"

Commissioner Howell "YES"

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Mayor Fultz "NO"

Motion passed 4-1.

Commissioner Curtis Gibson made a motion to add to the original motion a requirement that this debt be attached to another property Mr. Miranda owns. Chair Robin Gibson asked if Commissioner Curtis Gibson was wanting to secure this note with property. Commissioner Curtis Gibson said yes. Commissioner Stewart seconded that motion.

Mr. Fields said that this debt if tied to another piece of property it would be subordinate to any other liens on that property. He just wanted to make sure that the commissioners were aware. Mr. Galloway asked if this other property would be in the business park. Commissioner Curtis Gibson said yes.

Roll Call Vote

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Commissioner Howell "YES"

Mayor Fultz "NO"

Chair Robin Gibson "NO"

Motion passed 3-2.

Chair Robin Gibson said that now its a secured note with interest and asked if there was further discussion. There was no further discussion and Chair Robin Gibson called for the vote on the original motion with the

two amendments which was to approve the note with an interest rate of 4.3362% and tied to another of Miranda's properties at the Business Park.

Roll Call Vote

Mayor Fultz "NO"

Commissioner Howell "YES"

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Chair Robin Gibson "NO"

Motion passed 3-2.

5. Extension Of Option For Purchase Of Parcels 4, 5, 6, And 7

[Begin Agenda Note]

SYNOPSIS

Robert Richard has requested an extension of the option to purchase the referenced parcels in the former Longleaf Business Park, now the Lake Wales Park of Technology and Commerce.

RECOMMENDATION

It is recommended that the option to purchase the remaining CRA owned lots in the Lake Wales Park of Technology and Commerce be extended an additional twelve months.

BACKGROUND

In November 2016 Mr. Robert Richard purchased Lots 13, 14, 15, 16, 17, 20, 21, 22, and 23 in the then named Longleaf Business Park from the City's Community Redevelopment Agency. At that time, he also was granted an option to purchase Lots 4, 5, 6, and 7. The option period was eighteen months from the date of closing on the purchased parcels and expired on May 15th. Mr. Richard has now requested an additional twelve month extension of the option period, since he is now in the process of purchasing Parcel 12 from Joseph Miranda. After that purchase, Mr. Richard intends to move his existing business to the renamed Lake Wales Park of Technology and Commerce which should facilitate his marketing of the remaining undeveloped parcels. His exercising of the purchase option would make him the sole owner of all undeveloped parcels in the park and eliminate the City's involvement.

OTHER OPTIONS

If the option is not granted, the City could attempt to market the parcels to others.

FISCAL IMPACT

There is no fiscal impact from extending the purchase option.

[End agenda Memo]

Kenneth Fields, CRA Director, reviewed this item.

Chair Robin Gibson said that all this does really is take those 4 lots off the market. Mr. Fields said yes. Chair Robin Gibson asked if besides the lots Mr. Richard already has and Mr. Miranda's lots are those all the lots out there? Mr. Fields said that Kegel has the other lots. These 4 lots are the only ones the CRA still owns.

Commissioner Curtis Gibson asked if someone else wanted to buy them is Mr. Richard obligated to match that. Mr. Galloway said no. Chair Robin Gibson said he has first rights. Commissioner Curtis Gibson asked if Mr. Miranda paid for options in the past. Mr. Fields said its possible but doesn't know if Mr. Richard will move forward on these given the earlier vote. Chair Robin Gibson said to focus on the item in front of us.

Commissioner Howell made a motion to approve the extension of the option. Mayor Fultz seconded the motion.

Roll Call Vote

Commissioner Howell "YES"

Mayor Fultz "YES"

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Chair Robin Gibson "YES"

Motion Passed 5-0.

6. PRESENTATION - Affordable Housing, Watson & Wells

Kenneth Fields, Executive Director, said that this relates to the board's goal of improving affordable housing. This group has approached the City about their unique form of affordable housing. Some of the board members toured their facility awhile back. The City is working with them on possible sites in Lake Wales.

Jeff Wells, Watson & Wells Financial Group and Development, said that his company is based in the Miami area. Their company has helped develop houses and churches in the Miami area. They have a new product called Steel Homes that are built quicker and cheaper than other types of homes. They are trying to do a project for senior citizens. Some possible lots have been identified.

Lucknar Ignatius, part of the development team, explained that he works on the design, research and development. He said that some lots have been identified that may be available. One facility they designed would have 56 units of 1 bedroom apartments for senior citizens. Copies of their designs were distributed to the board. They have had discussions with the Mayor and City staff. He described some of their different designs. The design is an open design to include the community and allow nearby businesses to work with the facility. They will be going through the planning and zoning process and look forward to working with the City.

Chair Robin Gibson noted that these are apartment homes. Do they have designs for single family residents. Mr. Ignatius said yes and described this. Chair asked if these homes would enhance property values and if this is successful would they want a facility in Central Florida to work out of. Mr. Ignatius said yes and would like to branch out to surrounding areas. They intend to hire locally but they would need to find a good site. These houses are beautiful and will maintain and possibly enhance property values. These homes are hurricane proof and exceed state criteria. These models have a faster rate of completion than

most houses. Chair Robin Gibson asked if these apartments would be rentals. Mr. Ignatius said yes and that the homes can be owned or used as transitional or whatever the community needs. Mayor Fultz asked if they are going to build a model. Mr. Ignatius said yes. Chair Robin Gibson asked how many buildings will make this effort to be profitable. Mr. Ignatius said that 10 is a good start.

Commissioner Curtis Gibson asked what it will take to move forward. Mr. Ignatius said they may want to combine lots and will work with the City on this. Ms. Bangley described the process to do this and that will be the City contribution. Mr. Fields said they are trying to work with the Housing Authority as they can be a conduit for State and Federal funds. Mayor Fultz agreed that we need to work with the Housing Authority on several issues. Chair Robin Gibson said that these kinds of things are what the CRA can do to promote development. We should be aggressive about getting this done.

Mayor Fultz said that he is excited about this project as this could upgrade several areas of the City. The product looks nice.

Chair Robin Gibson said that there is consensus from the Commission to move forward on this.

7. EXECUTIVE DIRECTOR'S REPORT

8. COMMUNICATIONS AND PETITIONS

Kathy Bangley, Planning Director, reported that Mr. Blackman, owner of the two story building on Lincoln Ave, had applied for and was granted an special exempt use permit to put a boarding house on the second floor and commercial on the first floor. Mayor Fultz commended this idea.

The need for more affordable housing for seniors was discussed because of a recent fire.

Chair Robin Gibson said that he is not bothered at all by 3-2 votes as it is good for these issues to be examined critically.

The meeting was adjourned at 7:40 p.m.

Chair/Vice-Chair

ATTEST:

City Clerk/Deputy City Clerk