

**Community Redevelopment Agency (CRA)  
Meeting Minutes June 5, 2018  
(DRAFT)**

6/5/2018 - Minutes

1. 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 5:30 p.m.

2. COMMUNICATIONS AND PETITIONS  
none

3. Minutes Of April 17, 2018

Commissioner Howell made a motion to approve the minutes of April 17, 2018. Commissioner Curtis Gibson seconded the motion.

By Voice Vote:

Commissioner Howell "YES"

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Mayor Fultz "YES"

Chair Robin Gibson "YES"

Motion passed 5 -0.

4. Rescission Of Action Regarding Sale Of Parcel 12 Lake Wales Park Of Commerce And Technology

[Begin Agenda Memo]

**SYNOPSIS**

On May 23rd the CRA Board authorized the repayment of One Hundred Seventeen Thousand Three Hundred Dollars (\$117,300.00) owed to the Community Redevelopment Agency by the owner, Joseph Miranda, upon the sale of the property over a ten year period with interest with collateral provided. This arrangement is not acceptable to the seller and will prevent the sale of the property. An alternative approach is recommended.

**RECOMMENDATION**

The seller of Parcel 12, Mr. Miranda, would prefer to make a single lump sum payment to extinguish the

lien on the property and allow the sale to proceed with no future payments due to the CRA over an extended period. It is recommended that the CRA take a lesser amount than the total due in the same proportion as the loss that Mr. Miranda is taking on the sale of the property.

## **BACKGROUND**

The sale of Parcel 12 will allow completion of the unfinished shell building that currently exists on the property and the relocation of the new owners business to the site. Completion of the building will significantly add to the City's tax base, providing additional General Fund revenue.

This will also result in ten to twenty new jobs in Lake Wales and an on site location for the owner of the other remaining large parcels in the Park of Commerce and Technology to market and develop the Park.

The sale price of the parcel represents a loss on the investment in the site to date. Mr. Miranda has represented that the sale price of One Million Four Hundred Thousand Dollars (\$1,400,000.00) represents a 43.1% loss on his investment of Two Million Four Hundred Fifty Nine Thousand Dollars (\$2,459,000.00). Applying this loss percentage to the amount due would reduce the payment to the CRA to Sixty Six Thousand Eight Hundred Dollars (\$66,800.00) A review of Mr. Miranda's figures indicates that they include items above and beyond the actual construction costs of the site including, taxes, insurance, financing costs, etc. The remaining actual construction costs were compared to the amounts shown on the building permits for the structure and appear reasonable. Excluding the non-construction costs would reduce the investment amount to One Million Nine Hundred Fifty Nine Thousand Dollars (\$1,959,000.00) so that the loss on the sale would be 28.4%. If this loss percentage were applied to the amount due the CRA, it would result in a single payment of Eighty Four Thousand Dollars (\$84,000.00) being due. A comparison of the two approaches is attached.

As justification for this approach, Mr. Miranda has pointed out that at the initial development of what was then Longleaf Business Park, it was envisioned as a partnership between the City and himself, with both parties assuming some degree of risk and reward. An example of this partnership was the City providing him with land at a term viewed as inducement prices in return for him assuming the costs of building and selling or leasing structures to businesses the City helped attract.

An example of Mr. Miranda working cooperatively with the City is the case of Parcel 25 in Longleaf. In 2006 the City accepted a One Hundred Thousand Dollar (\$100,000.00) option from a potential purchaser of that property, but when the purchaser chose not to close on the deal, Mr. Miranda took over the option and provided the City with \$100,000.00 so that the initial deposit could be returned to the potential purchaser. However, Mr. Miranda never closed on the purchase either, and the property remained in the CRA's possession, but the funds were not returned to Mr. Miranda until 2017 in an effort to clear the liability from the City's accounts. In effect, an interest free loan to the CRA for that period.

## **OTHER OPTIONS**

The CRA Board can choose not to revise the amount due to the CRA, in which case the sale of Parcel 12 and completion of the shell building may or may not occur.

## **FISCAL IMPACT**

Sale of the parcel and completion of the building would result in a significant increase in tax revenue generated by the property.

[End Agenda Item]

Chair Robin Gibson called for a motion to rescind the previous action. Mayor Fultz made the motion and Chair Robin Gibson seconded the motion.

Kenneth Fields, City Manager, reviewed the agenda item.

Joseph Miranda, non resident, said that there were no costs to the City while he had the building and that soft costs mentioned by Mr. Fields were his costs. He said he wants to get this done and get Mr. Richards in the building. He can write the check tonight.

Mayor Fultz said that the issue was collateral or one time pay-off. This one time pay-off is acceptable. As we are partners we will take the same percentage of loss as he does. This is a the best solution to allow that building to be sold or developed.

Commissioner Curtis Gibson asked at how the \$67,000 was arrived at. Mr. Fields said that he came up with that by subtracting Miranda's hard and soft costs. The \$84,000 is the amount without soft costs. Mr. Miranda said that costs are costs. Mr. Fields said that whether or not to include soft costs is up for debate.

Mayor Fultz said that \$84,000 would be a lump sum that the City would receive now. Mr. Miranda suggested a compromise between \$69,000 and \$84,000 by offering \$75,000. That would split the difference down the middle.

Commissioner Curtis Gibson said he liked the \$84,000 amount.

Commissioner Stewart said that she is inclined to accept the \$75,000. She does want to listen further.

Chair Robin Gibson says that we need to extricate ourselves from this situation. Allowing Mr. Richards to get into the building and improve the tax base. The government is not an entrepreneur Chair Robin Gibson reviewed the history of the \$100,000 loaned to the City and paid back to Mr. Miranda. We need to get out of this thing. He agreed with sharing the loss and preferred the \$84,000. option.

Robert Richards, Naples , FL, he would like to close on this building with Mr. Miranda. His company is growing and needs more space. He described his company and why he feels Lake Wales is the best location. Mr. Fields explained that we will recover our investment in two years from tax revenues.

Commissioner Curtis Gibson asked how long it will be for him to move in. Mr. Richards said in 6 months. Commissioner Curtis Gibson said that we need to be pro business and we do need to get out this.

Chair Robin Gibson said for the Commission to now vote on the current motion to rescind the vote regarding the sale of parcel 12 at the Business Park.

By roll call:

Mayor Fultz "YES"

Chair Robin Gibson "YES"

Commissioner Stewart "YES"

Commissioner Curtis Gibson "YES"

Commissioner Howell "YES"

Motion passed 5 -0.

Chair Robin Gibson said that he will entertain a new motion.

Mayor Fultz made a motion to accept \$75,000 from Joe Miranda tonight for Parcel 12. Commissioner Curtis Gibson seconded the motion.

Chair Robin Gibson asked for discussion. Commissioner Stewart said she agreed with what Chair Robin

Gibson said and she added that she fears having this same meeting and discussion in ten years about this property.

Chair Robin Gibson said he has concerns about \$75,000 when Miranda offered \$84,000. Mr. Miranda clarified that he offered \$75,000.

By Roll Call:

Mayor Fultz "YES"

Commissioner Curtis Gibson "YES"

Commissioner Stewart "YES"

Commissioner Howell "YES"

Chair Robin Gibson "YES"

Motion passed 5 -0.

5. EXECUTIVE DIRECTOR'S REPORT  
none

The meeting was adjourned at 6:11 p.m.

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Chair/Vice-Chair

ATTEST:

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City Clerk/Deputy City Clerk