

MEMORANDUM OF UNDERSTANDING

Redevelopment of Distressed Properties

This Memorandum of Understanding (“MOU”) is an agreement dated _____, 2021 between the City of Lake Wales, a Florida municipal corporation (“City”), and the Lake Wales Community Redevelopment Agency, a body politic and corporate created by the City of Lake Wales for community redevelopment within certain designated community redevelopment districts (“CRA”), including the rehabilitation of distressed structures within those districts.

1. Purpose. The purpose of this MOU is to make available to the parties and the public a method by which distressed properties within the CRA districts of the City may be redeveloped or restored into productive structures, thereby enhancing the City’s tax base and contributing to the quality of life within the community.

2. Distressed Property (“Property”) is defined as all or part of a structure or building, located within a CRA district, exhibiting signs of significant physical distress, including uncovered or boarded door or window openings, overgrown or neglected vegetation, accumulations of trash, structural issues, signs of vandalism; and also if the structure or building lacks necessary repairs to the extent that the structure is detrimental to surrounding property values, a hazard to the health, safety or welfare of the general public, or has accumulated a collection of uncorrected violations of City code requirements resulting in City liens recorded in the Public Records constituting an encumbrance against the Property.

Method of Redevelopment

3. Simply stated, the method of redevelopment is first to receive payments made to satisfy Code Enforcement Liens against a privately owned Property or to receive payments made upon sale of a given publicly owned Property; and second, to place those amounts into a trust fund to be utilized to assist with the redevelopment of the Property in question. This MOU will constitute a general outline of the method for redevelopment, while an accompanying Redevelopment Agreement will address an individual redevelopment project in greater detail designed to meet the specific needs of that particular project.

Privately Owned Property

4. A private owner (“Owner”) of a Property with Code Enforcement Liens against it may seek to successfully redevelop Property by entering into a Redevelopment Agreement with the City. The Redevelopment Agreement will attach this MOU as an exhibit and will incorporate this MOU as effectively as if the provisions of this MOU were set forth in full in the Redevelopment Agreement that is binding upon the parties.

5. The Redevelopment Agreement will include a provision establishing the total amount necessary to satisfactorily redevelop Property to the point that it can successfully be put to its intended use, enhance City’s tax base and, at a minimum, comply with all code requirements pertaining to Property. That amount will be established in writing based upon the expert opinion

of a qualified building contractor, licensed architect, and/or registered engineer with experience in redeveloping distressed properties. The cost of such expert opinion will become a project expense.

6. Owner will then be required to pay to City the lesser of either: a) the amount constituting one half of the total amount necessary to satisfactorily redevelop the Property as established above, or b) an amount necessary to satisfy all outstanding Code Enforcement Liens.

7. Upon payment, City will place the amount received into a designated "Redevelopment Trust Fund" to be administered by City, hereinafter referred to as "Trustee."

8. The Redevelopment Agreement will address the individual requirements of a particular project and include the following provisions:

- a. A timeline of significant project milestones, to include a project completion date
- b. Description of what constitutes non-performance, and
- c. Provisions for the administrative release of liens

9. The method utilized by Trustee for the distribution of trust funds will consist of: a) submission by Owner on the first of each month for the approval of the City Manager or his/her designee receipts of expenditures made to redevelop the Property, and 2) upon approval, distribution by Trustee of a matching amount from the Trust Fund to Owner in accordance with the draw-down schedule as set forth in the Redevelopment Agreement.

10. The process will continue in that fashion until the redevelopment has complied with the terms of the Redevelopment Agreement, all applicable codes, and issuance of a certificate of occupancy or similar approval. At this point City, will release any outstanding liens and distribute any funds remaining in the Redevelopment Trust Fund to Owner.

11. Owner's Failure to Diligently Pursue Redevelopment. In the event the City Manager or his/her designee determines that during redevelopment, Owner has failed to comply with the City codes, or that Owner is in non-performance of the terms of the Redevelopment Agreement, Trustee will terminate the Redevelopment Agreement, make no further distribution of trust funds to Owner, and dissolve the Redevelopment Trust Fund after first distributing the remaining trust funds to the CRA for use with the redevelopment of other properties in the CRA district. Any outstanding liens against the Property will remain in force.

City Owned Property

12. If City owns the Property as the result of lien foreclosure or otherwise, City will convey the Property to the CRA. Property will then be included in the CRA's inventory of property titled in its name and held for the purpose of facilitating redevelopment for the benefit of the community. At this point, any of the properties owned by the CRA may be redeveloped according to the following method of redevelopment.

13. The CRA will request proposals from those seeking to purchase and redevelop the Property. The proposals will include a redevelopment plan explaining the physical improvements for the property, the intended end use of the Property, and the amount of the purchase price to be paid to

the CRA. The proposals will also include a provision signifying the proposer's willingness to, upon receiving title to the property from the CRA and becoming the Property's Owner, enter into a Redevelopment Agreement with the CRA. The Redevelopment Agreement will attach this MOU as an exhibit and will incorporate this MOU as effectively as if the provisions of this MOU were set forth in full in the Redevelopment Agreement that is binding upon the parties.

14. The CRA will select the successful proposal based upon the extent to which the proposed redevelopment will enhance the City's tax base and benefit surrounding properties. Upon payment of the agreed purchase price, CRA will convey the property to the successful proposer ("Owner"), and thereafter place the purchase amount into a designated "Redevelopment Trust Fund" to be administered by the CRA, hereinafter referred to as "Trustee."

15. The Redevelopment Agreement will address the individual requirements of a particular project and include the following provisions:

- d. A timeline of significant project milestones, to include a project completion date
- e. Description of what constitutes non-performance, and
- f. Provisions for the administrative release of liens

16. The method utilized by Trustee for the distribution of trust funds will consist of: a) submission by Owner on the first of each month for the approval of the City Manager or his/her designee receipts of expenditures made to redevelop the Property, and 2) upon approval, distribution by Trustee of a matching amount from the Trust Fund to Owner in accordance with the draw-down schedule as set forth in the Redevelopment Agreement.

17. The process will continue in that fashion until the redevelopment has complied with the terms of the Redevelopment Agreement, all applicable codes, and obtained a certificate of occupancy or similar approval. At this point, City will release any outstanding liens and distribute any funds remaining in the Redevelopment Trust Fund to Owner.

18. Owner's Failure to Diligently Pursue Redevelopment. In the event the City Manager or his/her designee determines that during redevelopment, Owner has failed to comply with the City codes, or that Owner is in non-performance of the terms of the Redevelopment Agreement, Trustee will terminate the Redevelopment Agreement, make no further distribution of trust funds to Owner, and dissolve the Redevelopment Trust Fund after first distributing the remaining trust funds to the CRA for use with the redevelopment of other properties in the CRA district. Any outstanding liens against the Property will remain in force.

19. Amendments. As the parties progress through a given redevelopment project and it becomes necessary to change the terms of the Redevelopment Agreement to better facilitate a successful redevelopment, the Redevelopment Agreement may be amended by written agreement between the parties with the same formalities as the Redevelopment Agreement.

Signatures on the following page.

City of Lake Wales

Lake Wales Community Redevelopment Agency

Eugene Fultz, Mayor

Robin Gibson, Chairman

ATTEST:

ATTEST:

Jennifer Nanek, City Clerk

James Slaton, Executive Director