

Community Redevelopment Agency (CRA)
Meeting Minutes June 14, 2022
(APPROVED)

6/14/2022 - Minutes

1. CALL TO ORDER & ROLL CALL

Members Present: Mayor Jack Hilligoss, Terrye Howell, Chair Robin Gibson, Daniel Williams, Danny Krueger

Staff Present: James Slaton, Executive Director; Jennifer Nanek, City Clerk; Albert Galloway, Jr., City Attorney

Chair Robin Gibson called the meeting to order at approximately 2:00 p.m.

2. COMMENTS AND PETITIONS

Commissioner Howell said there was a question about CRA boundaries. Ivory Wilson, Property Owner, said his questions have been answered.

3. Minutes - January 18, February 8, And May 10

Commissioner Howell made a motion to approve the minutes of January 18, February 8 & May 10. Commissioner Krueger seconded the motion.

by voice vote:

ALL "YES"

Motion passed 5-0.

4. Presentation - Ford And Associates

James Slaton, Executive Director, introduced Will Reid from Ford Associates to give a presentation. Mr. Reid introduced Rick Patterson and Frank Ledo from Raymond James. He reviewed a presentation on current market conditions. He said that we have a whole team assembled to move forward on this financing.

Frank Ledo said that equity and bond markets have been volatile. The most in two decades. He is going to be realistic. One MMD is Municipal Market data point. He shared and reviewed a slide showing interest rates and prices over the past year. There is concern over an inflation and the Federal Reserve's possible response. Chair Gibson confirmed that we are talking about the bond market. Mr. Ledo confirmed this. He reviewed the 10 year AAA MMD which is the benchmark they use showing that inflation is a concern. The next chart illustrates 50 weeks of inflows showing a stronger bond market. But we haven't seen that this year. This is driven by inflation. In the next few days rates may go up again. June July and August are good months for a reinvestment period. MMD is playing catchup with the treasury. We have normalized ratios for the time being. Commissioner Krueger asked what the ratio means. Mr. Ledo said yield to yield, 10 year MMD divided by 10 year treasury. Right now there is uncertainty so people are hesitant to reinvest. He showed a graph of historic MMD showing that we are still pretty attractive. Commodity prices and wage pressures are contributing to inflation. The unemployment rate is very low now as less people are in the work force. Commissioner Krueger asked if the \$15 wage is having an effect. Mr. Ledo said Florida is different than other areas. It will have an effect.

Chair Gibson asked how can we achieve certainty? We don't want to just be guessing. How would this be

structured where it would be reliable. Mr. Ledo explained that this is a fixed rate transaction. Once we leave the market the price is locked. Bonds are locked. The City won't be exposed anything. That's why the City has hired them. He shared a similar story from Pinellas County. The bonds are sold no matter what. Mr. Reid said a Resolution will come before them to agree to the transaction subject to guidelines in place. Chair Gibson said we will be going through this for several months. When is the decision time? Mr. Reid said close to pricing about 2 and a half months. Chair Gibson asked about volatility in 2 months. Mr. Reid said he doesn't know. The markets will fluctuate.

Dorothy Abbott, Finance Director, reviewed the forecast she distributed a few days ago. We don't know what the county or city will do. Her numbers are at rollback rate. She recommended to keep moving forward and making sure forecast is balance. Chair Gibson said we can demonstrate that we can pay for it but we don't want to do anything dumb. Chair Gibson asked if they could be refinanced. Mr. Reid said after 10 years it could be paid without penalty. Shortening the time frame is possible but will cost. Its important to get this done right. The City needs to be sure of its projects. You don't want a wish list or to borrow to little. Chair Gibson thanked them for support said he is glad for expertise. Mr. Reid said the City has a good team.

George Smith, Bond Counsel, said the City is not locked in and can pull back. The resolution will have parameters and safety guards.

5. Main Street Update

Karen Thompson, Director, distributed new pamphlets on the Lake Wales Connected Plan. She gave a slideshow on recent Main Street activity. She said that the new logo is winning awards. They are working on a new mural and bringing back the buy-a brick program. The new bricks will be added to the ones there which will be relocated. She shared the proposed design for new benches. The money raised will go to CRA to pay for the benches.

The downtown is being redesigned for people and walkability. They are developing a "Closer than you think campaign" to remind people that parking is not that far. We need to tell people where to park. She shared a draft map identifying parking areas. They have had several new businesses in downtown. She reviewed some of them. They are going "downtown buzz" articles to highlight new businesses every quarter. Communication with the downtown businesses is a focus throughout the streetscape process.

Ms. Thompson reviewed upcoming events over the next few months including a groundbreaking party for the Park Avenue project.

They will be starting a membership campaign soon.

The façade grant program received more applications than money. Mark Bennett, Development Services Program, will help fine tune the program.

Main Street, Dover Kohl, the City and Plusurbia are working together to update our design standards. This will be reviewed by the Historic District Regulatory Board. They had a great turnout at a forum on these standards. They have had a lot of help on this.

Ms. Thompson said that over \$7million have been invested in downtown over past 4 years without construction having started.

Chair Gibson said there is excitement over the forthcoming renovation. It will be a draw to downtown. Ms. Thompson said they will try to communicate about the construction and help affected businesses throughout.

6. Florida Development Corporation's Plan To Bring A Business Incubator To Lincoln Avenue.

[Begin Agenda Memo]

SYNOPSIS: The purpose of this memorandum is to give an overview of the proposed Lincoln Avenue business incubator titled BizLINC at 225 Lincoln Avenue.

RECOMMENDATION For information purposes only.

BACKGROUND On March 18th, representatives from Florida Development Corporation (FDC) presented their concept of bringing a business incubator to Lincoln Avenue, and that they were currently under contract to purchase the building at 225 Lincoln Avenue. On May 20th, Florida Development Corporation closed on this property. They purchased the property for \$230,000, with another \$10,000 spent on getting it up to code and ready for operations. Florida Development Corporation will request funding from the CRA towards the development of their business incubators.

LAKE WALES CONNECTED PLAN ACTION STEPS

Action # Description 42 Organize mentors and training for entrepreneurs hoping to open business in the core of Lake Wales. Explore their space and assistance needs to determine whether a business incubator is needed. 63 Develop an incubator on Lincoln Avenue.

FLORIDA DEVELOPMENT CORPORATION Florida Development Corp, Inc. (FDC) is a progressive real estate development company founded in 2016. Its founders have over 60 years of collective experience in affordable housing development, community & economic development, weatherization, financial and project management.

Their projects include numerous new construction homes, multi family, weatherization and single family rehabilitation projects, and an adaptive reuse of a commercial building for a PPE (Personal Protective Equipment) manufacturing company.

Their most recent project is the building of a single-family residence on Lot 19; just south of the B Street Lot 22 they were awarded. FDC recently purchased property on Lincoln Avenue and B Street (lot 22). They plan to build a 3600 sq. ft. mixed use building that will house two commercial rental spaces and six 2 bedroom and 1 bath affordable housing units. The building will be called, LINC Plaza.

FDC has provided services to municipalities, and nonprofit organizations in Hillsborough, Pasco, Polk and Orange Counties as well as various areas throughout Central and Western Florida.

FISCAL IMPACT FDC will present the fiscal impact at the June CRA Board Meeting.

[End Agenda Memo]

Derrick Blue, FDC, introduced himself and his partner Charles Young, Jr., and said his other partner Frank could not attend.

Mr. Blue said that BizLinc is a creative way to discuss business on Lincoln Avenue. There are lots of exciting things happening in downtown. This can bring some of that energy to the northwest community. They purchased the building on 225 Lincoln Avenue formerly a dentist office. Their goal is to house 10-12 small businesses there. it will be a training and development center. Over

the next few years they hope to serve 25-30 businesses. The participants will be considered members as opposed to just tenants. This is a similar model to what they have in Tampa. Some businesses are virtual and don't need space but need support. Some businesses already are in progress but need help becoming legitimate. He reviewed some of the steps they help businesses take. members must be incorporated and interviewed by a committee. They will have local leaders on the committee. The members will participate in their seminars and training.

Mr. Blue then reviewed the history of their organization, past experience and recent revitalization help here in Lake Wales. He shared some of their incubator efforts in Tampa with 50 businesses. He shared some success stories. They partnered with the City of Tampa to provide virtual training. Over 200 businesses are getting trained and assistance. They are also helping with affordable housing efforts in the northwest area. Mr. Young said they have accomplished a lot over the last year in Lake Wales. They are committed to invest in Lake Wales. He described some of the other ventures they are involved in.

Mr. Young explained what incubation is and what services they offer including help with pricing and access to capital. They help with technical services. They expect to help create 50 jobs and help 25 or more businesses. He shared a list of deliverables over the next 3 years if the City provides support. He also reviewed a draft budget with costs and contributions including a request for the City to assist with this.

Chair Gibson said the track record is most persuasive. He compared this project with another recent request. Mr. Blue said they are asking for a higher percentage than the other one but it is based on a solid track record.

Commissioner Krueger asked about how they recruit. Mr. Blue reviewed their plans to recruit possible entrepreneurs. These efforts are popular. They do targeting marketing to find legitimate businesses and not side hustles. He said he sees a lot of potential on Lincoln Avenue.

Chair Gibson said increasing property values on Lincoln Avenue is important to justify money going into this. He asked if they are property owners. Mr. Young said yes and shared information on how funds will be spent and the estimated Fiscal impact. He said they are a for profit company. Chair Gibson said this will draw people to Lake Wales because it will be unique.

James Slaton, Executive Director, said the rescue plan money could be used for this. It was earmarked for the alternative water supply project but that may take awhile before that money needs to be expended. We have also pledged \$1million to match the Grove Manor project. Chair Gibson agreed with this as it protects the CRA trust fund but in the long term funds will come into the trust fund.

Mr. Slaton asked if he should move forward to negotiate with FDC. Commissioner Krueger asked what the amount was? Mr. Slaton said \$8.4 million. Commissioner Krueger asked how much will the alternative water supply project will cost. Mr. Slaton said that's hard to say. We have to do a test well which will cost \$3.5million and will take a few years. The commission will decide if we are done or go forward. Commissioner Howell said the water will have to be addressed regardless of cost.

Commissioner Howell asked if they will be sole owner of old dentist building. Mr. Blue said yes they are. Commissioner Howell asked to confirm if the request was \$1.2million for one year. Mr. Blue

said this will be over three years. Mayor Hilligoss confirmed that if they don't hit 75% of their goals we are out. Mr. Blue confirmed this.

Mr. Slaton asked what happens after three years? Mr. Blue said it could be a business center. Sometimes alumni come back and teach if it stays an incubator. Other businesses may invest.

7. Due Diligence Related To Real Property Acquisition (Clark's Corner)

[Begin Agenda memo]

SYNOPSIS: The Community Redevelopment Agency (CRA) Board will consider authorizing staff to perform further due diligence related to the acquisition of the real property located at the intersection of Hwy 60 and West Central Ave., commonly referred to as Clark's Corner.

RECOMMENDATION Staff recommends the CRA Board take the following action(s): 1. Authorize an expenditure in the amount of \$25,250 for the completion of a comprehensive Phase 2 Environmental Site Assessment.

BACKGROUND The Lake Wales CRA approved the purchase of the subject property during its May 10, 2022 Board meeting. The site has development constraints due to the lack of land available to comply with current parking space, buffering, and storm water management requirements. Furthermore, the 1,788 SF structure located on the parcel is in poor condition.

Purchase of this property will meet the goals of the CRA to reduce slum and blight.

After the original Sale and Purchase Agreement was approved, the CRA Board and staff were made aware of potential negative environmental impacts to the property. Staff made the seller aware of the concerns related to the environmental conditions and the CRA did not close on the transaction. At this time, no enforceable Sale and Purchase Agreement exists between the seller and the Lake Wales CRA.

A Phase 1 Environmental Site Assessment (ESA) has been conducted on the property with the conclusion that a much more comprehensive Phase 2 ESA must also be conducted, primarily due to the potential existence of underground petroleum tanks. Additionally, staff has authorized an appraisal to determine the actual market value of the property.

If the CRA Board wishes to continue pursuit of this property acquisition, staff recommends this due diligence be performed so the Board can make an informed decision. Staff will make a recommendation on whether to move forward with the property acquisition once the Phase 2 ESA report has been produced.

OTHER OPTIONS Do not approve the expenditure and direct staff to discontinue all efforts related to this acquisition.

FISCAL IMPACT The cost to the CRA Trust Fund is \$25, 250.

[Begin Agenda Memo]

James Slaton, City Manager, reviewed this item.

Chair Gibson said usually the owner conducts this test. Mr. Slaton said the owner isn't willing to do this. Chair Gibson said we want the property but we have to be smart about this. The environmental risk is on the owner. Commissioner Krueger asked about how much the owner invested into this. Mr. Slaton said \$40,000. We have ordered an appraisal on the property.

Commissioner Howell asked if we are paying this \$25,000 with the \$60,000. Mr. Slaton said we would just do the assessment then the CRA can decide what to do next. Mr. Galloway said the result will impact the

price and the information will be in the public and influence other buyers. Mr. Slaton said if we do this we will know what the environmental impact is.

Chair Gibson said staff should get the facts, negotiate and come to us with a recommendation. He asked the other board members what they think but this is the owner's problem.

Commissioner Krueger said we should not buy the property without due diligence. Mayor Hilligoss said he understands the enthusiasm to get the property and put a sign there but agrees that we should not pay this money.

Commissioner Williams said if we paid the \$25,000 then it should come off the purchase price but otherwise we should not move forward.

Commissioner Howell made a motion to approve this item. The motion died for lack of a second.

8. EXECUTIVE DIRECTOR'S REPORT

James Slaton, Executive Director, shared a sample of the Lake Wales Connected plan to help market the new plan and attract developers.

Eric Marshall, Marketing and Communications Coordinator, shared a CRA video on affordable housing and how citizens can participate in the program.

Mr. Slaton said the preliminary tax increment revenue estimates reflect a 50% increase of tax increment over the prior fiscal year. He will repeat this once we get final numbers in July. This is a direct reflection of the work we are doing.

9. ADJOURN

The meeting was adjourned at 4:32 p.m.

Chair/Vice-Chair

ATTEST:

City Clerk/Deputy City Clerk