

BOARD OF COUNTY COMMISSIONERS

MURDOCK VILLAGE WORKSHOP

MAY 24, 2007

A workshop of the Board of County Commissioner was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman Loftus, Commissioner Duffy, Commissioner Cummings, Commissioner D'Aprile, and Commissioner Moore. Also in attendance were County Administrator Loucks, County Attorney Knowlton, Chief Deputy Board Services White, and Deputy Clerk Mitchell. The following members were absent: None. The meeting was called to order at 1:03 PM.

Murdock Village Draft Redevelopment Agreement Presentation:

Bruce Loucks explained no Board decisions were needed today as this is an informational workshop only; the time for making a decision will be July 6, 2007 and July 10, 2007 at which time the 30-day noticing period which began yesterday will be closed; the Board will then have all submittals or proposals for the project; and in July the Board will be able to make a decision on whether to accept, modify or reject those proposals.

Mr. Loucks said this is a huge redevelopment project, the County's contribution to the capital investment is the purchase of the land, and the developer's contribution is the to do the horizontal infrastructure and the vertical construction.

Mr. Loucks stated the redevelopment document is very complex designed to lay the foundation for the redevelopment project, and what's before them today represents the culmination of the work to date.

Mr. Loucks said there are two financial scenarios Ray will go over, Scenario A provides cash payment of \$82 million over 10 years, and Scenario B provides cash payment of \$72 million over 10 years but it also has a 1.5% commission on all residential home sales that are not affordable housing homes.

Mr. Loucks noted this is about a 30+ year project, commented on the sources and uses of Tax Increment Finance (TIF) revenues, and noted TIF revenues go away at the end of 30 years at which time all property taxes will come to the County.

Debrah Forester gave a brief PowerPoint presentation titled Murdock Village Redevelopment Project that paralleled the material and detailed the following: Property Available for Disposition, Concept Plan - February 2005, and Kitson Concept Plan.

**Commissioner Duffy** asked for clarification on the FGCU site. Ms. Forester clarified about 50 acres are dedicated to the university site and of that about 12 acres are allocated for the elementary school.

Ray Sandrock reviewed the spreadsheets he distributed which detailed TIF revenues under Scenario A and Scenario B.

Mr. Sandrock said the way you become whole in a situation like this is that this is a 30 year CRA, so if you extended the spreadsheet out beyond 2037 the full amount of TIF revenues (property tax revenues) of about \$9 million a year would be coming to the County, and so if you think of the \$15 million shortfall over that period of time it can be made up within two years.

Mr. Loucks said these are the best projections to this point using the construction schedule for home sales and commercial property in the CRA, and if sales accelerate then the County will be repaid faster than the projected 10 years.

**Commissioner Moore** said this project relies heavily on TIF revenues and depending on what happens in Tallahassee this thing could vaporize. Mr. Sandrock agreed TIF revenues were a key element to this project. Mr. Loucks explained the redevelopment agreement is structured so that if some onerous tax reform legislation is passed both the developer and the County can walk away, but agreed it's easier for the developer to walk away because the County is still left paying the debt service on the borrowed money.

**Commissioner Cummings** said the concept plan presented today looks totally different than what he recalled, and he has some concerns because it doesn't look like it represents the principles they built this on but he's trying to keep an open mind.

Ms. Forester agreed this concept plan is more general, and distributed copies of the original plan as well as a more detailed plan she received today.

**Commissioner Cummings** said he just want to make sure this is the fantastic thing we anticipated this to be, not just another development.

**Commissioner Duffy** said it would be helpful to have amortization figures added to these scenarios. Mr. Sandrock said he would add a column for that.

Tommy White referred to Column I County Annual Debt Service, and noted this represents only the debt service on the money borrowed from outside parties not the money the County borrowed from themselves. Mr. Sandrock concurred. Mr. White stated the County was in about \$8 million of their own money, about \$3 million of that was sales tax money and about \$5 million was money they borrowed from the General Fund, they are charging interest to this fund, and opined before they were done they will be into the General Fund many million more because they're borrowing the interest so they have to pay the interest on that also. Mr. Sandrock said that's a discussion he will be bringing back to the Board at their next meeting.

**Chairman Loftus** thanked Mr. White for bringing this to the Board's attention.

**Commissioner Cummings** said he would like the financial analysis for the different scenarios to include the financing they are paying back to the individual funds.

**Commissioner Duffy** said she felt this is a brilliant very innovative project but they just need to figure out they're going to do it.

**Commissioner D'Aprile** opined this is one of most important projects of their careers, and asked if the figures in Scenarios A and B were at today's market values.

Mr. Sandrock said the figures are within the realm of possibility but you can't count on them, there are no guarantees because the conditions are constantly changing.

**Commissioner D'Aprile** agreed the concept plan has changed slightly, these numbers aren't his favorites but the outline shows the County will be paid back, and he felt the payback could be done a lot sooner with a lot less interest if the developer has the opportunity to get in there and get the job done as quickly as possible. **Commissioner D'Aprile** stated he's confident the real estate market will turn around, they shouldn't forget Murdock Village will be an icon for this community, he felt this will be one of the best things they can do for Charlotte County, there is a savings in having already paid for government property they'll need in the future, the issue is they're putting out a tremendous amount of money, he's proud of staff's efforts to date, they need Kitson to work with them to make this a success, this project has to move forward, and they need to be very proactive and not look for troubles but find solutions to the problems that will arise.

**Commissioner Cummings** asked the timing for commercial versus residential development. Ms. Forester replied the last appendix in the material is the residential absorption schedule, the commercial absorption schedule will be provided in the near future, and there was also an appendix on the phasing of the project which gives an idea of where Kitson intends to begin development.

**Commissioner Cummings** asked if that information is considered a contractual commitment. Mark Lawson stated this redevelopment agreement should be viewed as a purchase agreement, it requires several other agreements to follow one of which would be a development agreement, and the timing issue could be addressed in that document.

Attorney Knowlton clarified right now they just have the phasing plan but there are no timelines only a statement of intent.

**Commissioner Cummings** commented on the issue of impact fees, and said he understood this was similar to the way they'd handle impact fees for any development. Mr. Loucks said yes that's how it will be handled.

**Commissioner Duffy** agreed with **Commissioner D'Aprile** they have to be positive but said this will be the biggest financial decision ever made in the history of Charlotte County so they need to thoroughly review the financial aspects.

**Commissioner Duffy** commented on several "what if" ideas such as having a 3% kicker instead of a 1.5% kicker or having a 1.5% Kicker for commercial as previously suggested by **Commissioner D'Aprile**.

**Chairman Loftus** asked if their Chief Financial Officer of this County evaluated the documents. Mr. White said no. **Chairman Loftus** said he thought Mr. White had been included in the process and if that isn't the case then it should be. Mr. White said with all due respect he thought it was a little late because he thought the negotiations were over. Mr. Loucks clarified no, they were in a 30-day noticing period and the Board won't be bringing this back until July 6th or July 10th.

**Chairman Loftus** stated he wants Mr. White involved.

Mr. White referred to the Debt Service column and asked what borrowing rate was used. Mr. Sandrock said 5.5%. Mr. White summarized that's based on it being a tax borrowing not a tax-exempt borrowing. Mr. Sandrock said yes.

Mr. White said his only other immediate concern was pledging non ad valorem revenues for 30 years because it could put a crimp in the County's ability to borrow for other things. **Chairman Loftus** said he also has a major concern with that because they were at least \$100 million short in revenues regarding roads, and they need to look at concurrency and borrowing to accomplish that, and now they'll be crimped if they use non-TIF funding for that purpose.

Mr. Loucks said he wanted to refresh everyone's memory, recalled in 2003 former County Attorney Lee told the Board the day the County buys the first piece of property they will be committed

all the way to buying all the property for redevelopment purposes, that's the statutes they used, and the decision was made to borrow the money to purchase the property knowing that the County would be committing it's own resources as well as payments from the developer.

Mr. Sandrock said the financial advisors had written a full report, they have also had real estate consultants looking at the pricing points, and he will get all this documentation to the Board in the very near future.

Mr. White asked if they were done borrowing other than borrowing interest or borrowing money to pay the interest. Mr. Sandrock responded they were substantially done, he'd been working with Paul Payette to forecast what's left through the settlements of eminent domain, and he felt they were looking in the range of about another \$2 million from this point.

Mr. Loucks explained the remaining eminent domain process.

**Chairman Loftus** said another \$2 million was new to him, and he wants to see all the figures presented to them so the Board can make the decision in the proper manner. Mr. Loucks agreed.

**Commissioner Duffy** said she felt it would be very helpful if Mr. White would review the financial part of this and give them his recommendations. **Chairman Loftus** said he was always under the assumption Mr. White was involved with the review of this information. **Commissioner Duffy** stated she thought so too.

Attorney Knowlton introduced Mark Lawson, and explained he has been their redevelopment counsel on this project since it's inception in 2003.

Mark Lawson gave a brief overview of the development project as detailed in his handout and addressed the following topics: I. Brief Overview of Process; II. Chapter 163 Procedures; III. Overview of Kitson & Partners' May 23 DRAFT Redevelopment Agreement; IV. Next Steps; V. Public Hearings scheduled for July 6th and July 10th to further consider Kitson & Partners' proposal and any other proposals submitted to the County; and VI. Summary Comments.

**Commissioner Duffy** asked the current fair market value. Paul Payette said in November 2006 they valued Murdock Village at \$115 million.

Richard Bass commented on the process they used to create their appraisal report.

Mr. Lawson continued his presentation with a brief review of the highpoints of the purchase agreement document, especially Article V Conditions Precedent To Closing.

Attorney Knowlton advised the Board they should closely review Section 5.06 Utility Agreement and Appendix M.

Mr. Lawson continued reviewing Article V Conditions Precedent To Closing.

Mr. Lawson reviewed some of the covenants in Article VII.

Mr. Lawson stated the notice that went out does call for proposals to be submitted by June 23, 2007, by implication we believe that the Board would receive a proposal substantially similar to this from Kitson & Partners as part of this process, there may be others that submit a proposal and those will all be opened on the 23rd. Mr. Lawson confirmed to the Board there is no prohibition in terms of approaching County Staff or the County Commission; it is the intention of the management, the County Attorney and the Board's representatives to continue to work with the Kitson interests to begin to develop the agreements that are called for in this redevelopment agreement; and added that on the other hand the Board is not obligated to accept this proposal.

Attorney Knowlton clarified during this 30 day time period the Board and staff can talk to Kitson and any others interested in this property, this is the first of many documents to come as Mr. Lawson outlined in Article 5 Conditions Precedent, and the intent is we plan to continue our meetings with the Kitson people on the other documents needed to finalize this purchase agreement unless the Board directs them otherwise.

Attorney Knowlton asked the Board to tab Appendices C, G, M, X and Z, and she will discuss these with the Board during the 30 day period.

Mr. Lawson explained he's attempted to put a drop-dead date in this agreement because that's what management is really pushing to get done here, some of these Conditions Precedent may take well into next year to accomplish, the first drop dead date in this agreement is March of 2008 but it can be extended, and then there's a drop dead date in July 2008.

**Chairman Loftus** said he understood the drop dead date for any other proposal is June 23, 2007. Attorney Knowlton said yes at 1:00 PM. Mr. Lawson said he wanted to make this clear on the record, to Chuck and the folks from Kitson, you need to drop your agreement in an envelope and submit it just like everybody else.

**Commissioner Cummings** said he wanted to be sure he understood correctly, during this 30 day period anyone can come and talk to him personally because this was a different process. Attorney Knowlton agreed, and said that was the point she was trying to make earlier, that this is a different process.

Mr. Lawson advised after they get through the June 23rd process, there will be two public hearings, one on Friday July 6th and one on Tuesday July 10th.

(Chief Deputy White was not present for the remainder of the workshop.)

Attorney Knowlton explained the additional time period between the end of the 30 day period and when the Board meets next on July 6th will give staff time to evaluate any changes between this proposal and what Kitson finally submits, as well as evaluate any other proposals they might receive.

Mr. Lawson summarized the document before them is in substantial part a result of a lot of changing economic conditions, it's not what the Board anticipated nor what they were looking for in 2006, the County has borrowed \$95 million plus the other \$7 million so they have internal and external borrowings of around \$103 million, everyone he's talked with recognizes that this property is very unique, reiterated the present Kitson proposal is the best result that could be achieved, the Board is not obligated to accept it, the Commission has a lot of leeway in the process, it would be unfair if he was to say this proposal is good or bad, his goal is to make sure the Board is

educated, reiterated this proposal is not cloaked with a recommendation either for or against by your advisors or your staff at this point in time, and agreed with **Commissioner D'Aprile** that they need to find a way to be optimistic and realistic at the same time.

**Chairman Loftus** thanked everyone on behalf of the Board for the amount of time and effort involved, said he felt they have something that's viable, and he wanted to make sure all the financial information is received 10 days prior to July hearings.

ADJOURNED: 3:21 PM

Signature on file in Commission Minutes  
Chairman

ATTEST:

BARBARA T. SCOTT, CLERK  
OF THE CIRCUIT COURT AND  
EX-OFFICIO TO THE BOARD  
OF COUNTY COMMISSIONERS

By: Signature on file in Commission Minutes  
Deputy Clerk

/ksm