

Minutes
Town of Lake Park, Florida
Community Redevelopment Agency Board Meeting
Wednesday, December 7, 2011, 6:30 p.m.
Town Commission Chamber, 535 Park Avenue

The Community Redevelopment Agency Board met on Wednesday, December 7, 2011 at 6:30 p.m. Present were Chair James DuBois, Vice-Chair Kendall Rumsey, Board Members Steven Hockman, Jeanine Longtin, Tim Stevens, Christiane Francois, and Sue-Ellen Mosler, Executive Director Maria Davis, and Agency Clerk Vivian Lemley.

Chair DuBois led the Pledge of Allegiance.
 Agency Clerk Vivian Lemley performed the Roll Call.

ADDITIONS/DELETIONS/APPROVAL OF AGENDA

Public Comment was added to the agenda.

Motion: A motion was made by Board member Hockman to approve the Agenda as amended; Board member Francois made the second.

Vote on Motion:

Board Member	Aye	Nay	Other
Board Member Sue-Ellen Mosler	X		
Board Member Christiane Francois	X		
Board Member Steve Hockman	X		
Board Member Jeanine Longtin	X		
Board Member Tim Stevens	X		
Vice-Chair Kendall Rumsey	X		
Chair James DuBois	X		

Motion passed 7-0

Public Comment:

1. *Susan Lloyd, 220 Lake Shore Drive*, stated that the CRA presentation given at the last meeting was very informative, but she still has many questions regarding the CRA. She felt that a true comparison of the CRA was not made in the presentation and stated that the CRA Director received praise from many people at the last meeting. She complimented the Economic Development Director on her job, but felt that it does not

take a fulltime person to get the job done. She asked if the board had ever considered a commission based company to fill the empty store fronts in the CRA.

2. *Cynthia Grey, 503 Sabal Palm Drive*, agreed that the CRA presentation done at the last meeting was informative. She stated that she still has questions regarding the CRA revenue and was confused when it was presented at the meeting.

Chair DuBois clarified the process for Ms. Grey by stating that the tax payers within the CRA pay for the CRA. He explained that the funds collected beneath the Tax Increment Funding (TIF) goes to the Town, and that anything above the TIF line goes directly to the CRA Agency.

Ms. Grey asked for the information in a simplistic way to help her understand.

Chair DuBois stated that the funds go to the residents, and that the TIF that was created goes to the CRA.

Ms. Grey repeated that the money collected in the CRA remains in the CRA and the money collected in the Town stays within the Town.

Chair DuBois explained that all of the funds collected by the Town remain in the Town. He explained that the base portion of the CRA TIF goes to the entire Town, anything above that goes to the CRA.

CONSENT AGENDA:

CRA Board Meeting Minutes of November 2, 2011

Board member Longtin stated that because the Commission makes up the CRA Board and the Commission does not believe that accuracy is important in minutes, she stated that she would be voting against these minutes.

Motion: A motion was made by Vice-Chair Rumsey to approve item 1 on the Consent Agenda; Board member Francois made the second.

Board member Stevens stated that he felt it was not an accuracy issue, but a detail issue. He stated that they have discussed this with the Town Attorney, and that the minutes do not need to be as detailed as they have been. He stated that there had been discussion of possibly having the Commission meetings aired on the website and possibly doing the same for the CRA meetings.

Board member Longtin stated that few meetings ago she made corrections to the minutes and a majority of the Commission decided not to accept the corrections that she had made even though they were valid corrections.

Chair DuBois stated that he read the minutes and was impressed by the level of detail that was presented. He stated that to him the minutes seem to meet a balance between

verbatim minutes and the general minutes. He stated that he felt that they capture the meeting rather well.

Vote on Motion:

Board Member	Aye	Nay	Other
Board Member Sue-Ellen Mosler	X		
Board Member Christiane Francois	X		
Board Member Steve Hockman		X	
Board Member Jeanine Longtin		X	
Board Member Tim Stevens	X		
Vice-Chair Kendall Rumsey	X		
Chair James DuBois	X		

Motion passed 5-2

Board member Mosler stated that she could not vote on the minutes because she was not present at that meeting.

Chair DuBois explained that she was a voting member of the board and can vote on all items.

DISCUSSION AND POSSIBLE ACTION:

Analysis of Interest for Delinquent Tax Increment Finance (TIF)

Executive Director Davis explained that this item was an analysis of the delinquent TIF. She stated that in order for the Board to make an educated decision on this item a presentation has been prepared. (See exhibit "A") She explained that the first half of the presentation would demonstrate the fixed expenses in the CRA. She stated that she wanted the Board to be aware of this before they began deliberating on whether they will be reducing the interest. She stated that the presentation will also explain the implications of the CRA budget.

Finance Director Anne Costello explained that Revenue Projections as shown on slide 2 of exhibit A.

Board member Stevens asked if the 12 percent delinquent TIF was made up of principal and interest.

Finance Director Costello stated that "yes it is". She explained the Major Recurring Expenses as shown on slide 3 of exhibit A.

Board member Longtin asked if the salaries could be broken down from slide 3 of exhibit A.

Finance Director Costello stated that the information is on a future slide. She continued the presentation by explaining the Recurring Expenses as shown on slide 4 of exhibit A.

Vice-Chair Rumsey asked what the Administrative Fees consisted of that are on slide 4 of exhibit A.

Finance Director Costello stated that the information is on a future slide. She explained the Administrative Fees to the General Fund on slide 5 of exhibit A.

Executive Director Davis explained that on slide 5 of exhibit A it demonstrates what percentage each listed departments is paid by the CRA for the services they provide. She gave an example and explained that 2 percent of the Town Commission salary is paid for by the CRA.

Vice-Chair Rumsey asked how the percentages were determined.

Finance Director Costello stated that it was a best guess estimate of time spent by those departments.

Vice-Chair Rumsey asked if they knew what the dollar amounts were for those percentages.

Finance Director Costello stated that she could get him those figures. She explained that the total amount for the Administrative Fess was \$72,050.

Chair DuBois asked if they determined the percentages based on the amount of time spent by a department from the previous years. He asked if then once the percentage was determined was that percentage used to calculate the budget the following year.

Finance Director Costello agreed. She explained how the administrative services provided by the Town benefit the CRA. She explained the CRA Positions as shown on slide 6 of exhibit A.

Board member Mosler asked what the 50 percent of the Recreation Directors salary pays for in the CRA. She asked what type of recreation activities are conducted in the CRA.

Executive Director Davis explained that it is for events planning and coordination. She gave the Seafood Festival and the Fine Arts Festival as examples of events that the Recreation Director assisted in coordinating.

Finance Director Costello stated that the 50 percent of the Recreation Directors salary paid for was not in front of her, but that it was included in the budget presentation.

Board member Longtin stated that she appreciated the efforts, but found the information inadequate because percentages are shown and not amounts.

Executive Director Davis stated that the board would be provided the amounts and that the presentation was not meant to be a budget analysis, but it was an overview of what staff believes to be a reasonable projection for next year.

Board member Stevens asked if the projected budget shortfall of \$185,345 was assuming that none of the \$300,000 delinquent TIF would be waived as demonstrated in slide 7 of exhibit A.

Finance Director Costello stated "correct".

Board member Stevens asked if any of the interest is waived would that then change the amounts.

Finance Director Costello stated that if the interest rate changes then so will the amount. She explained that if the millage is changed for the Town by the County, and if the property values within the CRA change then the amounts will also change. She stated that those are some of the unknowns that we are facing.

Board member Stevens asked how much of the \$300,000 is accumulated interest over the years.

Finance Director Costello stated that the \$300,000 was all the accumulated interest.

Executive Director Davis explained that part of the agenda backup was the recap sheet, which provided a summary with all of the information that was presented tonight. See exhibit B.

Board Member Hockman stated that the \$185,000 shortfall did not include expenses such as the monthly rent, electric, etc. He stated that the figure could go up another \$40,000 to \$50,000.

Finance Director Costello stated that it would be about a \$300,000 shortfall.

Board member Hockman stated that it would be closer to a \$250,000 shortfall.

Finance Director Costello recapped and explained that the delinquent TIF was discovered in 2007 and that an independent audit company was hired to come in and determined what the back payments were that had not been made and that the interest was calculated at 12 percent per Florida State Statute. She stated that a 5 percent penalty, which the Board has already waived, and the interest would be calculated at one percent per month that the TIF is outstanding. She explained what each percentage would generate as shown on exhibit C. She explained that at the recommendation of the auditors, the principal was paid first. She explained what each percentage would generate each year.

Board member Mosler questioned how the Board can just decide not to pay back the interest.

Agency Attorney Baird referred to a memorandum, which he provided the Board on September 21, 2011. The letter is exhibit D. He stated that he checked case law and Attorney General opinions regarding this situation and was not able to locate any case law, but did refer to basic contract law. He stated that the bottom line is that the CRA and the Town are separate legal entities and if the Town feels that the best way to resolve the issue is by forgiving a portion of what is due, then they can reach an agreement to do so. He stated that the penalty is clearly defined in the statute as opposed to the interest. He stated that the statute states that the penalty can be waived, but it does not mention the interest. He stated that he is not advocating a reduction.

Board member Mosler clarified that the Commission and the two members of the CRA Board can resolve this issue.

Chair DuBois explained that the CRA and the Commission are separate entities. He stated that if the CRA Board were to make a recommendation to the Commission that they want to allow the forgiveness of the interest, then the Commission could consider that recommendation in not paying the interest.

Board member Stevens stated that in 2013 the CRA shortfall will be almost half a million and stated that an austerity budget needs to be reviewed in order to make the determination if the Board should recommend forgiveness of the penalty.

Chair DuBois recommended reducing the amount that is paid next year, therefore extending the timeframe the CRA would receive the funds.

Vice-Chair Rumsey asked if extending the timeframe would increase the interest that is due.

Executive Director Davis stated that the principal has been paid therefore there would not be an increase in the interest.

Board member Francois stated that the CRA is short more than \$185,000. She asked what happens if the CRA cannot pay its debt would the general fund then step in and pay the CRA's debt.

Chair DuBois stated that a portion of the TIF would be dedicated to the CRA.

Board member Hockman suggested trimming the budget.

Board member Longtin stated that if a study is going to be done to see the effects, then the entire Town will need to be studied to see its effects. She stated that she hopes that they simply decrease the interest and not do away with what is owed completely. She stated that she prefers that they change it to four percent, but knows that six percent has been discussed.

The CRA Board came to consensus to continue this discussion with additional back-up information at the January 4, 2012 CRA Board meeting.

800 Park Avenue

Executive Director Davis asked the Board for direction on how to proceed with the 800 Park Avenue property. She asked them to direct staff on either selling the property, or leasing the property for the Arts.

Board member Francois stated that she would be inclined to allow someone to rent the building for several years because she was not sure how long it would take to sell the building. She stated that she was conflicted on this issue.

Board member Longtin stated that the Board was told that the equipment at the art gallery had been sold.

Executive Director Davis stated that it was discussed that the equipment could be sold, but she stated that all of the equipment is still in the building.

Board member Longtin stated that she does not believe that government should be competing with the private sector and felt that the building should be sold.

Board member Stevens stated that selling the building would be determined by what it is worth. He stated that they needed all the numbers to determine whether it would be best to sell or rent.

Chair DuBois stated that he would prefer that the building be rented and have it remain in the arts.

Vice-Chair Rumsey stated that he would be in favor of leasing the building for four months, at \$3,000 a month and remain in the arts. He stated that if in four months the building is not rented, then he would be in favor of selling the building.

Board member Hockman stated that he would need all the figures to know whether it would be best to rent or sell. He stated that the building could be used as the CRA office instead of renting the other office.

Board member Mosler stated that she would need to know how much the CRA owes before making a decision. She stated that she would prefer that it go back to the way it was instead of leasing the building.

The CRA Board discussed the options of either leasing the property or selling the property. The Board came to consensus to bring the item back at the January 4, 2012 CRA Board meeting with additional back-up as to how much they could lease the building for each month, and what the cost would be to sell the property.

COMMENTS BY BOARD MEMBERS AND EXECUTIVE DIRECTOR

Board Member Francois wished everyone a Merry Christmas and Happy Holidays!

Board Member Longtin asked if the presentation would appear on the website.

Executive Director Davis stated that it would be on the website.

Board Member Longtin welcomed Sue-Ellen Mosler to the Board.

Board Member Stevens stated that he understands that these are hard economic times and is glad that they are delving into the shortfalls now accordingly. He welcomed Sue-Ellen Mosler to the Board.

Vice-Chair Rumsey welcome Sue-Ellen Mosler to the Board. He congratulated staff on the Seafood Festival and the Tree Lighting Ceremony. He asked for consensus on having two items added to the next agenda, prioritizing the CRA management and set forth guidelines of grant recipients that they must begin work by a certain timeframe.

The CRA Board came to consensus to bring back the items.

Board Member Hockman welcomed Sue-Ellen Mosler to the Board. He stated that it was great to see the children playing in the snow at the Tree Lighting Ceremony.

Board Member Mosler thanked everyone for their welcome to the Board. She encouraged residents to take advantage of the entertainment that is currently on Park Avenue. She stated that the Seafood Festival was great. She asked if all the CRA Board meeting would be on the first Wednesday of the month because she had a conflict in her schedule.

Executive Director Davis stated that it is up to the Board to decided.

Board Member Mosler stated that she will not be available at the next meeting.

Chair DuBois none.

Executive Director Davis welcomed Sue-Ellen Mosler to the Board.

Exhibit "A"

Town of Lake Park CRA

Budget Projections

for

Fiscal Year 2013

Revenue Projections

- 2013 Revenue Projections
 - Town TIF \$ 260,000
 - County TIF \$ 146,000
 - Delinquent TIF (12%) \$ 300,000
- Total Projected Revenue \$706,000

(Assumption that values remain flat with no increase or decrease.)

Major Recurring Expenses

• Debt Payments	
• 2008 Loan	\$ 169,525
• 2009 Loan	<u>\$ 91,325</u>
• Total Annual Debt Service	\$260,850
• CRA Salaries	\$147,625
• PBSO – CRA Contract	\$112,350
• Liability Insurance	\$ 11,720
• Maintenance Contracts	\$ 92,500

Recurring Expenses Cont.

- General Fund Offsets
- Shared Positions - Salaries & Benefits \$ 110,000
- Administrative Fees \$ 72,050
- PBSO – One Deputy \$ 84,250
- Total Recurring Expenses \$891,345
- Project Shortfall FY 2013 (\$185,345)

Continued...

- Administrative Fees to General Fund \$72,050
- Town Commission 2%
- Town Manager 10%
- Town Clerk 5%
- Information Technology 7.5%
- Finance 4%
- PW Administration 3.5%

Continued...

- CRA Positions
 - Economic Dev. Dir. Full Time
 - Project Manager 25 hrs/week
- Shared positions with General Fund:
 - Grants Writer 50%
 - Recreation Director 50%
 - Comm. Dev. Director 20%
 - Planner 10%
 - Code Comp. Officer 10%

RECAP

- Projected Revenue \$706,000
- Major Recurring Expenses (\$891,345)
- Projected Budget Shortfall (\$185,345)
- Note: This projection assumes a flat revenue estimate and does not include regular operating expenses only major recurring expenses.

**Community Redevelopment Agency
FY 2013 Budget Projections**

2013 Revenue Projections:	
Town TIF	260,000
County TIF	146,000
Delinquent TIF Payment (balance at 12%)	300,000
Total Projected Revenue	<u>706,000</u>
Expenditures:	
Debt 2008 Loan	169,525
Debt 2009 Loan	91,325
Total Debt Service	<u>260,850</u>
CRA Salaries (incl. Benefits)	147,625
Liability Insurance	11,720
PBSO - CRA	112,350
Maintenance Contracts	92,500
General Fund Offsets:	
Salaries & Benefits	110,000
Administrative Fees	72,050
PBSO - One Deputy	84,250
Total Expenditures	<u>891,345</u>
Projected Budget Shortfall FY 2013	(185,345)

**Town of Lake Park
Community Redevelopment Agency
Interest Rate Analysis on Delinquent TIF**

Fiscal Year	Del. TIF Principal	12% Int.	10% Int.	8% Int.	6% Int.	4% Int.	2% Int.	No Int.
2000	10,622	10,197	8,498	6,798	5,099	3,399	1,700	-
2001	25,604	21,507	17,923	14,338	10,754	7,169	3,585	-
2002	55,603	40,034	33,362	26,689	20,017	13,345	6,672	-
2003	88,521	53,113	44,261	35,408	26,556	17,704	8,852	-
2004	121,402	58,273	48,561	38,849	29,136	19,424	9,712	-
2005	249,597	96,017	80,014	64,011	48,008	32,006	16,003	-
2006	326,952	133,099	110,916	88,733	66,549	44,366	22,183	-
2007	511,718	247,823	206,519	165,215	123,912	82,608	41,304	-
Total	1,390,019	660,063	550,052	440,042	330,031	220,021	110,010	-

Payments							
FY 2008	(500,000)						
FY 2009	(250,000)						
FY 2010	(250,000)						
FY 2011	(250,000)						
FY 2012*	140,019	660,063	550,052	440,042	330,031	220,021	110,010
	(140,019)	(359,981)	(359,981)	(359,981)	(359,981)	(359,981)	(359,981)

Balance to be Paid FY 2013 or FY 2012 (Shortfall) - 300,082 190,071 80,061 (29,950) (139,960) (249,971) (359,981)

Interest Reduction 110,010 220,021 330,031 440,042 550,052 660,063

*Note: Payment made FY 2012 pays off the remaining principal of the delinquent TIF and the balance will be applied to outstanding interest.

JONES
FOSTER
JOHNSTON
& STUBBS, P.A.

Attorneys and Counselors

Exhibit D

Memo

To: CRA Board of Commissioners
From: Thomas J. Baird, Town Attorney
Date: September 21, 2011
Subject: Delinquent TIF

Commissioner Rumsey has requested that I respond to his question of whether the CRA Board can accept less than the full amount of the tax increments owed to it by the Town? A second question he posed was whether the current terms of the Town's repayment of the TIF to the CRA may be modified or re-structured. The short answer to both questions is: Yes

1. Once it was determined by the Town Manager that the Town had failed to pay to the CRA the tax increments due from 2000-2007, the Commission decided that it would repay the CRA the total amount of the delinquent increment, which includes: \$1,390,019 for tax increments, \$371,153 for interest and \$69,501 in penalties. This amount was based on Fla. Stat. §163.387(2)(b) which states:

Any taxing authority that does not pay the increment revenues to the trust fund ... shall pay to the trust fund an amount equal to 5% of the amount of the increment revenues [as penalty] and ... interest on the ... unpaid increment revenues equal to 1% for each month the increment is outstanding, provided the agency may waive such penalty ...

The obvious intent is to give CRA's a statutory remedy to collect the increment due from any taxing authority who does not pay it. While unlikely, it is possible that a taxing authority who did not pay the increment, or who disputed the amount of the increment due would leave a CRA with no choice to recover the amount due by filing suit to recover the increment. In such case, as in all cases, the parties to a litigation may elect to settle the dispute by compromising. The CRA and the delinquent taxing authority could then enter into a Settlement or other agreement regarding the amount of the repayment.


2. This same principal of entering into an agreement can be applied in this instance, regardless of whether there is threatened or actual litigation to enforce the statute. In other words, given that the CRA and Town are separate legal entities there is no legal impediment to the two entities agreeing to the terms of the repayment of the TIF. Because both parties are governmental entities the use of an Interlocal Agreement is a potential vehicle for agreeing to a repayment plan. . In this scenario, the CRA could agree that some or all of the TIF due to it be forgiven, or reduced, with the terms of the repayment expressed in the Interlocal Agreement. I am also aware of Interlocal Agreements between municipalities and CRA being used to loan one governmental entity funds. In fact, the Town and CRA currently have such an arrangement related to the alleyway improvements. The amount of the Town's debt could also be converted to a loan from the CRA to the Town with the amount due set forth in a payment plan.

CONCLUSION

Although Fla. Stat. §163.387 provides CRAs a remedy to collect delinquent tax increments, ultimately it is up to the CRA Board as to how to exercise that authority, and to what extent. From a legal perspective, there are no cases or Attorney General Opinion which express a contrary opinion. There are several reasonable choices for the Board to choose from, including the reduction of the payments the Town previously agreed to make. In some ways, the most reasonable choice, if the Board chooses to "forgive" some portion of the \$1.8+ million due would be to require only the repayment of the principal. Should the Board choose to do so the debt would be reduced by \$440,654 as this is the amount of the interest and penalty. The Board should be aware that any reduction in the current repayment schedule currently in place will have an effect on the CRA budget. Consequently, the Board may want to request that the Executive Director present it with the financial ramifications to its budget based on the amount, if any the Board agrees to forgive." Alternatively, the Board could choose to reduce this year's payment, extend the years of payment, or some variation of the two.

ADJOURNMENT

There being no further business to come before the CRA Board and after a motion to adjourn by Vice-Chair Rumsey and seconded by Board Member Stevens, and by unanimous vote, the meeting adjourned at 7:55 p.m.



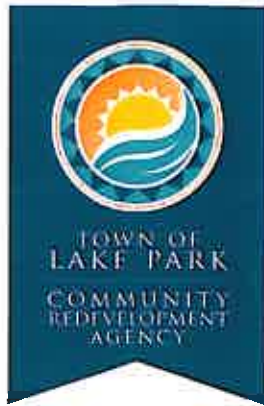
Chair, James DuBois



Agency Clerk, Vivian Lemley, CMC



Approved on this 4 of January, 2012



AGENDA

Community Redevelopment Agency Meeting
Wednesday, December 7, 2011, 6:30 pm
Lake Park Town Hall
535 Park Avenue

James DuBois	—	Chair
Kendall Rumsey	—	Board Member
Steven Hockman	—	Board Member
Jeanine Longtin	—	Board Member
Tim Stevens	—	Board Member
Christiane Francois	—	Board Member
Sue-Ellen Mosler	—	Board Member
.....		
Maria V. Davis	—	Executive Director
Thomas J. Baird, Esq.	—	Agency Attorney
Vivian M. Lemley, CMC	—	Agency Clerk

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the Town Commission, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. *Persons with disabilities requiring accommodations in order to participate in the meeting should contact the Town Clerk's office by calling 881-3311 at least 48 hours in advance to request accommodations.*

- A. **CALL TO ORDER**
- B. **PLEDGE OF ALLEGIANCE**
- C. **ROLL CALL**
- D. **ADDITIONS/DELETIONS - APPROVAL OF AGENDA**
- E. **Consent Agenda:** All matters listed under this item are considered routine and action will be taken by one motion. There will be no separate discussion of these items unless a Board member or person so requests, in which event the item will be removed from the general order of business and considered in its normal sequence on the Agenda. Any person wishing to speak on an Agenda item is asked

to complete a public comment card located on either side of the Chambers and given to the Agency Clerk. Cards must be submitted before the item is discussed.

Consent Agenda Items Recommended For Approval:

- | | |
|--|-------|
| 1. CRA Board Meeting Minutes of November 2, 2011 | Tab 1 |
| F. <u>DISCUSSION AND POSSIBLE ACTION:</u> | |
| 2. Analysis of Interest for Delinquent Tax Increment Finance (TIF) | Tab 2 |
| 3. 800 Park Avenue | Tab 3 |
| G. <u>BOARD MEMBER COMMENTS</u> | |
| H. <u>EXECUTIVE DIRECTOR COMMENTS</u> | |
| I. <u>ADJOURNMENT</u> | |