



City Center Update

November 9, 2020

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Wes McCurry, CRA Director
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Strategic Plan

FY 2020/21

Goal 4: Diverse Economy & Employment Opportunities

One of the City's key initiatives is to Reimagine City Center



- **City Center Small Area Plan**

Public Information Meeting

November 17th 6:30 pm – 8:00 pm

- **US 1 Beautification**

Goal 1: Safe, Clean & Beautiful

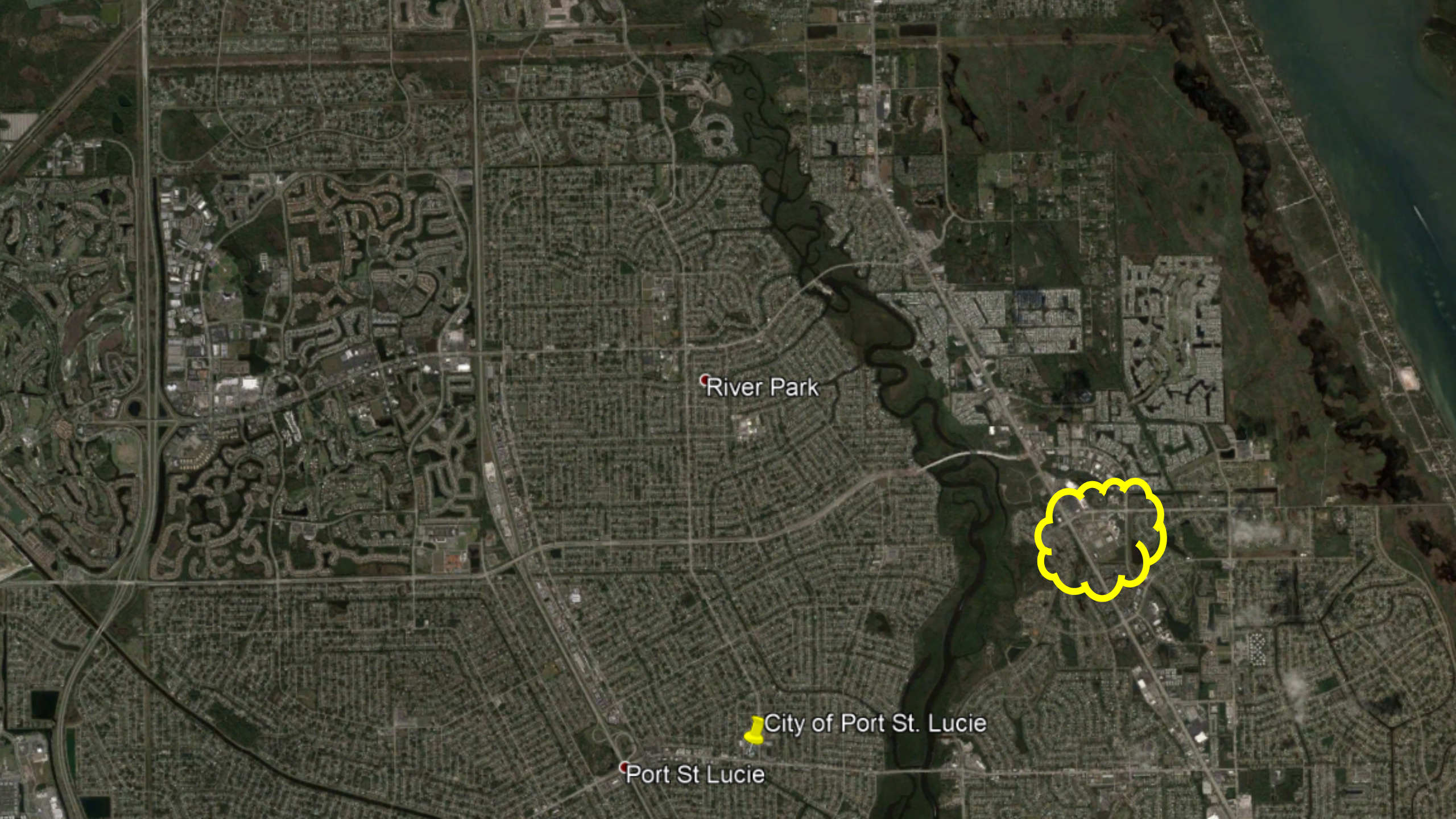
- **Village Green Drive Corridor Revitalization**

Goal 1: Safe, Clean & Beautiful

Staff Request



Staff is requesting for the City Council to authorize the City Manager, in consultation with the City Attorney, to negotiate a purchase and sale agreement with the SEC Receiver for the purchase of twenty-two (22) parcels, pursuant to the terms of the Letter of Intent.

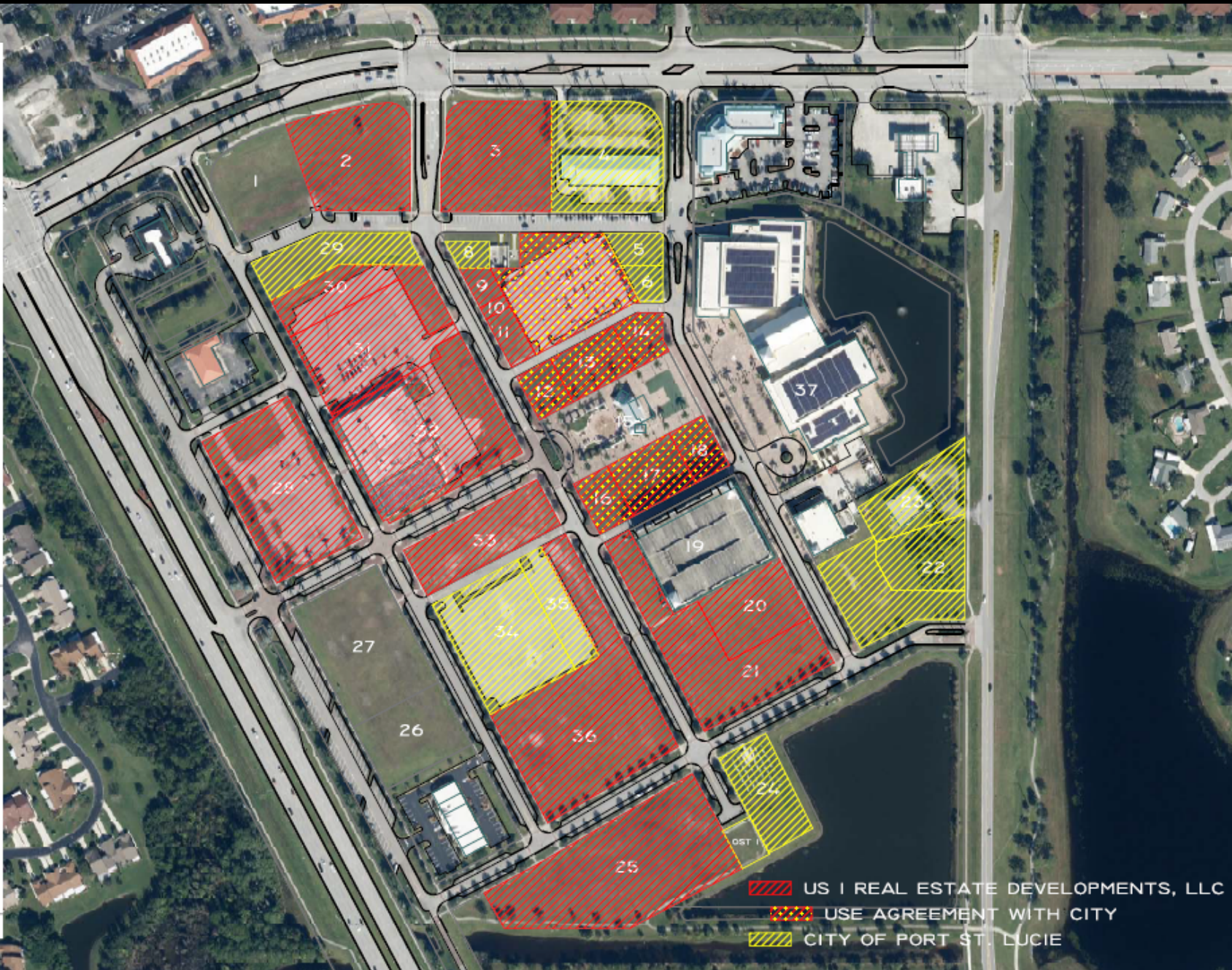


River Park

City of Port St. Lucie

Port St Lucie

Account Number	Certified Roll	Owner Name	Lot #	Acres
3435-803-0009-000/3	US1 Real Estate Developments LLC		2	1.31
3435-803-0010-000/3	US1 Real Estate Developments LLC		3	1.41
3435-803-0013-000/4	US1 Real Estate Developments LLC		6	0.14
3435-803-0014-000/1	US1 Real Estate Developments LLC		7	1.37
3435-803-0016-000/5	US1 Real Estate Developments LLC		9	0.12
3435-803-0017-000/2	US1 Real Estate Developments LLC		10	0.04
3435-803-0018-000/9	US1 Real Estate Developments LLC		11	0.18
3435-803-0019-000/6	US1 Real Estate Developments LLC		12	0.22
3435-803-0020-000/6	US1 Real Estate Developments LLC		13	0.41
3435-803-0021-000/3	US1 Real Estate Developments LLC		14	0.24
3435-803-0023-000/7	US1 Real Estate Developments LLC		16	0.26
3435-803-0024-000/4	US1 Real Estate Developments LLC		17	0.47
3435-803-0025-000/1	US1 Real Estate Developments LLC		18	0.26
3435-803-0027-000/5	US1 Real Estate Developments LLC		20	0.74
3435-803-0028-000/2	US1 Real Estate Developments LLC		21	1.64
3435-803-0032-000/3	US1 Real Estate Developments LLC		25	2.53
3435-803-0035-000/4	US1 Real Estate Developments LLC		28	1.84
3435-803-0037-000/8	US1 Real Estate Developments LLC		30	0.78
3435-803-0039-000-2	US1 Real Estate Developments LLC		32	2.31
3435-803-0038-000/5	US1 Real Estate Developments LLC		31	0.78
3435-803-0040-000/2	US1 Real Estate Developments LLC		33	0.92
3435-803-0043-000/3	US1 Real Estate Developments LLC		36	2.55
				20.48
3435-803-0011-000-0	Port St Lucie City of		4	1.43
3435-803-0012-000-7	Port St Lucie City of		5	0.19
3435-803-0015-000-8	Port St Lucie City of		8	0.12
3435-803-0026-000-8	Port St Lucie City of		19	1.35
3435-803-0029-000-9	Port St Lucie City of		22	0.63
3435-803-0030-000-9	Port St Lucie City of		23	0.71
3435-803-0031-000-6	Port St Lucie City of		24	0.66
3435-803-0036-000-1	Port St Lucie City of		29	0.68
3435-803-0041-000-9	Port St Lucie City of		34	1.43
3435-803-0042-000-6	Port St Lucie City of		35	0.40
3435-803-0044-000-0	Port St Lucie City of		37 (p/o)	0.84
3435-803-0004-000-8	Port St Lucie City of		OST 1	0.16
				8.61



▨ US I REAL ESTATE DEVELOPMENTS, LLC
▨ USE AGREEMENT WITH CITY
▨ CITY OF PORT ST. LUCIE

Timeline



2001

The CRA adopts Community Redevelopment Plan for U.S. 1 Corridor and identifies the former Village Green Shopping Center for redevelopment as a central gathering place for entertainment and economic development opportunities.



2005

De Guardiola Properties purchases the Village Green Shopping Center and proposes the redevelopment of City Center as a public private partnership, pursuant to a redevelopment agreement between the City, CRA, PSL City Center, LLC, and de Guardiola Properties. The project was proposed to be built in four phases including a civic component, public parking structures, and private mixed-use development.





Financial Information

Redevelopment Trust Fund
Revenue Bond
Series 2006

\$46.4 M

- Property Acquisition
- Construction of parking garages
- Construction of civic center and plaza
- Reconstruction of certain roadways within the redevelopment area

City Center Special
Assessment Refunding Bonds
Series 2008A

\$31.3 M

- Master stormwater system
- Roadways
- Sewer service
- Water service
- Sidewalks
- Street trees

How were the improvements originally funded?

2008

The City and CRA complete construction of the Civic Center, Village Square public plaza and interactive fountain, parking garage and four (4) surface parking lots.

2010

De Guardiola Properties fails to fulfill its obligations under the redevelopment agreement and tax certificates were issued on the parcels. National City Bank initiates foreclosure proceedings on the parcels. A final judgement did not occur and was never rescheduled.

2012

The City and CRA initiate legal action against PSL City Center, de Guardiola Properties, and PNC Bank (successor to National City Bank).





2013

With consent from PNC Bank, PSL City Center sells the parcels to US Investment, LLC (Lily Zhong) for \$500,000, subject to the back taxes and assessments.

2014

The City and CRA obtain a Final Default Judgment against PSL City Center for approximately \$56M.

The City and CRA hold meetings with Ms. Zhong on developing City Center as an International Trade Center funded through EB-5 Immigrant Investment Program, but an application was never submitted to the City.





2015 ●

St. Lucie County BOCC approves 16 of the 22 parcels for tax deed sale in July. In November, the US Securities and Exchange Commission (SEC) brings charges against Ms. Zhong for use of the EB-5 program to defraud investors. The SEC froze Ms. Zhong's assets, including these parcels. This blocked St. Lucie County from moving forward with tax deed sales for 16 parcels.

SEC appoints a Receiver with power to take legal control and protect assets through a court-approved plan.

2017 ●

The Receiver engages Avison Young to market and sell the 22 parcels to one developer.

2018-2020 ●

A Contract for sale was approved by the Court on two separate occasions, neither resulting in a closing due to challenges of financial viability.



Overall Costs Associated with City Center Parcels



- The special assessments on the City Center parcels total just over \$1.7 million annually.
- Approximately \$46.2 million is due to Tax Collector for back taxes, assessments, interest, fees, etc., including the cost to redeem privately held tax certificates. This includes delinquent special assessments including interest, fees, etc., of approximately \$39.8 million.
- Preliminary appraisal information indicates an approximate valuation of **negative \$25 million** up to approximately a **positive \$15 million**, assuming the varying application or forgiveness of the above outstanding taxes and assessments, as well as the remaining special assessments.

Financial Responsibility in Private Acquisition



- The SEC Receiver would need to agree on a purchase price to sell the parcels as a whole to a private developer.
- A private developer would be responsible for satisfying all outstanding real estate taxes, tax certificates, interest and fees.
- A private developer would assume responsibility of paying the annual special assessments of approximately \$1.7 million, until such time as any of the parcels are sold and special assessments are taken over by subsequent buyers.
- Both prior developers indicated they could not move forward with the purchase unless the City remains responsible for annual special assessments going forward.
- In summary, the financial obligations associated with the City Center parcels is the key challenge for one private developer to carry.

Financial Impact of City Acquisition



- The SEC Receiver agreed to sell the parcels to the City for \$400,000.
- As a result of covenant to budget and appropriate (CBA), the City will continue to pay approximately \$1.7 million annually to cover special assessment debt, until such time as any of the parcels are sold to the private sector.
- No annual property taxes will be due as the City would be acquiring the parcels for governmental/public purpose.
- Existing tax certificates would not need to be paid, until such time as the parcels are subsequently sold to the private sector.
- The City will continue to pay maintenance costs on the public realm areas associated with City Center.

Benefits to City Acquisition



- The City will be able to follow through on the community's vision for City Center to become a center of activity for the east side of Port St. Lucie.
- The acquisition of the parcels will allow the City to gain control and assemble parcels for strategic redevelopment opportunities.
- The City would be able to ensure the MIDFLORIDA Event Center and other City-held events have sufficient event space and parking.
- The acquisition allows for increased private development potential by placing the City in the role of master developer to negotiate on development of individual components, similar to success seen in Southern Grove.

Staff Recommendation



Move that the City Council authorize the City Manager, in consultation with the City Attorney, to negotiate a purchase and sale agreement with the SEC Receiver for the purchase of twenty-two (22) parcels, pursuant to the terms of the Letter of Intent.

Further Discussion and Questions

