

## RESOLUTION 21-R

A RESOLUTION OF THE CITY OF PORT ST. LUCIE, FLORIDA, AUTHORIZING THE MAYOR, OR THE CITY MANAGER, TO ENTER INTO AND EXECUTE A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF PORT ST. LUCIE AND MICHAEL I. GOLDBERG, AS COURT APPOINTED RECEIVER OF US1 REAL ESTATE DEVELOPMENTS, LLC, TO ACQUIRE THE CITY CENTER PARCELS; AND AUTHORIZING THE MAYOR, OR THE CITY MANAGER, TO TAKE ANY AND ALL APPROPRIATE ACTIONS TO ACCOMPLISH THE ACQUISITION OF THE CITY CENTER PARCELS; PROVIDING FOR CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

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**WHEREAS**, on November 3, 2015, the United States Securities and Exchange Commission (“SEC”) filed a complaint in the United States District Court for the Southern District of Florida (“Court”) against the Receivership Defendants and Lin Zhong a/k/a Lily Zhong (collectively “Defendants”) alleging that the Defendants violated the Securities Act of 1933 and the Securities Exchange Act of 1934 by making false or materially misleading representations to investors; and

**WHEREAS**, on November 4, 2015, the SEC filed an Emergency Motion for Appointment of a Receiver and an Emergency Motion for Asset Freeze and Other Relief, and on November 12, 2015, without admitting or denying the allegations in the Complaint, the Defendants stipulated to the appointment of Michael Goldberg as the Receiver (“Receiver”) and to an order freezing their assets for a period of thirty days; the Court entered a Stipulated Order Appointing Receiver on November 18, 2015, and extended the asset freeze; and

**WHEREAS**, pursuant to the Order Appointing Receiver, the Receiver has taken possession of all property, assets, and estates of the Defendants, including but not limited to the portion of the Port St. Lucie City Center (“City Center”) owned by Relief Defendant US1 Real Estate Developments, LLC (“US1”); and

**WHEREAS**, PSL Center, LLC (“PSL Center”), an entity owned by de Guardiola Properties, Inc. (“DGP”), purchased the shopping center and proposed the development of City Center as a public-private partnership with the City; and

**WHEREAS**, the City, the City’s Community Redevelopment Agency (“CRA”), PSL Center and DGP entered into a Redevelopment Agreement to build the project in 4 phases which would include a civic component, public parking structures, and private mixed-use development (the “Project”); and

**WHEREAS**, PSL Center and DGP failed to fulfill its obligations under the Redevelopment Agreement and PSL Center failed to pay the real property taxes on the twenty-two (22) City Center

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parcels that it owned (“City Center Parcels”), resulting in the issuance of tax certificates on the City Center Parcels; and

**WHEREAS**, the secured lender instituted foreclosure proceedings against PSL Center to foreclose on the City Center Parcels, however, in 2013, prior to the entry of a final judgement of foreclosure, PSL Center sold the City Center Parcels to US1 for \$500,000, subject to \$15 million in real property taxes and non-ad valorem assessments; and

**WHEREAS**, the City met with US1, who suggested developing the City Center Parcels as an International Trade Center to be funded through the EB-5 Immigrant Investment Program, but US1 never submitted any development applications to the City, nor did US1 pay the current and delinquent real property taxes and non-ad valorem assessments due on the City Center Parcels; and

**WHEREAS**, when the Receiver was appointed, \$18 million in real property taxes and non-ad valorem assessments had accrued against the City Center Parcels; and

**WHEREAS**, the total tax and assessment liability on the City Center Parcels is currently more than \$47 million; and

**WHEREAS**, the Receiver has explored selling the City Center Parcels, however, the significant outstanding tax and non-ad valorem assessment liability and other development constraints pose a detriment to the sale of the City Center Parcels to a private third party; and

**WHEREAS**, on November 9, 2020, the City Council of the City of Port St. Lucie (the “City”) authorized the City Manager to negotiate a Purchase and Sale Agreement (the “PSA”) with the Receiver to purchase the City Center Parcels; and

**WHEREAS**, the City and the Receiver have successfully negotiated the terms and conditions of the City’s purchase of the City Center Parcels, which are more fully described in the PSA, attached hereto and incorporated herein as Exhibit “A”; and

**WHEREAS**, upon receiving notice of the City’s intent to purchase the City Center Parcels, the St. Lucie County Tax Collector offered to help in facilitating the negotiations with the tax certificate holders and taxing authorities, in lieu of the Tax Collector enforcing Section 196.295(1), Florida Statutes, which requires that the taxpayer (owner of the property being conveyed to the government unit) to place in escrow with the county tax collector an amount equal to the current taxes prorated to the date of transfer of title, to be used to pay any ad valorem taxes due, and further provides that in the event fee title to property acquired is by a governmental unit exempt under Chapter 196 by any means except condemnation or is acquired by any means except condemnation

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for use exclusively for federal, state, county or municipal purposes, the taxpayer is required to pay all taxes due from prior years; and

**WHEREAS**, in the months following, the Tax Collector, City Manager and City staff conducted several meetings with the tax certificate holder and major taxing authorities and were successful in negotiating with the tax certificate holder and major taxing authorities, with all outstanding taxes, penalties, interest, and tax certificates being satisfied as part of the City's purchase of the City Center Parcels; and

**WHEREAS**, as a result of the successful negotiations with the major taxing authorities and the tax certificate holder, once the City takes title to the City Center Parcels, the City's only outstanding debt on the City Center Parcels will be the annual SAD payments, a fee the City has continued to pay as part of the annual budget process; and

**WHEREAS**, after considering the factors set forth above, this City Council has determined that the fee simple acquisition of the City Center Parcels constitutes a valid public purpose for which public funds may be expended; and

**WHEREAS**, the City desires to accept the terms and conditions of the PSA and hereby authorizes the Mayor or her designee, or the City Manager or his designee, to employ appraisers, inspectors and any other experts, and to take any and all appropriate actions, including executing the PSA, to accomplish the acquisition of the City Center Parcels.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF PORT ST. LUCIE, FLORIDA:**

Section 1. Ratification of Recitals. The foregoing recitals are hereby ratified and confirmed as true and correct and are hereby made a part of this Resolution.

Section 2. Implementation. The Mayor or her designee, or the City Manager or his designee, are hereby authorized and directed to proceed to take any and all necessary actions, including the hiring of experts and executing a PSA, in substantially the same form as attached hereto as Exhibit "A", for the City of Port St. Lucie to acquire, in its own name, by purchase, the City Center Parcels, and prepare all papers and other instruments required for that purpose.

Section 3. Conflict. If any resolutions, or parts of resolutions, are in conflict herewith, this Resolution shall control to the extent of the conflicting provisions.

Section 4. Severability. The provisions of this Resolution are intended to be severable. If any part of this Resolution is determined to be void or is declared illegal, invalid, or

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unconstitutional by a Court of competent jurisdiction, the remainder of this Resolution shall remain in full force and effect.

Section 5. Effective Date. This Resolution shall become effective immediately upon adoption.

**PASSED AND ADOPTED** by the City Council of the City of Port St. Lucie, Florida, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

CITY COUNCIL  
CITY OF PORT ST. LUCIE

ATTEST:

\_\_\_\_\_  
Sally Walsh, City Clerk

By: \_\_\_\_\_  
Shannon M. Martin, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
James D. Stokes, City Attorney