

**MEMORANDUM**

**TO:** MAYOR AND CITY COMMISSION

**FROM:** CITY ATTORNEY'S OFFICE

**DATE:** January 4, 2016

**RE:** **Tax Increment Financing Agreement with HTTP 307, LLC for Improvements to 933 E. Lemon Street**

Attached for your consideration is a Tax Increment Financing (TIF) Agreement with HTTP 307, LLC for improvements to 933 E. Lemon Street, the former site of Lifestyle Fitness Center. HTTP 307 plans to completely renovate the existing structure at this location in order to create an 11,900 SF office building for Qgiv, Inc. and Cipher Integrations, Inc. Total project costs are estimated to be \$797,715.

Under the TIF Agreement, the Property Appraiser will reassess the property in the year following the year in which renovations are completed. Tax increment revenue will result from application of the millage rates of the various taxing authorities to the difference between the pre-construction assessed value of the property and the post-construction assessed value. This additional tax revenue will be deposited into the Downtown CRA Trust Fund. The CRA will then rebate 50% of the tax increment generated in the first year following completion of the project to the property owner and that same dollar amount will be rebated each year for the next four years upon proof of payment of property taxes, for a total of five years. It should be noted that, at the recommendation of the new Community Redevelopment Area Advisory Board, the attached Agreement is different from previous TIF agreements, which provided for a rebate over ten years according to a declining schedule that began at 100% and declined at 10% increments per year.

The attached TIF Agreement was presented to the Community Redevelopment Area Advisory Board, which recommended approval. It is recommended that the Lakeland City Commission, acting as the City's Community Redevelopment Agency, approve the attached Agreement and authorize the appropriate CRA officials to execute the Agreement.

PCD  
attachments

# Developer Agreement

## Tax Increment Benefits

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between the City of Lakeland Community Redevelopment Agency, a public body corporate and politic created pursuant to Part III, Chapter 163, Florida Statutes (the “LCRA”), and HTTP 307, LLC (the “Developer”).

Whereas, the City of Lakeland City Commission, as the Community Redevelopment Agency for the Downtown Community Redevelopment Area, has the authority to contract with private developers for Tax Increment Benefits; and

Whereas, the Developer proposes to complete substantial renovations or improvements to the real property located at 933 E. Lemon Street, Lakeland, FL 33801 and more specifically described in Exhibit A attached hereto (the “Property”); and

Whereas, the current assessed value of the Property, as certified by the Polk County Property Appraiser, is \$329,359<sup>1</sup>; and

Whereas, the Developer has confirmed that the proposed renovations or improvements to the Property, said renovations and improvements being more specifically described in Exhibit B attached hereto (the “Project”), have an estimated value equal to or exceeding fifty percent (50%) of the current total assessed value of the Property; and

Whereas, the Developer has presented, and the Community Redevelopment Area Advisory Board, as advisory board to the LCRA, has approved, the Project for receiving Tax Increment Benefits; and

Whereas, upon completion of the Project, the Polk County Property Appraiser will reassess the Property for Ad Valorem Tax purposes;

Now, therefore, the LCRA and the Developer agree as follows:

1. The foregoing findings are incorporated herein by reference and made a part hereof.
2. Beginning in the year immediately following the year in which the Project is completed and continuing for a total of five (5) years, the LCRA shall make a single annual payment to the Developer in an amount calculated according to the following equation:

Post-Improvement Assessed Value – Pre-Construction Assessed Value (Base Year)  
X Combined Millage Rates of Polk County, City of Lakeland, Lakeland Area Mass  
Transit District and all other taxing authorities then required by law to deposit  
increment taxes into the Community Redevelopment Trust Fund X 95% X 50%.

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<sup>1</sup> 2015 County Taxable Value as of December 2015

For the purposes of this calculation, the Post-Improvement Assessed Value of the Property shall be determined in the year immediately following the completion of the Project from the records of the Polk County Property Appraiser. The "Base Year" shall be the year in which the Developer made application for tax increment benefits. A Project shall be deemed completed when the City issues a Certificate of Occupancy, Certificate of Completion or other official acknowledgement indicating completion of the Project in accordance with all applicable regulations. "Year One" shall be the year immediately following Project completion. In the event the Property Appraiser has not reassessed the Property after completion of the Project, and, as a result, the assessed value of the Property in Year One has not increased above the assessed value for the Base Year, the Base Year shall be deemed to be the year immediately following the year in which the Project is completed and Year One shall be the year immediately following the revised Base Year. However, in no event shall the base year be further revised.

3. The Developer will receive the benefits as calculated above for five consecutive years.
4. Prior to payment each year, the Developer shall provide the LCRA with proof of payment of taxes for the Property. The LCRA shall, within 30 days of the receipt of such proof, or at such time as sufficient revenues have been deposited into the Downtown Redevelopment Trust Fund, whichever occurs last, cause disbursement to the Developer of payment in the amount calculated according to the above equation.
5. In the event this Agreement or any provision of this Agreement is for any reason held illegal or unenforceable by a court of competent jurisdiction, the parties shall attempt in good faith to negotiate a new agreement or provision that is legal and enforceable and that effectuates the intent and purpose of this agreement. To such extent, the provisions of this Agreement shall be deemed severable.
6. Nothing in this Agreement shall operate or be construed to compel the City Commission of the City of Lakeland or any other taxing authority to either directly or indirectly levy ad valorem taxes or otherwise exercise its taxing power to fund any obligation created by this Agreement.
7. The benefits and obligations of this Agreement are not assignable and shall terminate upon the sale or transfer of the Property.
8. This Agreement represents the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes any prior understandings or agreements between the parties. No modifications to this Agreement shall be enforceable unless in writing and executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

DEVELOPER:

\_\_\_\_\_  
Todd Baylis, Manager  
HTTP 307, LLC

LAKELAND COMMUNITY  
REDEVELOPMENT AGENCY:

\_\_\_\_\_  
Kelly S. Koos, City Clerk

By: \_\_\_\_\_  
Howard Wiggs, Chairman

Approved as to form and correctness: \_\_\_\_\_  
Timothy J. McCausland, City Attorney

# EXHIBIT A

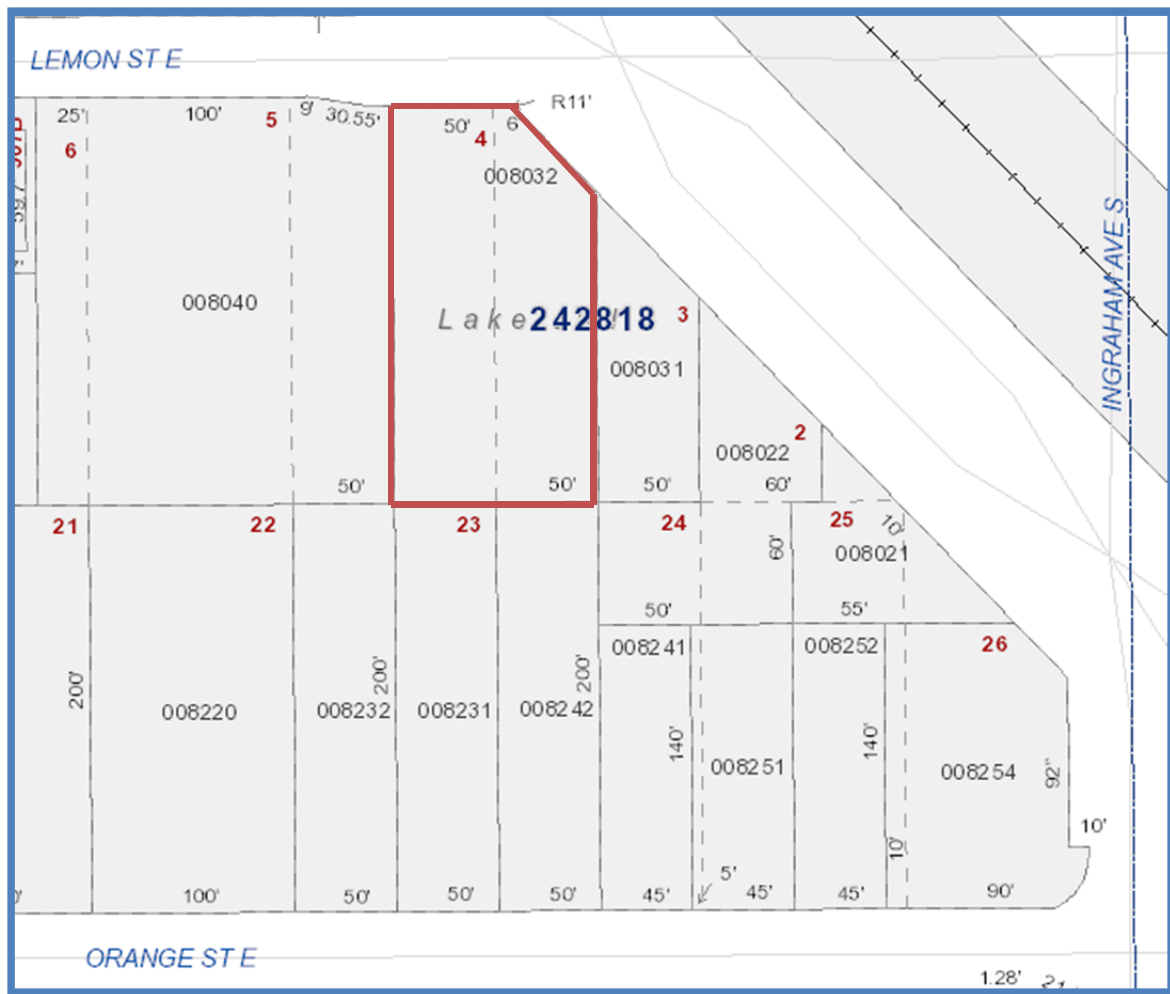
Address: 933 E. Lemon Street, Lakeland, FL 33801  
Parcel ID: 242818-205000-008032

Legal Description:  
MORTONS ADDITION DB Q PG 79 W 1/2 LOT 3 & E 1/2 LOT 4 OF BLK H LESS  
HIGHWAY

### Value Summary (2015)

Land Value	\$67,144
Building Value	\$240,332
Misc. Items Value	\$21,883
Total Taxable Value (County):	\$329,359

Map



## **EXHIBIT B**

Scope of Work	(see attached)
Drawings	(see attached)
Budget	(see attached)



November 30, 2015

Lakeland Community Redevelopment Agency  
Attn: Nicole Travis  
228 S. Massachusetts Ave.  
Lakeland, FL 33801

**RE: Request for Approval of TIF incentives for Downtown LifeStyles Building Redevelopment (933 E. Lemon St.)**

Dear Nicole:

On behalf of HTTP 307, LLC this letter constitutes our formal request for review and approval of tax increment financing for the redevelopment of the downtown LifeStyles fitness facility. Our goal is to renovate and convert the existing 11,900 SQFT fitness facility into owner occupied office space for both Qgiv, Inc. and Cipher Integrations, Inc. to support our continued growth over the next 2-5 years as we plan for a 2-3x increase in employees. The real estate holding company will be HTTP 307, LLC.

Attached to this document are:

- Architectural floor plans and proposed layouts of the interior space that accommodates between 80 and 120 employees.
- Preliminary exterior site plan and renderings.

According to the Property Appraiser's website, the property's assessed value, as of 2015, was \$329,359. Our acquisition cost of the building and surrounding land is \$580,000 and our construction budget and renovation cost for the project is budgeted at \$797,715, assuming normal contingencies.

We are excited to work with the City of Lakeland and the Community Redevelopment Agency on this project and believe that the project will greatly benefit the downtown core and the garden district. Also, please note that this project is dependent upon closing and appropriate permitting.

Please let me know if there are any questions or concerns related to this request or if you need any additional information regarding our request.

Sincerely,

Todd Baylis  
President  
Qgiv, Inc.

Managing Member  
HTTP 307, LLC











