

MEMORANDUM

TO: Real Estate & Transportation Committee
Commissioner Mike Musick, Chairman
Commissioner Bill Read
Commissioner Chad McLeod

FROM: City Attorney's Office

DATE: April 15, 2024

RE: Vacant Land Purchase Agreement with Morgan Creek Properties, LLC

For your consideration is a Vacant Land Purchase Agreement with Morgan Creek Properties, LLC (Morgan Creek) for the purchase of a 30.98-acre tract of undeveloped land located at 4250 (+/-) Medulla Road on the south side of Lakeland Linder International Airport (Airport). While the subject property was nearing final site plan review and expected approval of a 74-lot residential development, Airport staff, recognizing the Airport's continued growth, was able to work with Morgan Creek, which agreed to sell the land to the City rather than proceed with the residential development.

The purchase of this property will result in several benefits for the Airport. Prior to entering into negotiations for the purchase of the property, the Airport engaged Environmental Science Associates (ESA) to conduct a survey of the property to determine its potential value in wetland mitigation credits. Based on ESA's analysis, it was determined that five (5) or more wetland credits could be realized on the property. These additional credits would be used to offset impacts from the continued development of the Airport. Currently, one (1) wetland mitigation credit in the Alafia River Basin costs approximately \$172,000. In addition, such wetland mitigation credits are increasingly hard to find since mitigation banks are full and there are limited additional credits that will be available in the future.

While portions of the 30.98 acre-tract are ideal for wetland development, there is a large tract of upland area that would be made available to lease, thereby generating additional revenue for the Airport. Airport staff has spoken with the Aerospace Center for Excellence (ACE) which is interested in leasing approximately eleven (11) acres of the site in the amount of \$50,000 a year for its year-round operations.

This purchase will also enable the Airport to eliminate the potential for residential structures to be constructed on the site. As the Airport continues to grow, those residential homes would be subject to increased air traffic, vehicle traffic, as well as impacts during the annual SUN 'n FUN Aerospace Expo. ACE will also be looking at expansion and realignment opportunities for its campus as part of ACE's master site plan study as the Airport's future parallel runway will be displacing several of its existing structures and usable

areas. Accordingly, the purchase of this property will provide additional area for ACE's future realignment.

Upon approval by the City Commission, the parties will execute a Vacant Land Purchase Agreement with Morgan Creek pursuant to which the City will be granted a forty-five (45) day inspection period to complete a survey as well as any necessary inspections to ensure that the property is suitable for the City's use. Prior to the expiration of this due diligence period the City will be required to provide Morgan Creek with written notice of its intent to purchase or terminate the Agreement. If the City proceeds with the purchase the closing date for the sale of the property will occur within ten (10) days thereafter. The City has agreed to a purchase price of \$2,850,000 for the 30.98-acre tract, which is market value based on an appraisal completed on December 15, 2023.

The City's Finance Department has agreed to issue the Airport an internal loan to finance the purchase in an amount of \$2,850,000. The Airport's annual payment will be \$200,000 for ten (10) years after which the Airport will make a final balloon payment of \$1,725,000 at the end of the term. Therefore, it is requested that the City Commission approve an appropriation and increase in estimated revenues of \$2,850,000 from the Internal Loan Fund to the Lakeland Linder International Airport Renewal and Replacement Fund as well as an appropriation of \$200,000 from the Lakeland Linder International Airport Operating Fund's Unappropriated Surplus for Debt Service.

It is recommended that the City Commission approve a Vacant Land Purchase Agreement with Morgan Creek Properties, LLC and authorize the appropriate City officials to finalize and execute all corresponding documents, including the appropriation of funds, related to the purchase of the property.

LOCATION MAP

