

TO: Barbara Lipscomb, Interim City Manager
FROM: Erik A. Bredfeldt, Economic Development Director
DATE: November 3, 2004
SUBJECT: Market Reimbursement Agreement between City of Gainesville and Gainesville-Alachua County Regional Airport Authority (GACRAA)

Per your request, I have attached two copies of the above agreement executed between the City of Gainesville and GACRAA on December 31, 1998.

The agreement was generated following a release of FAA deed restrictions on a portion of the property in the Airport Industrial Park. As part of the agreement to release the deed restrictions governing the sale of property at below fair market value, the FAA, City and GACRAA agreed that all proceeds from the lease or sale of City owned land in the Airport Industrial Park (whether or not subject to FAA restrictions) would be dedicated solely for use by the GACRAA at the Gainesville Regional Airport.

Essentially, based upon my review of the agreement, two main issues are stipulated. First, the proceeds of sales of property in the Airport Industrial Park are to be transferred to GACRAA by the City (as explained in Section 4) and second, that a "reimbursement amount" be transferred from the City of Gainesville to GACRAA over a period of ten years on sales of property that are below market value (as explained in Section 3). The "reimbursement amount" is comprised of fifty percent of the amount of ad valorem taxes attributable to the sold property (as indicated in Section 3) as well as 50% of the tangible taxes attributable to the sold property (as has been the practice to date).

At this juncture, there are three properties that are subject to this arrangement. Two are stipulated in the agreement (within Section 5 and Section 6) Heat Pipe Technologies and Nordstrom's respectively; one, Crestwood is not stipulated in the agreement but will be reimbursed as the property was sold in early 2003.

The annual market reimbursement amount for FY 03 and FY 04 totaled approximately \$37,000 per year. In FY 05 and FY 06, \$39,000 has been budgeted in order to accommodate the Crestwood market reimbursement. In terms of mechanics, the annual reimbursement to GACRAA is typically processed in January of the new fiscal year.

AGREEMENT

THIS AGREEMENT is entered into this 31 day of Dec., 1998, by and between the CITY OF GAINESVILLE, a municipal corporation of the State of Florida (hereinafter referred to as City) and the GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY (hereinafter referred to as GACRAA), an independent Special District of the State of Florida.

WHEREAS, the City owns fee simple title to certain parcels of land located in Alachua County, Florida, more specifically located in the area known as the Airport Industrial Park, and

WHEREAS, pursuant to Chapter 95-457, Special Acts, Laws of Florida (1995), the GACRAA is the Operator of the Airport and Airport facilities, including the Airport Industrial Park; and

WHEREAS, certain portions of the property located in the Airport Industrial Park are subject to Federal Aviation Administration (FAA) regulatory and deed restrictions regarding the disposal of such property; and

WHEREAS, the GACRAA and the City agreed with the FAA that upon approximately 56 acres of such property regulatory and deed restrictions would be released and imposed on other previously so unencumbered City owned property located in the Airport Industrial Park, thus allowing some or all of the 56 acres to be disposed of at less than fair market value so as to stimulate and encourage development in the Airport Industrial Park; and

WHEREAS, as part of this agreement with the FAA, the GACRAA and the City agreed that all proceeds from the lease or sale of City owned land in the Airport Industrial Park (whether or not subject to FAA restrictions) would be dedicated solely for use by the GACRAA at the Gainesville Regional Airport; and

WHEREAS, the City and the GACRAA wish to incorporate terms and methods through which the proceeds from the sale of City-owned land in the Airport Industrial Park will be returned to the GACRAA for use at the Gainesville Regional Airport;

NOW, THEREFORE, in consideration of the foregoing and the premises contained herein, the City and GACRAA agree as follows:

Section 1. Definitions

For the purposes of this agreement, the phrase "Contract Sales Price", the phrase "Cash to Seller", and the phrase "Deposit or Earnest Money" are intended to refer to such designations as appear on the U.S. Department of Housing and Urban Development Settlement Statement commonly used in real estate closings.

"Fair Market Value" means the value of the property sold, as determined by an appraisal of the property, based upon the condition of the property as sold, i.e., vacant or with improvements, as the case may be.

Section 2. Appraisal.

The fair market value will be determined by an appraiser, who is a certified member of the Appraisal Institute (an "MAI Appraiser"), selected by GACRAA, who will furnish an appraisal at GACRAA's expense. In the event that City disagrees with the value placed on the subject property by the initial MAI Appraiser, it shall so notify the GACRAA, in writing, within thirty (30) days of its receipt of said MAI Appraisal from

GACRAA. In the event of such disagreement, the City shall designate an MAI Appraiser of its choice and at its expense, to prepare a second appraisal. If both parties agree (and if this procedure is acceptable to FAA) then the sale price per acre shall be the average of the two appraisals. If any party hereto, or the FAA, does not agree to this procedure, then the second MAI Appraiser shall meet with the MAI Appraiser originally used by GACRAA, for the purpose of selecting a third MAI Appraiser acceptable to both of the initial two appraisers. The third MAI Appraiser will prepare a review appraisal, which will be binding on both parties. Expenses related to the third appraisal will be evenly divided between the parties. All MAI appraisers used herein shall have their primary place of business operations within the State of Florida.

Section 3.

In the event that the contract sales price for the sale of City-owned land in the Airport Industrial Park on sales closing on or after October 9, 1997, is less than the appraised fair market value of such property, then the difference shall be identified as the "reimbursement amount". The City agrees to make a contribution to GACRAA of all or part of this amount as follows: Beginning the first full tax (calendar) year after closing, the City shall transfer to GACRAA fifty (50%) percent of the amount of ad valorem taxes attributable to the particular property sold (not including taxes specifically levied to repay bonded indebtedness) within 30 days of said taxes being paid to the City. For each tax year thereafter, fifty (50%) percent of the ad valorem taxes (not including taxes specifically levied to repay bonded indebtedness) shall be transferred to GACRAA within 30 days of the date the taxes are paid to the City. This process shall continue for each subsequent tax year until a total of 10 transfers have occurred or the reimbursement

amount has been paid, whichever occurs first. In the event that transferring one-half of such tax revenues received in any particular year would, when combined with previous transfers, exceed the reimbursement amount, then in that year the City shall transfer only so much as would, when combined with previous transfers, equal the reimbursement amount. The funds transferred shall thereafter be used solely to develop, improve, operate, or maintain the Gainesville Regional Airport for purposes allowable under FAA guidelines relating to the use of proceeds from the sale or lease of released Airport surplus property.

At the time each sale of land occurs, the City Manager shall provide to the Director of Aviation a copy of the Closing Statement and the City's calculation of any "reimbursement amount" that would be paid to GACRAA in the ensuing years, pursuant to the process described above.

Section 4.

For sales of City-owned land in the Airport Industrial Park closing on or after October 9, 1997, the City shall transfer to GACRAA, within five days of closing, the amount of the "Cash to Seller" and "Deposit or Earnest Money", as reflected on the Settlement Statement, less chargeable expenses agreed to by the Director of Aviation or the Authority.

Section 5.

The parties agree that as to the sale of the "Heat Pipe Technology, Inc. Property", the initial payment to the Authority, as described in Section 4 above, was \$97,110.62, and that the Reimbursement Amount to be paid back in ensuing years, as described in Section 3 above, would be \$42,850.00.

