

NORTH RIDGE COMMUNITY REDEVELOPMENT AREA

Annual Report

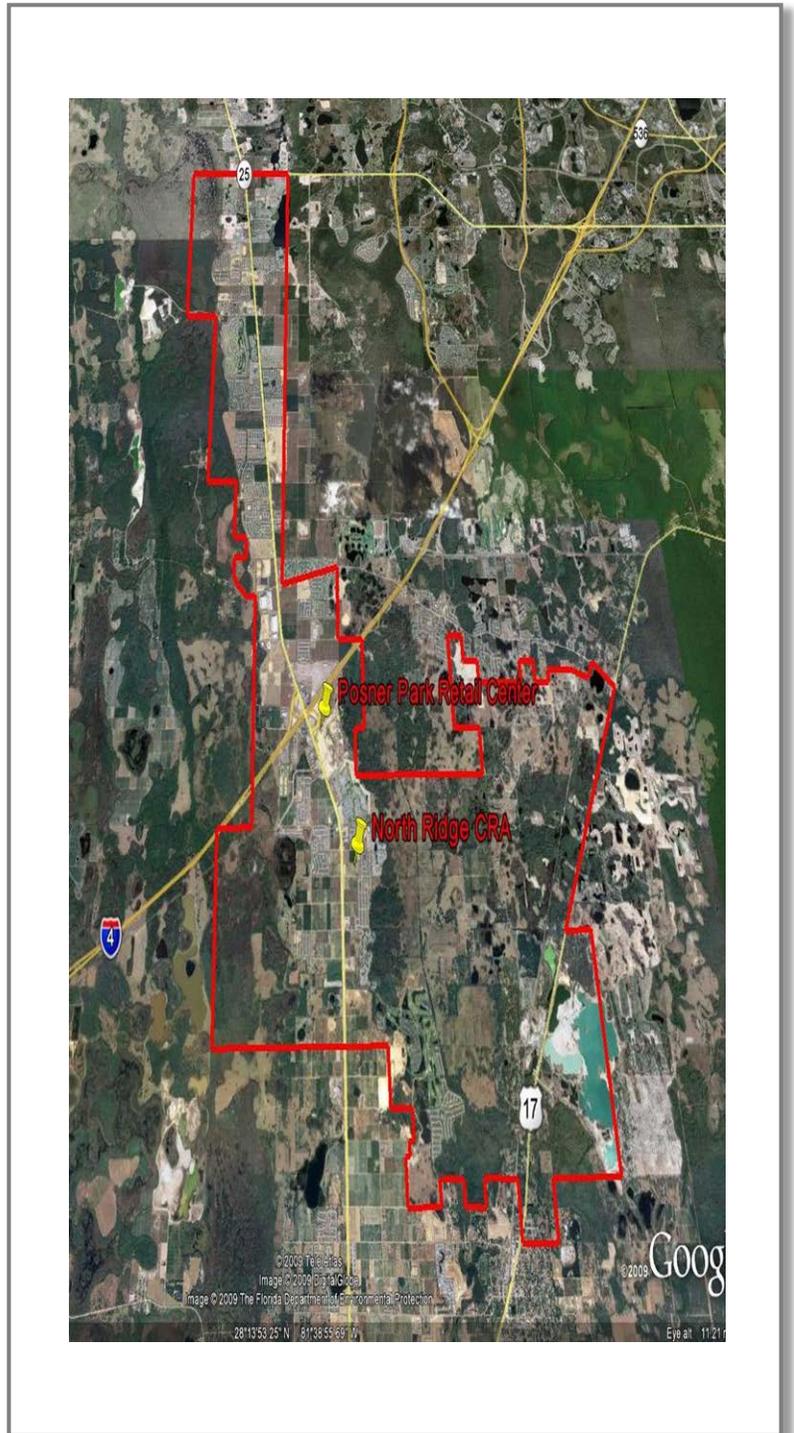
POLK COUNTY, FLORIDA

Fiscal Year 2014/2015

HISTORY

The North Ridge Community Redevelopment Agency (NR CRA) was established April 17, 2002 by the adoption of Resolutions No. 02-19 and No. 02-20. The Finding of Necessity concluded that economic “blight” existed within the North Ridge CRA boundary. This blight resulted from outdated land use patterns, a transportation system lacking capacity for increasing traffic volume, scarce library services, insufficient park and recreation, plus inadequate water and sewer facilities needed to meet the emerging demand from high population growth. The Polk County Board of County Commissioners serves as the North Ridge Community Redevelopment Board. An Economic Development Action Plan was initiated to provide recommendations and strategies for stimulating economic development and job creation within the North Ridge CRA.

The heart of the 16,000+ acre North Ridge CRA is the intersection of I-4 and US Highway 27 - one of the busiest interchanges along the I-4 corridor in Central Florida. 8.9 million people reside within a 100 mile radius of this junction. That’s more than the Atlanta and Charlotte metro areas combined. This bustling crossroad is home to national and regional tenants such as Best Buy, hhgregg, Ford Motor Company, Amazon, Walmart and others. A 310K SF. FedEx facility is now opened and in operation. Walmart (through Majestic Reality) is constructing two 1 million square feet of space to be used as fulfillment centers for online commerce. Employment will reach over 1,500 jobs during peak season. In addition, the McRaney Corporation and MDH are building over 1.5 million square



feet of warehouse space to support Walmart and other distribution businesses.

INFRASTRUCTURE IMPROVEMENTS - Transportation/Roadways

Despite a prolonged economic downturn from 2008 to 2013, the North Ridge CRA Capital Improvement Program (CIP) was able to deliver major infrastructure and facility improvements through Polk County's Transportation, Parks and Natural Resources, and Fire Rescue Divisions. The robust economy preceding this downturn escalated property values and in-turn tax incremental revenues.

The TIF balance grew quickly from \$1.38 million in FY 2002/2003 to \$39.2 million in FY 2007/2008. Annual incremental revenues peaked at \$13.02 million in FY/2007/2008, not including Parks and Library MSTU and dedicated 1-mill Transportation ad valorem tax revenues. These revenues provided the financial basis to aggressively implement roadway building projects recommended in the NR CRA Plan to address transportation system blight. \$46.74 million was spent on roadway infrastructure between FY2003/2004 and FY2012/2013. Of that, \$33.97 million was dedicated to the Ernie Caldwell Boulevard project and \$5.28 million was expended on the Pine Tree Trail section.

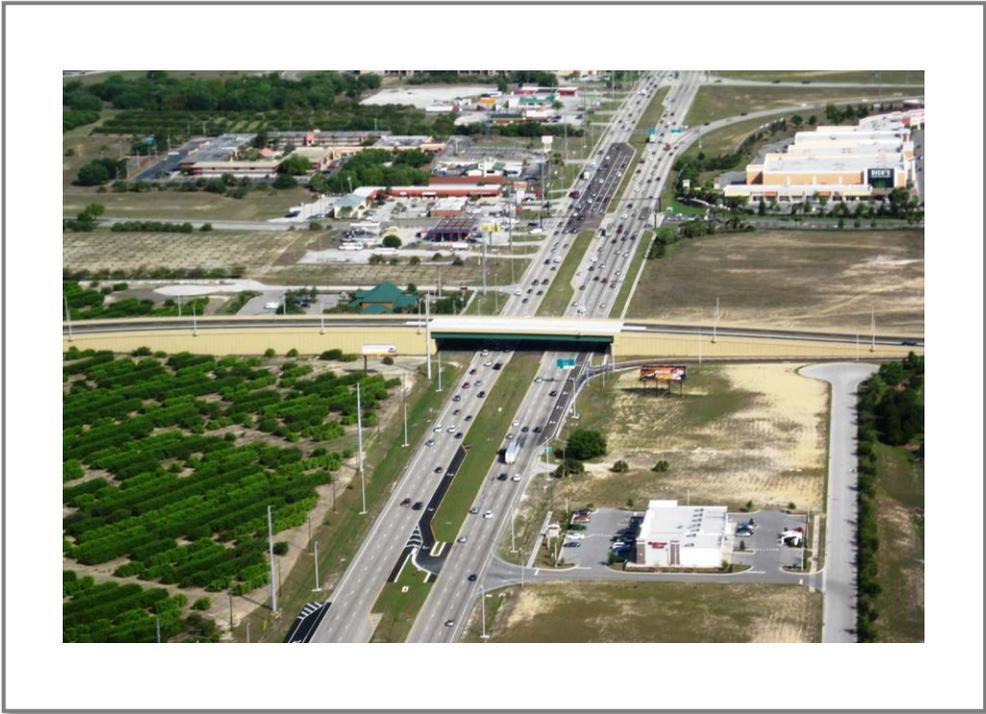
Following is a list of major roadway projects undertaken during that period:

North Ridge CRA Capital Improvement Program (CIP) Projects
North Ridge East-West Connector
Northridge CRA - Pine Tree Trail
Northridge CRA - North Ridge Trail Phase I
I-4 Box Interchange
Northridge Trail Phase II
Ernie Caldwell Blvd Phase I, IIA and IIB, III
Holly Hill Road
FDC Grove Road
Grandview Parkway I-4 Overpass
Northwest Quadrant Access Road

Only \$1.03 million was expended for roadway projects in FY2012/2013 due to scheduling delays in constructing the final segment of the Ernie Caldwell Boulevard from Pine Tree Trail to US 17/92. Budgeted at \$28.4 million, construction has started in 3Q2015 and will take about two years to complete.

A study to build the Grandview Parkway/I-4 overpass was initiated in FY2010/2011 with approximately \$750,000 expended through FY2012/2013. This project is part of the I-4 Box Interchange plan, but final design is pending Florida Department of Transportation's (FDOT) alignment plans for the Ultimate I-4 expansion and the Central Polk Parkway projects. Both of these long-term projects are complex and construction remains

unfunded at this time. High-levels of coordination are required so that all three projects fit and function as an integrated transportation network for northeast Polk County that converges within the NR CRA.



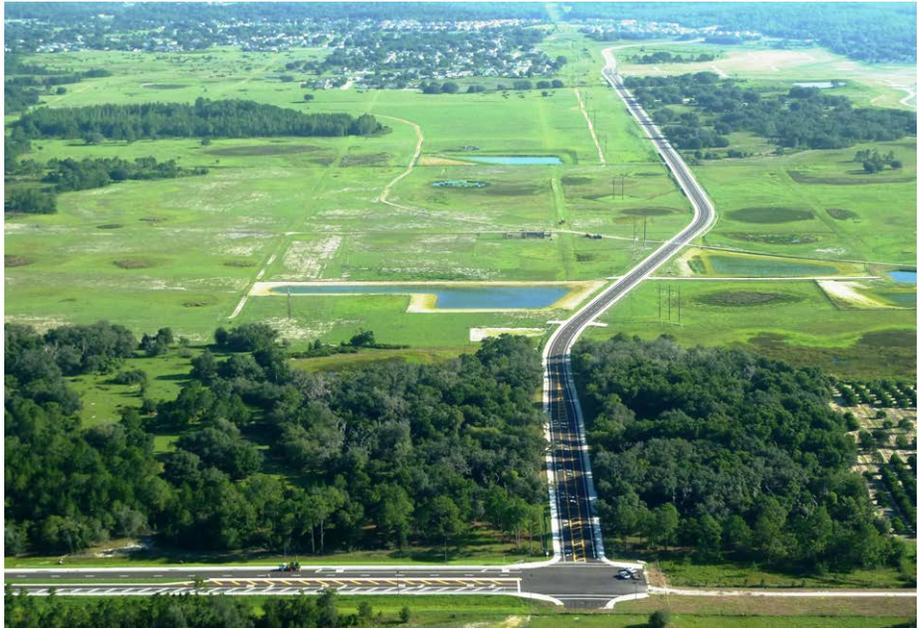
**Ernie Caldwell Blvd.
Bridge crossing U.S. 27
at Posner Park**

**Ernie Caldwell Blvd.
overpass at U.S. 27 and
extension to FDC Grove
Road and Heller Brothers
Blvd. (Home Run Blvd. to
Deer Creek Blvd.)**





**Ernie Caldwell Blvd.
looking westerly to
Posner Park from
the Pine Tree Trail
Intersection**



**Pine Tree Trail
looking north from
the intersection at
Ernie Caldwell Blvd.**

INFRASTRUCTURE IMPROVEMENTS - Public Safety

In addition to the large scale roadway projects, the NR CRA partnered with the Polk County Sheriff's Office in FY2006/2007 to address a need for local law enforcement facilities to serve a growing population. The NR CRA contributed \$3.36 million to build a new Sheriff's Command Center on Dunson Road that also functions as a public meeting facility. Quarterly NR CRA Advisory Board meetings have been hosted there since its completion in October 2009.



**Polk County
Sheriff's
Northeast
Command
Center**

Growth projections in the NR CRA and surrounding Northeast Polk County required the County Commissioners to invest in two new fire stations - the Cottonwood FRS completed in 2011 and the Four Corners FRS completed in FY 2013. Both facilities were funded by the Fire Rescue CIP. No NR CRA funds were used.

While not originally identified as key NR CRA programs, these noteworthy public safety projects represent over \$3 million of investment in the area.



Cottonwood Fire Rescue Station

INFRASTRUCTURE IMPROVEMENTS - Parks and Recreation

The need for additional parks and recreational facilities was identified as a key program in the original NR CRA Plan. Beginning in FY 2010/2011, Polk County acquired and started construction on the 83 acre Northeast Regional Park to serve a rapidly growing population center. Located just southeast of the US 192/US Highway 27 intersection, the Northeast Regional Park provides a previously unserved area with a variety of recreational amenities.

Facilities include six multi-purpose fields, two basketball courts, two tennis courts, two racquetball courts, a Grand Pavilion with playground, concessions, restroom facilities and walking paths. Fields are lighted and use a state-of-the-art artificial turf playing surface. Additionally, a boat ramp provides the first public access to the 127 acre Old Lake Davenport.

By the end of FY 2011/2012, the NR CRA had contributed \$4.3 million to the development of the Northeast Regional Park.

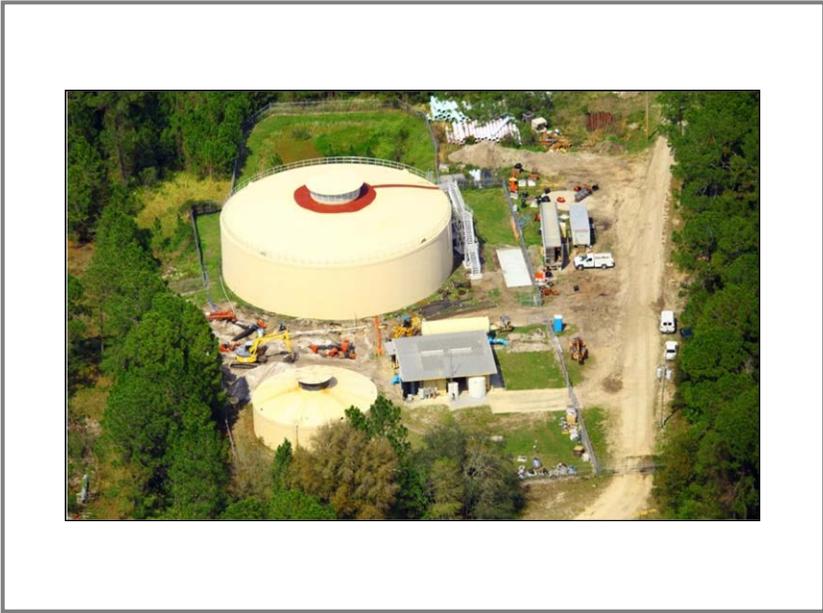


**Northeast
Regional Park
and
Recreational
Facility (with
Four Corners**

INFRASTRUCTURE IMPROVEMENTS - Water and Sewer Systems

For economic growth to occur, the NR CRA Plan recognized that water and sewer systems must be available concurrent with development. However, this is only a portion of the current and projected capacity needs within the Northeast Regional Utility Services Area.

The NR CRA has benefited significantly from the \$101.5 million capital invested in utility systems since 2008. \$3.6 million is being invested to increase capacity at the Van Fleet Water Plant Facility by early 2015.



Another \$2.5 million is being spent to relocate and upgrade utilities along U.S. 27 as part of the FDOT's widening project expected to finish in early 2016.

\$34.9 million has already been invested in the state of the art Northeast Regional Waste Water Treatment Facility completed in November 2013.

While these projects are located within the NR CRA, no TIF monies have been expended on utilities infrastructure. These utility infrastructure projects were funded through Polk County's Capital Improvement Programs.



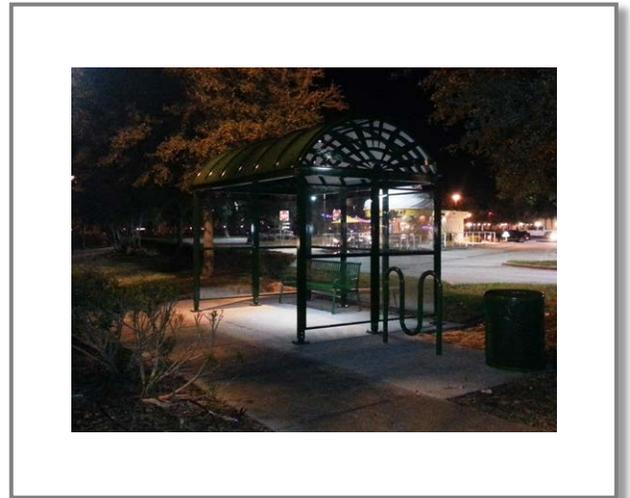
INFRASTRUCTURE IMPROVEMENTS - Transit Services

The NR CRA partnered with the Polk County Transit Services to install three new bus stops in FY 2013 budgeted at \$100,000. Installation was completed in 3Q2014 at a total cost of \$73,928 - or \$24,643 each - significantly less than the original budget for the project.



Each stop includes a solar lighted shelter with Lexan clear panels to shield riders from the weather, benches, bike racks, and trash receptacles.

Seven more shelters and 4 single drop-off landing pads without shelters are to be installed by end of FY2014/2015 at an estimated cost of \$194,777.



INFRASTRUCTURE IMPROVEMENTS - Library Services

Various options have been explored over the past four years to address the need for a library as outlined by the NR CRA Plan. Leased facilities using Library MSTU funds for capital improvements and equipment proved too expensive for the Library Cooperative operating budgets. As a result, an inter-local agreement with Lake County was used to provide library services to residents in northeast Polk County.

Negotiations to acquire land by donation have not been successful. The preferred site was adjacent to the County's Outpost 27 Visitors Center along southbound US 27 just north of the Ernie Caldwell Blvd. overpass. This alternative would have used TIF monies to build a small library using an intra-local agreement with Polk County Tourism to share operating expenses with the Library Cooperative. This agreement would have allowed for the sharing of meeting rooms, storage space, event hosting and other services.

Since land donation has not been secured, the plan to build a library has been placed on hold for the near future. In the interim, the Polk County Library Cooperative has book/DVD "lending machines" (similar to the Redbox movie rental machines) installed at the Outpost 27 location. Library patrons simply use their library card to access items from the lending machines. An onsite book drop is available for returns. The Library Cooperative also offers books by mail, traveling bookmobile and other services. For more information on library services in northeast Polk County, call the Library Cooperative at 863) 393-5610.

ECONOMIC DEVELOPMENT EVENTS Vacation Housing

The NR CRA is well-positioned in Central Florida to capitalize on a rebounding regional economy. Proximity to attractions such as Disney World, Universal Studios, Sea World and other Orlando entertainment venues has rekindled the local vacation rental housing market. Development applications have seen solid gains since early 2014.



Solaterra Resort, off Pine Tree Trail, is nearing sell out by two builders on Phase I. Phase II will add another 160 rental homes built with 4 to 7 bedroom units.

Silverleaf Resort, a time share development, began its first phase in 2013 which opened in late summer 2014. Phase 2 is planned to start construction early in 2015.

Orlando Fiesta Resort, another vacation rental development which had been on the drawing board, but stalled by the economy for several years, began construction in late 2014.



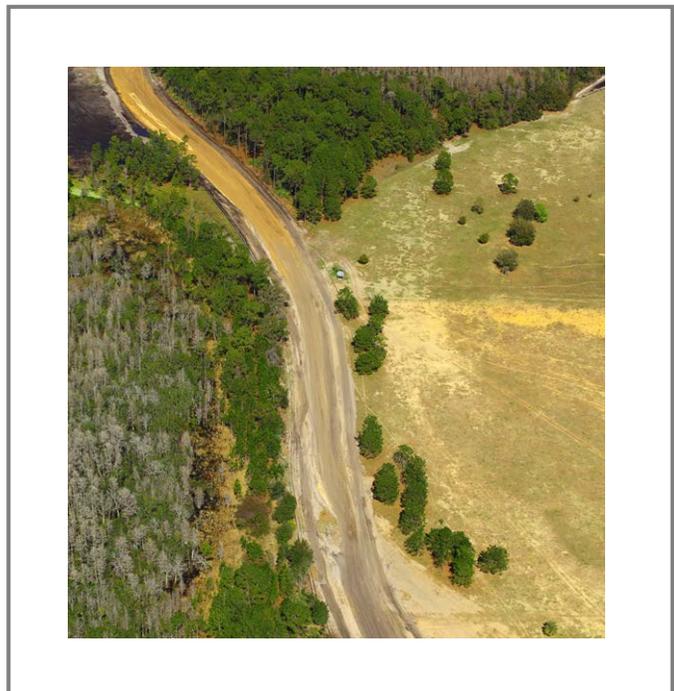
ECONOMIC DEVELOPMENT EVENTS

Logistics and Distribution

The logistics and distribution industry is also experiencing a robust resurgence. By early 2014, the inventory of warehouse/distribution space in the NR CRA had been fully absorbed with new tenants, such as CTDI (Communications Test Design, Inc.) which created approximately 200 new jobs and occupies 104,000 SF. A new Amazon Sorting Facility at Deen Still Road brought 100 jobs and absorbed 396,000 SF.



Jones Development of Kansas City, Missouri is developing a 310,000 SF specialized facility on a 40 acre site for Federal Express. Construction started January 2015 and is now completed and ready to open March 2016. This site stimulated construction for a southerly portion of the North Ridge Trail by the developer, with the NR CRA contributing \$1.5 million to the cost of the road.



Other distribution facility developers have been busy assembling land for “build-to-suit” clients and speculative purposes. One such 38 acre project will likely have distribution space totaling

580,000 SF. Other projects totaling nearly 4 million SF were being negotiated as 2015 begins. The center of this activity is located in the northwest quadrant of the I-4 and US 27 interchange.

The owner of the Four Corners “shovel ready” site has yet to start building the entitled 796,000 SF of distribution space on the southwest quadrant of the interchange. This has now changed owners from Prologis to MDH Partners. Discussions are ongoing with prospects requiring space in the 100,000 SF range. All of this activity will bring significant numbers of jobs and increased ad valorem revenues necessary to continue the progress achieving NR CRA Plan objectives.



Commercial and retail development has been slower to rebound, but small projects like Polk County’s 17,000 SF North Ridge Tax Collector Service Center, a Taco Bell restaurant, and a Family Dollar store have been built.

While the Posner Park retail complex lost a major department store during the economic slump, the space has since been acquired for redevelopment as a restaurant, bar and movie entertainment complex. The 45,000 SF Cinépolis Luxury Cinema has 9 movie theaters with seating for approximately 1,400 patrons. This project will go far in meeting the need for additional restaurant and entertainment venues in the area. There still is a shortage of new quality lodging, however. Most all of the hotel/lodging product is over 30 years old and no new product is on the horizon. This may be the result of 7,000+ existing vacation rental units and the hundreds being planned or built at the end of 2014. Competing product in neighboring Osceola and Orange Counties that are closer to Orlando area attractions has likely depressed the local lodging market as well. Finally, the FDOT is investing nearly \$2 million to create an eye-popping landscaped “gateway” to Polk County (and the NR CRA) at the I-4 and US 27 interchange. The installation of 1,500 trees; including palm, cypress, and pine, and other weather-tolerant plantings began late in 2014. An irrigation using reclaimed water from the nearby waste water treatment plant will assure healthy growth and a welcoming aesthetic.

THE OUTLOOK

The NR CRA benefitted from a robust economy from its creation in 2002. By FY 2007/2008, tax increment revenues of \$15.3 million contributed to a growing TIF balance that allowed transportation blight in the district to be aggressively attacked with key projects like Ernie Caldwell Boulevard. However, as the Great Recession set in, tax increment revenues started to slide with property values. Only \$5.1 million was generated in FY 2013/2014. As the economic rebound intensifies, revenues are projected to be increased to approximately \$5.9 million in FY 2015/2016.

FINANCIALS

See attached unaudited budget and actuals summary report for FY 2014/2015. This annual report will be updated with a final audited Comprehensive Annual Financial Report (CAFR) for FY 2014/2015 by end of 2nd Quarter 2016. The audited CAFR report for FY2013/2014 is also included.

END OF REPORT