



CITY OF HOLLY HILL, FLORIDA

CITY COMMISSION

MINUTES • DECEMBER 13, 2016

City Commission Chamber

Work Session

6:00 PM

CITY HALL
1065 RIDGEWOOD AVENUE
HOLLY HILL, FL 32117

City Clerk's office: (386) 248-9441 - Fax: (386) 248-9448

1. CALL TO ORDER

1. Roll Call

Attendee Name	Title	Status	Arrived
Arthur J. Byrnes	District 1 - Commissioner	Present	
Penny Currie	District 2 - Commissioner	Present	
John C. Danio	District 3 - Commissioner	Present	
Chris Via	District 4 - Commissioner	Present	
John Penny	Mayor	Present	

2. FOUNTAINHEAD MPUD

1. -DOC-2016-18

Fountainhead MPUD Discussion of Draft Mixed Use Planned Unit Development Agreement

(Requested by Thomas Harowski, Board of Planning and Appeals)

Mayor Penny stated they are here this evening to have a workshop concerning the Fountainhead project and it's quite clear that Mr. Forte sent out the Planning and Appeals recording to everyone and hopes that the Commission had a chance to listen to the meeting. Mr. Forte also sent out an invitation to the Planning and Appeals board members to come to this meeting and share some of their thoughts with us if they wanted to. Mr. Robin Hanger is here from the board. Mayor Penny asked if he wanted to share anything with the Commission this evening?

Robin Hanger, Planning and Appeals Board member didn't share anything at this time.

Mr. Forte stated there are a number of questions that over the last several weeks since the Commission authorized and approved the Incentive Agreement. A number of questions have come up, not necessarily directly related to the PUD details, some of the questions were but some of them weren't. A lot of the questions dealt with financing than it did the PUD. He did forward those over to the attorney's and Mr. Myer this afternoon as well as the Commission. He just figured there were a lot of questions going on and he assembled that list. He doesn't know if the Commission wants to approach that list first, second. Mr. Harowski does have a presentation that they will get to at some point and go over the same level of presentation that was done at the Planning and Appeals meeting. This is a work session for the Commission to discuss the project as owners of the property. The

city attorney will be here and he would tell them that their role at this point is owner of the property, looking at it as the applicant not so much the legislative process. This is an opportunity to talk about the PUD, talk about the expectations about the PUD and see what elements that they like, what elements are there that the Commission wants to make changes to and create that list of expectations that both parties are looking for and once they have an agreement on those expectations, they know what could be finalized and look to move forward. Since four weeks ago, since they last met at the last work session when the Incentive Agreement was done, there was some direction that the Commission had offered in terms of expectations and he's sure that's what is going to be...he's hoping that's what is going to be addressed tonight, and then they will take it play-by-play and let the conversation go where it needs to go. He thinks a lot of those questions that he sent out this afternoon are on everyone's mind. He thinks those should probably be addressed the sooner the better because there's a lot of unknowns and some of those questions came up at the Planning and Appeals Board meeting last Monday and they didn't have answer to those at that time either so maybe this is an opportunity to get some of those answers as they start talking about the details of the PUD.

Mayor Penny stated he thinks it's important that they separate the two issues. The issues as the seller and then the issues as the legislative body. He thinks it's important that the Commission starts with these questions. Many of these questions, he's sure, each of the Commissioner's had but his concern with the way that they have done the process was that he wanted to have some of the answers to these questions before they had approved the purchase agreement and approved the Incentive Agreement because these questions are really where the rubber meets the road but they did approve the other contracts and those are contingent upon an approved PUD. Without any objection from the Commission, he would like to call the applicant forward and the Commission all have copies of the questions here. He took some liberty before the meeting and tried to put them in some type of order because it looked like some of the questions were random and one answer may lead to the next question and they might only have to answer it once. If there's no objection, he's just going to start at the top and ask these questions here and then if anyone needs some more clarification on that question, they will discuss that question until they have an answer and then they will put a goal that the Commission expects for the answer and hash it out. That's what the workshop is for. It's a work in progress. If there are any questions that are not on this list that any of the Commissioners have then they will ask those. Mayor Penny stated that Attorney Mark Watts from Cobb Cole representing Jason Myer, Synergy Billing/Fountainhead has the same questions and they are not in any particular order. ***The first question is, "what progress has been made since the Incentive Agreement was approved by the Commission on November 15, 2016?"***

Mark Watts, Attorney with Cobb Cole, 351 E. New York Avenue, DeLand, FL for Synergy Billing/Fountainhead Project, stated let him suggest this, and he thinks the Mayor's leading question is the perfect thing to put it into context. He thinks there are a lot of questions that deal with the PUD, where it is, and where it's going and what the schedule is and how they are answering some of the questions on that and then there's some questions relating to the construction and the financing and everything else so he will start first on the PUD and what they've done since the last meeting, where they see things going in that regard and then he will call Jason Myer up and they can talk a little

bit more about the financing aspects and things like that and answer those questions, if that makes sense to everybody. Attorney Watts stated if they recall at the last meeting, he thinks one of the things, they had a couple of interesting scheduling things at the last meeting. They had made a submittal of the updated PUD on November 4, 2016 because we committed staff in that they were going to get an update in by November 4, 2016 and start moving things forward. But after listening to some of the comments that came out of the meeting on November 15, 2016 and going into the comments that were outstanding as they were going into the Planning and Appeals meeting earlier this month, particularly some of the comments around where's the "wow" factor, how do they encapsulate that with the MPUD. That's really where they've been focused. One of the things that their firm did was they went through the list of all the outstanding comments and exhibits and everything else. They made a submittal on November 4, 2016 and really based that on the documents and materials they had in hand. In the list that they created after that November 15, 2016 meeting, one of the things that they focused on, one of the primary things they focused on was, he thinks if they talk to Mr. Myer and see the concepts that he has for how this project will develop and what it will look like in that "wow" factor, they recognize the need. They have to create that, create those exhibits, create that theme through the PUD document. That was the principle thing that led them to when they got the comments back in from staff prior to the Planning and Appeals meeting, they didn't feel that they were going to be productive at that meeting if they were there arguing about some of these points so they felt that the most productive thing they could do is get the feedback there, come and get the feedback at this meeting and then work on answering those questions to move through on the schedule that they all agreed to in November for the final approval to be the 28th, so that's kind of what they've been focused on and what they've been working towards. Things like landscaping, getting updated landscaping plans that really encapsulate pictures that they've seen but aren't contained in the documents that are in-house right now with the city. They have been focused on that. They have been working with Zev Cohen and Associates to update those plans and be able to present new exhibits that respond to some of the comments and they may not agree on all of the comments that are outstanding but are much more responsive to the comments that they have seen that are outstanding at this moment in time and provide the level of detail in the additional information that he thinks everybody has been looking for and asking for. They have also had similar conversations along the line with things like the TIA (Traffic Impact Analysis). One of the things...they had a TIA that was done. There are comments from the County that are outstanding relating to that. There are comments with city staff that are outstanding relating to that. Their ultimate goal, particularly with a project like this, is to come in and be able to address the traffic issues and concerns and make sure that at the end of the day they all have agreed to a frame work that gets them to, if there's a proportionate share agreement that's needed or anything like that, gets them to a point where they know that the project, in its entirety, is vested for the buildout. In other words, based on what the full development schedule and the full development plan is, they have a set of terms that are agreed to by the County and by the city, that will cover the buildout of the development and make sure that they have concurrency provided for, for the buildout of the overall project. That was one of the other things they saw, again, he thinks Commissioner Currie, you in particular was asking about some of the TIA questions. They have focused on that. They are going to be

working to get through the comments that are outstanding on that. One of the things that they've had to deal with is there have been various conversations about the TIA. He thinks there were some understandings that were reached about what they were going to do but at the same time they are also dealing with another agency out there with the County and they have to River to Sea TPO. In July, implemented a uniform TIA methodology and so they have to make sure that they are fitting within that and so that's the process that they're working through right now and that's the additional detail that they feel they need to make sure they are providing as an update to both the city's staff and to the Planning and Appeals board and ultimately back to the Commission before they come through for the final approval. Those are the types of things that they have been focused on. Generated that initial list and we have been working with Mr. Myer and his staff since then to go through that list. They got some very good feedback, he thinks, from the Planning and Appeals board members when they attended their meeting last week and those are additional things that they are factoring in as they are updating plans and getting ready to come back in with a resubmittal that deals with those outstanding comments and concerns. He thinks that gets into a lot of different things, whether it's some of the comments about landscaping, some comments about traffic and how they are approaching the TIA and the outstanding comments that are on the TIA. The simple answer is, they're working through all of them and they're trying to do that...they set up a timeline when they met here on November 15, 2016 that expects them to be through the PUD process by February 28, 2017 and that's our target. They are aiming to not miss that. That's what they are focused on right now. Is making sure that the city has the information, that the information is reviewed by the people that need to review it, that if they agree on things they agree on them, if there's areas of disagreement, they are at least known and they can talk about them in the context of the public hearings but they are working to get themselves to that point. With that, he wants to continue to thank the city's staff because they are good to work with, they are clear on things that are expected of us and we're working towards that detail there for the Commission to be able to see. They have some graphics that Mr. Myer would like to share with the Commission. They can show the Commission what they envision the campus to look like. What they are working on right now is to put, in concrete terms, that vision into a PUD document that meets everybody's expectations.

Jason Myer, CEO of Synergy Billing/Fountainhead showed a PowerPoint presentation to the Mayor and Commissioners. Mr. Myer stated one key concept that he walked away with from the November 15, 2016 meeting was the words that Commissioner Currie used which was the "wow" factor. There's nothing that he does or Synergy does that doesn't have the "wow" factor so he was so disappointed that they concluded that last meeting and he didn't leave with a clear picture of what they were creating and that bothered him because every they do, they understand that the image that you project, that image is so important and what they are doing is making a significant investment in this community and it's not fair for them to not show the Commission exactly what they are creating, that was never the intent. There was other materials...the things he is going to share with the Commission this evening, these things have been prepared for six months. These weren't just done in thirty days. Somehow they didn't make it into the submittal. They didn't have a chance to look at or talk about those things during that meeting but they will tonight. This is something that he is very proud of. They put a lot of time into what they

will be creating and thinking for their vision for this campus and he wanted to start off by sharing with the Commission in looking at, kind of the evolution of the project and the original site plan, how it's evolved from the beginning to today. The first thing they will see in their packets is the June 2015 proposal of the site and the new proposed site. He knows that there have been a lot of concerns about the site plan. There's the evolution of any project. Especially, in a growing business like ours is that the needs of the company and the needs of the people evolve. In June 2015 they submitted their first rendition of the site plan and this site plan, all they took into consideration were our needs not necessarily all the needs of the community, the area on Center Avenue and Walker and they put together the first version and it wasn't bad but it wasn't the best that they could do either. He thought it would be helpful to look side-by-side (pertaining to the packet) at that comparison and to see where they were in June 2015. If they will notice, the uses are the same uses. There are some things that have increased in size and capacity and there's been some changes in configuration of the buildings but the original intent was to create a very compelling, googlish style campus that had certain key features and amenities. Those things have remained intact from June 2015 to current. As they take a look at the site plan they will notice some buildings that were a little closer to the street, some things were updated in order to remove them from that proximity of LPGA Blvd. to Center Avenue. If they look side-by-side between June 2015 and the new proposed, you don't see a lot of differences. The major difference is where they have positioned the workforce housing. They thought it might be better to have a view from the street with the water scape and the fountains versus just apartments. There might be some folks that live in these apartments who might want to look out their windows on to Walker Street. In the original version that they are looking at they will notice it at the top, just to give them the bearings, that would be Walker and if they are looking at the bottom of this conceptual site plan layout, the bottom is where LPGA Blvd. would be and on the right side, that would be Center Avenue. If they are looking side-by-side of what has changed, they have increased the capacity of their headquarters as well as their career academy, they've increased the amount of space. Some of their research and analysis have revealed that as their school grows, they may be in the future, up to 350 students enrolled not there at the same time but 350 total which would require more space, more square footage so there's been some increases there. In looking at their growth trajectory and what the needs of our business are they have also determined that they needed more space than what they first outlined so then that changed evolved. In the original proposal they had 33,000 square feet of corporate office space for some other projects and ventures that Synergy is involved in and they still have that in the current proposed site plan. The original amenities were over 23,000 square feet, that has increased to 30,000 which includes things such as the clinic, the fitness center, the daycare, the childcare. Workforce housing, when they were looking at that originally, it was 80 units, that has increased to 88 units, and now they have some accessory uses that are for storage maintenance and things like that to 11,000 square feet. If they look at the overall proposed layout configuration is today, they will notice starting at the corner of LPGA Blvd. and Center Avenue they have a water feature which is our gateway, our entrance in. They are imagining a specific Fountainhead sign with raised lettering and then that beautiful pond as they come into the city. They have the first building as they travel down Center Avenue, that's designed to be the amenity building. That's actually

labeled in our submittal as Parcel 1 but the amenities for the employees will be the second thing that they do after they focus on Parcel 2 in the corporate headquarters in that Phase 1. What is right now, the gymnasium and the media center, those are the very first things that they will begin working on and from the development perspective, they wanted to keep intact some of the original components but they also want to enhance and create an architectural style that is in alignment with what they seek to create which is a contemporary style. (Referring to the conceptual sketches in the packets) As they can see, he tried to show the Commission some ideas of what the buildings are and this is a sketch up system that shows the actual buildings that match the site plan. These are examples of the contemporary architecture style that they will be introducing. Now the two existing structures, the gymnasium, they will be taking the gymnasium and converting that into corporate offices because he thinks the Commission understands that Synergy has some immediate needs to get our business in there so that they can continue to grow and expand. The gymnasium will become the first home to Synergy Billing. The current media center will become the home for Synergy Billing Career Academy here in Phase 1. These are the very first things they will be working on. What the Commission can expect from that perspective is if they were to start tomorrow, Synergy would start with the gymnasium giving that very modern contemporary architecture style, they would do a new façade, they would add on to it and they would build a second layer to it. They would expand that building to be 20,000 square feet tall and with the media center, because as they can see, on the proposed site plan it looks a little bit like wings. It looks like a “M” almost, that’s the building that’s directly in the middle. If they are looking from LPGA Blvd., or from Center Avenue rather, from their main entrance, they will see the wing building that has a courtyard in the front which is add-ons to what is the media center right now. This outlines a north wing and a south wing and the idea there is they can start right now with it being the career academy on day 1 and then they can add on the wings and will phase in and that will evolve into the Synergy corporate offices. That helps them to get started right away, get in there and then add on, build on to those buildings to create the full corporate headquarters that facilitates their growth. As they move across the current site plan, they see there’s a 30,000 square foot building that is outward facing to Walker and then behind the gymnasium, they’ve outlined some accessory uses, they tried to create a courtyard feel between the buildings so they can move from building to building. They see from the original proposed site plan the workforce housing has moved from Walker and it is now on the western part of the property. They think it gives that more protection, better view for the residents and then it’s still in an open air campus environment. They can walk from the apartments to work and throughout the campus. The architecture, (referring to the conceptual sketch plans), these are some examples that are also included in the submittal. It shows exactly what the contemporary architecture will look like and with the existing buildings and structures, like the gymnasium for instance, it will be rehab to reflect this style appearance. The media center, it will develop to become...actually, they will building around the media center in the later phases so it will have a completely new façade on the outside. One of the things he also wanted to include for the city is specifications on each of the buildings parcels, comparing what was outlined in June 2015 to today and he also included some components such as parking, the floor to air ratios that show every parcel, everything that is outlined right now, will hold on its own and matches what’s outlined in

the MPUD. Now one of the things that is extremely important to him is landscaping, is green and it's also important to the people of Synergy Billing. There's been a lot of comments back and forth about what the landscaping may look like and that's been challenging for him because he knows the landscaping will be amazing but his understanding of this process is that the landscaping normally comes in at later stages. We're going to accelerate that. We're going to do a full landscape plan as part of their submittal because he understands that for this project and for each of the Commissioners and for the community how important that piece is. So what he wanted to do today is give some graphically representations of what it may look like but he would also like to get some feedback from the Commission through the workshop process to make sure that they are delivering landscaping that meets and exceeds their expectations because his goal will be for each of the Commissioners to come to the campus and he wants to hear them say, "wow". That's what he will be looking for. That's how he will know he has been successful with this. They want to have lush landscaping, they want to have nice thick perimeter and make sure our people who go for walks everyday have a nice trail to get through and walk around campus and not just have a sea of parking and make it where it looks like a football field or stadium. In the landscape conceptual designs they will see a couple of different things. They have some views of the entry feature and in the entry way, his vision for this is that they have large Palm trees right in the entry way. If they can imagine Palm Beach with the big Palm trees there, that will be the first entry into the campus. He thinks it's important that on the perimeter that they build up a berm so that it's raised a little bit. They don't want them to see too much in there but they don't want to hide the beautiful architecture. The thickness of what's outlined right now, it creates enough that is hidden behind, from street view, where they are not just seeing parking and things like that but as they drive by the entry way, they will be able to look in and see the buildings and see the architectural styles because he wants to make a statement with this architecture. He wants somebody to drive through here and feel like they've been transported to another time, like where am I because I don't feel like I'm in the middle of Holly Hill right now? Through the architectural style, through the different features, amenities, through the nature trails and things like that, that they will be creating, it will have that feeling. There's been a lot back and forth of what the landscaping may look like, he will do whatever it takes to prove to the city and substantiate that what we're creating will be dynamic. Whether, that's a full landscape plan as part of that submittal, we're happy to do that because so far there has been a reluctance to do a full landscape plan because that would typically be done at a later stage. The city, in good-faith, in the November 2016 meeting, approved the agreement and he is willing now in good-faith, do some things that may come in later stages in a development process, to show the city exactly what they will be creating. They have engaged Zev Cohen and Associates to do the full landscape plan and show the city exactly what they will see around the buildings and around the perimeters and within the parking lots. This evening he wanted to share with the Commission where they are at and get some of their thoughts and feedback on those things. What they have throughout this packet, throughout this submittal here, is some examples of the original proposed site plan and how that's change has evolved over time. He has included for the Commission some specifications on each of the individual parcels and buildings, sizes, as well as the specifications on that parcel. Some examples here of what the renderings will look like

from the street view as well as the entry well, as well as, some examples of the architectural styles. They've already done renderings of each of the buildings and then they've also found the architectural stylings that they will be creating as they take down each of those buildings.

Mayor Penny stated it's quite clear that you have been busy over the last month but he thinks they need to stick to these questions here and this will go into comments and some questions concerning landscaping and elevations are in there and will be addressed in some of these questions with the submittal. It's important that they get back to these specific questions that came up. The first question was progress and they thank you for bringing that to the Commission tonight. The second question is, ***"why was notice not sent out before the Planning and Appeals meeting and who made the decision to turn it into a workshop?"***

Attorney Watts stated as he mentioned earlier, when they looked at the status of the comments that were coming back in the staff report and looked at the materials that they had submitted and the conversations they had with Mr. Myer, we felt, and this was a decision that my partner, Mike Woods and I, were working on the PUD, decided that they would be more productive to use that meeting as a workshop to try and get the feedback from the Planning and Appeals board and then work on tailoring their exhibits as they moved forward. That was a decision that they made and then reached out to Mr. Forte and talked to Mr. Forte about converting that into a workshop so that they could get the feedback from the Planning and Appeals board members as well as from the Commission and work on that, along with tailoring on the new exhibits they were creating with Mr. Myer. That was something that they felt would be more productive then coming in with the PUD submittal that was made back in November 2016, that didn't have the exhibits that had the "wow" factor. That didn't have the feel and didn't capture what Mr. Myer just characterized to the Commission. He wanted to make sure that the Commission come out to the campus and say, "wow". They want to be able to provide those exhibits and those development standards in the development agreement so they felt they needed to tool it.

Mayor Penny stated he thinks the concern there is that the contract the city signed said that it would come to the Planning and Appeals board members and the city paid for the advertising to put it out and it seems like it was a unilateral decision on your part not to follow through with it.

Attorney Watts stated yes, and he thinks they probably should have talked with Mr. Forte a little bit more and with Mr. Harowski about that beforehand. He thinks part of that got lost in the course of the Thanksgiving holiday as well with various offices being closed because that all occurred relatively close to that time. But he thinks, with regard to things like the notice and everything else, the way that they did the continuance, preserved the cost of the advertising so it didn't have to be redone anymore. He is working on the mailed notices for the next upcoming meeting and that would be subject to us agreeing that we're all maintaining that schedule as they leave here this evening. Again, it was our feeling that we really wanted to have something that was further developed because we felt like, knowing the vision, knowing where they were with documents at that point in time, they recognized the need to improve it.

Mayor Penny asked the Commission if anyone else had questions on this question.

Commissioner Byrnes asked Attorney Watts how long has he been involved in this project?

Attorney Watts stated late August.

Commissioner Byrnes stated so he can see where he might have had to spin up and get to where he learned everything about it.

Attorney Watts stated we came on board and we started working with Mr. Myer late August and at that point in time what, as a firm, we sat down and talked with Mr. Myer and asked what's the key thing to move forward, we wanted to get certainty. If the Commission recalls, at the last month's meeting they talked about the fact that they focused on the Incentive Agreement and getting the Purchase and Sale Contract back in place and so between late August early September up to November 15, 2016 that was our focus. He thinks they have accomplished an awful lot in that 2.5 month period in getting that wrapped up. Now what they are focused on doing is the same thing with the PUD.

Commissioner Via stated when you were talking about being able to bring the MPUD in front of the Board of Planning and Appeals, my question is and maybe this is more for Mr. Forte, do you believe with the timelines that we established and the deadline of February 2017, could we meet all those deadlines to stay on track?

Mr. Forte stated that's actually a question for them to answer. He has calendar deadlines. It's whether or not they can meet those deadlines so that's a question for them to answer.

Commissioner Via stated well, that is a question. Can you meet the deadlines and if not, for instance, at the last meeting if we would have known that the Planning and Appeals meeting would be a workshop then tonight would be a workshop, he thinks our expectations would have been a lot different.

Attorney Watts stated, sure. He thinks with the timelines they have laid out right now in the contracts, he thinks we're able to meet that. In fact, that's what we're targeting. If at any point in time during the course of the next two months, we recognize that conversations with the County relating to the TIA or with the city relating to the TIA are being drawn out for whatever reason, we're going to come back and tell the Commission and we're going to say, "based on this, we think we may need this." So that they are very clear in that conversation in the discourse that it's not because we're not working on things but because we're working on things, other issues have come up that they need to address, that would be the only reason they don't meet the timeline that has been laid out in this point in time. He has a very similar project that he's working on right now and he had a meeting with the County on a TIA and our goal is the same thing. We're working toward March 7, 2017 as their final reading date that they're working towards on that project to be completed with a proportionate fair share agreement. We have tracked this along the same type of schedule.

Commissioner Via stated and with it Mr. Forte, we wouldn't be able to get this to the January 2017 Planning and Appeals meeting, correct? The MPUD, it would go to the February meeting?

Mr. Forte stated it all depends. What he can tell them is what the Commission saw this evening is not acceptable to the PUD requirements. It still doesn't have the detail that the Commission is looking for or what the City Planner is looking for. The Commission has...it's conceptual still but it doesn't meet the expectation of what the city is looking for. Being honest, he doesn't want to send them down the path of primrose if it's not going to get there. There's a lot of work to do and based on what he saw and what he sees

the expectation is, you're not going to make January 11th, there's no way. Can they make February 6th? Yes. They can probably make February 6th and you can still make February 14th and 28th City Commission meetings and stay on track with the contract to close by the end of February. That's possible. But he can tell the Commission there's a lot of work yet to be done. The elevations are conceptual. The Commission wants to see actuals from what he understood. The landscaping is conceptual. The Commission wants to see typical 100 foot sections. He doesn't know how long that takes so to answer Commissioner Via's question, do I believe January 11th is possible? No. I don't believe so. They may tell the Commission yes but it's up to them.

Commissioner Via stated and the city has committed to this project and he hopes that they showed that to them with the Commission's unanimous decision at their last meeting. That the city wants to move forward. They want to create 500 jobs and they want to see Synergy Billing be successful. That's what Holly Hill is about. Now, he would like to say that the city has now put the ball in their court. Commissioner Via asked have you reached out to staff in any way to have any assistance on some of the questions that we've asked or worked with staff in any capacity and have you had, have you been impeded by staff in any way?

Attorney Watts stated he doesn't think they've been impeded by staff but he thinks, with regard to the questions they received this afternoon, they haven't had any follow up about that because we got that list of questions this afternoon. They do have the list of outstanding comments and he thinks that that list is what they are working with as far as targeting the things that they know they need to get back in for the PUD to continue and the track to be approved by the end of February. That's their principle focus. With regard to things like landscaping that Mr. Forte just brought up and after they were here to continue the meeting last week, one of the things they talked about was creating those typicals. The exhibit that shows, what the Commission is seeing tonight is conceptual and what he said at the beginning of the meeting was what they are working on at this point in time is taking those concepts and turning those into a typical that would be their standard landscaping type exhibit they have with a PUD agreement. That's what they are working to translate right now.

Mr. Forte asked has the landscape typicals been ordered?

Attorney Watts stated they have. They had some preliminary ones that were done but they were just black and white so they didn't want to bring them and show them this evening but they have some preliminary stuff that Zev Cohen has worked on since that meeting last week. He has taken some of that feedback, along with some of the direction that Mr. Myer has provided based on the conceptals that the Commission has seen here. They are working to take those and put those in to development type documents that can be added to the PUD.

Commissioner Via stated and for clarification, will we have those landscape plans before we move forward with the MPUD?

Attorney Watts stated that will be part of the...the next submittal of the PUD will include those documents as the landscape plans.

Commissioner Via stated, great. He would like to see that and obviously, a TIA as well, as he brought up at the last meeting. He thinks they need a Traffic Analysis, a new one done on it, which may, actually, benefit them from what he understands from the last one.

Attorney Watts stated and he doesn't know, necessarily, that they have to have a new one done. Typically, when you're doing this, you create a TIA, you submit it in and it goes through staff review and then you go back through and do revisions so you don't necessarily have to go back and start from scratch with it but there's kind of a discourse that takes place between the applicant and the city staff and the County staff on what the results of the TIA are. They know from the comments that they have heard from Mr. Harowski there are some questions about distribution, they need to sit down and...the most productive way to approach that is to take the TIA and comments and sit down with the city staff and the County staff in one room and say, "what else do we need to tweak? How do we need to approach this?", if they understand the end goal. They can use a TIA for a couple of different things. A typically rezoning TIA is looking at what are your macro level impacts to the transportation network. What are the types of things that are going to fail as this thing builds out? If they approach it that way, they may create a PUD that has a couple of bench marks where you have to come back in and do additional analysis. The other alternative is they kind of drill down into that level of detail now and also use the TIA and the PUD to be what you're taking through the process to a proportionate share agreement or anything like that in place so that at the same time you're not only identifying when you have to come back and test but based on the projective buildout that you include in that analysis, you're also vesting your concurrency, which we see that as being the target. They want to get to that. They want there to be certainty for the city and they want certainty for Mr. Myer in his company moving forward with the city. That's where they are heading with the TIA. There's a lot of work that needs to be done in that regard but it's certainly manageable within the timeframe that they have.

Mayor Penny stated his concern is that it appears that there is a sense of urgency that's been created by the documents that were signed. He knows that Attorney Watts is new to the project coming in in August but I've been in meetings well over a year ago asking for typical 100 foot landscaping renderings. Commissioner Via, your point is well taken. These things take time and take commitment on both sides and he understands Mr. Myer's reluctance to do it until he had the contracts in place but he doesn't want Commissioner Via to think that this is something new that staff has put forward to try to impede the progress. This is something that staff has been asking for, for well over a year.

Commissioner Via stated thank you Mayor.

Mr. Myer stated there have been a few examples, they just...we've already submitted some typical renderings. It's not up to Synergy quality, it's not as thick and robust as they would like to see it. They have already engaged a few of the watermark style drawings that are just not impressive to him and not impressive as part of the submittal and they are expecting from Zev Cohen some impressive products.

Mayor Penny stated and the other thing that was brought up is the communication, what's happened since Mr. Harowski sent his report out. He thinks the key element here is communication or lack thereof. It's his understanding that Attorney Watts has not had any contact back towards the city since Mr. Harowski sent them those twenty-one

requests and if there's a sense of urgency and we have a hard deadline, I would have been calling Mr. Harowski the next day, "how do we get this worked out?"

Attorney Watts stated there's been conversations about the project and where they were with it since staff report came out. What he thinks they recognized with regards to the staff report is the response to a lot of those things is in the updated detail that needs to be provided. They will work on making sure that Mr. Harowski is up to speed with where they are with regard to developing those exhibits and if they have to have Mr. Harowski looking at some preliminary ones as they come through to make sure they are addressing the comments he has outstanding.

Mayor Penny stated that's his concern here. If there's a deadline here and if they assume they have answered every one correctly and submit to staff, he reviews it, by the time it gets back to the Commission, they might miss a deadline.

Attorney Watts stated, right. And they are happy to continue working with Mr. Harowski closely to make sure that he's aware of every step that is being taken.

Commissioner Byrnes stated in case there is somebody else that agrees with him, he wants it on the record that he doesn't think that a traffic impact analysis is necessary. That property used to be a school. There were hundreds of cars that went there every day with students and faculty and staff and this project can't be anymore impactful than the school was on that infrastructure.

Commissioner Via stated, Commissioner, with all due respect, all that traffic is still in that neighborhood. It just moved down one block. The Holly Hill K-8 School.

Commissioner Currie stated Commissioner Byrnes, I also, disagree with you as I stated before, a large majority of those kids were bussed in. There was not a lot of traffic from parents dropping off as you try to indicate. The majority of them were bussed in or walked or road bikes. I just don't feel as though it was such a great impact by vehicles like you are trying to indicate. I think it will be a greater impact with the vehicular traffic from Fountainhead.

Commissioner Byrnes stated he just wanted it on the record how he feels about it.

Commissioner Currie stated she understands.

Commissioner Byrnes stated he understands everybody has their own view.

Attorney Watts stated he appreciates Commissioner Byrnes pointing that out for the record. He thinks that when it comes to doing something like a TIA, one of the things that's good in Volusia County, as he mentioned early on, they have a transportation planning organization that covers the entire County and parts of Flagler, and they have a standard methodology and they have a standard requirement on when a TIA is required. He thinks they have to go through that exercise. The traffic was there before and that's part of what will be factored into that TIA. There may be some difference in peaks and peak times and things of that nature. They will work through that. Now, one of the things, and this kind of goes to the timing issue, the County has a lot of volume coming through right now and they've had comments on this TIA that they can go through and address. They are going to work and set a meeting with them. He was meeting with John Cheney this morning on another project and Mr. Cheney is leaving next Tuesday and will be gone until January 4th so that is part of what they will be working on as well is making sure they can coordinate working with him. With regards to the TIA, we're really focused on making sure we have that wrapped up and in agreement with everybody by February 28,

2017 because there may be some time that they may have to continue coordinating with them or their staff is backed up or out of the office.

Commissioner Byrnes stated and that's his concern, he doesn't want something like that holding up the entire project.

Attorney Watts stated he thinks it's doable and they are committed to making sure they hit those targets.

Mayor Penny stated on to question three, *"the status of the TIA"*. He thinks they are working on that. Unless anyone else has questions on that.

Mr. Forte asked, when?

Mayor Penny asked has that...

Mr. Forte asked will that TIA be available in time for the next submittal by February?

Attorney Watts stated he thinks that they...what they are working on right now is the response to the outstanding comments on the TIA and defining anything else that needs to be tweaked on that study and based on where everybody ends up on that analysis, he thinks that knowing where the city's deadlines tend to fall, they should have something to be able to turn back in.

Mr. Forte stated so he will have an interim response to the TIA comments by the next submittal?

Attorney Watts stated, yes.

Mayor Penny stated and it will be based on the current submittal...

Attorney Watts stated, yes.

Mayor Penny stated not the previous.

Attorney Watts stated updated on the current site plan and land buildout.

Mr. Forte stated and that may be favorable.

Mayor Penny stated, right. Question number four, and he thinks they covered this too, *"what is the status of the elevations and landscaping designs the Commission requested at the last meeting?"* The Commission has seen the conceptual ones and we're asking for typical 100 foot in real elevations.

Attorney Watts stated and that's underway with Zev Cohen. Let him mention the elevations right now because one of the things that, he thinks that they see in the presentation and on the boards that they brought this evening, is kind of the themes of it but when you are putting together actual elevations for buildings, it's kind of the next step in the process. What they have done in the past on PUD's is set the theme based on examples, set the theme based on conceptals that have been prepared and require actual elevations for the buildings when you come in for a site plan for that building or development permits for the building, that's something that they would like to keep open as an option here. That's something that they think is reasonable because then they are, if they were looking at a project that is going to build out over four years or five years, the buildings may change. The configuration of it may change. There could be change in how the layout occurs so if they set that style and require the specific submittal as they are coming in with site plan approval for that next phase, that would be a reasonable way to approach that as well. That's just something for the city to consider. They are happy to get to a conclusion on whether they can all agree at the staff level that that's an approach that would work and then bring that to the Commission with the conclusion that they've agreed on or they disagree at this point, they ask the Commission what their preference is.

Mayor Penny stated his only experience with a large PUD was on 3rd Street and Ridgewood which never got built. He saw what the buildings were going to look like. They were down to specifics. Roof tiles, window shapes and colors. The PUD is a very powerful tool and it assures both parties and the citizens of what is going to come. He has been the biggest cheerleader of this project and he stands on record saying if this project is built as presented it is going to be an amazing project for the city. It's going to be a catalyst for the city. Where these questions come from and he thinks are many of the Commissioners concerns are is that they have a fiduciary responsibility to the taxpayers to guarantee as much as possible that what is presented is what will be delivered. He, for one, would be more comfortable with real elevations. He knows future buildings could change. PUD's are amendable but he would really like to see what that first...the gymnasium and the library are going to look like.

Mr. Myer stated and you will be able to. The city will have full veto power of that regardless of which way they go because if the city doesn't like the way it looks, don't approve the final site plan. The city holds all the cards.

Mr. Forte stated it's too late by then.

Commissioner Byrnes asked for clarification.

Attorney Watts stated what they are talking about is if they set the standards...you can even have material boards, roofing materials, siding materials and everything else included in an architectural standard without having a full elevation of a building developed.

Mr. Myer stated if it doesn't match with what they put in the PUD, don't approve what's been submitted but to go to the length of outlining the exact buildings and how each of those buildings are going to look...

Mayor Penny stated and that goes back to his concern last month was that all three of these documents should have been placed together. The purchase agreement, the incentive agreement and the PUD because the city has already executed two of those documents and if they had not executed any of those documents, they could go back and if they...let's say you build the one on the bottom (referring to the conceptual drawing plans), maybe that's more incentive than the one on the top. He doesn't know. But all these things are in his brain are intertwined and all three documents affect how the other documents are going to be put in place. So, maybe he is being more cautious or maybe these questions are cautious because he's been told this is either the "yes" or "no"; these questions are either the "yes" or "no" to the other documents that the city has already approved and that's why he didn't want to approve them at the last meeting. He, for one, would like to see what they're going to look like. He would feel more comfortable but he is one of five.

Attorney Watts stated let's see what kind of a standard they can develop and talk to staff about how they can provide a level of comfort out there. There may be some place that they can meet in the middle on that.

Mayor Penny stated, okay.

Attorney Watts stated let us work on that and we'll note that as a particular issue we need to focus on the appearance.

Mr. Forte stated even from his understanding and maybe Mr. Harowski needs to help him with this, once the PUD is approved by the Commission, by that time or pretty close thereafter, the developer will purchase the land and then the site plan comes after that so

it would be extremely difficult for the Commission to deny a site plan without legislative, without legal competent evidence that it doesn't meet something. So, really the Commission's ability to deny something is prior to the PUD being approved.

Attorney Watts stated he thinks that depends on how they put the standard in the document because he's used this example and told Mr. Myer this example before, they did a project in DeLand with the redevelopment of the DeLand Country Club and they provided in that there would be an architectural theme and they provided examples of what they would be and that it was subject to final approval by the Commission before they could move forward with the site plan. They spent three months talking about, after the PUD was approved, they spent three months of coming back to Commission meetings because they were trying to nail down what the architecture of Publix was going to look like and what the final building appearance was going to be and whether it met with the Commission's approval with regard to how they envision that architectural standard when they set the PUD. He doesn't want to create a situation where they are spending three months talking about colors but the city has those keys to making sure that the city is comfortable. He thinks they can work on recognizing that's a key issue and work on a way that they can satisfy the Commission's concern.

Mr. Forte stated but timing wise, the construction is supposed to start three months after purchase. If he was the developer, he would be nervous that they approved a PUD and he may not get his site plan approved. He's kind of on their side of the table thinking he would want to know that "before" he buys half a million dollars' worth of property.

Attorney Watts stated, right.

Mayor Penny stated question five, ***"Has there been any progress on developing construction documents yet?"***

Attorney Watts stated the renovation documents are underway. He doesn't think they have anything that's ready to submit for a building permit at this point in time.

Mayor Penny stated question six, ***"What is the estimated cost of construction of Parcel 2?"***

Attorney Watts asked Mr. Myer if he had a total cost that they can throw out from an estimate standpoint?

Mr. Myer stated right now they are looking at \$5 million dollars is the budget.

Mayor Penny stated now, he's no contractor but if he's looking at 121,000 square feet at residential construction costs of \$100 a square foot, that's \$12 million dollars.

Attorney Watts stated part of it is renovation, so they have some existing space that already exists.

Mayor Penny stated, right.

Attorney Watts stated and he doesn't know how to go about getting into analyzing it but...

Mr. Myer stated the phasing of it...as they see in the site plan, they are building wings. So, with those wings they will phase it in. So, the first part of what they're building, will be built in

Phase 1 will be \$5 million dollars.

Mayor Penny stated, okay.

Mr. Myer stated that won't be all of that 121,000 square feet of space.

Mayor Penny stated, okay.

Mr. Myer stated for the total build out of all that, they will be looking at approximately \$15 million dollars.

Mayor Penny stated, okay because he's using 21,839 square feet for rehab at \$80 a square foot which is \$1,747,000. For new construction of 88,333 square feet and he was very generous at \$150 a square foot and he believes its Class A is about \$230 a square foot that's \$13.2 million and then the accessory building at 11,000 square feet at \$50 a square foot is about \$560,000. So, he came up with \$15.5 million for Phase 1.

Mr. Myer stated well, that's not Phase 1 is. Let's be careful about the language. Phase 1 for us is rehabbing the gymnasium, creating 20,000 square feet of space so Synergy can move in and can begin growing and rehabbing the media center, so we're talking more like 27,000 square feet of space. We have budgeted \$5 million dollars for Phase 1, which will be buildout, rehabbing the gymnasium, the media center, site work, landscaping. All of those things.

Mayor Penny stated, okay.

Attorney Watts stated and it sounds like the overall, was somewhere close to the ballpark of \$15 million.

Mr. Myer stated it's a \$25 - \$30 million dollar project.

Mayor Penny stated that leads to the next question, which is, ***"What are the estimated time tables for Phase 1 all of Parcel 2?"***

Attorney Watts asked all of Parcel 2 development?

Mayor Penny stated, yes because the Incentive Agreement says that the reimbursements from the city are paid upon completion of all of Phase 1 - Parcel 2. The way he reads the contract, that's at the end of the 121,000 buildout, would be the reimbursements from the city.

Attorney Watts stated and he thinks that's a point where they are going to have to create some clarification in between the documents and how they work together because we do say Phase 1, I think it's in paragraph 8 of the Incentive Agreement, they talk about reimbursements coming in when Phase 1 is completed. Phase 1 is not specifically defined anywhere as this thing.

Mayor Penny stated he thinks it says, *"Notwithstanding any other provision in this Agreement to the contrary, reimbursement of Initial Redevelopment Improvements from the New Employee Incentive fund shall only be paid by the City and Agency upon issuance of the Certificate of Occupancy for all of Phase 1, which is the development of Parcel II."*

Attorney Watts stated I think we're going to need to work in making sure we're all on the same page with that because I think the intent was...

Mayor Penny stated he thought we were a couple of months ago?

Attorney Watts stated I think the intent, and this is something that we've talked about needing to go back and perhaps clarify is that a lot of that initial reimbursement is looking at those initial landscaping costs and things of that nature that are going in with Phase 1, the rehab of the initial relocation of Synergy's Headquarters building there and the academy along with the improvements along the perimeter of the building. That is something that they will need to continue talking about.

Mr. Myer stated the intent, when Mr. Forte and I were first talking about this, was we wanted to get all the landscaping done in the beginning but it may not make financial

sense for us, the developer, to landscape property we don't yet own. So, the intent in that was when we move in and we get our Certificate of Occupancy, we can get reimbursed for that work that we're doing in the beginning and that way we didn't have to put part of the perimeter landscaping in place, not all of it, that was the intent of it.

Mayor Penny stated, okay. So, ***what would the estimated timetable be for the completion of all of Parcel 2?***

Mr. Myer stated well, everything...right now, the timeline is a six year timeline. If economic conditions remain the same. That's for the entire project.

Mayor Penny stated well, the incentive is, if the faster it is built the more reimbursements come back to the developers. Question eight, ***"Have you selected a contractor yet?"***

Mr. Forte stated before they get off that, we are still going to run into a debate, if not today then down the line, on how that...the jobs growth money is going to be used for initial construction reimbursements and he thinks the sooner that gets addressed by both the Commission and the developer, the better. And if this is a job...if this is a performance based reimbursement and the city agrees to use "some" of the money for the jobs for initial reimbursements, he thinks the Commission and the developer should set a standard and he mentioned earlier, once the headquarters is built and the jobs move in and those jobs are reimbursed, whatever is left over could and should be used for those initial reimbursements. The question is, how many jobs should that be? And if they used, as an example, maybe it will take a year and a half, two years to complete the headquarters...he doesn't know, maybe by that time they will have 130 jobs to move in. One hundred and thirty jobs, that's \$390,000. He thinks, at least that much money should be set aside and be held for jobs reimbursement and then the balance can be freed up after that for the initial improvements, which at a \$540,000 purchase, they're looking at about a \$160,000 for initial improvements reimbursements.

Attorney Watts stated and he thinks there's a push and pull on the jobs...the two things that they are talking about here. The initial improvements that go in that are benefiting more than just the campus and obviously, the city's interest in getting the jobs. So, he thinks that's an area that they may need to sit down and talk a little bit more about that provision and see if there's anything they need to make sure they're addressing so that everybody's on the same page.

Mr. Forte stated this should be resolved before the PUD is approved.

Attorney Watts stated, yes and he thinks they can do that.

Mr. Myer states the bottom line is, what the goal would be is they would like to rehab those two buildings to be able to move in sometime the Fall of next year, depending on timelines, and when they move in, be able to landscape all of the perimeter and have the entry features so that way they have something to show off for the city and then from the Fountainhead perspective they know that if they are going to make that investment and all these entry features and all these landscaping, that they are going to be able to recoup some of that money that they might not normally have to spend at this stage. That's the intent and that's what they are trying to accomplish. He would agree with the Commission that if there's money left over after they do landscaping and the entry features and everything, sure, reserve it for the jobs.

Mr. Forte stated, the other way. The money that's reserved...

Mr. Myer stated that was the intent of our agreement.

Mayor Penny stated he was under the impression that this was always jobs generated.

Mr. Forte stated jobs, growth, money.

Mayor Penny stated jobs equate to incentives.

Attorney Watts stated right now there is some ambiguity in that paragraph and he thinks they need to sit down and work through that and figure out where they end up that addresses both comments on that particular issue.

Commissioner Currie stated that was her understanding as well.

Workshop adjourned at 7:05 PM and will continue after the regular City Commission meeting.

Workshop reconvened at approximately 7:35 PM.

Mayor Penny stated he thinks they got stuck on the reimbursements and he thinks they need to settle that now rather than later. He asked Mr. Forte to pull up the Incentives Agreement that the Commission approved at the last meeting and just see where they are with that. It clearly, it's paragraph 8, it says in the last sentence, "*Notwithstanding any other provision in this Agreement to the contrary, reimbursement of Initial Redevelopment Improvements from the New Employee Incentive fund shall only be paid by the City and Agency upon issuance of the Certificate of Occupancy for all of Phase 1, which is the development of Parcel II.*" The way he interprets that is the 120,000 square feet on Parcel 2.

Attorney Watts stated, right.

Mayor Penny stated he thinks that's where they might differ.

Attorney Watts stated he thinks there's a bit of difference on what all is included and when they would be eligible to come in and get reimbursements. He thinks one of the statements that Mr. Forte had talked about was this is new employees incentives so they know that day one they're going to bring 100, 150 whatever the number is of employees that are going to come into that parcel. That's not at buildout. That's not at the full buildout, rather in Phase 1, that would be at the completion of what he thinks they refer to as Phase 1. Which is that initial rehab and the initial relocation of the headquarters and the academy on to the site. At that point in time, let's say that qualifies them for half of those new employees incentive dollars, under the formulas they got in there, at that point in time, if they were also as part of that part of the project, doing the perimeter landscaping and the things that create the benefit off site for the people that are seeing the site, that was, he thinks, their intent was always that as they are occupying the site the first time and bringing the jobs to the site, that the reimbursement of both the job dollars that were created there and the construction costs, what they had defined as...initial redevelopment improvements, would be reimbursable at that time.

Commissioner Danio stated those are jobs that are existing though, correct?

Attorney Watts stated but they will be relocating into, they are part of what they are...

Commissioner Danio stated they're not creating new jobs that they are bringing over?

Attorney Watts stated what they are bringing into Holly Hill and that was part of what was initially...qualifies for some of the some of the incentives.

Mayor Penny stated he thinks his frustration with it at the...he didn't know this was going to come up tonight but his frustration is that they've had lawyers on both sides negotiating it, countless hours of staff, and it's in black and white but they don't have an

agreement on what “*is*” means. This doesn’t seem like a great way to start a relationship if they are going to argue about that.

Attorney Watts stated honestly, he doesn’t think it’s even something they have to argue about. He thinks it’s something they can sit down and work out fairly easy.

Commissioner Currie stated she doesn’t think this is anything they need to sit down and discuss or try to work out because that’s what it says and that’s what she agreed to and she’s not willing to change it. At least this Commissioner is not willing to change from what that says. That is what she thought it said. That is what she is willing to go by. She is not willing to have her City Manager sit down, her City Attorney sit down and renegotiate any of those terms. That’s how she stands on the issue.

Attorney Watts stated and he doesn’t see they’re opening up anything for renegotiating...

Commissioner Currie stated she doesn’t understand the misunderstanding.

Attorney Watts stated he thinks the only question is, is what is...

Commissioner Currie asked Attorney Watts to please explain to her what the misunderstanding is on this document?

Attorney Watts stated I think the only place where there’s a difference in terms is what we look at as Phase 1 of the development of the property. Phase 1 of the development is the initial phase that’s coming in when Synergy occupies the property. That is the renovation, the two existing buildings - the gymnasium and the media center, the relocation of the headquarters to those buildings. As they are looking at this and saying, “okay, what’s the first phase they’re going to come in and work on”, they talked a little about that tonight. What’s the first phase they’re going to come in and work on which is the rehab of the gymnasium and the rehab of the media center and the occupancy of the buildings by those two uses and at the same time they’ve been talking about using, at that point, also doing the perimeter landscaping around the site. He thinks as they had gone through and finalized this document, that was the Phase 1 that they had in mind going through this particular...when they were reading this particular sentence. That’s the Phase 1 they had in mind, that they were looking at. They don’t have anywhere in this document where Phase 1 is fully described as this is what Phase 1 is going to be. What he is suggesting, all they have to do is clarify and they can do that at the PUD or they can do that through this document, clarify what is Phase 1 and make sure that everyone is on the same page with that. He had a similar issue come up on another agreement and again, it’s one where they have lots of attorneys dealing...back and forth on different sides of things but they got to a point where there’s one issue that didn’t occur to any of them until they were a year and a half passed the time they had signed the document and they were there sitting there trying to work through one of the provisions in the document and one of their engineers said, “well, what does that mean?”, and he said he thinks it means this and the other attorney said he thought it meant this and so they sat down and said that the engineers say it should say this, let’s change it and make sure everybody is on the same page. That’s the only thing he is suggesting. If they don’t agree on what that is, they can tweak it and the city are the ones who ultimately have to be satisfied with it.

Mayor Penny stated so to paraphrase, their intent is that Parcel 2 will now be a phased approach? Parcel 2 will not be...construction on all of Parcel 2 will not begin simultaneously. It will be like Attorney Watts described earlier. The gymnasium, the library and then add the wings.

Attorney Watts stated, right. And he thinks that's consistent with what they walked through in the beginning of this. That the initial relocation and the balance of what they see on Parcel 2 comes in overtime as the company continues to grow and occupy the space.

Mayor Penny stated at the risk of being redundant, that goes back to his point why they shouldn't have entertained the previous two contracts until they learned that Parcel 2, which they learned this evening, is intended to be phased project rather than his interpretation was Parcel 2 is Phase 1 then Parcel 1 then Parcel 3 would be the phasing he saw from reading it in black and white but Fountainhead's intention is that Parcel 2 will be a phased project and then Parcel 1 or Parcel 3 may or may not come in at any definite time, just depending on when the market might bear it.

Attorney Watts stated again, what they are looking at with the overall project is roughly if they go with their option schedule, they have about a six year time period, from beginning to end, the motivation obviously, is to get it done as soon as they can because it maximizes the return on the incentive agreement so, that's the motivation. The development of what is going to occur on Parcel 2 for Phase 1, he thinks it's what Mr. Myer walked through earlier, they come in with the initial occupancy as growth continues and he thinks they were talking growth rates earlier and right now space is a constraint for growth rates so as the growth rate continues with the business, those additional ones will be added on. So they will have the initial pieces that will be occupied and either immediately...or there again, it's going to depend on space needs and growth but the wings are added on to that building and the connector is added on to that building as they saw in the footprint. Those will be occupied. There may still be work going on adding on those other pieces but that occurs over the lifetime of the project, over that six year period.

Mayor Penny stated so, they have no conclusion here. Mayor Penny asked Mr. Forte and Attorney Simpson what's their recommendation to the Commission. Is this something that is tweakable?

Mr. Forte stated everything is always tweakable. The problem that he has is if they can't resolve it now, they're going to have this argument in the future.

Attorney Simpson agreed.

Mr. Forte stated and it's best to resolve the argument now. His intent was that and he can pull up the initial letter was that the jobs growth money would be used for the jobs to be relocated and then anything left over after that initial movement of those existing jobs, the balance could be used for the improvements.

Attorney Watts stated he thinks they are saying the same thing though.

Mr. Forte stated we are. But the question is, "how many jobs?" Is it 100 jobs? Hundred and Fifty jobs? Is it 130 jobs and whatever that number is, agree to that number and then anything beyond that can then be used for those off-site improvements that Attorney Watts mentioned.

Attorney Watts stated they were talking about this particular issue as they were standing outside during the break and that was, actually, the same thing they were talking about.

Mr. Forte stated they just have to decide.

Mayor Penny stated so Synergy is at 106, 110 employees now? Mayor Penny asked Attorney Watts and Mr. Myer, what's a number?

Mr. Forte asked is it ten jobs a year? Twenty jobs a year?

Mayor Penny stated he doesn't want them to set it too high.

Jeannette Duerr with Synergy Billing stated to date, it's 106. Without the additional space it's hard to say.

Mayor Penny stated they can't grow because they can't squeeze them in.

Ms. Duerr stated, yes. But today they have 106 people in there.

Mr. Myer stated they are forecasting in 2017, 25%.

Mr. Forte stated so, 130 jobs.

Mayor Penny stated give them 125, give them the benefit of the doubt.

Commissioner Danio stated that's not 25%.

Mayor Penny stated he knows but shoot a little low. Ms. Duerr said she could squeeze them in there.

Mr. Forte stated so, in essence they would set \$375,000 aside specifically for job reimbursements and the balance up to the purchase price for the 9.4 acres can be used for the initial improvements.

Mayor Penny stated about \$200,000.

Mr. Forte stated, roughly.

Commissioner Via asked that's with 125?

Mr. Forte stated 125 positions transferred.

Attorney Watts stated if they think back to last week or last month, they were talking about, that's that initial pot. If they approach this and say once there's 100, 120 jobs, or whatever the number is, once that relocates it opens that pot, they do the reimbursement, based on jobs being created and then the balance is there for the recovery of the cost that's providing a benefit to the broader community. He thinks they can do that.

Attorney Simpson asked Attorney Watts to restate what is being proposed.

Attorney Watts stated he thinks what they are really talking about is clarifying the last sentence in paragraph 8 of the Incentives Agreement to specify that the initial redevelopment improvement reimbursement would be authorized once they relocate 125 jobs...

Mr. Forte stated he wants it even more specific, he wants to set aside \$375,000 because 125 jobs based on the values can be more or less. He's using 3,000 as an average. So if they just say \$375,000, whether it's a 120 jobs or it gets to 130 jobs they have enough money to cover the jobs reimbursements which what it's purpose is and then anything left over, roughly \$200,000 can be used towards additional improvements.

Attorney Watts stated I understand that approach, the only thing that leaves you is if we end up at \$370,000 instead of \$375,000 based on the job relocation and then everything is in a holding pattern.

Mr. Forte stated that's only at the initial transfer.

Attorney Watts stated, right.

Mr. Forte stated the next quarter they may have more hires that come in that when the city does that evaluation and they may have three more hires that have that 365 day term. So, they may not get it the day they all move in, they will get it the next quarter or the quarter after that but it's not going to sit there in perpetuity.

Attorney Watts stated, right.

Mr. Forte stated it's going to come as the jobs come.

Attorney Watts stated, right.

Mr. Forte stated and it's not just jobs there, it could be the teachers for the school or it could be any other jobs that come for the site.

Attorney Watts stated he thinks the only thing that impacts is maybe the timing of the perimeter improvements and things of that nature but he thinks they can work around that.

Mayor Penny stated so, how do they address this Mr. Forte? Do they have to go back and amend this document?

Mr. Forte stated probably, yes.

Attorney Simpson stated either amend that or address it in the MPUD.

Attorney Watts stated that that's Phase 1. Which is what he suggested before was that as they define what Phase 1 is within the contents of that document.

Mr. Forte stated he would put an amendment to this so that he doesn't have a conflicting document that this says one thing and the PUD says something else. Not that they have to strike through this but just add an amendment to it.

Attorney Watts stated, right. The cleanest way is they revise the last sentence as they come back with the PUD.

Commissioner Currie stated Mr. Forte, you're recommending \$375,000?

Mr. Forte stated, yes. On average, 125 jobs at \$3,000 on average. Now that may be...they may have some...

Commissioner Byrnes stated Mr. Forte is suggesting not an actual number of jobs but the formula that's in there for if they hire...the jobs all have to be above 1006, right? That was the number.

Mr. Forte stated, correct. And actually, the initial, if his calculations are close to correct, their initial job transfers are going to be all of their existing employees of which is their executive staff, which is included so those are going to be the higher dollar reimbursements.

Commissioner Byrnes stated, okay.

Mr. Forte stated and then after that, will probably be the lower level of employees. So that's why he is saying 125 jobs on average at \$3,000, that's \$375,000, that's the average. Those initial improvements because they are transferring higher paid employees who may actually get there quicker at less employees.

Commissioner Byrnes stated but what he is trying to avoid is if the city says 125 employees and the growth is not what's expected but yet the job payroll is still there. The city doesn't want to say, "well, you didn't meet 125 employees so you don't get your benefit", that's why the city is doing the \$375,000.

Mr. Forte stated, right. If they brought 100 positions and they reached \$375,000, they would get it.

Commissioner Byrnes stated that's the clarification he needed in his mind.

Mr. Forte stated he thinks the dollar value will get them there quicker.

Attorney Simpson stated so what we're proposing is, upon the reimbursement of \$375,000 of job reimbursable expenses, once that is reimbursed then the initial redevelopment expenses can then gain interest.

Attorney Watts stated, yes and then be absorbed out of the rest of that pot.

Attorney Simpson stated, okay.

Attorney Watts stated they will bring a revised document back to another meeting. He thinks they captured the intent of it.

Mayor Penny stated question eight, ***“Have you selected a general contractor yet?”***

Attorney Watts stated not yet.

Mayor Penny stated question nine, ***“What’s the status of your efforts to acquire bank financing?”***

Attorney Watts stated they have talked with a number of...in all likelihood, they will probably be going through an SPA financing for the initial portion of the project and there’s a number of different banks that are in the conversation at this point.

Mr. Myer stated there is presently three different lenders that they are working with and it seems like an SPA product is right for this project. There’s a list of things that they need to submit and many of them hinge upon the MPUD as part of that package but they do know that financial liability of the company of the organization does support the debt service and everything else. So, that’s already been confirmed.

Mayor Penny state when he looks at the Vacant Land Contract it shows that the developer would submit proof of funding in the amount of \$25 million dollars. That’s what’s in the contract that he read.

Attorney Watts stated, no. He doesn’t have a copy of the contract with him.

Mayor Penny stated it’s under the additional terms, line item 291, ***“Prior to the final adoption of the MPUD rezoning the Property, Buyer shall submit to the Seller satisfactory proof of available funding in the form of a loan commitment or similar document establishing available funding in the amount of \$25,000,000 to complete the all proposed improvements in the MPUD for the Property.”***

Attorney Watts stated he thinks the particular funding that would come in for that initial phase, again, is what is required to build the initial phase. That will also include and they can make sure that everybody is comfortable with how they are putting this together, the overall plan for the financing of the full buildout of how that would then be drawn down as they go through time.

Mayor Penny stated he’s no lawyer, he’s just sticking to details that’s in black and white.

Attorney Watts stated he understands.

Mr. Myer stated but also, that has never been a topic of conversation. That has never come up before in any of their negotiations with city staff of that requirement.

Mayor Penny stated it’s in the contract that everybody signed. These aren’t his questions. It’s in the contract. He’s just sticking to the contracts the city has.

Attorney Watts stated what they can do is they can work with staff to make sure they are providing documentation for how the overall project...

Mayor Penny stated and he thinks it’s going to come under question twelve. Mayor Penny stated that they are working with three different lenders and probably looking at SPA financing, right?

Attorney Watts stated, yes.

Mayor Penny stated question ten, ***“What partners do you have a relationship with on this project or are you going to do it all yourself?”*** He knows originally we had looked

at bringing in some other partners, Kenney and YMCA and those types of things...are there viable partners at this time?

Mr. Myer stated on the workforce housing component that's not even a part of the parcels that they are working on, they have no intentions to build those apartments themselves but they are working with a number of partners on the development side as far as the uses and who the tenants will be. At this point, all Synergy and Synergy related businesses and entities.

Mayor Penny stated question eleven, ***"What's the status of third party permitting i.e., SJRWMD, Volusia County, DEP, etc.?"***

Attorney Watts stated they are not working on that at this point in time. They have to get the PUD finalized before they can turn to them. Now the County is involved with the TIA review as they talked about before so they will be moving back through that process with Volusia County. The majority of the other permitting will be more at the engineering level in detail. DEP will be involved from the standpoint of water and sewer permitting and the SJRWMD, obviously, involved in the stormwater permitting.

Mayor Penny asked so what's, our SJRWMD has some really strict rules, what's the likelihood that the conceptual plan they saw would vary drastically based on their knowledge of SJRWMD?

Attorney Watts stated looking at the conceptual plan, he doesn't think there is anything there that looks like it's a glaring issue from SJRWMD permitting stand points.

Attorney Simpson stated if there is, Mayor, it will have to come back to this body for approval.

Attorney Watts stated that's right.

Mayor Penny stated, okay.

Attorney Watts stated SJRWMD are mostly looking at are we pre-empt (?) to development conditions on what's being proposed at that point in time, are they capturing their stormwater and treating it according to their standards.

Mayor Penny stated he thinks this question is going to go back to the financing question. Question twelve, ***"Does the developer have a proforma and business plan for the entire development?"***

Mr. Myer stated, yes.

Mayor Penny asked, and will the city see that?

Mr. Myer stated, no.

Mayor Penny stated question thirteen, ***"What guarantee can be placed on developing the other parcels?"*** Initially, the original development was 25 acres all at one time and now, if they look at the worst case scenario, which he is a pessimist, look at what's the worst case scenario, if he can accept that then move on. Moving from 25 acres down to possibly, if the middle parcel...if Parcel 2 is all that's developed, 9 acres. ***How can we guarantee that those other parcels will be developed by Fountainhead?***

Attorney Watts stated they're committing in the PUD what would be developed there. Number one, they have commitments that are laid out in the PUD for what would be occurring on the other parcels. They also have their rights to acquire those other parcels that are tied into the option agreement. Essentially, the city continues to hold ownership of those parcels until they are prepared to move forward. By taking down the option, paying for the land and committing to move forward with those site plans for those

particular parcels. He thinks that's ultimately the city's security because the city is not selling it all at one time. He thinks that approach developed out of some of the conversations that occurred over the past year that rather than selling it all up front and giving up control, the city maintains control and sell it out with the option periods.

Commissioner Danio asked how realistic or how valuable are two pieces of property are on both sides?

Mayor Penny stated the city paid \$60,000 an acre and that's what the city is selling it for. They have 25 acres and the city is carving out two for the wellfields so they're down to 23 acres, 9 acres for Phase 1 of Fountainhead. The city has basically 14 acres, 5.5 acres would be the affordable housing component. He doesn't know how big those other two parcels are.

Mr. Forte stated he thinks they're two 5 acre parcels that remain.

Mayor Penny stated 5 acre parcels.

Commissioner Danio asked are they still valuable?

Mayor Penny stated well, they'll be landscaped.

Attorney Watts stated the other thing to keep in mind what they talked about with the PUD is that each of those parcels would be capable of being developed in a standalone basis. Let's say nothing else happens from there, the city still has developable parcels on either side and they still have the full capacity to be developed with other uses. It's not hindering the value of it. In fact, they now have activity that's occurred in the center of it and would essentially, make those more attractive at this point because they have another user who is already located there.

Attorney Simpson stated probably one of the things we need to put in the PUD, I don't know if it's in the existing PUD but there needs to be a timeframe of within which if Fountainhead doesn't move forward then we, as the property owner, have the ability to go in and amend the PUD on the land that we retain without getting Fountainhead's consent. Now, whether they have the option that's fine but if you don't exercise the option and it's gone, then it's our land, we can do with it as we see fit.

Attorney Watts stated he thinks if they don't have an option right, he doesn't see anything legally they can do to...

Attorney Simpson stated no, but it's all one PUD.

Attorney Watts stated he thinks the city would be confirming what the legal status would be.

Attorney Simpson stated he thinks they just need to create the statement in there that if the options expire then the rest of this land can be developed independent of the MPUD. They can carve it out of the MPUD. The city will keep the MPUD for what was bought and obviously developed, we can't change that but for the land we continue to own.

Attorney Watts stated, yes and he agrees. He thinks that would be the city's rights as the owner of the property because we hadn't taken it down at that point in time.

Commissioner Byrnes stated Attorney Simpson, our assurance is that we still own the other parcels of land, suppose another developer comes along and has what we might consider a better project, not very likely, do we have to buy their option back or how would that work out?

Attorney Simpson stated so, if someone comes along who wants to develop the balance of the land that we still own...

Commissioner Byrnes stated that we still own but Fountainhead has an option on.

Attorney Simpson stated they have an option to buy it; we would send them to Fountainhead and say, "you work with Fountainhead on developing the property."

Commissioner Byrnes stated, okay.

Attorney Watts stated yes, we still have the option.

Attorney Simpson stated yes, Fountainhead still has the option.

Commissioner Via asked how long is the option? Three years?

Attorney Simpson stated it's a rolling option. So, they have three years from the date of closing, he believes, and during that period of time they need to purchase a parcel and so that needs to be identified. We had parcels drawn out but if we're going to start carving it down, I don't think we are but he thinks, there are three more parcels.

Mr. Forte stated we have the 3 acre, 5 acre and the affordable housing.

Attorney Simpson stated so, there's a total of three parcels after Fountainhead acquire the 9 acres. If they acquire a parcel then they have another year added to it.

Commissioner Via stated, okay.

Attorney Simpson stated they would start with three years and then they would have three more parcels for a total of six years.

Attorney Watts stated he's been saying six years. That's the total of the option period. One of the other things, they had talked about the plat coming for the property once they have the PUD so that they can carve out the piece that they are going to be acquiring. One of the other options that they can talk about and look at as they get closer to that is, they have a specific design for the layout and everything else, it may make sense for all of them to plat the property with two parcels. One being the Phase 1 - Parcel 2 and the rest being future development that they can then come back and re-plat each time they're taking down, attract (?), that way they preserve the ultimate flexibility for what that property looks like in moving forward if something else didn't happen and they didn't exercise the option. They can also come in if they have need to adjust lines or things like that, they can do that in confidence as well.

Mr. Forte asked do we have minimum lot sizes in the contract?

Attorney Simpson stated in the pending PUD. It's small. He thinks that was one of the comments that we sent back because we have these big parcels but the minimum lot sizes are 100 x 100.

Mr. Forte stated yes. That's too small to exercise an option on to preserve the option right.

Attorney Simpson stated that's a detail that they can work out to say...

Attorney Watts stated it's part of finalizing the PUD. That is something that they have been talking about over the past several weeks.

Mr. Myer stated he doesn't think they are sold on that having to be the definitive lot size so they are open to that.

Mayor Penny stated question fourteen, ***"What other opportunities for development have been explored outside the City of Holly Hill?"***

Commissioner Byrnes asked why is that any of our business?

Mayor Penny stated these aren't his questions, sir. He's just reading them.

Mr. Myer asked if Mayor Penny could restate the question.

Mayor Penny asked, *“What other opportunities for development have been explored outside the City of Holly Hill?”*

Mr. Myer stated he has family in southern Indiana and they are looking at buying some ground there, some farm ground.

Mr. Forte stated let him clarify because that’s come up several times so that he doesn’t have to address it because he doesn’t have the answers. Commissioner Byrnes is absolutely correct. There’s no...the developer can search out any other alternatives they can within or outside of the jurisdiction of the city, they have the right to do that. But there was feedback that the city received that there were other options explored in the City of Daytona Beach that didn’t pan out and people came to him and said, “Did you know that these are being looked at?”, and officially, no, he was not. So, that’s why that question was on the list. There were two options and when asked we were told no but when you get an answer like Indiana, that’s not the point. He thinks the point that the Commission is asking is they were informed that there was a south building on Nova Road near 3rd Street, he doesn’t know if it was looked at or not looked at but that’s one of the things that comes up.

Commissioner Byrnes stated again, that’s none of our business.

Mr. Forte stated it is our business, Commissioner. We are in contract negotiations with a piece of property and we want to make sure, like they don’t want us to pull the rug out from under them, we don’t want the rug pulled out from under us. We can’t stop them, we can’t object to it but it would be nice as the sellers and owners of the property if we knew that there were other options being explored. If you were selling your house to somebody and they were going to contract with you and yet they are looking at something else, they don’t have to commit to you but it would be nice to know that there are other options out there. That’s all that we were saying.

Attorney Watts stated there are no other options being explored.

Mr. Forte stated any longer but those were explored, correct?

Mr. Myer stated not explored as a headquarter solution for Synergy Billing. They have...for their QTI agreement they have with the State of Florida, it’s specifically to this location, this address.

Mr. Forte stated it has no bearing on this project.

Mr. Myer stated no bearing on this project.

Mr. Forte stated but when people were coming and telling him this was going on, he doesn’t have the answer to that.

Mr. Myer stated he does own other real estate as well and he may buy more real estate.

Attorney Watts stated but it’s not related to the project here, he thinks, is the key point.

Mr. Forte stated and he thinks that’s what is important.

Attorney Watts stated, yes.

Mr. Forte stated is what is the effect. So, he doesn’t want to but in to the developers personal business but he does want to protect the taxpayers money and position the city is taking in selling this property. That’s my job. That’s your job. (referring to the Commission).

Attorney Watts stated that’s a fair question for that reason.

Mr. Forte stated for that reason only.

Commissioner Currie stated and she thinks it was an important question to find out. It wasn’t meant to find out if the developer is buying property somewhere else just to make

a purchase. She thinks it was important to the project and to be mindful of what our job is.

Attorney Watts stated, sure.

Commissioner Via stated he also thinks it's important because if they're looking at other properties and they're thinking about, possibly, not moving forward with this, that would be something that the Commission needs to know as well. It is our job, respectfully Commissioner Byrnes and from Mr. Myer's standpoint it would be a smart move. Before the Commission actually approved the incentives package, he might not have had the confidence that the city was going to pull through with this, so from a business standpoint, to seek out other options if this were to go south, that makes perfect business sense. He appreciates the question.

Mr. Forte stated there's no hard feelings doing that.

Commissioner Via stated there's no hard feelings, no.

Mr. Forte stated there's no problem with other options, alternatives, running parallel deals until you get the one that fits best. There's no problem with that. It's a disclosure issue. That's all it is.

Mayor Penny stated question number fifteen, ***"What's your projection of needed square footage for today's demands and each year thereafter?"*** So, that may go to the phasing of Parcel 2 which they were discussing. He thinks, he would like to see, he knows they said it's a six year plan but immediately it's the two buildings then one wing then the other wing and so, he thinks it would be helpful if they had a schedule of when those are projected to come out of the ground. He knows there is some leeway but just from two buildings to buildout in six years is kind of ambiguous.

Attorney Watts stated he thinks, a lot of it is obviously, based on current market value. They talked earlier about a 25% growth rate is what's projected for the next year. Based on that he doesn't know if they can come up with any...

Mayor Penny asked does that equate to square footage growth rate? It's going to be 25% additional square footage each year? Something like that? Does the math work that way?

Mr. Myer stated, not exactly. That's top line growth of 25% next year which means they're going to increase a number of employees too. He wouldn't say for each employee it's a dollar for...

Mayor Penny stated, okay.

Mr. Myer asked what are they thinking? What do they have in mind? He's not sure what exactly addressed that.

Mayor Penny stated he doesn't know. He thinks they alluded to, his impression based on that paragraph 8 was that Phase 1 would be all of Parcel 2 and now he has learned that Parcel 2 will be a multi phased approach. The two buildings will be first and then a wing here, a wing there or a façade here, an accessory building. He thinks what the question is alluding to is maybe the phasing schedule or the projected phasing schedule of Parcel 2.

Attorney Watts stated if they're talking about creating a phasing schedule, why doesn't he suggest this, why don't we look at that and see if we can come up with something we can submit back that says, "here's what we anticipate based on our current plans and current growth we expect." Again, good point. Let's create something in black and white that they talk about at the next meeting.

Mr. Forte stated he thinks, Mayor, it has to do with the number of employees that are coming versus the square footage needed. Obviously, they're not going to build 120,000

square feet because they're transferring 125 employees. That's a 1,000 square feet per employee. He thinks the question is, initially, they are going to be doing the media center and the gymnasium that will likely handle their current workload. At what point is the need for the next building come into play?

Mr. Myer stated it's probably easier for him to demonstrate the projected increases in staff in order to support the target market.

Mr. Forte stated, right.

Mr. Myer stated that's how his mind works. He has that kind of data which he doesn't know how they can translate that question or concern but the square footage directly correlates to the increase in the use.

Attorney Watts stated let's put some thought into how they can correlate that.

Mayor Penny stated question sixteen, ***"What's the status of the developer's response to the staff's 21 comments on the most recent MPUD submittal?"***

Attorney Watts stated they are working through that.

Mayor Penny stated question seventeen, ***"How much financing is needed to start and complete Phase 1 - Parcel 2?"***

Attorney Watts stated \$5 million dollars is the initial piece that's happening with the existing buildings on Phase 1. They talked about that earlier. He thinks the Mayor's estimate was about \$15 million; he think they had talked about \$12.5 million is their estimate for the buildout of Parcel 2. He doesn't know that they have a total number that they can present to the Commission right now because part of that will likely change over time, depending on the timing of those buildings because costs goes up and costs go down. They can probably give some rough estimates based on these square footages, here's what an estimate construction cost would be but it would be a ballpark figure subject to change depending on the economic time.

Mayor Penny stated those are all the questions he had in his order. He will open it up for anyone on the Commission that may have any additional questions that they didn't cover here this evening? Mayor Penny stated he talked with Mr. Forte at the break and this is kind of how the meeting at the Planning and Appeals board went. Is that, Mr. Harowski sat here the whole meeting with his 21 comments and they never talked about it. They talked about all the answers and all the questions the Commission had as the owner and that's what they just completed here unless the Commission has any more questions. He, for one, once the PUD is submitted it becomes a much more legal process at that point. It's much more structured and as he understands it, much less flexibility and so what he would like to hear, not so much screaming objections from the Commission, is that they reschedule a workshop for the January 24, 2017 with the Commission before the regular City Commission meeting, at 6:00 PM. Are his dates right Mr. Forte?

Mr. Forte stated they could if they stick to what they talked about earlier in trying to stay on that February 28th deadline. The 28th being the second reading, the 14th being the first reading, February 6th being the Planning and Appeals meeting, somewhere prior to that a work session with the Commission that all of the elements that they are looking for are

met and reviewed by staff to then go on that Planning and Appeals meeting. It could be the first meeting in January if they are prepared.

Mayor Penny stated he is just trying to give them as much time as possible because they lose Christmas and January 5th is a lost week.

Attorney Watts stated they were talking if they shifted it to the February 6th Planning and Appeals meeting, he just wanted to make sure that if something comes up on the 24th they can address it before the February 6th meeting. That's the only question he has. They may want to put it somewhere in the middle of January.

Mayor Penny stated he's open for a special meeting. He just doesn't want to make the deadline unreasonable. Do they think they can do it by the first meeting in January?

Attorney Watts stated they were aiming to develop the information they are working on now. To at least have substantial progress on the TIA conversation and everything else, by the 11th for the Planning and Appeals meeting so if they set the workshop for January 10th, he thinks that would be a reasonable target to aim for. He thinks they will have a lot of the detail that they've been talking about tonight together by then.

Mr. Forte stated January 10th at 6:00 PM is fine. He has been talking to the Commission about is he needs for them to make sure that Fountainhead understands and what the Commission's expectation is and that they meet that expectation by that work session date so that everything after that is basically a staff review, getting it to the Planning and Appeals board for final approval.

Attorney Watts stated he guesses his only concern and probably a question for Mr. Forte, Mr. Harowski and Attorney Simpson is if they do it on the 24th...

Mr. Forte stated it may be too late.

Attorney Watts asked do they have enough time to then address anything else that needs to be changed before the February 6th meeting?

Mr. Forte stated and that's what he said to Attorney Simpson. For advertising purposes it will be advertised for the February 6th Planning and Appeals meeting and between the Commission work session on the 24th, it would have to come back "if" there are any changes as an amendment that night of the Planning and Appeals meeting, between the 24th and the 6th.

Attorney Watts stated they have 31 days and they have roughly 12 days there between the 24th and the 6th.

Mr. Forte stated it's doable providing there's not a lot of changes to be made and then it can always go to the Planning and Appeals and that night there may be some recommendations from the Commission that Planning and Appeals might have to consider the submittal.

Attorney Watts stated what he thinks may be helpful then with that timeline is for them to schedule some internal meeting at staff level before the 24th meeting to make sure what the Commission is seeing and what's being developed.

Attorney Simpson stated he would certainly hope so.

Mr. Forte stated there could be a couple of meetings prior to. Mr. Harowski is going to be out of town around the holidays so they need to be sensitive to those.

Attorney Watts stated they set a few of those meetings in January to go through the additional information that has developed.

Commissioner Byrnes stated he would much rather have the work session on January 10th and then if there are problems they can address them on the 24th before it goes to the Planning and Appeals board.

Mr. Forte stated he just wants to make sure they have time to deliver to the Commission on January 10th. If they're comfortable with January 10th...he is more concerned that they walk out of this meeting understanding the expectation to hit on the 10th not that the 10th comes and they go, "wait a second, we didn't know you wanted that." He doesn't want anybody leaving the room going, "I'm not quite sure what we're supposed to do." The 10th is fine by him providing the deliverables...

Attorney Watts stated they are more than happy to come back on the 10th and show the Commission and hopefully, they hit 80 to 100% of the issues.

Mr. Forte asked by that time, will we be able to have a joint meeting with regard to the update on the TIA?

Attorney Watts stated that will be a tight one because he knows John Cheney, they can meet with Melisa between now and then because John is going to be out of town from the 21st through the 4th, he believes.

Mr. Forte stated at least they will have a meeting scheduled.

Attorney Watts stated he thinks they can have the meeting scheduled on the books to occur before the 10th that they can provide an update at the 10th on what the discussion was at the meeting with County traffic. They may not have a resolution completely there.

Mr. Forte stated he thinks his biggest concern is and this will help clarify for Commissioner Byrnes is will the traffic analysis have an effect on the site plan? That's his only question because if generally, if the traffic impact says something that says, "alright, you have to tweak the site plan", are they back to the drawing board? That's his only concern.

Attorney Watts stated he doesn't think the traffic impact analysis will affect the site plan. He thinks what it has is the potential to affect is things like how your driveway is (?) and the nature improvements that come in relating to driveways and the nature of offsite improvements and the timing and things like that. The site plan is what it is and it causes affects that are engaged by the TIA. He doesn't think it necessarily changes the character of the site plan.

Mr. Forte stated because that's not his area and he is just trying not to have to do things more than they have too.

Attorney Watts stated, sure. He thinks if they come back on the 10th, he will reach out to John Cheney tomorrow morning and see if they can get a meeting scheduled between now and then. He will be talking to transportation which is for the TIA asking them to update some of the information that was on the site plan and have that for the meeting on the 10th.

Mr. Forte stated he has no objection to the 10th.

Mayor Penny stated so, they will meet on the 10th at 6:00 PM prior to the next meeting. One point of clarification because they talked about this and they just brushed over it and he didn't get any resolution when it comes to the financing. Unless he is mistaken, the contract he printed out says, *"Prior to the final adoption of the MPUD rezoning the Property, Buyer shall submit to the Seller satisfactory proof of available funding in the form of a loan commitment or similar document establishing available funding in the amount of \$25,000,000 to complete the all proposed improvements in the MPUD for the*

Property.” And they are talking \$5 million for Phase 1 because he believes they are going to ask them for a letter of commitment from a bank. Should they be asking to see \$25,000,000 letter of commitment which the News-Journal said six months ago said it was in place or are they asking for a \$5 million dollar letter of commitment? That’s a question for this Commission.

Commissioner Byrnes stated he thought, as he understands the project, that part of the finances are incremental. As they grow, they’re going to be making more money they would need less financing.

Mayor Penny stated he doesn’t think it’s important what we thought, he thinks it’s what it says in the contract.

Commissioner Danio stated he’s kind of old school Commissioner Byrnes, he likes to set things up where he reaches into his cigar box when he needs something. He would like to see the same thing happen for Mr. Myer. We’re kind of taking a chance on selling property that we own. He thinks it’s important that Mr. Myer has all his ducks in a row.

Commissioner Currie stated if that’s what’s in the document...

Mayor Penny stated he just doesn’t know how this was missed. Who missed it. Who wrote it. Who signed it. He didn’t sign it. This isn’t a signed copy but he is assuming it was executed. With all the attorney’s and professional people in the room, how did that get missed? When he looks back in June or July 2016 in the News-Journal there’s a statement anticipating, ***“Myer has not yet purchased the property but the financing is in place for the \$25,000,000 project, said Duerr.”*** So, he is just confused.

Attorney Watts stated his suggestion would be, let them address it with Attorney Simpson and Mr. Forte the nature of proof they need to provide for that particular provision in the contract and then they can come back and make sure what they are providing what meets with everybody’s approval. It may be an incremental thing. It may be that they have...

Attorney Simpson stated let him ask this question. Can you get a loan commitment before February 28th?

Attorney Watts stated from a timing standpoint and with the SPA financing the question is going to be which comes first.

Attorney Simpson stated because what he’s always heard is that you need construction drawings to get a construction loan and he doesn’t see you all having construction drawings by February 28th. So, there’s no point in us talking and you all are thinking about getting a loan commitment if it’s not possible for you to do. He doesn’t know how possible it is to do because we’re talking site plan...you don’t have your construction documents yet so I don’t think it’s possible to get a loan commitment. I’ve never worked with the SPA but just talking with bank people, would it be fair to say the likelihood of having a \$5 million dollar bank commitment by February 28th is probably unlikely?

Attorney Watts stated he thinks they can get a commitment but it’s going to be a very qualified one. It’s going to be qualified by upon approval of the underwriting based on review of the MPUD and review of the final construction plans and everything else. So, the question isn’t whether they can get the LOI that says they’re committing, we’re setting the funding up for this, the question would be whether...

Attorney Simpson stated the last letter that came in was more or less if you can meet all of our criteria and anybody can get that letter. So, he doesn’t know what they are looking

for in terms of...he knows what the intent of what they want is and that is they want to know that this project is going to be done. He doesn't know Fountainhead's ability to provide that and will satisfy the Commission. That's why he asked the question.

Attorney Watts stated what they may need to do is put together what they think can satisfy the Commission and then present it.

Commissioner Currie stated Mr. Forte, I believe you have an idea of what each of our expectations are, correct?

Mr. Forte stated for the most part but like the Mayor said earlier, the majority of this conversation took the route of the Planning and Appeals meeting did. It was more of a business conversation, business relationship conversation than it is about the PUD itself. He doesn't know if they want to take a few minutes and review the 21 comments that the staff had so they understand what position the city is in. They haven't looked at the PUD. Attorney Simpson stated he guesses, probably...

Mayor Penny stated it's going to be amended. They're going to amend it.

Attorney Simpson stated Mr. Myer and Attorney Watts have seen the comments about the PUD.

Attorney Watts stated, yes.

Attorney Simpson asked is there anything that gives you heartburn that we need to discuss now?

Attorney Watts stated we've talked a bit this evening about the elevations and what level of details are provided for architecture. He doesn't know that they completed their conversation on that. He thinks that's going to be something where they need to provide detail with the resubmittal and they're going to have a conversation on whether that is sufficient enough detail to meet everybody's expectations. They talked about landscaping. They talked about the TIA comments. They've talked about some of the other aspects of the comments that have come back for example, making sure parking and things like that stand alone with the different parcels. That's actually one of the reasons why they were also looking at the concept of doing a global re-plat with one parcel with the balance outstanding.

Attorney Simpson asked is there anything that you have concern with that we've commented and hasn't been discussed and have been worked through a little bit?

Attorney Watts stated he doesn't think so at this point in time.

Attorney Simpson stated so far you're good with the uses we've said, the structure uses. We want specificity of where they are, where the buildings are, all that stuff you're good with?

Attorney Watts stated he thinks they are going to need to preserve some more flexibility in that. They need to come back and talk about that as they work through the PUD and getting it in final form because he thinks, particularly if they go the route of the plat the way they were talking about, if they have an exhibit on the PUD that shows what the anticipated layouts are, what the anticipated uses and footprints building are but with the understanding that those may change, they would have to come back and amend that. As long as they are on the same page because there may be a need for flexibility to change the footprints for buildings and change the configuration for buildings or the uses on a particular parcel that might need to be discussed.

Attorney Simpson stated, okay.

Mr. Forte asked what about the proposed uses? They understand that the building locations may move and that's an amendment and they're fine with that.

Attorney Watts stated they are fine with establishing what the uses are on those parcels.

Attorney Simpson stated, okay.

Commissioner Currie stated but you were just saying that you may need some flexibility on that.

Mr. Forte stated the building sizes and location which is an amendment and they're okay with that.

Commissioner Currie stated she thought he was saying he needed some flexibility with the uses of the buildings.

Attorney Watts stated they may need to have flexibility with the regards to configuration on locations. They will be able to identify the general uses that are going to be provided in or around the property.

Commissioner Currie stated, okay.

Attorney Watts stated now, could that change over time? Potentially but that would require an amendment. They would come through with an updated site plan, updated lot configuration and amend the PUD.

Commissioner Byrnes stated he's not sure that he saw a meeting of the minds on the uses because he thinks what they're talking about is you want to have an auto repair shop because somebody comes up to them, that's not in the permitting uses and so those are the kinds of...from a usage point of view not that this building is used for an office or whatever but the actual individual business usage.

Mr. Myer stated they agree to that.

Commissioner Byrnes asked you don't have a problem with that?

Mr. Myer stated, no.

Attorney Simpson stated the uses have been there. Over time, they've got those narrowed down quite a bit with comments and what Attorney Watts has said is, generally what he has understood, is give us a general idea that this is what we think it's going to be so that we can have a general understanding and it doesn't have to be a final site plan. They understand things are going to shift a little bit and move a little bit and there's a potential of three uses here and one of them gets done and they put the potential three on three different buildings. That's fine and then if there's a major shift that's completely laid out they will have to come back for the process to get the Commission's blessing on it as opposed to staff level.

Attorney Watts stated he thinks early on in the conversation about the PUD there was the discussion that they would set this up as a bubble for areas outside of the preliminary area, development and footprint would be.

Attorney Simpson stated it was until they were in a Catch-22. Is the bubble okay if they're willing to come back to this Commission for approval once they have the detail but if they only want to have one approval through the process then they have to provide the full level of detail upfront. Either way, it's fine.

Mr. Myer stated but now, haven't we all agreed that any sort of change would be a major amendment? Everything.

Attorney Watts stated so they will come back here no matter what.

Attorney Simpson stated he would almost rather have like a general layout so that if you're close, staff can say, "yes, that's not a big deal", and then you don't have to come

back here. Whereas, if you just say, and he thinks Mr. Myer and himself talked at one time, don't even do an MPUD for what you don't buy. Just do it for what you buy and then as you subdivide they can do that. It's still an option, we can say, here's an MPUD for what you buy and then as you expand, you exercise a purchase option, we do a subdivision, we expand the MPUD to incorporate it.

Attorney Watts stated the only downside to that is they don't cover things like the master perimeter landscaping and things of that nature.

Attorney Simpson stated there are other issues that we will have to discuss as they come up and address but they can kick that idea around too.

Attorney Watts stated knowing that they will likely come back to amend, to reflect changing the footprints and things of that nature, he personally thinks a bubble plan is, for the pieces that are not being developed right now that has the lot configuration and these are the uses and when they come forward with a site plan and they amend the PUD at the same time to put the footprint in place. He thinks that's a good idea. But that's not where we've been. We've been talking about more particularity and that's what they have in the current footprint.

Attorney Simpson stated it just depends on how many times they want to come back and see these people.

Mr. Forte stated and this is where he is going to throw in a shameless plug for 4 year terms because we have a development that is going to come back to this Commission for amendments and we know that and I can guarantee you, he's going to have a different Mayor here in two years. To him, that's a concern to him personally. It's not necessarily a concern to their project.

Mayor Penny stated Attorney Simpson, I keep getting hung up on this contract. Are they applying for \$5 million dollars lending or are we requiring for them to provide proof for \$25,000,000 worth of lending?

Mr. Myer stated Mayor, one thing about that is, of course that dollar amount, that value, also includes the housing which is a component of the project but not something that Fountainhead is developing or even taken off that parcel so he is not sure how there could be a burden on us to show financing for that dollar amount. It certainly sounds like an oversight on the legal language because that has never been discussed in prior conversations and it wouldn't even make sense because the value of the part that we control, we are building, is maybe half of that.

Mayor Penny stated so, they have to amend this document, yet again. We need to give them...

Attorney Simpson stated honestly, it's a condition at closing and this Commission can say based on what they submitted they have satisfied the condition even though it's not \$25,000,000. They can put a condition at closing in there.

Mayor Penny stated that's a big difference. You lawyers close this stuff all the time. He doesn't know. He doesn't want to get to the closing table and they say do you have proof of \$7 million dollars in lending. The closing agent says \$25 million, sorry. We've just wasted two years of our time.

Attorney Simpson stated that's a protection for this Commission.

Mayor Penny stated so the important question is, what's the amount of the funding that they are trying to secure?

Attorney Watts stated he thinks what they've walked through this evening is that the initial piece is going to be approximately \$5 million for the initial buildout and that the rest of the buildout of Parcel 2 would probably be in the range of \$12/12.5 million.

Mayor Penny stated, okay. So, the initial Phase 1 - Parcel 2 they are going to talk to the bankers about \$5 million not \$25 million.

Attorney Watts stated, correct.

Commissioner Danio asked what did he say about not getting the letter in time.

Attorney Watts stated the timing is they have the commitment by the time the PUD is being approved and his response to that is they can probably get a commitment there's just going to be a lot of conditions on that commitment. They can get a loan commitment but it says it's conditioned on the zoning being approved, the construction plans and permits being issued and all the other engineering's. They can get a commitment for what the total financing would be but there are things they have to satisfy with the underwriting before they get the loan.

Mayor Penny stated what he is concerned with, we all agree that it's about a \$5 million initial project and then know that the purchase price to the city is \$540,000, so what's to prevent, devil's advocate here, the applicant not securing \$5 million dollars in funding, the city has approved the purchase contract, the incentive agreement, MPUD and they show up at closing like they're directed to do with \$540,000, they give it to the city, the city gives them the property and they don't have any money to do anything else. That's worst case scenario. He knows. No jobs ever move here. No incentives are ever paid. The taxpayers now just split the property into thirds and nothing gets done. How do we stop closing if they...we have to put a minimum requirement available funding guaranteed not a letter of commitment of, "if you do this, this and this we'll lend it to you", because what might happen is maybe they're only able to purchase or borrow \$3 million dollars then the project is already watered down by three-fifths. How do we protect the citizens that there's going to be at least a \$5 million dollars worth investment on this property?

Mr. Forte stated he doesn't know how they can do that but the Mayor mentioned is a concern. We've always played devil's advocate throughout this whole thing and we've used examples like that of, "well, we buy 9 acres, we rehab the existing gym and the media center, we call it the headquarters, we move in 120 jobs", and that's it. It's possible. He would hope it's not the case but it's possible and there is no protection against it. That's how you're supposed to build this relationship that it's going to be built and it's going to be built on growth of the company.

Attorney Watts stated he thinks part of that is based on who it is you're partnering with and you're confidence and expectations based on the conversations that have been discussed. He doesn't know how they ultimately provide bullet proof security on any of those things.

Mayor Penny state he knows and it's one thing if it's his business to invest but it's not his money and most people would say, "it's not your money, you don't care about it", well, I have happen to care about the taxpayers money more than he cares about his own money and he is not trying to sound negative. This could be the city's legacy. This could be this Commission's legacy to have Fountainhead in our city with 500 jobs six years from now. That's what we dream and that's what we hope but we have to be...we have to put our worst case scenario add-on and what happens if it all falls apart. How do we walk away? If it's less than what the city expects, it's going to be a disappointment. He knows it will

be a disappointment for Mr. Myer, Fountainhead, Synergy, everyone involved in this project if it doesn't happen and what he's hearing is there's no guarantee.

Commissioner Byrnes stated they'll have a legacy with 100 jobs on a piece of land that's vacant now and nobody else is asking to buy. They have to look at a little bit above here's a future that the city can have and yep, like everything else they do, there's a chance that the incoming President could taint the economy just like the last one did. They have those chances everyday. If they look at the track record and they look at where Synergy Billing has come from and where they are today, it looks pretty good. Nobody knows what tomorrow brings. The city has lots of protections in there, they have lots of statements in there, they have a guy who made some statements that from his public persona that if he can't meet up to them, he's going to be pretty upset on his own. So, he's going to bust his butt not to look bad in public. So, they all have to say, "I think we can go forward this until something actually pops up and says no, it's not going to work", which he doesn't think is going to happen. They have all these protections in there. The \$5 million dollar is a good item but again, it's going to be conditioned because the people making the loan, if something happens and the city decides not to approve rezoning, the bank certainly isn't going to give Mr. Myer his money to build it. Why the city wouldn't rezone it, he doesn't know but it will vote. Until it happens it's unknown. He thinks they should move forward and worry about the technical details that are the next part of this.

Mayor Penny stated he thinks they made some good progress here. He thinks they hit some tough subjects and he thinks they came up with some solutions that everyone can live with so they can move forward. His only comment would be, open and frequent communication with the staff. His disappointment in the last year and a half is that there seems to be a sense of urgency, they react and then they have a very productive meeting like tonight and they don't talk for six or eight weeks and then what someone had thought is misinterpreted and someone goes this way and people go that way and they get back together and it's not what they heard at the meeting. The more they can communicate with staff the less miscommunication there will be and a better meeting they will have when they come back on the 10th. As being a part of this from the infancy, he thinks that would be most helpful.

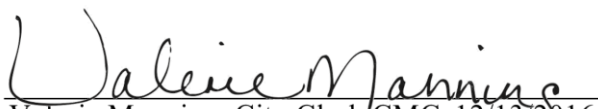
RESULT: PRESENTATION

Enacted and approved this 13th day of December, 2016, in Holly Hill



3. ADJOURNMENT

The workshop adjourned at approximately 9:00 PM.


Valerie Manning, City Clerk CMC 12/13/2016

A handwritten signature in black ink, appearing to be 'JP' or 'John Penny', written over a horizontal line.

John Penny, Mayor

12/13/2016