



CITY OF HOLLY HILL, FLORIDA

CITY COMMISSION

MINUTES • APRIL 23, 2019

City Commission Chamber Workshop - IMMEDIATELY FOLLOWING REG CC MTG 8:00 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

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

2. FOUNTAINHEAD PROJECT DISCUSSION

Mark Watts, Attorney with Cobb Cole, 231 N. Woodland Boulevard, DeLand, stated he wanted to talk to the Mayor and Commissioners about a couple of things. Hopefully, they've been out and have seen all the activity that's going on, on the Synergy/Fountainhead Development site. He drove by there today and have been by there over the last several months and drove by there today and was amazed by the amount of activity that there is going on and it's good to see that. Attorney Watts stated they scheduled this workshop tonight to talk to the Mayor and Commissioners about a couple of changes that they wanted to propose the Redevelopment Incentive Agreement. If they recall, two years ago, they finalized that and they've been proceeding under it but they wanted to talk about a specific change that they would like to move forward with, with regard to timing acquisition for Parcel 1 and because the way the existing Incentive Agreement reads, that would require an amendment. Before staff took time to draft an amendment, they wanted to take time to come and talk to the Mayor and Commissioners about it and get their feedback, get their reaction to the change to make sure it was something that would be an acceptable thing to do. The principle issue is that...two things. In the existing Incentive Agreement, Phase 1, which is occurring on Parcel 2 under the plat right now, is identified as 27,000 square feet of office building and they've ended up coming in right around 23,000 square feet. They need to do an amendment to the Incentive Agreement to recognize that reality. What was 27,000 square feet has come in at 23,000 square feet and that is tied to a trigger that lets them move forward with the purchase of the second parcel. They would like to come in and revise that so that they can move forward with the acquisition of the parcel. The other piece, under the Incentive Agreement is that the existing language requires that everything under Phase 1 that's occurring on Parcel 2 be completed before they can exercise the option under the existing agreement to close on Parcel 1. They've seen all the activity that's going on, they see the utilities being installed, the grading and all the other work that's going on, he thinks one of the things that have occurred to Mr. Meyer and his company moving forward is that it will

be a lot more efficient to just keep rolling with that activity and keep working towards getting the uses, getting Parcel 1 ready for the uses that are permitted under the MPUD. That is kind of the principle issue they wanted to talk to the Mayor and Commissioners tonight about. To see if that is something they are receptive to and if so, he asks that staff work with him and his staff to bring that amendment back to the Commission at the next available meeting. At the same time, he thinks there may be some other things. Anytime you work on a document and you put it down and it's been sitting there for a couple of years, there's often things you pick up and think, "okay, well, we need to make sure that these things are clarified or this timing still works for everybody", and so he thinks it would be a good opportunity to generally go through and make sure that everything from a timing standpoint, from a sequencing standpoint, still works the way that they all intended and expected it to. But the Parcel 1 acquisition is the key here. They think it makes sense from an efficiency standpoint to begin moving forward with that as well and begin integrating it into the overall development. With that, he will pause here to see if there's any discussion on that point. *(This is the memo that was sent to the City Manager, Mayor and Commissioners from Mark Watts, CobbCole on behalf of Fountainhead Developers, LLC dated April 23, 2019)*

Memorandum

To: Holly Hill City Commission

From: Mark A. Watts, CobbCole, on behalf of Fountainhead Developers, LLC

Date: April 23, 2019

Re: Discussion Points for Workshop Regarding Proposed Revisions to Fountainhead Incentive Agreement

Members of the Commission,

I look forward to meeting with you this evening to discuss our request for revisions to the current Redevelopment Incentive Agreement between the City and Fountainhead Developers, LLC. In advance of the meeting, I wanted to provide a brief overview of the potential revisions we intend to discuss this evening. They include:

- 1) Updating the Agreement to reflect the actual scope of Phase 1 (23,000 sf vs. 27,000) and the timing for acquisition of Parcel 1 by Fountainhead. If Parcel 1 is acquired, we also want to update the agreement to reflect the expedited timing for improvements to Parcel 1 for additional development.
- 2) We also want to make sure the Agreement reflects the current priorities of both the City and Fountainhead regarding the timing of the overall development of the property and ways in which timelines for certain aspects of the project can be advanced.
- 3) Finally, it has been more than 2 years since the initial Agreement was approved and there may be cleanup revisions that should be made to true-up the initial intent of the Agreement with the current status of the project.

Thank you for your time and I look forward to meeting with you this evening.

Attorney Watts stated he put this memo together earlier today to send over to Mr. Forte to provide the Mayor and City Commission some kind of an agenda or subject list to discuss through this evening but item number one on that list is really the key point that they wanted to talk about and then item number two is just making sure that all the other timing that's in the existing Incentive Agreement continues to make sense based on the adjustment they are asking the Commission to consider under item number one and then any final cleanup that as

they're going through the document would seem to make sense. While he hasn't been here for a while, Attorney Simpson and himself have done more drafting together since they've finished up on this one, working on the Auto Mall project over in Lake Helen. Attorney Simpson and himself continue to work very closely together and thinks they can knock out the changes rather quickly.

Mr. Forte stated initially when Attorney Ferguson came to see him it was with regard to purchasing Parcel 1, which is the parcel that's a little bit closer to LPGA Boulevard. It's just south of the area of the project where they are currently working. His initial concern with that was they are, in the Incentive Agreement, there's a \$190,000 employee incentive that the city was going to withhold instead of paying them for the job incentive for employees that they would have on site, the city would hold that money back instead of the city giving it to the developer and then the developer paying the city for the land. It just wasn't worth flopping the money like that. So, his initial response was, "well, we can't do that because the jobs aren't there yet." But, when they talked to Attorney Simpson, it went a little bit further because that's all I was thinking about was the job incentive money and it actually goes a little bit deeper than what Attorney Watts had alluded to is that according to the Incentive Agreement, all of Phase 1 on Parcel 2 is supposed to be completed before they can purchase Parcel 1.

Attorney Simpson stated and to add to that, the headquarters and all employees relocated as well.

Mr. Forte stated well, that would happen if it was completed.

Attorney Simpson stated, right.

Mr. Forte stated the headquarters has to be there, the employees have to move in and all the items on Phase 1 on Parcel 2 would need to be completed. On Exhibit "C", they will be able to see, there's a color code that the majority of everything on that exhibit needs to be complete except the, he'll call it the three (3) buildings that wrap the front and sides of the media center. That's designated to come at a future phase undescribed.

Commissioner Currie stated so basically, the north side.

Mr. Forte stated, no. It could be the north, south and east side of the building.

Commissioner Currie stated, okay.

Attorney Watts and Mr. Forte stated that wraps around it.

Mr. Forte stated that comes out in a phase at a later date undisclosed at this time.

Attorney Watts stated, right.

Commissioner Currie stated, okay.

Attorney Watts stated those are the principle things. Just to let the Commission know, from a timing standpoint, as it sits right now, he thinks Mr. Ferguson, his partner, have been working on where the existing business is and the timing for relocating from there, staff has been really good as a partner and working with them through the building permit process and the site development process, they are projecting right now by the end of May 2019 to be

relocating the headquarters operation onto the property (1200 Center Avenue). That's the current projection and target for that, which he knows is kind of one of the days that they've all been waiting for from the beginning, especially from when he's been involved with this project, so it's a good thing to have an end-date in sight.

Mayor Via stated, Attorney Watts may have already said this but clarify it for him again, is the purpose of this is to jump start development on Parcel 1?

Attorney Watts stated it's to jump start development on Parcel 1. He thinks one of the things he thinks they've come to realize going through this is there is some efficiency there. Again, they're out on the site, they're working on the site, there are facilities that can be shared between the two sites, they can continue rolling with the site design and the utilities and the stormwater design and everything else and keep that process moving and roll it right on to Parcel 1 so that they can come back in and update the site plan and continue working on there to get that site pad ready as well, so that hopefully they can begin as soon as they've got the employees relocating at the end of May 2019, that's going to be the thing that will start driving demand for restaurants and daycares and the other things that are intended on Parcel 1. They just think it would make a lot more sense for them to work toward that Parcel developing those partnership uses starting to move forward on that Parcel, as well as, the sites being occupied by Synergy.

Mayor Via stated and by the end of May 2019, they're going to be transporting people over there?

Attorney Watts stated yes, by the end of May.

Mayor Via asked if there are any questions from the Commission?

Commissioner Penny stated his concern is that, he's been involved with this project from the beginning from a conversation at a table and so, he's stay apprised of it and when he was informed of the workshop, he doesn't think anyone's looked at this for two years. It's a very complicated document. His concern is that they have new Commissioners that have never seen this document and we talk about amending a document, that he thought he had a thorough understanding of until he went back and looked at it and said, "Oh, wow, it says this", and so, why were these conditions put in place? It's always been about jobs and job creation and rewarding Fountainhead for the jobs that are created. He went by there yesterday and there's a lot of...it's like an ant farm. There's people working inside and outside. There's a lot of stuff going on. He doesn't want to hold up the progress. He knows there's a sense of urgency, they have some hard deadlines that they need meet here but he's just trying...his apprehension is whenever they make a quick decision, they often make mistakes and is it fair for this Commission to come back and make an amendment to a contract they've never seen? He's met with Mr. Forte about it for a little bit but I don't think he's been able to brief any of the other Commissioners besides himself on this. It just came up. But with that in light, he's trying to come up with a happy medium of how do we move cautiously forward but not miss our deadlines?

Attorney Watts stated he thinks that's a very valid approach to, and he thinks it's really consistent to what they're asking to do. We can't make any changes to the agreement today. All we're asking is if, we're really focused on the timing of the acquisition of Parcel 1, which

has some very distinct sections in the agreement that are implicated in the amendment that we would need to do. What we propose is that we work with staff and then come back to the Commission with a black line amendment of the document that lets the Commission see the entire document, lets them see the amendments in context of the entire document and maybe they can even work with staff to prepare a summary to what those changes are so that it comes back on a later agenda, when they have time to look at it, they have time, several weeks to digest what it is we're changing and what we're asking to do.

Commissioner Penny stated his concern is that government...the only thing that moves slower than government is church work, and we're talking May 2019. We're talking five to six weeks away. If they don't cross one "T" or dot one "I", we're two weeks off again and then this whole thing is in chaos.

Attorney Simpson stated he thinks the timing from an acquisition, and Attorney Watts can correct him, he thinks the Commission would have to approve it at the first meeting in May 2019 because they would have to close by the end of May 2019 and if they take it to the second meeting in May 2019, that probably doesn't give enough time for closing because he talked to the Lenders council today and they said they can't close by the end of the month anyway, with it being April and here we are at the fourth meeting of the month. So, the change would have to be approved at the first meeting in May 2019 to give the city time to do the closing. He thinks doing it at the second meeting, the fourth Tuesday in May 2019 and then trying to close by the end of May would be...

Attorney Watts stated he thinks as long as they were mid-month, he thinks that's May 14th is the next meeting.

Attorney Simpson stated, yes. I think that's what we would have to shoot for.

Attorney Watts stated ideal, yes. From a timing standpoint, it gives them roughly three weeks to work through the amendment, to get that out and circulate it.

Attorney Simpson stated he would also throw out there, in looking at it and he will defer to Mr. Walker, the City Planner, he thinks it also implicates some language in the MPUD Agreement.

Attorney Watts stated, it may.

Attorney Simpson stated there's some language in there about phasing and what's in the phasing so that needs to be considered as well.

Attorney Watts stated, right.

Mr. Forte asked what is Parcel 1 going to be used for?

Attorney Watts stated Parcel 1 is approved under the MPUD for, he thinks it's all of the ancillary uses, the employee support uses, daycare, there's a fitness facility.

Mr. Forte asked why the urgency for that now?

Attorney Watts stated he thinks that the primary thing that has been driving it is the realization that there's efficiency there and the fact that they're moving the employees to the site is going to be the thing that starts driving the demand for those other uses.

Mr. Forte asked is there an issue with required parking on Parcel 2? Do they have enough parking on Parcel 2 for employees to get in there?

Attorney Watts stated as far as the improved parking, he's not sure that they will from day one so there are existing parking areas on Parcel 1 that they will be able to use as well. That will, also again, going to the efficiencies of it.

Mr. Forte stated his concern is going to be, once that parcel's purchased, they have to join it to Parcel 2.

Attorney Watts stated, correct.

Mr. Forte stated then they have to do a site plan and his experience with the last site plan is it took a very long time.

Attorney Watts stated, right.

Mr. Forte stated and they're not going to be able to allow any construction on Parcel 1 until the site plan is approved.

Attorney Watts stated, right. But he thinks at that point, once they move forward with it, from an efficiency standpoint and hopefully with the revisions and the site plan coming in on Parcel 1, he's hoping that will move forward in a much more...

Mr. Forte asked how far along are they with a site plan for Parcel 1?

Attorney Watts stated the site plan is underway and he knows there were some minor amendments that were being done to that, that his paralegal is working on those today.

Mr. Forte stated, okay.

Attorney Watts stated that all is ongoing.

Mr. Forte stated those are some of the things that they need to talk about and figure out. Site plan, time involved with the site plan, parking on Parcel 1 because there's not enough parking available on Parcel 2 for the folks to move in and the city doesn't want that to be a hold up but he also wants to be aware of the...it's a performance based Incentive Agreement.

Attorney Watts stated, right.

Mr. Forte stated and he has to protect the city, so if they're reducing some of the criteria, some of the performance in Parcel 2, there's got to be a trade-off.

Attorney Watts stated and he thinks that's absolutely fair. He thinks they need to have that conversation and see what the appropriate trade-off is.

Mr. Forte stated remember, the city was promised a deliverable in exchange for an incentive, the city has to make sure it gets its deliverable in order to pay the incentive.

Attorney Watts stated, right.

Mr. Forte stated and part of the answer to that is, I know is, of course we're going to perform, you're holding \$600,000 that we can get.

Attorney Watts stated there is an incentive there to recover that...

Mr. Forte stated I know that's the bottom line answer.

Commissioner Danio stated Mr. Forte, we're not going to get our full deliverable as it stands now though, it sounds like.

Mr. Forte stated he doesn't know what that means. Right now, they're saying their 4,000 square feet short of this portion of the phase.

Attorney Watts stated but what that trigger would be...

Commissioner Penny stated on Phase 1 on Parcel 2.

Attorney Watts stated perhaps, one of the changes they can make as they work through the MPUD is work on the names (?). They have a potpourri of references in there but he thinks Mr. Forte's point is well taken with regards to, they do have performance based incentives that are structured into this but he thinks it's fair for them to look at this and say, "Okay, we've got 80% or 85% of what was in Phase 1 is what's been completed at this point in time, so maybe they readjust..."

Commissioner Penny stated they're going to have more in their square footage later and they're going to get it back anyway.

Attorney Watts stated, exactly.

Commissioner Penny stated it's just a matter of *when* do you get it.

Attorney Watts stated from a timing standpoint, he thinks they can certainly discuss those adjustments and making sure the city's...what you're paying out you're not now paying more for what you were expecting.

Mr. Forte stated the question is, they're seeking direction from the Commission to open up and negotiate the Incentive Agreement to allow for modifications, especially the MPUD, to allow for modifications both of the developer's request for changes to purchase Parcel 1, as well as, the city's request for modifications to the incentives, whatever that may be.

Commissioner Penny asked can they do that in one reading? Can they do that at the next meeting or does that take multiple readings?

Attorney Simpson stated the changes to the Incentive Agreement is just one reading. The changes to the MPUD depends on whether it's major or minor. If it's minor, Mr. Forte can approve those administratively.

Commissioner Currie stated first of all, why are they reducing Parcel 2 from 27,000 square feet to 23,000?

Attorney Watts stated as they've gotten into the construction, using the existing buildings and doing the renovations that were in there, it was simply, he thinks, two-fold. One, it was the number that came in with the reutilization of those existing structures. Number two, some of the additional construction that was initially planned, they dealt with construction cost increases that were not anticipated. He knows he's working with the County right now on some of their road projects and they have an 8% annual escalator going into every agreement for construction costs. They have had cost overruns. He thinks Mr. Meyer and his company

are about \$3 million dollars into this project right now and that's more than they anticipated being into at this point in time.

Commissioner Currie stated and that's commendable. However, when they first started out with this and Commissioner Penny and herself, they tried *diligently* to make sure it was fair for Mr. Meyer and his company and for the city and our constituents because there has to be a happy medium between both. She felt as though they've accomplished that. Her fear was, they get down the road, things are going to change. She doesn't like change like that. She doesn't understand why they're having to go from this rush of Parcel 2...is it even going to be finished before you're purchasing Parcel 1? She thinks, not because she drives by there and there's large piles of sand and dirt. They've done a little bit to the outside, she'll give them credit but there is no way that place is going to be finished.

Mr. Forte stated just for clarity, they have petitioned for a conditional CO (*Certificate of Occupancy*), which the city gave them some criteria that they have to meet in order to get that CO, which they will but again, his question is, the employees move in and you're there, how do I know you're going to finish? We're holding \$600,000.

Commissioner Currie asked are we doing Parcel 1 so quickly because Parcel 2 is not going to be ready for parking there? There's just piles of sand. It looks like an ant field out there.

Attorney Watts stated he thinks that plays into it some. He thinks it helps them but frankly, they can do that through a number of different arrangements with the city.

Commissioner Currie stated I'm not happy about allowing you to jump forward to purchase a parcel to allow you to park on it.

Attorney Watts stated well, that is why...

Commissioner Currie stated that was not the intent.

Attorney Watts stated that's why he thinks what would be fair and what we've talked about is that it would not only be able to put it to that use but immediately start working on the site plan for it immediately and have a timeline in there which they need to make sure its pad ready for those other uses to begin to develop on that site as well.

Commissioner Currie asked how is the city going to be guaranteed, at what point is this going to stop being used as a parking lot and have buildings on it?

Attorney Watts stated there's a certain portion of it that it will always have parking on it. If they recall, back to the site plan under the MPUD...

Commissioner Currie stated she agrees there's going to be parking but what she meant is the extended parking to accommodate Parcel 2.

Attorney Watts stated they would be more than happy to include triggers. The whole agreement is set up now as a performance based agreement. He doesn't think they are asking the city to change that approach at all. As it relates to Parcel 1 Phase 2, will continue to have performance metrics in there for stormwater permitting for the pads for the buildings to move forward.

Mayor Via stated and there are incentives for them to go ahead...

Commissioner Currie stated she understands there are incentives.

Attorney Simpson stated right now, the agreement, the timeline would basically be, from the date of purchase, from the time of their initial purchase, they had four (4) years. That's the timeline they are working on right now. They're about two years in from that.

Commissioner Penny stated he visited the site and one thing became apparent. There's a lot of heavy equipment moving along, a lot of dirt and it appears to him, and he's no construction expert, but there's an economy of scales and Attorney Watts tagged on it a little bit but there's a huge retention pond that needs to be built on Parcel 1. Does it really make sense for them to get Parcel 2 completely pristine, move all their people in there, all the dust has settled, only to start moving dirt again on Parcel 2 and Mr. Meyer has to wash everybody's car once a week because it's so filthy. There's connectivity between the water retention on the property and if you go there, there's ditches everywhere and these ditches go to nowhere because they can't dig the retention pond on our property. So, that's another reason to look at.

Attorney Watts stated if they've ever gone through a construction project, he knows sitting here as Commissioners, you see the initial concept that you start with a project and the changes that occur as you get input, as you think through the design or as one issue pops up you have to respond to. He thinks, largely that's what they've experienced over the last two years. They have an agreement, which reflects the initial concepts that were agreed to and there have been changes to those that have occurred for the project, getting permitting and moving forward and designing what made the most sense from a cost standpoint for the initial phase. One of the changes is that resulted is the 23,000 square feet or maybe a hair over that, but the impact of that change is it holds them hostage under the current agreement. They can't move forward unless they come back and address some of these things. There's a benefit all around here but he agrees, it has to be performance based.

Commissioner Currie stated, just let her be clear. When is the headquarters employees being moved and all that, being scheduled to be complete?

Attorney Watts stated their right to occupy...

Commissioner Currie stated in Parcel 2.

Attorney Watts stated into Parcel 2. The right to occupy the existing building there is to move at the end of May 2019. They have to meet the conditions that the city has laid out for them to meet in order to get the temporary or conditional CO for the structures on site, to move the employees in, will be by the end of May 2019.

Commissioner Currie stated the headquarters building is going to be complete and employees moved by the end of May 2019?

Attorney Watts stated, that's correct.

Commissioner Currie stated, okay.

Attorney Watts stated they have to be out of the existing location by the end of May as well.

Mr. Forte stated he doesn't have doubt that they have to move their employees by the end of

May 2019. He thinks that's really the urgency that's here. Is, they have to get out of where they're at four months ago.

Attorney Watts stated, that's right.

Mr. Forte stated so they're trying real hard now to get in.

Commissioner Currie stated, okay.

Mr. Forte stated he doesn't have concerns about the headquarters being there or the employees being there by the end of May 2019...

Commissioner Currie asked then what's your concern?

Mr. Forte stated his biggest concern is having the approved site plan before work starts on Parcel 1 and that's going to be Mr. Walker's (City Planner) concern.

Attorney Watts stated they wouldn't move forward with anything. That would be a violation of the city's Code.

Mr. Forte stated, right.

Attorney Watts stated they would have to have an approved site plan.

Mr. Forte asked, so what are they going to do? They're just going to basically use the existing parking lot to park on in the meantime?

Attorney Watts stated use that existing parking as they move forward with a site plan for the rest of that site.

Mr. Forte stated Mr. Walker, you're familiar there's an existing, probably 40 parking spaces...roughly, maybe...

Mr. Walker stated on Lot 1.

Mr. Forte stated on Lot 1. If they purchase this by the end of May 2019, they can park on that existing parking lot and it won't be improved, it will be in its current condition, they have to combine the parcels.

Mr. Walker stated they will have to combine the parcels and typically, they should make it part of their site plan. Also, possibly, it would possibly require an amendment to their phasing plan.

Mr. Forte stated, right.

Mr. Walker stated there would be some things involved in being able to bring that parcel and then use it for parking Lot 1, currently owned by the city. If they bought it and want to use it for their parking, it would need to be part of their project, part of their site so they would need to go through the process of combining it, which is not a difficult process. It's a fairly simple thing to do but the other two issues is one, are there going to be changes to the phasing plan? That would require an amendment to the plan development. If the change is a number of the square feet of the buildings, that would be a major amendment and it wouldn't be something that they would complete by the end of May 2019. If they just had site plan issues, those things can be pushed through fairly quickly to show that the site, is

now Lot 1 and the parking on Lot 1, is now part of their overall project and their parking calculations can be updated to show what they have.

Commissioner Currie stated Mr. Walker, the site plan change, they are wanting to go through with Parcel 1 before everything completes with Parcel 2, but what is going to keep them from using *more* of Parcel 1 in the ultimate future, than they should be?

Commissioner Penny stated they have a Master Plan that is for the entire site.

Commissioner Currie stated she understands that but if they're changing a site plan, what's going to keep that from happening?

Mr. Walker stated the only thing that they would be changing at that point, would be to show the additional parking. Would be to bring in that parking.

Commissioner Currie stated, okay. She just wants to assure that what's on the site plan, the restaurant, the daycare, whatever else, is going to take place and it's not going to be substituted for parking.

Attorney Simpson stated what he can tell the Commission, the developer can only build what's in the preliminary plan and the MPUD.

Commissioner Currie stated but they *cannot* build something...

Attorney Simpson stated they *cannot* build and that's part of the whole, the way this was set up is saying, "You finish Phase 1 on Parcel 2 before you go on any further." They didn't want to tie up a bunch of property until the city saw a performance based incentive.

Commissioner Currie stated, correct.

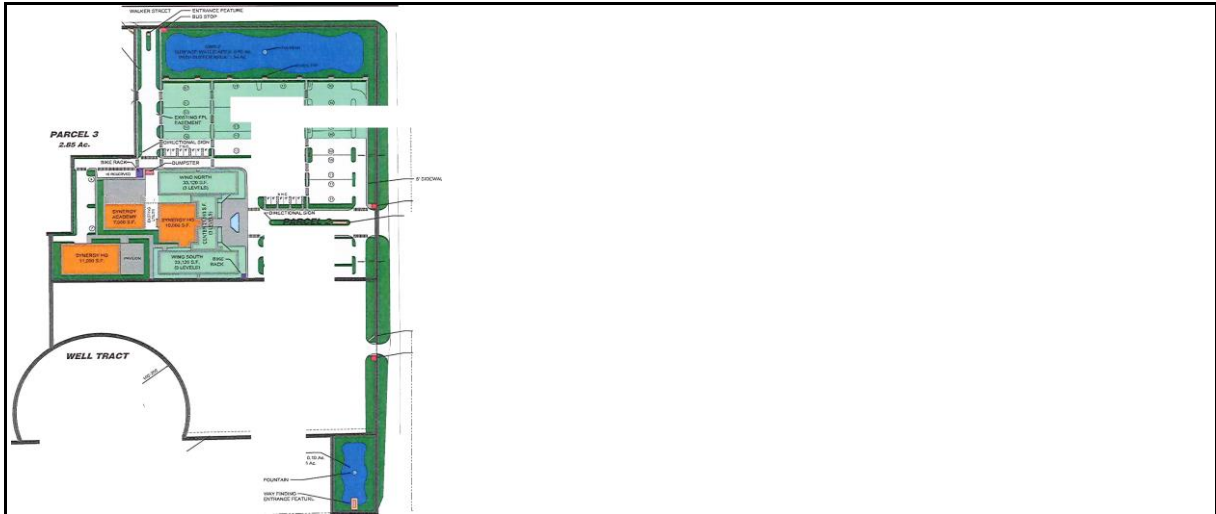
Attorney Simpson stated that was kind of the whole basis of this agreement. If they buy...the question is, if they buy Parcel 1 now and they use it as a parking lot, they can't do anything other than what's shown on the PUD zoning, that limits the site plan.

Commissioner Currie stated but they can leave it as a parking lot.

Attorney Simpson stated leave it as a parking lot and then in two years, their purchase options go away and the agreement's over and they have what they have and the rest of the land is free and clear to the city to do what as it sees.

Commissioner Currie stated but that's what she doesn't want. She doesn't want the possibility of Parcel 1 becoming nothing but a parking lot.

Commissioner Penny stated (*referring to the map below*) but all they have to complete is Parcel 2 Phase 1 are those orange squares, the landscaping, the retention pond and the parking. The light green is a future phase, that's not included.



Attorney Watts stated, right.

Commissioner Currie stated but if they go through a site plan, none of that has to be done.

Attorney Watts stated let's talk about the phasing, first. He thinks what Commissioner Currie is also getting to is, how do you know that something else is going to happen on Parcel 1.

Commissioner Currie stated, right.

Attorney Watts stated that's what you want. Where they are right now, is that if they look at the orange blocks on the initial site plan, they totaled less than what they initially anticipated. They want to adjust that to take it into account. While they are finishing the stormwater, the landscaping and everything else that's being installed as part of the Phase 1 on Parcel 2, they think it makes sense to continue rolling that, come in and do...he thinks there's probably two site plan modifications that they would be talking about here. The first site plan modification would be a simple modification to allow temporary parking or limited parking on that existing lot with a safe connection to the existing new buildings that will be occupied. He thinks those are going to be the key things that he would anticipate the city to look for. The second will be the site plan and engineering for the building sites that are going to be constructed on Parcel 1. That's the daycare building. It's the strip building that they've talked about and they addressed in the PUD. It's actually not shown in the exhibit in front of them but it's an exhibit in the PUD, in the Master Plan. He thinks to address Commissioner Currie's concern, what they suggest is, they don't have signed commitments for somebody to go vertical with those buildings. They can move forward with all the horizontal infrastructure going in place as part of the agreement with the city do this modification.

Commissioner Currie stated that's what she is asking for.

Attorney Watts stated so that the city has a guarantee, has a metric that says, "Within an 'x' number of months, we're going to have that site plan or those building pads submitted within an 'x' number of months, the infrastructure will be installed, that brings utilities to those pads."

Commissioner Currie stated that's what she is asking for.

Attorney Watts stated they are happy to include that in there.

Commissioner Currie stated listen, they had an agreement before but there's nothing that says...when it comes to business, you have to protect yourself, both on this side and your side.

Attorney Watts stated and they wouldn't expect the city to change the terms without them changing the terms as well along with the initial commitments.

Commissioner Currie stated, okay. Attorney Simpson, that would satisfy those having to be installed, built, whatever? Correct?

Attorney Watts stated the utilities, site planning that for the buildings to be constructed on the parcel.

Attorney Simpson stated he doesn't know that there's a 5% guarantee of anything. About the only way that you can guarantee something is like a performance bond, which they really don't need.

Commissioner Penny stated they can buy it and the economy can tank tomorrow.

Attorney Simpson stated there are things that the city can put in place.

Commissioner Currie stated they were sort of talking about this new site plan would indicate those. She knows that nothing is 100% but there would be a higher percentage that those would be complete.

Attorney Simpson stated let him throw out something. First of all, he thinks a lot of motivation here is parking. It's just his personal opinion. On a short-term basis because there's a lot to do between now and the end of May but on a short-term basis, they could have a lease of a parking lot. They can amend the purchase option to say, "When you have an approved site plan, we can then trigger your right to buy. You don't have to finish Phase 1 Parcel 2 but you have to have an approved site plan on Parcel 1 before you have the right to buy." So, then the city just leases them the parking lot to use the parking lot for a period of time.

Commissioner Currie stated and would that be something that's workable for Attorney Watts and his client, Mr. Meyer?

Attorney Watts stated he thinks that solves one problem but doesn't necessarily address all the issues that they're working towards right now.

Attorney Simpson stated the key to the site plan, they can't do any work until the site plan is approved.

Attorney Watts stated, correct. But they would like to start working on that. As they know, they are working on closing up the rest of the financing as well. He thinks that is all part of a package they are trying to bring together at one point.

Commissioner Currie stated, okay.

Mr. Forte stated let me ask you this because this has come up from one of his Commissioners. The purchase money for the land is reimbursable, the \$600,000 they've talked about, it's reimbursable when the employees move in but only after all of Phase 1 on

Parcel 2 is completed.

Attorney Watts stated, correct. As it's currently defined.

Mr. Forte stated he just wanted to make sure of that. He doesn't think he's opposed to leasing the parking lot to them for the purpose of being able to get the employees in there safely and then work on getting a site plan approved and then once approved then purchase it. Do you need, and again, only his assumption, do you need that land as collateral? But if you need it as collateral then you've spent the money and if you didn't spend the money you already have the money. Is it necessary to own the land?

Attorney Watts stated he hasn't been involved on the financing side of things as much as Mr. Ferguson has.

Attorney John Ferguson, 914 Riverside Drive, Holly Hill, stated it is all part of the overall finance package with Intracoastal. They are so far down the road now where they are with all of their approvals that they can't back out now. Parking is one side but then the structure of where they are with the financing, as well as, where they need to be on the staging.

Mayor Via asked so they don't need the lease?

Mr. Forte stated then leasing is really not an option?

Attorney Ferguson stated it doesn't...they don't have time for it.

Commissioner Currie stated for the financing portion is a major thing as well?

Attorney Ferguson stated because of the timing, yes. If they had six months then no.

Commissioner Currie stated, okay.

Commissioner Penny stated the other thing was, there were concerns...things go and then they stop, he thinks that they can all agree that the most valuable parcels there are the corner parcel where the sign goes, Parcel 1 and Parcel 2. They have corner to corner real estate there. The concern was, was that if those two parcels aren't fully developed and Parcel 4 is the affordable housing project...

Mr. Forte stated technically, it's Parcel 5.

Commissioner Penny stated so, that leaves a little nub of Parcel 3 there that the applicant may or may not exercise what their options are and that would leave them with 2.85 acres of vacant land that the city may or may not have this conversation come up 18 months from now. Any possibility of just cutting the cord and asking the applicant, when you take Parcel 1 take Parcel 3 all at the same time?

Mr. Forte stated, actually it is Parcel 4.

Attorney Watts stated if that's something that...again, they want to make sure that the city is comfortable from a performance standpoint but he thinks that they...

Commissioner Penny stated the performance is we got the money in the bank and you're not getting it until you bring the jobs here.

Attorney Watts stated, exactly. Again, they've been meaningful to moving forward if that's

one of the things...

Commissioner Penny stated and he knows this is the financing thing but he wants to keep that lease option on the table in case the internet goes down and the advertising doesn't get out and they miss a deadline. He doesn't want these guys to be stuck. Closing dates with the bank can be pushed back but moving dates with the landlord can't be. Keep that lease option on the table. He knows they're not interested but that's Plan B if...

Attorney Watts stated that's a great point.

Commissioner Penny stated if we drop the ball here somewhere, they have to move and he doesn't know where they're going to move those people.

Attorney Watts stated, yes. That's a great point.

Commissioner Currie stated and like Commissioner Penny is saying, unfortunately, the site plan can take some time.

Commissioner Penny stated one thing, Mr. Walker, is that, they're permitting, they're building, construction is going on, it's almost pad ready, you can go out and see where they are adjoining the new orange building in the back, that's the third building, it's actually shifted up and it's attached to the gymnasium a little bit and it's a little smaller, that's where the square footage shrunk, if they join Parcel 1 to Parcel 2 and then file a new site plan, that's not going to slow down or preclude any permits that are already issued, they're not going to have to stop construction and wait for the new site plan to continue building that building three (3), are they?

Attorney Simpson stated he just wants to tell them that if the concern is...

Commissioner Penny stated he doesn't want to slow them down.

Attorney Simpson stated well, the concern is they won't buy Parcel 3?

Commissioner Penny stated, right.

Attorney Simpson stated they don't get access to the affordable housing money on Parcel 4 until they buy all three lots.

Attorney Watts stated until they buy all three lots.

Commissioner Penny stated okay, until they buy it all.

Attorney Simpson stated they have to buy all three. They're going to buy it to access the affordable housing.

Commissioner Penny stated instead of this coming back to this Commission or a future Commission, if they can work it out...

Attorney Simpson stated they can put it in there.

Commissioner Penny stated if they're going to sell them one, just sell them all three at the same time.

Attorney Watts stated he understands the residual property that the city doesn't want to sit

there and hold in the middle of the project.

Commissioner Penny stated you're going to sit there and hold it until Kenny's project comes because that's the golden goose. There's no reason the applicant wouldn't buy...they wouldn't give the city \$200,000 for that piece of property to get...

Attorney Watts stated he thinks that helps address the concerns too. They can include that.

Commissioner Penny stated something for them to talk about. He just wanted to throw that out on the table.

Mayor Via stated like Commissioner Penny, he doesn't want to impeded any progress. There's a lot of momentum moving forward on this. He would like to see this start coming forward with staff and to present the Commission with something.

Commissioner Currie stated she just wants to make it clear. She's not trying to stop any forward progress either.

Attorney Watts stated, none taken at all.

Commissioner Danio stated he just wants to echo his fellow Commissioners. He's not looking to or be the devil's advocate. He just wants to make Mr. Forte's job a little easier because he's been getting a little frustrated.

Attorney Watts stated he gets that and he knows that the Commission has a lot of people they have to report to and their job up here is to safeguard their interests and they understand that. They know within that context, they have to answer questions and they're happy to. In that context, they have to make sure that their metrics are there and that they meet them. So, they're happy to work with staff to do those things.

Mayor Via stated he appreciates that Attorney Watts and he thinks, if he's hearing correctly, he thinks that the Commission has given Mr. Forte director to go ahead and move forward bringing this back to the Commission.

Attorney Simpson stated so basically, the Commission is in agreement for staff to sit down and start negotiations with them with the goal of trying to put in there, protections to ensure that Parcel 1 gets developed beyond just being used as a parking lot?

There was consensus from the Mayor and City Commission: YES.

Attorney Watts stated and the other modifications that they discussed.

Attorney Simpson stated and yes, the other things that were mentioned.

Mr. Forte asked do they have any idea when Phase 2, Parcel 2 is going to be complete?

Attorney Watts stated he doesn't know what the specific timing of that would be yet.

Mr. Forte stated, okay.

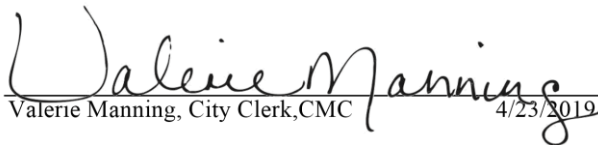
Attorney Watts stated the biggest issue they have right now on the affordable housing piece is all the money is being swept out of the Sadowski Fund. It's been up in the air quite a bit. He has clients that do affordable housing that are coming in as self-financing because they can't rely on them.

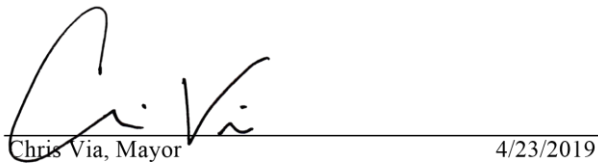
Mr. Forte stated he will go ahead and find time this week to sit down and open up the agreements and see what needs to be amended and what needs to be secured and protected and move on from there. He has until Friday.

Attorney Simpson stated this really needs to be done by the first meeting in May 2019.

Mr. Forte stated he has an extra week so he has until May 3rd to have this signed, sealed and delivered by all of the attorney's to get it on the agenda for May 14th.

3. ADJOURNMENT


Valerie Manning, City Clerk, CMC 4/23/2019


Chris Via, Mayor 4/23/2019