

TERRILL L. HILL
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

RUFUS J. BOROM
COMMISSIONER

JUSTIN R. CAMPBELL
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



CITY of Palatka FLORIDA

Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.

TERRY K. SUGGS
CITY MANAGER

BETSY JORDAN DRIGGERS
CITY CLERK

MATTHEW D. REYNOLDS
FINANCE DIRECTOR

JASON L. SHAW, SR.
CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT

DONALD E. HOLMES
CITY ATTORNEY

MINUTES CITY OF PALATKA February 25, 2016

Proceedings of a Regular meeting of the City Commission of the City of Palatka, Florida, held on the 25th day of February, 2016.

PRESENT:

Mayor	Terrill L. Hill
Commissioner	Mary Lawson Brown
Commissioner	Rufus Borom
Commissioner	Justin Campbell
Commissioner	James Norwood, Jr.

Also Present: City Manager Terry Suggs; City Attorney Donald E. Holmes; City Clerk Betsy Jordan Driggers; Finance Director Matt Reynolds; Police Chief Jason Shaw; Fire Chief Mike Lambert; Planning Director Thad Crowe; Airport Manager John Youell, Grants Administrator Jonathan Griffith

CALL TO ORDER: Mayor Hill called the meeting to order at 6:00 p.m.

INVOCATION & PLEDGE OF ALLEGIANCE – The Reverend Sheila McCoy, Pastor; God's Manna Ministries

APPROVAL OF MINUTES – 2/11/16 – Commissioner Campbell moved to adopt the minutes as read. Commissioner Campbell seconded the motion, which passed unopposed.

1. PUBLIC RECOGNITION/PRESENTATIONS

PROCLAMATION – Black History Month – February, 2016 – Shirley Edwards, Rev. James McGriff and other members of the African American Cultural Arts Council were present to receive the proclamation, which was read and presented by Mayor Hill. Mrs. Edwards spoke of the mission & vision of the Cultural Arts Council and spoke about local cultural events and projects. They also sponsor a Kathleen Green Speaker's Award for students.

BLACK HISTORY MONTH PROGRAM – "Historic Places" - A PowerPoint was shown and narrated by the Clerk and Vice Mayor Brown. A copy of "The Annual – Central Academy" dated June, 1923 (provided by Joan Tooley Florence) was shown and its pages were narrated. Photos provided by Vice Mayor Brown depicting scenes from Central Academy were shown. Photos from the collection of Constance Belton Schneider of her father's band, Belton's Society Syncopators, were shown depicting musicians who performed at Booker Auditorium.

RESOLUTION supporting Bethel AME's application for nomination for National Register of Historic Places – Adopt – Mayor Hill read a Resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA, SUPPORTING AND ENDORSING THE BETHEL AFRICAN METHODIST EPISCOPAL CHURCH OF PALATKA'S APPLICATION FOR NOMINATION FOR LISTING IN THE NATIONAL REGISTER OF HISTORIC PLACES in its entirety. Commissioner

201 N. 2ND STREET • PALATKA, FLORIDA 32177

Norwood moved to adopt the Resolution as read. Commissioner Brown seconded the motion. It was presented to Reverend James McGriff, who said they stand on the shoulders of their founder, Richard Allen, who thought it would be incumbent to carry on the method of the church in Philadelphia, PA. He thanked the City for its support. The church is still concerned for the social and economic situation of every person, no matter the color or nationality. He has well-preserved property deeds signed by John and Caroline Adams, who bought the current church property for \$150. The church is 147 years of age.

PROCLAMATION – Azalea Days – March 4 – 6, 2016 – Angela Murtagh, DPI and Chairman of the Miss Azalea Pageant, was present to receive the Proclamation. Ms. Murtagh said this is now the Miss Florida Azalea Scholarship Pageant. The Miss Florida Azalea and Miss Outstanding Teen pageant will be held on March 6 at the United Methodist Church, 400 Reid Street, and will begin at 6:00 p.m. They are hoping to send two young women, Miss Florida Azalea and Miss Outstanding Teen to state-wide competition. They hope everyone will attend the pageant. This is a big deal for Putnam County and for the pageant. They are now a state-wide pageant.

EMPLOYEE RETIREMENT – Fire Capt. Ronnie Collier – 30 years of service – Mayor Hill presented a plaque to Captain Ronnie Collier commemorating 30 years of dedicated service to the citizens, commissions and staff of the City. Captain Collier is set to retire on February 26th. He was joined by members of the Fire Department. Chief Lambert said Captain Collier has been a great mentor to the firefighters. He began fighting fires in 1980, joined the Fire Department in 1986 and rose through the ranks quickly. He pushes his men to do their best with enthusiasm, and he can fix anything. His mechanical skills have saved the City a lot of money. He is a dedicated Palatka firefighter. Captain Collier said working for the City has been its own reward. He can't think of anything else he's rather have done. The men coming along behind him are some of the best Palatka has ever had.

COMMUNITY PARTNER RECOGNITION – Andrew Holesko and Wayne Wegman, Passero Associates LLC, were present for recognition. Mayor Hill said as Airport Engineers they do a lot of work in the community. Mr. Holesko's son works for Orlando Magic and volunteered to take a group of kids to an Orlando Magic Game. The Magic Express took 50 kids to Orlando, all expenses paid, to meet the Magic. At halftime the kids went on the court and shook hands with the players. Several groups were represented, including a foreign exchange student living in Palatka. This would not have been possible without Andrew Holesko. Mr. Holesko said he enjoyed the event and Palatka can be proud of its youth, who were happy, respectful and grateful, and well spoken. Palatka can be proud of their representation of the community.

STUDENT OF THE MONTH – February, 2016 – Commissioner Borom joined Mayor Hill in presenting certificates to the following students in recognition of academic excellence, leadership, citizenship and attendance at their respective schools:

Amylie Watts	Browning Pearce Elementary School
Macy Gaskins	C. L. Overturf, Jr. 6th Grade Center
Aislyn Brothers	Children's Reading Center Charter School
John Johnson	E. H. Miller School
David Clift	James A. Long Elementary School
Alyssa Beasley	Jenkins Middle School (January)
Brent Richards	Jenkins Middle School (February)
Brayden Myers	Kelley Smith Elementary School
Noah Miller	Mellon Elementary School
Darryl Walker	Moseley Elementary School
Molly Parrish	Palatka High School
Michelle McGowan	Peniel Baptist Academy
Danaisha Cooper	Putnam Academy of Arts and Sciences

2. **PUBLIC COMMENTS** – There were none.
3. **CONSENT AGENDA**
- a. **Adopt Resolution No. 2016-12-13** authorizing the execution of Amendment #1 to FRDAP Project No. A16072 Grant Agreement for Riverfront Park Phase I
 - b. **Adopt Resolution No. 2016-12-14** authorizing the City Manager and City Clerk to execute and attest Passero Work Order #16-47EA in an amount not to exceed \$60,000 for obstruction/tree removal and mitigation at the Palatka Municipal Airport (100% FDOT REDI funded)
 - c. **Adopt Resolution No. 2016-12-15** authorizing reduction of the Code Enforcement fine/lien levied against 1519 High Street from \$14,425 to \$1,000 provided the fine is paid within 30 days of this action
 - d. **Adopt Resolution 2016-12-16** authorizing the issuance of Special Events Permit #16-12 for the 2016 BASS Bassmaster Elite Tournament, March 14 – 21; granting permission to serve/consume alcoholic beverages & exceed allowable noise levels; authorizing street closures, temporary banners and setting permit fees – Putnam County Chamber of Commerce, Applicant
 - e. **Grant permission to exceed allowable noise levels** for 2016 Azalea Festival Mayor's Reception on 3/4/16 from 6 pm to 8 pm at the Bronson Mulholland House – City of Palatka, Applicant
 - f. **Grant permission to exceed allowable noise levels for Special Events permit No. 16-16**, March of Dimes Walk for Babies, 4/9/16 from 6 am to 1 pm at Riverfront Park – Tammy Dygert, agent, MOD
 - g. **Authorize closure of certain streets to vehicular traffic for Special Events Permit No. 16-03** – 5K Walk/run, 6/4/16 from 6:30 am to 11:30 am – Loretta Cribbs, Agent for Beck Automotive Group, Applicant

Commissioner Brown moved to pass all items on the Consent Agenda as presented. Commissioner Norwood seconded the motion, which passed unopposed.

4. **CRA BUSINESS: RESOLUTION** reinstating the CRA Recruitment Grant Award for 211 St. Johns Avenue – Adopt – The Clerk read a Resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA REINSTATING A BUSINESS RECRUITMENT GRANT FOR 211 ST. JOHNS AVENUE IN AN AMOUNT NOT TO EXCEED \$50,000. Commissioner Norwood moved to adopt the resolution as read. Commissioner Borom seconded the motion. There being no further discussion or public comment, a voice vote was taken which yielded the following results: Commissioners Borom, Brown, Campbell, Norwood and Mayor Hill, Yes; Nays, none. The Resolution was declared adopted.
5. **RESOLUTION** accepting ranking of responses for RFQ 2016-01, Lobbyist Services for City of Palatka, and authorizing the City Manager to begin contract negotiations – Adopt – The Clerk read a resolution entitled A RESOLUTION OF THE CITY OF PALATKA, FLORIDA, ACCEPTING AND CONFIRMING THE RANKING OF LOBBYIST FIRM QUALIFICATIONS RECEIVED IN RESPONSE TO CITY OF PALATKA RFQ #2016-01, LOBBYIST SERVICES FOR CITY OF PALATKA, AND AUTHORIZING NEGOTIATIONS WITH THE TOP RANKED RESPONDENT. Commissioner Norwood moved to adopt the resolution as read. Commissioner Borom seconded the motion.

Yeolanda Cash Jackson, Parker, Becker & Poliakoff, said they are excited about the opportunity to represent Palatka. There are a lot of opportunities they can bring to bear for Palatka. Mayor Hill noted she is active with many cities and has lobbied for many universities. Vice Mayor Brown noted they are very familiar with the work she has done for small communities such as

Palatka. There being no further discussion and no comment, a voice vote was taken which yielded the following results: Commissioners Borom, Brown, Campbell, Norwood and Mayor Hill, Yes; Nays, none. The Resolution was declared adopted.

PUBLIC HEARINGS:

6. **ORDINANCE** amending Subpart B, Article II of City of Palatka Charter, Related Laws governing Palatka Gas Authority – 2nd Reading, Adopt – The Clerk read an Ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, AMENDING PROVISIONS OF ARTICLE II OF THE CITY OF PALATKA CHARTER RELATING TO THE PALATKA GAS AUTHORITY; ALLOWING RECORD OWNERS OF PROPERTY WITHIN THE CITY TO SERVE AS AUTHORITY BOARD MEMBERS; ALLOWING THE BOARD TO DETERMINE THE SALARY OF THE MANAGER SUBJECT TO THE CITY COMMISSION'S POWER TO OVERRIDE; ESTABLISHING PROCEDURES BY WHICH THE AUTHORITY SHALL ACCOUNT FOR AND TRANSFER REVENUES COLLECTED WHICH ARE NOT GENERATED BY THE AUTHORITY'S OPERATION; PROVIDING FOR THE MONTHLY TRANSFER TO THE CITY OF A PORTION OF GROSS REVENUES COLLECTED BY THE AUTHORITY AND GENERATED BY ITS OPERATION; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE. Commissioner Campbell moved to pass the ordinance on 2nd reading as read. Commissioner Borom seconded the motion. There being no discussion and no comment, a voice vote was taken which yielded the following results: Commissioners Borom, Brown, Campbell, Norwood and Mayor Hill, Yes; Nays, none. The Resolution was declared adopted. .

7. **ORDINANCE** amending Chapter 70 (Streets & Sidewalks) and Chapter 94 (Zoning) to allow pushcarts to operate in the Downtown District – 1st Reading – The Clerk read an Ordinance entitled AN ORDINANCE OF THE CITY OF PALATKA, FLORIDA, AMENDING CHAPTER 70 OF THE MUNICIPAL CODE TO ALLOW PUSHCARTS TO CONDUCT SALES ON PUBLIC RIGHT OF WAY AND AMENDING CHAPTER 94 TO DEFINE PUSHCARTS; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE. Commissioner Brown moved to adopt the ordinance as read. Commissioner Campbell seconded the motion. Commissioner Norwood asked if this ordinance was vetted through Downtown Palatka, Inc. Mr. Crowe said they have given them the information. The Pushcart ordinance was approved in 1997. To his knowledge, DPI has not taken a position on this matter. Commissioner Borom said he is not comfortable considering this without hearing from them. Mr. Crowe said this is part of a series of zoning issues such as the ones they've addressed for food trucks and mobile produce markets. Mr. Sharp has indicated to him his verbal support and he has not heard any opposition. Commissioner Norwood said any time they are making this type of change they have an opportunity to go to those organization's meetings and present these changes to the members. Mayor Hill said aside from Section 2, relating to exceptions for push carts, this ordinance also deals with prohibitions for any type of advertising benches or other or any mechanisms now in place. He is not an advocate for the prohibition of those types of opportunities of generating some type of revenue in the community, and to promote business or other types of events that may be in place. He is not a proponent for enhancement of this ordinance. Commissioner Borom concurred. Discussion ensued regarding direction to Mr. Crowe to get the position of the downtown merchants on passage of this ordinance. Mr. Holmes said this was advertised, noticed and heard by the Planning Board and this ordinance was fully vetted and supported by them. Mr. Crowe clarified that this is only applicable in the downtown district and downtown commercial district. Mr. Suggs concurred on getting feedback from downtown business prior to second reading. He also asked Mr. Crowe to get feedback from those organizations before bringing such ordinances that affect particular organizations or sections of the community before the Commission. There being no further discussion or public comment, a roll-call vote was taken, which yielded the following results: Commissioner Brown, Yes; Commissioners Borom, Campbell, Norwood and Mayor Hill, No. The motion to adopt on first reading failed by a margin of one in favor, opposed by Borom, Campbell, Norwood and Hill.

8. **REQUEST** to amend contract for purchase and sale between City of Palatka and Riverfront Development Group, LLC – Joseph C. “Corky” Diamond, Manager, Riverfront Development Group – *tabled on 2/11/16 to a time certain of 2/25/16* – Michael Woodward, 501 Atlantic Avenue, Interlachen, appearing for Riverfront Development Group, LLC, described the events leading up to the development and contract agreement between the City of Palatka and Riverfront Development Group, and how they came to tonight’s proposed contract amendment, which he states is problematic as a provision in the contract calls for a Letter of Credit to protect the City in case the property becomes encumbered by liens and the City ends up retaking the property. His client understood that provision to be conditional upon certain factors. Things went forward for a year and a half without the City asking for the Letter of Credit. Mr. Diamond is not to be blamed for this. Last year someone reviewed the contract and found a requirement for a Letter of Credit. Riverfront Development Group is not prepared to give the City a letter of credit. Riverfront Development understands the City’s need to protect itself in the event the project does not get built. The City has the option to buy back the property. It is theoretically possible that if there is no protection in place, the liens could wipe out the value of the property. The proposed amendment is their effort to bring everyone together in the middle and meets the City’s demands more than halfway. They believe there are many benefits. Page 402 of the agenda package starts the proposed amendment. They wanted to be sure they clearly understood what the City wants protection from, which is a situation where things go wrong and the City has to retake the property and there are liens on the property exceeding the value of the property. The notice of owner listing the city as an additional party means that should any subcontractor or supplier of materials serve a notice to owner, which is a prerequisite to a lien, then that notice will also go to the City. This is not provided for in the current contract. The Buyer will obtain from its own general contractor and provide to the City a written waiver of any rights to bring any liens against the city. Any subcontractors that file the notice to owner would trigger a response by the City and Riverfront Development Group. He explained the reason and theory behind contractors providing Notice to Owner. This Notice does not mean a lien is even contemplated; it means a lien could be filed. The response triggered is in the next paragraph, which states that in the event notice to owner is served, then RDG will provide the City with the relevant contract showing the amount of a potential lien. With that information the City will have the opportunity to make sure RDG either immediately secures from the subcontractor a waiver of a lien, or, if that is not possible, then Riverfront Development will deposit into escrow the full amount of any lien that may arise. In the event there is a dispute with a contractor, such as shoddy work, these things have to be worked out. Under the provisions of the contract, the money will be placed into escrow and the City will not have to worry about a lien being placed on the property.

Mr. Woodward said another protection added by the amendment is in the 2nd paragraph following page, referencing ‘buyer’s failure to perform with the terms of this amendment’ it states the buyer will immediately re-convey the property to the seller under the terms of Section 27.3.4. This is enforceable by injunctive relief in which the prevailing attorney can recover attorney’s fees and costs. Also there is protection through a reduced buy-back by reducing the buy-back price by the amount of potential liens. The amendment states that the buyer shall upon request make available for inspection by the seller all records. If the City wants to do random spot checks, they can review RDG’s accounts. Under Items 3, 27.3.4, they included a time extension of 2.5 years. There have been some delays brought about by this contract disagreement. As to the strike-through/underlined language, this change came from Mr. Holmes after their discussions and he can speak to that.

Mr. Woodward said this concluded his summary of the contract amendment. The amendment does not give them the same protection they would have had with a Letter of Credit, but it does give them protection they did not have under the contract now. They are not prepared to give the City a Letter of Credit. The remedy would not be a judge ordering them to give the City a

letter of credit; the remedies would only be those under the contract. They have made an effort to meet the City halfway. It is not identical protection to a Letter of Credit, but it provides significant protection against liens destroying the City's quasi-security interest in the event the City has to retake the property. He hopes they don't have to sue the City or bring litigation against the City.

Commissioner Borom noted an Irrevocable Letter of Credit gives the City 100% protection from potential liens on the property. He asked what percentage of protection this amendment provides. Mr. Woodward said 90% protection. Discussion ensued regarding terms of the current contract and the requirement for the Letter of Credit. Mayor Hill asked Mr. Woodward if his client is unable to provide a letter of credit, or unwilling to provide a letter of credit. They have to determine the answer to that question before they can move forward. If he wants a modification because he's unwilling, he is not willing to listen. If he's unable, and has made a good faith effort to do so, he is willing to listen. Mr. Woodward said a letter of credit can be obtained by parking a large amount of money with a bank, money that is needed to build the project. RDG is not in a position to give them that. They are in a position to almost entirely rule out the worst case scenario; thus the contract amendment. Mayor Hill said at the last meeting Mr. Diamond said he had \$1.4 million set aside but only needed \$500,000 to complete the project. Mayor Hill said he wants to see the project done, but he doesn't want to see it done by opening the floodgates by setting precedent. Someone who undertakes a multimillion dollar project ought to be able to provide a letter of credit. He signed the contract. They don't want to hold his foot to the fire to the extent the project goes way, but they want him to stand by his word. If he is financially unable to provide that letter of credit, that's one thing. What he's heard is that Mr. Diamond is unwilling to provide it. If they don't make him follow this contract, they can't make anyone else follow any future contracts. The property was valued at \$750,000. He got it for \$150,000. The benefit was given to him in the beginning. If he could provide a letter of credit for \$550,000, that would go a long way. He can use common sense and the law. Once you receive a notice, the problem has already started. There has to be some protection by some level of fiscal responsibility. He agreed to provide a letter of credit. If he wants a reduced rate they can speak about that. If he needs reasonable additional time, he's ok with that. They have to have some protection in place.

Mr. Woodward said he appreciates their role of protecting the City and its taxpayers. RDG's impression was that the Letter of Credit requirement would only occur if certain conditions were met, i.e. liens being placed on the property. His client's understanding was that if he could keep those things from happening, he wouldn't have to provide a letter of credit. They are offering a package of significant protection. This is not identical protection, but will protect against almost everything that could possibly occur. You can't protect against everything. Mayor Hill asked if RDG is willing to provide a letter of credit in any amount. Mr. Woodward said no, there will be no letter of credit. Mayor Hill asked if RDG is willing to put any amount in escrow. Mr. Woodward said the amendment provides for an amount to be put in escrow if a notice is sent. Putting money in escrow prior to any notice is not part of the package and not part of the discussion. Mayor Hill asked if they can negotiation further to find a viable solution, and opened the floor for public comment.

Allegra Kitchens, 1027 S. 12th Street, asked the Commission to agree to the amended agreement. As to notification of lien and money put in escrow, she suggested simply buying back the property immediately upon notice of lien. There have been a lot of improvements made to the property.

Sam Carr, 108 Riverside Drive, Satsuma, said through his involvement with the Main Street Program he has had interactions with people coming to Palatka from outside. Many outsiders congratulate him on how progressive Palatka is on the 100 block development. Whatever it takes to make this go forward should be done.

Jerry Hafner, 122 Hilty Lane, E. Palatka, read his letter into the record as representative of Palatka Main Street (filed). They support working with Mr. Diamond to move forward with this project to continue the momentum. This is a significant project.

Tom Townsend, Mulholland Drive, said he supports this project. The buildings are beautiful now that they have been partially renovated. There has been substantial work done on these buildings. This is an important project. Any stoppage will be detrimental to the taxpayers.

Angela Murtagh, 726 St. Johns Avenue, a downtown merchant, has been here for 11 years waiting for growth on St. Johns Avenue. This is their opportunity for growth. She supports keeping the project moving. She said she was also here on behalf of Downtown Palatka Inc. and asked that the Clerk read DPI's letter into the record (filed). Mayor Hill said it is not part of the package unless placed in the agenda package.

Annie Svetlik, 511 N. 3rd Street, read a letter from Linda Crider in support of allowing the project to move forward. She stated she is personally in support of the project.

Jeff Rawls, 1100 Carr Street, said if a notice to owner is served on the City that just notifies them that something is happening. He asked why they aren't allowing Mr. Diamond to put up a bond which requires far less money. There are different ways of getting an Irrevocable Letter of Credit. He asked why the City wouldn't require having the development prove that he can pay for labor and materials. He asked if any asbestos or lead paint testing was done. He said if the contractor cannot prove the viability of his funds now, it won't do any good when someone places a lien on the property. He would like to see the project finished, but Mr. Diamond can't prove he has the money to move forward.

Ray Scrovowski, 105 W. St. Johns Terrace, E. Palatka, said they've seen a lot of improvements in downtown this past year. He supports having faith and trust. God judges a liar.

Jason Brown, 1609 St. Johns Avenue, said he recently bought a house next to his business and was given an opportunity to do so for a zero down payment. He gave the seller his word that he would make the payment as scheduled. They made their payments and then paid him off when they finally sold their old house. The seller trusted him. He wants to see this project move forward for the benefit of his children. He asked that RDG be given the opportunity to continue.

David Dwyer, 103 Springhill Drive, said he is a 3rd generation business owner, and owns Palatka Heating and Air. He did the work for Mr. Diamond on The River Center. He received payment on all of his draws. He has been paid in full. They have a design for the 100 block if it moves forward. They hope it moves forward.

Chip Laibl, PO Box 401, Bostwick FL, said his family has been a downtown property owner since 1951. He served as DPI President and on the CRA. He is very proud of the City Commission; they are doing good work. He believes Mr. Diamond is committed to the project. They need progress on this project. He encourages them to find a way to move forward.

Nathan Clifton, 910 St. Johns Avenue, said he owns much of the 900 block of St. Johns Avenue and has rebuilt most of it. He's invested over \$1.3 million in Downtown Palatka because of the riverfront development. He has had a tough time surviving in Downtown Palatka. He hopes they can find a way to move forward for the citizens of Palatka.

This concluded Public Comment.

Michael Woodward said the books are open to the Commission to see the money spent so far. They are committed to getting this done. The contract has targeted escrow provisions that will prevent what the City doesn't want to happen. His client has had bad experiences in the past when tying up money in letters of credit and other assurances in getting the money released. They can't go there. They are trying to meet the City halfway. They don't think a lien situation will arise. The amendment provides robust security for the City. Mayor Hill asked if they have explored the option of a bond. Mr. Woodward said a bond is not possible as construction has already commenced. They have to be obtained up front. Options as to putting money in escrow were discussed. Mayor Hill said it is his understanding that there is no amount of money that RDG is willing to put up to secure this project. Discussion ensued as to options for a level of financial security in the case a lien is placed on the property. Commissioner Norwood noted that Mr. Diamond stated he understood the provisions of the contract when he agreed to it. He was present at that meeting. Mr. Diamond now says he won't do it, but that doesn't change the expectation. He asked why Mr. Diamond won't put money into escrow to cover a contract when the City has been noticed of a possible lien. They want to see the project completed, but the City can't accept a high amount of risk.

Mr. Holmes said a Notice to Owner can be filed at any time after a person starts to do work or deliver material. They are required to file a notice to owner before any money or labor is put into a job. A concern he had was that because of the condensed construction schedule, finishing by July 7th, there will be many subs working on the project simultaneously. His concern is that Mr. Diamond said he didn't think anyone would file one, but sometimes bad things happen in spite of best efforts. A sub could wait 45 days to file his notice to owner and can be substantially invested. If Mr. Diamond pays all contracts in full in the beginning, or puts the full amount of the contract in escrow, or if not, the City's only remedy is to take the building back minus the amount of the lien. They did talk about escrow funds; he asked if the project would be phased and if so whether or not he could just cover the amount of work he was doing in the next phase. He was advised that RDG was unwilling to put up escrow for even small phases of the project. As to the changes he made to the contract, he made changes to the contract he proposed. He got the draft around 3 pm the day of the meeting and added what he thought were prudent changes. As to the strike through in paragraph 3, this eliminated what is not intended to be an escape clause through the original contract. If he didn't complete the project in 2 years the City should have the right to buy it back regardless of a mortgage. The contract originally said as long as the City didn't have a mortgage on it, the City could buy it back; he doesn't think that language is good for the City, so he struck it. Finally there are a number of things in the amendment that were not in the original contract, and that's true, but that's because there was an irrevocable letter of credit in the original contract and they didn't need those additional protections. As to the question on risk on the project, Mr. Holmes said he believes it is totally impossible to answer the questions as to what percentage of protection this provides. This amendment provides the City less protection than the letter of credit. The amendment gives them more protection than they have now, as there is no protection now. As to percentage of protection, he cannot project that. He knows letters of credit are tough to get, but that's what was negotiated and signed. That is perfect protection. The amendment is less than perfect protection. Commissioner Brown asked if RDG could put money in escrow for the amount of construction left, and draw it down as the project nears completion. This would provide the City security. They want to find a way to move forward. Mayor Hill said they need to look at ways to get this done. Everyone wants to see this project completed. He doesn't want to see the City paying off loans so they can have a building. They have spent a lot of money to bring something to the community that will only bring in a handful of jobs. He wants to see something from RDG. The purchase price of this property was \$150,000, and it will cost the City \$150,000 to buy it back. If he can put up the purchase price, and then draw it down with sufficient proof that the clients can be satisfied, he could look at that. He has stated he has the money to complete the project. This shouldn't be an additional burden.

Again he asked Mr. Diamond if he is unwilling or unable to put money in escrow. They need to know the true financial status. Putting \$150,000 up is a viable solution.

Mr. Woodward said it is obvious that their efforts need some more work. Mayor Hill said they've gone from a \$3 million letter of credit to \$150,000 in escrow. That is a lot of "meeting." This is a minimal requirement. He will be able to access that money in the final phases. This is viable.

RECESS – at 8:45 p.m. Mayor Hill called for a 10 minute recess after having received consensus from the Commission.

RECONVENE – Mayor Hill reconvened the meeting at 8:55 p.m. and continued with the Orders of the Day.

Mr. Woodward said the \$150,000 number proposed is the repurchase price. They don't expect that to happen. They suggest that instead of putting \$150,000 in escrow, they will take the \$150,000 off the purchase price; they propose the City repurchase the property for \$1.00 in addition to all the other protections in the amendment. Mayor Hill said this is the same as putting \$150,000 up in escrow. Mr. Scruggs said this does provide the City with some security and he believes they can manage the project within these parameters. They are under a time crunch and there will be a lot of lien opportunities out there. This is a policy decision for the Commission to make. They will do whatever the commission directs them to do. Mayor Hill recommended accepting the amendments brought forth and amending the repurchase price to 1 cent instead of \$150,000. Commissioner Borom moved to accept the Contract Amendment as amended by Mr. Holmes and further amend the repurchase price from \$150,000 to \$1.00 or 1 cent. Commissioner Campbell seconded the motion. Mr. Holmes said he could accomplish that by amending the 2nd page, paragraph 2, to state, In the event of default by buyer, such that seller elects to repurchase the property, the repurchase price shall be \$1.00." Mr. Woodward said they accept Mr. Holmes changes. There being no further discussion, the motion passed unopposed.

9. CITY MANAGER & ADMINISTRATIVE REPORTS -

Mr. Suggs reported the following:

- The mayor of Green Cove Springs contacted him about holding a joint meeting with this Commission to discuss issues in common such as river commerce and outer beltway. They can't do that because of jurisdictional constraints. If they all attend the League of Cities meeting in March, he and Mayor Hill can meet with the Mayor of Green Cove Springs and bring that back to the Commission.
- In October the Commission adopted an ordinance which took the Cemeteries Department out of the burial business. There are no issues with burials. Phase II is to close the cemetery office and relocate staff. As of March 14 they will relocate cemetery office staff to downtown. Mrs. Hinton will still schedule burials and make appointments to meet with cemetery customers.
- He and his wife attended the opening night of the River City Players play "Eat Your Heart Out." It was an excellent venue. Mandi and Eli Tucker both participated in the play and were outstanding.

10. COMMISSIONER COMMENTS

Commissioner Campbell invited all those in attendance to attend the March 10th meeting.

- 11. ADJOURN** – There being no further business to discuss, the meeting was adjourned at 9:10 p.m. by Mayor Hill.

ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THE CITY COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE MAY NEED TO INSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. FS 286.105