

**VERNON MYERS**  
MAYOR - COMMISSIONER

**MARY LAWSON BROWN**  
VICE MAYOR - COMMISSIONER

**ALLEGRA KITCHENS**  
COMMISSIONER

**PHIL LEARY**  
COMMISSIONER

**JAMES NORWOOD, JR.**  
COMMISSIONER



**ELWIN C. "WOODY" BOYNTON, JR.**  
CITY MANAGER

**BETSY JORDAN DRIGGERS**  
CITY CLERK

**MATTHEW D. REYNOLDS**  
FINANCE DIRECTOR

**GARY S. GETCHELL**  
CHIEF OF POLICE

**MICHAEL LAMBERT**  
CHIEF FIRE DEPT.

**DONALD E. HOLMES**  
CITY ATTORNEY

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

## MINUTES CITY OF PALATKA June 20, 2012

Proceedings of a special called meeting of the City Commission of the City of Palatka, Florida, held on the 20<sup>th</sup> day of June, 2012.

**PRESENT:**

<p>Mayor Commissioner Commissioner Commissioner Commissioner</p>	<p>Vernon Myers Mary Lawson Brown Allegra Kitchens Phil Leary James Norwood, Jr.</p>	
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Also Present: City Attorney Donald E. Holmes; City Clerk Betsy Jordan Driggers; Police Chief Gary Getchell; Fire Chief Mike Lambert; Main Street Manager Charles Rudd,

**CALL TO ORDER:** Mayor Myers called the meeting to order at 1:00 p.m. and read the following call, issued on June 8, 2012:

**TO MESSRS:** MARY LAWSON BROWN, ALLEGRA KITCHENS, PHIL LEARY AND JAMES NORWOOD, JR.:

You are hereby notified a special called meeting of the Palatka City Commission is called to be held at the regular meeting place of the City Commission at City Hall, 201 N. 2nd Street, in the City of Palatka, Florida, to commence at 1:00 p.m.

The purpose of the meeting is to hold Developer Interviews for the Riverview Property Redevelopment Project, Phase I.

*Isl Vernon Myers*  
Vernon Myers, MAYOR

The following commissioners acknowledged receipt of a copy of the foregoing notice of a special meeting on the 8<sup>th</sup> day of June, 2012.

*Isl Mary Lawson Brown*  
COMMISSIONER

*Isl Phil Leary*  
COMMISSIONER

*Isl James Norwood, Jr.*  
COMMISSIONER

*Isl Allegra Kitchens*  
COMMISSIONER

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**INVOCATION** – Commissioner Norwood

**PLEDGE OF ALLEGIANCE** – Led by Mayor Myers

**CITY OF PALATKA REQUEST FOR DEVELOPER PROPOSALS**, due 6/1/12 - Mayor Myers noted in the RFP, issued 3/2/12, the City requested any proposal for the Phase I redevelopment of Palatka's Riverview Property. A set of criteria containing six requirements were set forth in the RFP and those are the criteria these proposals should be evaluated upon. The order of presentation of these submissions were drawn by lot.

1. Palatka Vision, in association with Synergy Const. – Charles B. Palmer, 4004 Shady Oak Court, Lake Mary, and Jeff Rawls, 1100 Carr Street, Palatka, were present for Palatka Vision.

Mr. Palmer said he has done almost a billion dollars worth of financing and has personally built around \$250,000,000 in developments, and has paid off those notes. His associate, Gerald Hardage, is a senior construction manager with many years of experience. His resume is included in the submission package. They also have BJ Miller, a qualified, intelligent individual involved in redevelopment of downtown areas in a number of cities. Her resume is included in the submission. In terms of a general team, the developer side and economic side, they have joined with Jeff Rawls, a local builder/contractor, who loves the City and has done a lot of public work.

Mr. Rawls said Synergy was established in 2001 and has had an office in Palatka since 2003. He moved here in 1988 and Palatka is home for him. They don't publicize a lot of their work they do in the background. They have a lot of talent in their operation. They participated in many of the Lee Conlee House's building programs and maintenance needs. They've recently teamed up with Home Depot for a Bread of Life project and other community projects. They are a small business certified by HUBZone. 35% of their employees live in the HUBZone. They hire unskilled labor and teach trades. These are unskilled laborers with a desire to work and they learn all aspects of construction. This project is a perfect opportunity to take unskilled, unemployed people and teach them a skill set and offer them a job at the same time, and build a workforce from within the City. There is a lot of work they could be doing if they had skilled labor and the economic resources. The 100 Block would provide the perfect environment for unskilled people to learn construction skills. He has spoken with PHA about setting up a construction school, which he would be personally involved with. This would be a large part of that.

Mr. Palmer said they did not respond with a specific set of buildings, plans, etc. What this does is state that they believe the 100 Block is the 'keystone' to the City. The whole focus is to do something appropriate with those buildings. In a general sense they should be retained. They feel these buildings can be rehabbed; the questions is whether or not you can retain the whole building(s), which would make the project eligible for historic tax credits, or just retain the facade, which does not enable retention of those credits. They did a walk through study which gives some sense of the level of work involved. He has spoken to their investors and bankers and some of the downtown merchants, and couldn't get a grip on the economics. Economic times have changed. Their proposal calls for a public/private working relationship where they and the City both put dollars into this and calls for a current social economic demand analysis. They feel they need to focus on low to moderate income housing. This needs to be an economic stimulus for the City. If they work on the 100 Block buildings and ignore the rest of

downtown, they do not see where the service is. 70% of all consumer retail spending takes place after 6 pm. After 6 pm shopping and the economy goes outside the City. They can put some establishments in that building that will provide an economic stimulus. Students won't bring an economic stimulus downtown. The majority of consumer spending occurs after 6 pm, and women make up 80% of consumer spending. They need to bring the spending back into the City. Their proposal is to form a public purpose workshop to bring current economic data to the table to entice 3<sup>rd</sup> parties to invest in the project.

Commissioner Leary asked if they had read the RFP, as all the things he is talking about were supposed to be submitted with the Plan. They don't need an economics 101 class; they need bricks and mortar proposals and he does not see that in his proposal. Mr. Palmer said that is because their belief that just rehabbing or replacing the 100 Block buildings won't satisfy the City's long terms needs nor benefit the downtown merchants. To spend money on a current market feasibility study and then come back to the City is not part of the economic process any more. It used to be when they made lots of money on developments; this doesn't work today. He suggested if they want to move forward, his recommendation is to keep them on a very tight leash, create deadlines and keep them accountable. Synergy Construction would love to be part and parcel of the construction. He understands the point of view, but believes it not to be realistic.

Commissioner Kitchens said she is not a Planner. They set forth the requirement of the RFP and expected those to be answered. The basic requirements have been met in the past. She complimented Mr. Rawls on his construction talents, and Mr. Rawls and Mr. Palmer on meeting Criteria #1, Design Request, in that "the proposed development shall not encompass any of the Riverfront Park." Items 2, 4, 5 and 6, weren't complied with. It may be unrealistic, but this is what they requested. As for financing, she understands that times are tough, she is also concerned about various liens in some of their backgrounds and wonders how that would affect their ability to receive loans. The Commission has received background information on both developers and she would very much like the City Attorney to be here to address these points. If they vary from what the RFP says, they need to resubmit this to everyone and ask all groups to come in with the same request for general information.

Commissioner Brown said Mr. Rawls does a great job. She expected more of a vision for the 100 Block. They have studied these blocks and the Downtown extensively; there is lots of data available. They've had people come in and gather public opinion. They need to see a visionary plan and a finance plan. People are tired of the wait. If they don't get innovative and visionary, they will remain stagnant. They wanted to see how they could finance this. The City has some ways of participating in this, but they have to come up with a finance plan. Until they see that, she doesn't see how they can pass this along and wait further.

Commissioner Norwood complimented Mr. Rawls on the design of the Annie Mae Spells apartments and is excited to hear of his proposed construction training program. As to the proposal, he agrees with the Commission that it is incomplete. He wants to understand, if they understood if the 100 block would be an obstacle, why they didn't give an alternate proposal for development? Mayor Myers noted they stated they were in favor of retaining parts of the building(s). Mr. Rawls said the thought was if they retain the façade on 2<sup>nd</sup> Street & St. Johns Avenue, you can build apartments on the 2<sup>nd</sup> floor and build a restaurant in the tall building, having mixed use downstairs. This would start an evolution that works its way up St. Johns Avenue. If the entertainment district begins at 4<sup>th</sup> Street and goes east to the river, this would revitalize the area, similar to what

Deland has done. No one wants the big square footage buildings any more. They could put \$3 to \$4 million into it but never get that money out of it. You could put student housing there, but that won't generate revenue. They wanted to not rethink the RFP. If they had more time they would have been better prepared. They wanted to suggest forming a partnership and synergize the development. They are a small piece of a large puzzle. They want to at least express that part of the development concept. Banks have CRA money available. They need a consensus from the City and public on what the City wants, instead of proposing something.

Commissioner Leary said he admires Mr. Rawls' work as a general contractor. They've run out of time. The City has no money. They are going into next year's budget in a deficit. If they had a clean slate, without those buildings, he'd hoped he'd give both scenarios – one with, one without. He doesn't think they can accept this proposal. Mr. Rawls said they pulled this together in a short period of time. They want to be involved. If they have local talent interested in working on the 100 block, whatever they decide, they should let that happen.

Mayor Myers paraphrased, this is an expression of interest on their part, rather than a formal response. Commissioner Kitchens said the College has no intention of doing student housing downtown. There is no truth to the rumor that the college wants to partner with a developer to put student housing downtown. Whether students live downtown is up to them. She asked if they received a copy of the structural analysis from S&K Construction done late last year? That is available and could give them some insight. They aren't voting on anything today; this is an information gathering session. At a later date they will decide to accept or reject any or all proposals.

Mayor Myers thanked them for their interest. Mr. Rawls said he's seen engineering studies. Engineers all have different opinions. You can build a steel skeleton inside the walls; you can keep the bricks and mortar. As a builder he builds what he's asked to build. If he's asked for design information, he can provide that. He thinks the buildings can be rebuilt. No one is going to put a lot of money into this project because they won't get their money back. If all they are going to do is the 100 block, that won't help much.

Mayor Myers said they have to start somewhere. People are tired of the studies. The City has no seed money to facilitate any more studies. He always envisioned retail on the bottom and residential on top with retail opening on 2<sup>nd</sup> Street and fronting the rear of the block. As developers, they have to cost it out, run projections on revenues on apartments and retail, and price it out to see if it's economically viable, and that's what they are looking for. All of St. Johns needs help and they are making progress. They are starting with the 100 Block. There is an announcement tonight regarding an environmental education center that will be built on the corner of St. Johns & Memorial Dr. This is the smallest piece of the redevelopment. They thought they would start with the smallest piece of the redevelopment concept.

Mr. Palmer said his point is they can run those figures; he's done that for a living for 40-50 years. He's used to going in with heavy-duty current socio-economic data. They have to spend \$15 to \$20 thousand for that, plus architectural renderings. This is a long, involved process. To separate Palatka Vision from Synergy, they'd like to be involved as a developer and Synergy would like to be involved as a contractor. If they give the Riverfront Developer folks the opportunity to move forward, he suggests they keep a short contractual leash on them. The economy has gotten no better; he doesn't know how they will finance this. If they can say they can do it, by all means accept their

proposal. Synergy would be glad to build whatever they want built, and they will be glad to work on the developer side.

Commissioner Leary thanked him for making the point that nothing has changed financially; the money is just not there. This is the point he's been making for some time. Mr. Palmer said there are a lot of public funds to do public housing; he suggests they keep a tight rein on contract benchmarks. Commissioner Kitchens said they aren't making any decision today, and Palatka Vision is still in the running for consideration.

**RECESS** – With the consensus of the Commission, Mayor Myers called for a recess at 1:45 p.m.

**RECONVENE** – Mayor Myers reconvened the special meeting at 2:00 p.m. and continued with the Orders of the Day.

**DEVELOPER SUBMISSION** – Riverfront Development Group, LLC – Corky Diamond, 329 River Street, Palatka, business; 113 Seashell, St. Augustine, FL residence, introduced Rob O'Leary, one of his team members and a professor at St. Johns River State College, and said he created all of the drawings they've submitted.

Mr. Diamond said Mr. Redd, who put together the plans, could not be here. He distributed a supplement to the RFP, stating he is not amending the RFP, but supplementing the information. Commissioner Kitchens asked what the difference is. Mr. Diamond said they are supplementing their response, as was stated in his response. It talked about providing specific information, specifically cash flow and costs, at a later date. This specifically speaks to that information. They responded to the RFP point-on. They specifically started with the Design Statement. Today their sole focus is on the 100 Block. They provided a construction plan, developer entity, and in their response they said if they are fortunate enough to be selected they would submit the backup information. Mayor Myers said they can't consider any of the supplemental information as it was not submitted by the RFP deadline.

Mr. Diamond said in their response they said they would provide financial data. They are here today to speak to the restoration of the 100 Block buildings. Their plans are on the Boards, and this contains no new information.

Mayor Myers said the RFP stated they are to address six specific criteria. Mr. Diamond said Mr. Redd could not be here today. He put together the Plan they are referring to. This plan was approved on March 25, 2010. Commissioner Kitchens said the exception of the Plan was not approval of the Plan; each portion of the development has to come back to the Commission as each portion is proposed. Mr. Diamond read from the minutes and said he understands the master plan is conceptual. They want to work through the steps of the Plan. They plan to only talk about the plan for the 100 Block. They've talked to two different parties that want to be placed in the 100 Block in the sodded area, which contains .47 acres, or 19,000 square feet. They understand there are to be plans unveiled for a building this evening.

They created an LLC, a single-purpose entity, for the purpose of developing the 100 block only. They put 30 of these together over the years. This is totally owned by Jerry Diamond, his father. This team and team members are very successful people in this field. This is as strong as any team ever assembled for this purpose. He read a letter from Mr. Redd into the record extending his apologies for not being present today as he was required for a court appearance. This was a letter of support for this company and

support of his endeavors. They look forward to being a planning/design partner with Riverfront Developers LLC. Mr. Diamond said they have been partnering with Mr. Redd for many years on various projects.

They have spoken particularly about how they will go about renovating these buildings. The supplemental materials he submitted, but that apparently won't be read, state the economic forecasts for keeping these buildings solvent. They aren't here to talk about obtaining studies, but to talk about how to finance this redevelopment. They propose to do this by having a college presence. The City's Nov. 2011 Legislative Priorities states its #1 goal is to bring the college downtown. They finally obtained a special purpose designation on the Riverfront. The designated funding the College has received, or has been earmarked for, is PECO funds. SJRSC is one of many colleges set with this funding mechanism. Where they don't have it on this list is in the downtown corridor in this list of designations. Mr. Leary said the legislature has not funded PECO for any colleges in the last two years, and don't plan to. This application is incomplete and doesn't meet the requirements of the RFP. Mr. Diamond said he didn't understand the process, but was here now to tell them they are financially capable of financing this redevelopment. They tried to craft the response in broad terms. They thought there would be a narrowing down process. They are ready, willing and able to address each part of this. They have met with the college and handed them a lease. They want to be downtown and the City wants them downtown. Working together they can bring them downtown.

Commissioner Leary said he spoke with Mr. Pickens about this, who says differently. He's looked at thousands of diagrams on this. He asked if they have a Letter of Credit stating they have funds. Mr. Diamond says he's met with TD Bank, who states when the City gives them a contract, to come back to them with that. They cannot just have a letter of credit before a contract or letter of acceptance, they cannot do that. If they are selected, they can negotiate a contract based upon the old lease and he believes they can work out a contract in one day. They can then go back to the Bank and get commitment letters, and be ready to go. Their goal and plan is to begin before the holidays. Leary said it is his experience that developers have financing in place before the development is accepted. Commissioner Kitchens said they are not voting to accept or deny anyone today. As to Commissioner Leary's statements, she agrees that the six elements were not complied with, at least entirely. As to capitalization of the project, it states the respondent should provide an outline of how the proposed financing will be obtained, and goes on to flesh that out. If he wasn't sure what would be required, he could have contact city representatives. She has spoken to Mr. Pickens and Ms. Miller who have said they are only interested in putting some classrooms in downtown, but have not made any commitment to any developer.

Mr. Diamond asked to speak to the \$3 million they've referenced in their opening statement letter. It's not that they didn't understand the RFP, but they thought they would be given the opportunity to provide specifics at a later date. Their letter states the funds they would be using. He read from the Construction Plan, page 3, paragraph B, which speaks to their direction. The projected cost is contained in the opening line of the letter, after "Dear Mayor Myers." Since that time they've come up with hard numbers. They need an opportunity to explain the process; they are not consultants and don't go out and try to raise capital and farm this out. You just can't have a letter of credit before a contract. They believe in less than 90 days of the date they execute a contract, they can have a letter of commitment. Mayor Myers said the letter says absolutely nothing specific. Any financing is going to encompass any of those sources as an option. Mr. Diamond said they have three different avenues to fund this with. Mayor Myers said

these are vague. Mr. Diamond said they thought they could bring a more in-depth response, should they be selected. They stated they would bring forward a specific development response.

Commissioner Norwood said he understands what they are saying, but at this point they can't accept new information. The response doesn't meet all of the criteria of the RFP. He understands they said they'd provide more refined information at a later date, but that's not what the City asked for.

The Commission then addressed the required criteria as listed in the RFQ.

1. Design Concept – Mayor Myers said they submitted plans for the 100 Block. Commissioner Kitchens said he speaks of other additions to the “master plan” that encompasses private property as well as public property in the form of 5 additions, including a waterfront restaurant and two other buildings. They also state the redevelopment of the 100 block is the first phase of their proposal. They have included more than the 100 Block. Mr. Diamond said the reason they included that is because in the executive summary, it encourages new ideas and concepts for new development. At the end of the day their sole focus is the 100 block. He wants to talk about that specific goal. They are a group partnership and are financially sound and capable, have a pro-forma cash flow and are able to renovate those buildings.
2. Development Team – Mayor Myers said this speaks for itself. The proposal contains extensive bios.
3. Construction Plan – Project Development Strategy, Financing Plan, construction commencement date and build-out schedule. Mr. Diamond said this is specifically addressed. Mayor Myers said this contains no financing strategies other than the vague references.

Mayor Myers said the project commencement date states they will commence the day after the permits are issued by the City. Hypothetically after they receive a signed contract and the building permits are issued they can begin the next day. Mr. Diamond said they are fortunate that the City has gone through the process of negotiating a contract that is acceptable, although that contract was with the last developer. They can have plans ready in 60 – 90 days and can have a financing plan in place. Commissioner Kitchens said they didn't like everything in the CDP project, and it will come back to the Commission for final approval. Mr. Diamond said they don't think there are too many issues with the CDP contract and believe they can iron out small differences in a short time.

Build-out Completion Schedule – Mayor Myers said they state it will be complete within six months of the day the permit is issued. Mr. Diamond said their partner in a project down south was Lenar Homes. They built five houses in three months. They have a local gentleman here who is a licensed contractor who has a crew of 20 men, who do nothing but historic renovations. They have two crews planning to work on this development per day. They want to have college housing ready in the fall of 2013.

4. Developer Entity - Commissioner Kitchens said they required an organizational chart, all parties have been identified, but there is no chart. Mr. Diamond said none of the partners are owners. The LLC is solely owned by his father. He is a managing member. Mayor Myers noted the organization structure is an LLC.

5. Capitalization of Project – provide a basic outline of projected cost and proposed financing of same – Mayor Myers noted he states they will use all finding sources available. He read the provisions of the requirement, and said that is what they were looking for. They've already addressed this; it's in the supplemental information. Mr. Diamond asked if they will ever be allowed to look at the supplemental information. Mayor Myers said they can't today but may be able to in the future if he is selected.
6. City Participation – Mayor Myers read the provisions of the requirement. Commissioner Kitchens stated the RFP says the nature of the City's proposed participation shall be stated. The City is willing to consider participating in the process, It states the City is not in a position to participate monetarily. It states if the developer contemplates any participation that should be outlined. Commissioner Kitchens noted the proposal states the LLC won't look to the City for financing, and then it goes on to list other avenues of participation, including City participation. Mr. Diamond said he copied and pasted the wording straight from the RFP. The RFP talks about negotiations of an agreement on page 9. This talks about the review process; looking at the specific development they specifically talk about these elements. They are not asking for City participation. All they want is cooperation in moving forward.

Commissioner Kitchens said she reserves the right to question further.

Mayor Myers said they have two proposals. They will evaluate them based upon the responses to the RFPs and today's interviews. They will make a decision to either accept one or reject both, and place this on the July 12 agenda if that's agreeable to the Commission. Mr. Diamond asked, when they are evaluating the responses, will they be able to look at the information he provided today? Mayor Myers said, according to the City Attorney, who was just consulted, they can't accept anything further unless they extend the same courtesy to the other respondent. They have to be fair. Commissioner Norwood said they can't consider new data until after they have decided whether they can accept one or the other. They can decide whether or not to accept supplemental information at the July 12 meeting. The supplemental information was returned to Mr. Diamond.

Mr. Diamond thanked the Commission for the opportunity to submit. If there was a mistake in not providing this information, it is his. He has the financial wherewithal to develop this block. He has the capability. Mayor Myers stated he appreciates Mr. Diamond's and his group's interest and thanked him for his work. Commissioner Kitchens said they have to ask the hard questions; they aren't trying to embarrass anyone. They work for the citizens. Mr. Diamond said he hopes for an opportunity to answer more questions.

Adjourn – There being no further business to discuss, the meeting was adjourned at 3:55 p.m. upon a motion by Commissioner Norwood.