

LONGWOOD CITY COMMISSION
Longwood City Commission Chambers
175 West Warren Avenue
Longwood, Florida

SPECIAL MEETING
MINUTES
October 26, 2020
6:00 P.M.

Present: Mayor Richard Drummond
Deputy Mayor Brian D. Sackett
Commissioner Abby Shoemaker
Commissioner Ben Paris
Commissioner Matt Morgan
Dan Langley, City Attorney
Clint Gioielli, Acting City Manager
Michelle Longo, City Clerk
Chris Kintner, Community Development Director
Shad Smith, Public Works Director
Tom Krueger, Economic Development Manager
Craig Dunn, Information Technology Director

1. **CALL TO ORDER.** Mayor Drummond called the meeting to order at 6:00 p.m.
2. **DISCUSSION AND POTENTIAL ACTION ON DIRECTION TO CITY STAFF REGARDING NEGOTIATIONS ON THE HERITAGE VILLAGE REDEVELOPMENT PROJECT AND PROPOSED DEVELOPMENT AGREEMENT FROM TAURUS INVESTMENT GROUP, INC.**

Mayor Drummond opened the meeting and stated the regular order of the meeting will be suspended so that everybody can have a discussion. He then asked if the Taurus Group (TI) had anything they wished to say.

Mr. Craig Govan said he thought it would be important for Ms. Kim McCann to show the latest drawings and elevations for the City Center and Mr. Dave Schmitt, a civil engineer, to present a comprehensive drainage proposal with the information and studies available.

Ms. McCann showed slides of updated renderings that they did not have at the last meeting. The changes included scaling down the size of the two-story townhouses along Florida Avenue, outdoor dining and a patio area for the outparcel proposed to be a Coffee retailer, and proposed exterior improvements with new glass openings and shutters to the windows of the 451 building to make it feel more like a City Hall. The proposed Fire Station will also be a part of that.

Mayor Morgan asked for a third-party traffic study for Florida Avenue, Warren Avenue, and Church Avenue as well as a water retention pond plan for where the apartments would go.

Ms. McCann said we have not started a traffic study yet. The traffic study is a detailed comprehensive track of studies that would show the overall area. It would be done by a traffic engineer under the State of Florida. She said Mr. Schmitt has done a lot of work over the entire downtown area. We talked about it being a comprehensive solution, not a parcel by parcel solution.

Mr. Schmitt said over a few short days we have assembled a booklet of material, primarily of compiled maps from Seminole County GIS System. We have collected any St. John's permits from the St. John's website as we could for projects that were permitted in this area. We have done an extensive site review and analysis in the area to get a better feel for where flooding is occurring and the reasons why. We reviewed the drainage calculations from the permits and prepared exhibits from the available data. We have also prepared and reviewed soil maps and Federal Emergency Management Agency (FEMA) maps for the area. According to FEMA, there is no hundred-year designated floodplain area in the study area that we have done from Florida Avenue to State Road 434 to the west of Lemon Lane and east of Ronald Reagan Boulevard. We know there is historic flooding here and that needs to be addressed. Following a review of existing data, we came up with areas of concern, prepared possible solutions for them, and a ballpark cost for stormwater improvements that will be needed to solve the City's drainage issues. This is independent of development because most development tracks will have their stormwater system for the most part. The whole area is pretty much A-soils, which means the soil is perked very well and exfiltration trenches are very feasible in those areas. The City has some of the tracks we found from permits who have exfiltration trenches in their lots. There is a lot of additional information that we will need down the road. Any additional drainage calculations and plans the City has we will need. Prior to any design of these improvements, we would need additional topographic maps in the areas that are running a storm pipe down the road or right-of-way to get to an existing or future pond. The plan moving

forward is to collect additional data needed for review, obtain necessary additional topo information, prepare stormwater calculations for each subbasin within the study area, model the entire area in ICPR, prepare plans for those improvements, and set requirements for any other undeveloped property to comply with the overall master drainage plan that the City will have for the future moving forward. This includes new stormwater ponds, upsizing of storm pipes, or new pipes and inlets in general. He went over other stormwater related items and some of the options they had to address the additional needs.

Deputy Mayor Sackett addressed various areas and noted his concerns with water flow.

Mayor Drummond asked for the total cost of a stormwater study assessment.

Mr. Schmitt said the studies for the improvements are going to be about \$1 million. This includes expanding the pond and building a new pond. Most of the drainage improvements are on Milwee Street to the east of Ronald Reagan Boulevard to Florida Avenue to Bay Street. I think our study was in the neighborhood of \$20,000 for the full-blown drainage study. This is our contract with our client.

Mr. Smith said we already have a stormwater study that has been done for the area of the Fire station. He also noted they have detailed maps on the drainage structures in the city.

Commissioner Morgan asked about individual retention ponds and where would they go.

Mr. Schmitt said ideally since you have A-soils it would be the exfiltration systems underneath parking lots.

Mr. Smith said the water table is high and that is going to be a challenge. You will have to replace the pond that is in front of the Police Department with the pond you are putting there. That is going to be a tricky thing.

Mr. Schmitt said a lot of the ponds were dry which would coincide with the A-type soils.

Mr. Smith said you hit pockets of muck and then the water table is high.

Discussion ensued about the muck in the pond at Reiter Park and the dry pond across the street from it.

Mr. Gioielli said Mr. Richard Anderson is getting ready to present some financial issues. During the staff's attempted negotiations with the TI Group, we ran into an impasse on a couple of topics. While the stormwater topics are critical, as are many other points, these are the topics that staff would be able to work out should we come to terms with some of the non-negotiable issues that were presented by the TI Group. One was their financial terms and the other was their desire to have a lease signed by the City by November 20, 2020, for the 451 building. In the sense of efficiency, if it pleases the Commission, I was interested in seeing if we could get some specific direction on that because it was the thing holding the TI Group back from moving onto these other topics that I think the staff would be more than willing to work on with the Commission should those non-negotiable issues be resolved.

Commissioner Morgan said two years ago, Alta Apartments paid \$472,000 per acre. They purchased 11 acres, three of which were not usable. He asked why is this a great deal for the City of Longwood to sell their assets at \$150,000 per acre. It is two years later and our City has gone up in value since. That is still a question I have not received clarification on.

Mr. Anderson, a consultant with Taurus Group, said he was a City Manager and worked for the City of Apopka for 42 years. During that time, we went forward with the City Center Project. Taurus Investments is doing that project now. I have worked closely with Mr. Gioielli and your staff, and bring something unique to the table. I can look at the private sector and have also been on the government side of it. I understand the questions you have. We have a sheet of how we broke these numbers down. As Commissioner Morgan brought up, there has been a lot of discussion with staff on how we arrived with these numbers and what they represent. For the first time, you are seeing all of the development costs that Taurus Group has and what they are going to invest, as well as, what properties we are talking about. He said we are talking about eight separate projects. First, the Community Center Project which is roughly 9,000 Square feet. We are offering to purchase it at \$500,000. This is the estimated cost for the development company to purchase. The City would net that. We also have real estate tax revenue at 5.5 mills and State sales tax revenue at half cent. Included in that Community Center project, for what we are proposing, there is not enough parking. We have two additional lots we would need to purchase to add an additional 50 spaces of parking. We have a total expenditure of \$1.44 million for that project. The next project is the Senior Living, that would be built on the City Hall property of .96 acres. Our number is \$150,000 per acre, what we offered. That comes out to the City of \$144,628. Naturally, the cost on

the other side is \$144,628 to the developer. Then with that, we would have the demolition of the building, site preparation of another \$79,282, and the actual development of the Senior Living Facility which is an expenditure of \$15,421,500 for a total of \$15,645,410. The real estate tax revenue is \$57,420. He said one thing to understand is except for the 451 building, all of the information in green are revenues that you are not seeing right now. We are using that to show how the City can offset the rent for the 451 building, the new City Hall, and Police Station. The third item is the Food Hall and Brewery, where the existing Fire Station is, the .96 acres. We are offering \$144,628. The renovation of that property is \$1,340,000, additional FF&E is \$1,155,000, and the total expenditure is \$2,639,628. He said with that your real estate revenue is \$7,975 and \$12,500 for sales tax. Sales tax revenues are estimates. It is all based on how great the business is and what is going on. The fourth item is the multi-family/restaurant/office/hotel mixed-use on the Police Station land. That is 3.39 acres for \$508,561. The demolition is \$56,259, parking is \$9,900,000, a 250 unit apartment complex is \$63,800,000, and retail/commercial/office/hotel space is 15,000 to 25,000 square feet at \$7,500,000 for a total expenditure of \$81,764,820. We estimate the millage rate tax revenues coming into the City to be \$302,500 and the State sales tax revenue of \$12,500. The fifth project is the Foxtail Coffee building, on .43 acres and we are offering \$64,508. The building, including taxes and insurance (TI), is \$897,000 for a total cost of \$961,508. The real estate tax revenue is \$3,471 and the State sales tax revenue is \$7,500. The sixth project is the 451 West Warren Avenue building. We had proposed it as a combination of the new City Hall and Police Station and we have broken those two items out because although they are connected, they are two separate buildings. It blends itself well in the transition we discussed. The building purchase price is \$1,700,000, exterior renovations are estimated at \$600,000, TI for the interior renovations are for \$462,000, which is \$40 per square foot, for a total cost of \$2,762,800. We are proposing a rent of \$12 per square foot. He said that cost could go up in the end, with a total of \$138,840 and maintenance with TI is \$57,850 for a total rent cost of \$196,690. Item seven is 451 West Warren Avenue for the Police Station. This was included in the price above. We included master retention, lift station, and utility upgrades as necessary. This does not include other costs we may incur like traffic. The cost for Taurus Investment is \$106,676,966. He said Mr. Govan mentioned in our previous discussions that we are trying to look into the future with what will work, how COVID is, and many other factors in the economy. This is hard to do but we think these numbers are good and have been conservative on them. Our initial numbers were \$122 million to \$125 million. We very well could get to that if the economy goes the way we all hope it is going to go. Those are our numbers. We have had a lot of discussion with staff on where they

derived from and what are the best ways to come up with that and we are certainly here tonight to discuss those with you. He said we wanted to be transparent and I think it is probably the first time you are going to see a developer show you his costs, what they are planning to do, and how they are going to spend their money on the project.

Commissioner Morgan thanked Mr. Anderson and said I go back to my original question with the example of the Alta Apartments because they are a block up the street from the property you guys are trying to purchase. They spent \$472,000 per acre, did third-party traffic studies, and showed the cost accrued for tearing down the property and building it from scratch. The same thing you guys are doing with this project, they did. He asked how is it fair for our taxpayers in Longwood to sell our only assets for \$150,000 per acre when we know they are more valuable than that.

Mr. Anderson asked what is the City of Longwood's ultimate goal. You put the Request for Proposal (RFP) out.

Commissioner Morgan said to build a new Fire station that I do not see on the list.

Mr. Anderson said it was in there and in negotiations with staff both sides agreed the City would rather do the Fire Station themselves. We are still open to discuss that if you would like to. The staff had some ideas on building that. We had no problem with it. One of the big issues that came up with that was a lot of questions on owning the Fire Station and we just felt in our discussions it was probably best to take that off the table and set it aside. We are still open for discussion on that and are willing to continue those discussions with you but we were trying to accommodate the City's request on that.

Commissioner Morgan said that was the main driving force for the RFP, to begin with.

Mr. Anderson said when you are doing City Centers, you are trying to attract people. You want a vibrant community where people want to spend their money, live, work, and play. You have to attract good developers to come in and do that. Otherwise, you are at a loss. Whoever walks in and whatever they want to build is what you get. The City gets to drive the development from that standpoint but you also have to offer something to induce the developer to come in and want to spend \$106 million to \$120 million of investment money. It is a gamble on the developer's side. What if it does not work? What if it does not play out as

it should? Hopefully, that is not the case but the risk is all from the developer for the money that is being spent there.

Commissioner Morgan said to be fair we want to attract more developers to the City, that have the City's best interest at heart. He said our first and primary concern is our taxpayers because it is not our money, it is theirs.

Mr. Anderson said that is what you are trying to do, attract. The next thing you are trying to do that comes with that is the catalyst to make everything else start expanding around you. We went around this community and talked about what we were doing. These are major undertakings. I certainly understand the citizen's concern when you are talking about selling your City Hall property. If your major goal is to create a vibrant community, attract things, expand your tax base, have the money to build a new Fire and Police Station, and do all of the things that your public demands, these are the things that make them happen. You have to have a catalyst to draw other things. We are talking about six (6) to six and one-half (6 ½) acres of development. In the grand scheme of things, this is not a major project for Taurus, but for the City of Longwood, it surely is. He said I appreciate the fact your staff has asked questions and is still asking questions and wanting answers. The bottom line is for this to be successful for Longwood it cannot just be 6.6 acres. You have to get the excitement of the community, other property and business owners around you who want to be a part of that, build on it, and expand on it.

Commissioner Morgan asked do you think apartments, townhomes, and assisted living facilities are going to excite the citizens of Longwood.

Mr. Anderson said we have to have some catalysts to drive that commercial sector down. If you talk to anyone in the retail business there is no retail component out there. Things have changed in the world and how we do business. Retail as we know it is never going to be the same moving forward. Does that mean you give up on it? No, but at the same time, we have to work within that boundary and figure out what is going to work. We hope that the apartments create enough people down here to keep that 25,000 square feet of commercial that you want. How do you do that? There are not enough residents in Longwood proper to do that. That is why the apartment component works. The other reason is that it helps bring in money. It helps fund these other items that we are talking about. They all go hand in hand. One of the hardest things in the negotiation process when we were talking with the City is this stuff because it is so congruous. It is hard to put one component out and still make the whole project work. That is what we have all been struggling

with. How can we do it? How can we reduce this price? How can we give you more for what you want and still make sure that the bottom line numbers work out long term? He said those are difficult things. It is difficult for a new City Manager to come in here and do all those things and now you have all of this on your plate. You have great staff up here. They have been a pleasure to work with. When we did the Apopka Center it was 2006. There were 35 acres and we had a similar problem in that we were trying to create a town center but the businessmen did not want to invest in it. We had 25 foot lots. We had many people that we were trying to pull together for a town center. It just was not happening. We identified properties closest to our Downtown that we could purchase. The idea was just what we were talking about here. We want to create excitement; get things going that would follow over to the Downtown itself. Unfortunately, we bought the land at the highest possible price you could buy in 2006. The market fell out, we had properties that were sky high, and it sat there for eight to nine years. It was a tough sale when we have \$16 million worth of property sitting there.

Deputy Mayor Sackett addressed what the City is going to payout. He noted this is a 20-year plan, an option to buy lease plan, and is going to cost, over a period of 20 years, \$8 million in rental fees. ~~We will pay \$4 million each year in rental fees.~~ The \$8 million we are paying out over a 20 year period, is only going to make us \$25,000. He said over 20 years, we are going to make over \$25,000 each year within the real estate tax and State tax. It looks like a losing venture for the City because things change over a 20 year period. He said I have been here for 30 years and things have changed. I am also a college-level math teacher, I see the numbers in here and they are not great because it is \$8 million in rental fees and we are only bringing in \$425,000 a year. That is not good for me. I also agree that \$150,000 an acre is way too low. After 20 years do we buy the property and it is ours, or what happens if you go out of business? Where does all of this go? I would hate to put a Commission in a situation that 20 years out, they are still paying bills that we did this year. I have a problem with that. He stated, he does see a need for growth. We have been burned many times by developers saying they are going to bring in retail or commercial and it does not happen. I am sick of seeing that on the list because I do not believe it to be true. Walmart and Amazon have the market in retail. I will go to the store and if I see something I go home and find it on Amazon. The \$150,000 per acre is a non-speaking point for me, and the rental is a lot of money over 20 years that we are not bringing in money from taxes.

Mr. Anderson said the main reason the commercial is in there is that it was in your RFP. If you ask Taurus what their druthers would be, they would put apartments on that bottom floor and be done with that part of

it. That is a very questionable component but that is what we are saying we can do and deliver on. We had several discussions on the new City Hall building some of those are purchase offers for four or five years down the line and we do not have a problem with those. You are bringing up the same things we have been talking about for five months now.

Mr. Gioielli said the staff did not just arbitrarily remove the Fire Department from the deal. That was a decision made in an attempt to further negotiations after the developer made us aware that his second proposal, with a reduction in the floors of the Police Department property, reduced the revenue making the deal to include the Fire Department not feasible. We wanted to facilitate the negotiations as requested by the Commission and removed that part of the deal. It is also important to note, that while we acknowledge it takes negotiation with the developer and competitive pricing, offering property for a third if not more of the value of our assets is significant and not justified. Beyond that, while we acknowledge the developer will take a risk, as have all others, to include those that did Alta Apartments, I think it is important to note that we are taking on the same risk. Should any of those risks come to fruition we should be concerned about what would vicariously affect the City by which we should be able to collect the same tax revenue, which is the selling point for selling the lease. Lastly, while we accept several things, we want to let the Commission know we are excited about redevelopment in the district, we are also excited about new City facilities, and we appreciate everything that is going on. I do not know if it has been taken into consideration that these costs have been very well detailed, and are the same costs any developer would take on for any deal. Including Alta Apartments, who paid for studies, stormwater issues, removal and tearing down of the building, and they paid \$472,000 an acre. I say that to say, we are still excited about the potential of a deal but at the same time, we think that the pricing initially needs to be more competitive if our Commission is excited about the proposed concepts the group has provided us, which includes assisted living, apartments, townhomes, and a coffee shop.

Mayor Drummond asked how many people are the 250 unit apartments going to bring in.

Ms. McCann said you can usually average about 1.4 to 1.5. The idea is to target young professionals and families, and empty nest parents. That is the sweet spot to spend the money on the entertainment we want to put in.

Mayor Drummond asked how many parking spaces are we looking at in the multi-story garage in the center of the building.

Ms. McCann said right now we are showing 350 spaces.

Mayor Drummond asked if anybody from the City has been in the 451 building to collect enough data and see if it is suitable for what our needs are.

It was noted that Chief Dowda, the Fire Marshal, and Mr. Kersey, Building Official have been in the building.

Mayor Drummond said we are talking about \$40 per square foot. Our consultant said it should be at least \$56 per square foot to build that out. Who is going to pay for the extra cost?

Mr. Govan said like everything, it is a matrix. The math works at \$40 a square foot, at a \$600,000 contribution, and under market for \$12 a square foot. If it goes beyond that then that is a discussion. If you pay a little more rent you get more time to improve it. Some tenants say the \$16 difference would be more valuable to the City so we write a check using some of the funds from your treasury from the original deal. It is a simple transparent discussion about those three terms.

Mayor Drummond said at one time you guys were going to build a new building behind the 451 building for the Police Department and that has since gone away. How are we going to make this existing building work for our Police Department when they need a secure garage and spaces inside that building?

Mr. Govan said there is an opportunity to create a lot of extra income by putting a second building in the back. Staff said it would not be in our best interest to have another building there if it meant there was going to be someone other than the City of Longwood occupying that compound so we voluntarily withdrew it because we did not believe that the City was interested in having third-party municipal use there. That would always be an option. There is a feasibility to put the third building there and her team put the extra building there and it does work. If the City ever said they would like to put a brand new building there it is kind of unique because it had parking underneath, a second floor, and the third floor for occupancy. It seemed like a cool idea for the Police because they could have a concrete building that overlooked the park and it had interior security because you would have to come up a level just to get to the officers.

Mayor Drummond said that was done away with so that the City could take the whole building. For the Senior Living, at one time we asked for

other proposals. Is there anything else we can do? A lot of people do not want Senior Living Downtown. Is that what you have that will pay for the development?

Mr. Govan said it touches on a couple of interesting areas. You have heard some complete pushback. There is a lot of good things about it. It brings in enormous tax revenue, citizens that will stay in the district and shop, walk, and their families come there, the parking is limited, and they pay a very high price to be there. Another very important story I heard was that Mr. Krueger spoke with the Chief Financial Officer (CFO) of the Hospital and she had some very interesting perspective on that.

Mr. Krueger said I have monthly meetings with the CFO of South Seminole Hospital and she received information on what the Downtown area would possibly look like. They were very interested in the fact that there was a Senior Living because the growth of baby boomers is expanding and they do a lot of work with behavior and health. One of the issues that come to play here is that Seniors may live with a partner for several years and when they pass away there is a significant amount of behavior issues that go on. The proximity of something like that is in their wheelhouse. She also lives near a Senior Center and said the amount of Seniors that walk around and are very comfortable with the area is quite significant. She knows the names of every single one of them. Many of the Senior Management of the hospital were open to the idea that would be one of the possible uses of the site.

Commissioner Morgan said we hired a third-party real estate professional organization, GAI Consultants, to judge the deal of this premise. He noted some of their comments *"generally we fail to see the benefits to the City physically or monetarily. We are also in agreement with comments made by Longwood's City Staff. Also, this submission is loaded with unknowns and uncertainties at almost every level."* He asked Mr. Gioielli if that was a decent characterization of some of the third parties' concerns.

Mr. Gioielli said we consulted with them to make sure that we were tracking an independent point of view. They reviewed the agreement and their concerns were the same as ours, at least generally. We thought that the issues of concern to the City have not been addressed. To this point, even at the time of this meeting, the issues that staff has presented to TI Group have not been addressed. Our negotiations stalled out at a very preliminary stage and we got caught up with two non-negotiable items. He did say, to answer Commissioner Morgan's question, this study represents how the staff feels based on the development agreement provided by the TI Group.

Mr. Kintner said I think there are a few different issues to discuss here related to the comments from the third-party group, GAI Consultants. There has been a lot of discussion of the project as a whole. The Commission is going to have to consider whether the project as a whole is the project that they want. That is a very important discussion to have from the very beginning. We are here, have gone through the RFP process, and the project has changed through discussion. He stated, you have to ask yourself is the point we have arrived at, what you want. At the last Commission meeting staff was instructed to begin to negotiate based on the concept plan and there was not a full acceptance of the concept plan from the Commission. Each Commissioner has some things that were a concern to them but the result was for us to negotiate. We received a Development Agreement from the developer that was the same we had seen back in August. Our concerns were from more of an implementation process. How do we make a deal that protects the City? Some of these lower prices that you are seeing are because you are going to see the benefits later. What staff had come back with from the Development Agreement was how to ensure that all of those things happen the way we want them to and happen in an orderly fashion. We are not going to be able to have a situation where a project is stalled or changed based on market changes. We want to be protected from those uncertainties. We made those comments and that was the implementation process. After this point is where we received comments from the developer that unless we agreed to the \$500,000 for the Community Building, the \$150,000 per acre, the \$12 per square foot, the office lease rate, and the tenant building amount we could not move forward. Only those parts got pulled out of the deal and that is where we got hung up. Pulling those parts out of the deal put the City in a bad position where we cannot be talking about some of the things we had been, which would protect us later on. We also cannot be talking about things like the tenant build-out amount. A contractor working for the developer came back with a number that is supposed to be \$56 per square feet. That is the one person that has spelled that out and that person has not had the benefit of us sitting there and explaining how much the speaker system, rewiring, and all other things costs. It is possible that maybe more. We are concerned about agreeing to those numbers now, when we do not have certainty on what those are going to get. Do we pull all those things out, do we agree to numbers we do not know will work, without any assurance of getting anything on the back end that makes it work. He said we have to make sure the City is protected for the life of the deal and we have to make sure it is the exact deal the Commission wants. That is the kind of discussion we need to have. He said if there is something we want to see Downtown, maybe that is what we modify the offer to.

Commissioner Shoemaker thanked the TI Group, staff, and the Commissioners and said this has been a whirlwind. I am not at all happy with many things. However, I do not know if that is a make or break on this. I am not at all happy with selling our assets for below market value and putting our citizens in a situation where we are giving up our capital assets and renting, which is also taking on contract debt. Most of my constituents are not happy with the idea of apartments or an Assisted Living Downtown. I was informed that one of the reasons the Fire Department was pulled was because the City could borrow the money based on the Alta's taxes we would get and build it ourselves. Along those lines, Alta is not the only game in town. We have at least two more apartments going up soon and possibly a third is in the works. We do not have a shortage of development and are going to be getting extra real estate taxes. We cannot do this project with what we have coming in. Right now I am torn because this is taxpayer's money and I do not feel confident spending it this way. I do not see it as positive.

Commissioner Paris said we are going over numbers and I heard a lot of the similar concerns my fellow Commissioners have heard. What I do not like is that we are going to be bringing in \$425,000 in additional taxes but \$390,000 is going to rent so it is pretty much a wash. It is not a real easy number to sell when you are talking to your constituents about this. I was more in favor of a direct exchange where we give away our land in exchange for a building or maybe some smaller land elsewhere. We are looking at roughly \$3.2 million for the Police Department and City Hall. We are going to be receiving \$1.3 million for all of our assets. He asked, is there any room for negotiation to move? In exchange for paying all of that rent, it would be much easier if this was a clean deal where we were not signing a lease and the 451 building was a City asset and we own that outright. We will be paying \$8 million in rent for something that maybe we could buy at the end of it. We are only a couple of million dollars off between taking off the exterior renovations leaving us with a little over \$2 million for that property and renovations. Why can't we work a deal where it is straight across? You get our assets, we get that asset, and then we can start negotiating. There are questions about what we want to have Downtown but we have all agreed that for this deal to go forward, apartments are going to be the main catalyst to make it go so that is a no-deal. That pretty much kills the deal right now. Let's go with the fact that apartments are part of the deal. We can negotiate on Assisted Living but these are two major catalyst points that before we move forward every Commissioner needs to agree or disagree on being comfortable with. The third major hang-up is giving up property in exchange for nothing. He asked, can we come to a deal where we are not getting a reduced rate for our Community Building and acreage, and get closer to a fair market value with a clean exchange. I think that would save a lot of legal time

and headaches for the rest of the staff. I do not see a point in moving forward if the Commissioners are not comfortable with the basic structure of the plan.

Mr. Anderson asked if not apartments and an Assisted Living, what is it that you are comfortable with.

Commissioner Paris said I am comfortable with that but I am only one Commissioner. I think we are pretty close to a deal where we can work on the 451 building to be clean and clear to the City in exchange for our assets.

Commissioner Morgan said it is not our money. There is not one resident that wants apartments down here. We are making all these considerations for the deal to work, I do not see the Fire Department as a priority anymore, and you are not putting in things that residents are going to want to get. We also know you need to make money on this to do what you need to do.

Mr. Anderson said in terms of development if you do not want apartments and an Assisted Senior Living facility, what do you want to be developed. What was in the RFP? What was your vision?

Commissioner Morgan said it was to have someone build a Fire Department for the City of Longwood and be creative about it.

Commissioner Paris said I believe when the RFP was set out the ideas were heads and beds. I do not think anyone here with any reasonable amount of development experience can justify the fact that in exchange for commercial development and traffic you need heads and beds. Heads and beds are density. Apartments are a high tax thing. They take up the smallest amount of footprint. These are the people you want to track down. Those are the people that are going to be walking around. We cannot put a bunch of ranch style homes on 5 acres of the Police Property. Anybody up here can realize that we are talking about some sort of development. I had that vision. I also had a vision of mixed-use. I want to see a commercial aspect down there. I realize that commercial is not the bread and butter for developers and it is more difficult to build. As you can drive down US Highway 17-92 and see in Winter Park there is a mixed-use development with commercial on the bottom. Even in Winter Park, they are having issues filling up the commercial use on the bottom so there is no guarantee that when you build this it will come. However, there is a guarantee in the City of Longwood that if we build apartments, they will come. We have already seen that with Heritage Village which had a waiting list. Its entire capacity doubled within two

weeks of opening. Weston Apartments are not cheap and they are full and sitting at a capacity where they are making money. To say that we were not expecting apartments down there would be gross negligence. The question was how high were these buildings going to be. We started at a certain height then we had to move down. As they have moved down the amount of money the TI Group is willing to put out has gone down with it. That is the simple law of scale and math. This offer is not an offer I am happy with. I would like to see something a bit cleaner but I still need the Commission to say if they are going to move forward.

Deputy Mayor Sackett said he is not for anything that involves a Community Center or a Senior Living. I thought you would be coming here with something after that last meeting that would be snazzier and more current. We need something unique and different and I do not know what that is. I am fine with the apartments. I like the drawings and making that work. I need to see retail and people getting off our train and coming here and doing things. He is not in favor of getting rid of the Community Building. He also stated you are coming in too low on the price per acre.

Commissioner Morgan said this is where we involve the residents. That is why you want to have a Town Hall, to get their input. It is their tax dollar. An idea off the top of my head would be a hotel or something to that extent instead of apartments. I know nobody likes apartments, especially in this tiny area. Why are we doing all this work? All I keep hearing is we want to build a vibrant Downtown area. The people that live here and are paying the tax dollar do not consider this vibrant. My vote is still no on this.

Commissioner Morgan moved to dismiss this proposal as it is presented. The motion failed due to a lack of a second.

Mayor Drummond said rather than killing it outright, I share some of the same concerns. Originally, we wanted a new Police Department. We were going to try to shoehorn it in an existing building. We wanted a new Fire Department and that is off the table because we are going to build it ourselves. We needed a new City Hall and we are getting a building that is already there. I can see City Hall working but at this point, the property offer is too low. I need the TI group to come back with an alternative or I am going to have to go with Commissioner Morgan and call it to an end.

Commissioner Shoemaker said I concur with Commissioner Morgan and Mayor Drummond. We need to stop if we cannot agree. As far as apartments, I do not mind them. I am not hip on three or four stories nor are the residents. This is their life and livelihood. They do not want to

look at apartments. I know residents near Alta Apartments that cannot stand it. They walk out their door and are looking at a monumental building. People do not move here to do that. If we can keep them shorter that would be good. A hotel would be nice because we do not have one, however, I am not sure it is the right environment for one. We do not have space. For the Community Building, I am with Deputy Mayor Sackett and do not want you to have it.

Commissioner Paris said as this begins to unravel I would like to circle back to bits of reality. I heard a lot about how residents do not want an apartment complex in their Downtown area destroying their vibrant Downtown. If this was a vibrant downtown we would not be asking for this development. The problem is the residents around Downtown do not shop. They are not here supporting the businesses. No one is moving to Downtown. Property value is reducing in Downtown Longwood. You can look at our Historic Building and office building and see the property values are dropping. We need to take into consideration that we sent this RFP out for a reason. This RFP extended the fact that we would be bringing people down here. If we dismissed this project because you do not want apartments down here, what do you even want? This is becoming a ridiculous conversation. If we had no idea they were going to be doing apartments, what did we think was going on the Police Department property. If you want to talk about redeveloping Downtown, having a vibrant Downtown, and putting businesses Downtown, you need to have people Downtown shopping and walking around. If that is not what you want, you cannot expect to put a bunch of businesses down here and expect people to come. That is not how it works. I think before derailing this we should talk a little bit about if we are serious about moving forward and redeveloping Downtown.

Mr. Langley said going back to the stalling points between staff and the developer, we were asked to support the land price presented for the Community Building and the land value, and agree to execute a lease on the 451 Warren Avenue building. It was binding to the City for 20 years within one month from now. Those are non-negotiables from the developer. What I am hearing from the majority of the Commission is that they are not comfortable with either of those items. I think we need to ask the developer if they are walking tonight. The Commission is telling you we need to negotiate those items because they are not comfortable with your non-negotiable items.

Mr. Govan said I think the simple response is we have made an offer and we have not received a response of any kind on the economic terms. We felt that once economic terms were worked out we could work out all of the other issues.

Mr. Kintner said I do not think it is accurate to say that there has not been a response. I think the response has been that we received a proposal from you, we responded with several concerns, and your response to those concerns was not wanting to talk about those concerns, only wanting to talk about specific concerns, and not about the assurances to make those points meaningful. I do not think it is a fair statement to say you have not received a response. We are disagreeing about what we are even talking about. We want to talk about the agreement that you sent and you want to talk about specific terms of that agreement.

Mr. Govan said more specifically you did give us a response on the general matters. We were simply, as businesspeople trying to narrow it down to see if there was a business deal to be done, and that was what I was referring to. We offered those terms that have been talked about tonight and we were hoping to get a direct response on the matters of \$150,000 an acre, the \$12 rent, etc. We asked what the response was on those specific matters so we could deal with all of the other specifics. To your credit, you did identify those things that we wanted to get to but we wanted to make sure there was some kind of an economic deal between us and the City.

Mr. Gioielli said you made the offer and we told you we could not support it. I put it in writing to and I talked to you on the phone and told you, staff does not support \$150,000 an acre or \$500,000 for the Community Building. If the Commission wishes to do that, staff will be diligent in carrying out their wishes but the staff did not support that and I told you that in writing and over the phone.

Mr. Govan said that was the response and there was nothing further. There was no counteroffer or continued discussion on the business terms and that is what lead us to this meeting where all the decision-makers are in one place. We are standing ready, willing, and able to hear any counter proposal and the only thing we have heard so far is what Commissioner Paris brought up for a property swap. If you guys want to consider something in exchange or negotiating our offer then we would be happy to talk about it.

Mr. Langley said in the email exchange between you and Mr. Gioielli you are considering leasing the 451 building to another tenant and not to the City. Is it your plan to buy that property and to lease it out if you do not come to an arrangement with the City?

Mr. Govan said we have been under contract with that building for about six to eight months and then they gave us a complimentary 60-day extension. They came to us and said the seller had negotiated a letter of intent from a therapeutic company and they are still potentially interested. I tried to understand that deal and we found out that they had already found another building. I told your staff there is no longer a viable tenant for that building and that it was wide open for the City. My due diligence period expires on November 30. It is wide open until then. There is no other negotiation going on with another tenant.

Mr. Langley asked if they intend to close on the property regardless if they have a deal with the City.

Mr. Govan said he has not decided that yet.

Mr. Langley said I think part of the negotiations you stated, this is a global deal. Is that still the case or are there components of this deal that we can look at individually as viable options? For the 451 building, it sounds like we are stumbling on the lease component. If the City was not to lease the 451 building, move its City Hall facilities there, and you were not to acquire the property that we are sitting on tonight, and not to do the Senior Center component, would you still be interested and willing to do any other component of the property or is this an all or nothing arrangement?

Mr. Govan said I do not know what the response is. I have heard you do not want to sell the Longwood Community Center, or the Foxtail land, and I have heard now that you are considering not doing this, so what is left? I do not know what to count on or what the counteroffer is. Maybe you guys can work that up and present it.

Mr. Langley asked if this is an all or nothing global deal or are there components of this that you are willing to not do but still do some sort of redevelopment with the City.

Mr. Govan said it depends on what it is. I had not thought of it until Commissioner Paris said it, there is maybe a way for you guys to still own the building. There is no large, significant benefit of any one of these projects. They are measured so that it would benefit the City and us. We played with the idea. It seemed to make the most sense and it addresses six or seven issues. That is probably the most significant step forward that we have taken. If that is something you want to explore we would certainly want to know more about that.

Mr. Langley asked if it is a plausible opportunity for us to work towards with the short amount of time there is on the lease you want us to execute within a month.

Mr. Govan said for the City that never does leases it is a daunting challenge. For us who do three or four leases a day, it is a very simple matter. We think that if we prepared the lease for your review you will still have two meetings before our due diligence expires. We think that is very doable.

Mr. Langley said I am not sure you are getting the other component of that. I think the City is looking for more than just the lease agreement. I think it is looking at a global deal. I think we would like to know we are getting some commitments on other things in this deal because there are a lot of other complicating factors. You are talking about moving entire City facilities and two years down the road a Police Department. You had originally proposed the Right of First Refusal. I think during negotiations you were open to an option of purchase. When I asked you what would the City's option to purchase be, you said market value at the appraised value. Your offer to the City is below the market. He asked if he was correct, did you want the City to pay the market price based on appraisals. The City would ultimately be paying you back for all of the improvements on the front end of the property in that exchange. We would be paying rent for 20 years plus the backside of that market value. The 3 ½ acres would then become the City asset off the tax rolls.

Mr. Govan said that is a very good position that you took. Why would we ask you to pay the market price when we are not willing to pay it? The only difference is that we are investing millions of dollars into that building so that you can move in there, providing another million dollars for your tenant improvement, and another \$600,000 of our money to build it out. I know of no other methodology that is fair to both sides than some kind of fair appraised value. We do not know if you want to buy it on the first day, in two years, in six years, or ten years. The value may go down into the gutter and that might be the time you decide to buy it or it may be in the clouds when you are deciding to buy. It is a market risk that we would take.

Commissioner Paris said I think the predominant consensus is that no one is comfortable with the idea of doing a lease. Is there is a way to move past that and see if there is a way to do a land exchange? Are we comfortable with the basic rendering? I know we are going to do a Town Hall meeting and get some more input. He said before we even start talking about a land swap we still need to make sure that the Commission

is even comfortable with the basic framework of the project. I for one am.

Commissioner Shoemaker said Weston Park Apartments has brought very little foot traffic to Downtown. The argument that apartments here would create foot traffic is hard to understand.

Discussion ensued on how to proceed with voting on specific items.

Commissioner Paris said he is good with everything on this list.

Mr. Govan said in his experience, the Highland Manor facility under our ownership and management is producing so many events in the middle of COVID that we are experiencing 98% capacity every single weekend. That is a strong testament to how active and vibrant we can create a venue. With proper parking, we can start bringing the people out here that you are craving.

Mayor Drummond said he is okay with selling the Community Center and making that into something that is going to make us money. I cannot see how the Senior Living would work because it is not going to bring a ton of people down here. There have been so many people that have spoken out against the apartment complex. The little Downtown area two-lane roads do not have a lot of good ingress or egress out of there. I am not in favor of the apartments. I understand the Coffee shop and the new City Hall but we are still not getting a Fire Department or a Police Department out of this deal. I do not know if we can just slice and dice everything on this list. He asked if we negotiate on each of the items.

Mr. Govan said in terms of the multi-family mixed-use property, it does have a hotel and some retail and restaurants. We have already approached two restaurants and they have indicated they might be interested once we build it. We have an inquiry from an aerobic studio and the people across the street in the Apothecary. That component of retail is not necessarily dead and there are a lot of offices around there already to put an office component. In the multi-family building, there is certainly the component of a hotel because we are going to need something to support the activity that is going on in the Event Center. Most importantly, the food hall and brewery in the park would not work unless there were those people in the multi-family directly across the street supporting that daily. All of these fit together harmoniously.

Commissioner Shoemaker said she cannot give away the Community Building for half a million. I do not even think \$2 million is enough. I do not see it positive to bring Senior Living Downtown. The food

hall/brewery is a maybe. I do not want three stories on the multi-family mixed-use property. If you can do something with that property in two stories and make it nice I would prefer that. I would like to own the new City Hall on Warren.

Commissioner Morgan said we want to be able to do something here. He asked instead of apartments can you build townhomes.

Mr. Govan said if you look at the numbers we are comfortable with putting as little density as economically feasible. Every single time we have studied this we are trying to make it cost-neutral for you. The fewer living units put there, the less tax revenue is generated from the City. You can put as little or as many as you want on there. It is just the map. In every effort trying to match this number with as low of rent as we can offer, and generate as much revenue as we had to make it cost-neutral. At 250 it still works. If you wanted to do 100 it will not work. At 350 the Fire Department worked so at 250 we had to take the Fire Department out. It is just the bottom line.

Commissioner Morgan asked if instead of apartments what about condos for purchase.

Mr. Govan said he does not know. Is there a market for condos or only for multi-family? We can certainly do the research but I do not know the answer at this moment. He asked how that is any different.

Commissioner Morgan said because you are getting people to purchase in the City. Weston Apartments is an example. My mom lives there and she has already had six different neighbors throughout the last year there. They are in and out very quickly. I do not want anything at the Police Department's property. I am just trying to play devil's advocate and find out if there is another way here where it would be owned not rented. The thing I am interested in the most in the Beerhall and restaurant for families to go to after Reiter Park but you need to create a density to get them in.

Mr. Govan said this is not on the main highway. It has to be so fantastic that people will come inside this core to come to it regularly. We have to at least have a fixed audience.

Deputy Mayor Sackett said we are the center of the donut of all of these cities so we are the donut hole and donut holes are always the best. We have had charrettes forever on what to do with this building. We are band-aiding the Fire Station. We stopped band-aiding Public Works and built a \$2 million facility. The Police Station's air conditioning is terrible. I

am not moving forward with the Community Center and the Senior Center. The brewery is a novel idea. I think it would be very good. If you guarantee retail coming into the multi-family mixed-use building, I can live with those. I like the designs that you have been working on. I think that is a work in progress. As Commissioner Paris talked about the City Hall and Police Station, I am becoming more enamored with that idea. I think it is a smart idea.

Mayor Drummond said I am still okay with the Community Center. The Senior Center he is okay with and it is not going to bring a ton of additional parking. I am curious as to how we are going to take care of all of the stormwater Downtown. It is going to take a lot of engineering. Hopefully, if we can put it under the parking lots and it can drain the water out of there, because we are going to have issues on all of that impervious surface.

Mr. Govan said we did as a gesture offer a \$1 million policy for cost coverage of the master drainage. That has never been brought up before. I wanted to alleviate a lot of the concerns that come my way of how we are going to do that so we went ahead and figured out that we could afford \$1 million to attempt to solve the master draining problems. We came up with a budget and said we could do that.

Discussion ensued on further plans for the Community Center.

Regarding #1 – Selling the Community Center to the TI Group.

The Commission was not in favor of selling the Community Building to the TI Group by a three-to-two (3-2) voice vote with Deputy Mayor Sackett, Commissioner Morgan, and Commissioner Shoemaker voting nay.

Regarding #2 – Senior Living Facility at the City Hall Complex property.

The Commission was not in favor of the Senior Living Facility by a three-to-two (3-2) voice vote with Deputy Mayor Sackett, Commissioner Morgan, and Commissioner Shoemaker voting nay.

Regarding #3 – Food Hall/Brewery at the Fire Station property.

The Commission was in favor of allowing the TI Group to build a food hall/brewery contingent on the City building a new Fire Station by a four-to-one (4-1) with Commissioner Morgan voting nay.

Regarding #4 – Multifamily/Restaurant/Office/Hotel Mixed Use

The Commission was in favor of allowing for a multi-family restaurant/office/hotel mixed-use property by a three-to-two (3-2) voice vote with Commissioner Morgan and Commissioner Shoemaker voting nay.

Regarding #5 – Foxtail Coffee (Retail Outparcel)

The Commission was in favor of allowing for the outparcel property projected to be Foxtail Coffee by a three-to-two (3-2) voice vote with Deputy Mayor Sackett and Commissioner Shoemaker voting nay.

Regarding #6 – 451 West Warren Avenue – New City Hall

The Commission was in favor to purchase the 451 building for a new City Hall by a four-to-one (4-1) voice vote with Commissioner Morgan voting nay.

Regarding #7 – 451 West Warren Avenue – New Police Station

The Commission was in favor to purchase the 451 building for a new Police Station by a four-to-one (4-1) voice vote with Commissioner Morgan voting nay.

Deputy Mayor Sackett asked what would be the timeline to bring things back and how do you see this working out over the next six weeks.

Mr. Gioielli said the staff would start re-negotiating based on the parameters set by the Commission. We would keep you updated through the process as we have been doing and depending on how negotiations go we would bring it back to you as soon as we could. I cannot give you a timeline because I am only in control of half of the negotiations. We would of course make it a priority.

Commissioner Shoemaker said all we agreed on was to sell the Police Department and the property in front of the hotel.

Discussion ensued on what to do with the current City Hall building.

Mr. Langley asked what it costs per foot to design and build an office building.

Ms. McCann said you can probably get closer to a Class C on that. Office spaces would be designed as a shell building without any TI or any improvements. If you wanted it build-out with offices, carpet, and paint you are upwards of \$250 - \$300 per square feet, and with furniture included you are at \$350 - \$400.

Mr. Langley asked what would the 451 West Warren building cost brand new in the square foot without the cost of the land.

Ms. McCann said anywhere between \$200 - \$225.

Mr. Langley said something to think about is working a deal with the property you have here as brand new versus getting a 20 year-old building to move into.

Mr. Govan said you cannot forget you are giving away the price of the land and a \$57,000 a year income. If any of these goals continue to be a part of your thinking you cannot keep reusing. This for us was trying to generate revenue.

Mr. Langley said this is an acre and that property is over three acres. The City wants to ultimately own either upfront or sometime in the 20 years.

Mr. Govan said there is no room here to combine the Police Station and City Hall so that is why I think 3 ½ acres was pretty desirable and it is sitting right next to the park.

Mr. Gioielli asked what the square footage of the proposed Senior Living Center is.

Mr. Govan said 74,500.

Mr. Gioielli said I think we can fit a Police Department into that with a City Hall. I think Mr. Langley is proposing to seek out alternatives to this proposal and see what options we have available to us if the Commission would be interested even for only a comparative analysis.

It was the consensus of the Commission to authorize City staff to look into building a new building on a property that is already owned by the City and financing by a four-to-one (4-1) voice vote with Commissioner Paris voting nay.

Commissioner Paris said authorizing staff to look into building a new building defeats the purpose that we originally went into not being in the middle of Downtown. I liked the idea of this being off the side of

Downtown because we are taking up the main district that we are trying to revitalize and turn into a business center where people come down. Although we have traffic to City Hall it is not a tremendous amount which is why I prefer moving City Hall off to the side. I was all in favor of moving City Hall on the main road if we had to and making this a City Center where people come down to. City Halls are not centers, are not bringing people down, and are not generating any value. As we start cutting things off, we are reducing this bottom number of what we are generating in taxes which is the entire point. As long as we can get a swap where we are not paying rent and at net zero, I would still like to see as much as we can get in taxes coming into the City so we can talk about financing a new Fire Station and the other needs that the City has. This only works with additional revenue. We are going into economic trouble. This is a nationwide thing. We are going to be seeing a reduction in value. We are not going to be doing the same 9.25% and 6.2% in property value increases. Even with the Homestead Exemption on the ballot, you can see a reduction in our taxable value moving forward. I am not in favor of doing this because it defeats the purpose of the original idea.

Mayor Drummond clarified what he called a consensus on, and it was related to staff looking into financing for a new Fire Department on the State Road 434 property.

Mr. Govan said we were going to do a business deal on some level and we only have that concentrated amount of time. For us to hear we have to open another study to avoid that building gives us a little confusion.

Mr. Gioielli said the Commission asked that we move forward with the original RFP and separate from the TI Group, explore the possibility of a new Fire Department financed separately from your deal. I asked the Commission to allow staff to focus on the RFP as presented by the TI Group.

3. ADJOURN. Mayor Drummond adjourned the meeting at 8:20 p.m.

Minutes approved by City Commission: 11-16-2020

Richard Drummond, Mayor

ATTEST:

Michelle Longo, CMC, FCRM
City Clerk