

Administration

1769 E. Moody Blvd Bldg 2
Bunnell, FL 32110



www.flaglercounty.org

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March 13, 2020

Darnell Group, Inc.
c/o Matt Mercer, Esq.
2804 North 5th Street
St. Augustine, FL 32084

The Main Street America Group
P.O. Box 2002
Keene, NH 03431-9963
RE: Claim No.: BPG2998Q-100002

Parkside Realty Group, LLC
c/o Jay Livingston, Esq.
393 Palm Coast Parkway SW, #1
Palm Coast, FL 32137

General Star National Insurance Co.
120 Long Ridge Road
Stamford, CT 06902-1843
RE: Policy No.: NJA353030A

Universal Engineering Sciences, Inc.
c/o Thomas H. Justice III, Esq.
1435 Lake Baldwin Lane, Ste. A
Orlando, FL 32814

Evanston Insurance Company
10 Parkway North
Deerfield, IL 60015
Policy No.: MKLV7PL0002981

Old Dominion Insurance Company
P.O. Box 16100
Jacksonville, FL 32245-6100
RE: Policy No.: BPG2998Q

RE: Property at 4888 Palm Coast Parkway, Palm Coast, FL

Dear Ladies and Gentlemen:

As you are aware, the Flagler County Board of County Commissioners is pursuing claims against you jointly and severally regarding the above-referenced property that the County purchased from the Darnell Group, Inc. in March of last year. Subsequent to purchasing and taking possession of the property, the County discovered a defect in the gutter system of the roof of the building. There was significant water intrusion, rusted framework, and extensive mold damage to the sheetrock and insulation.

We have video showing the water cascading into the building from an ordinary rainstorm. This was clearly not an isolated event but a continuing or repetitive stream of

Charles Ericksen, Jr.
District 1

Greg Hansen
District 2

David Sullivan
District 3

Joe Mullins
District 4

Donald O'Brien Jr.
District 5

water intruding into the building. There was ample evidence of deteriorating sheetrock and insulation that had become moldy and otherwise water stained.

We also found what appeared to be a hasty patch repair on an interior wall in the retail area. The repair concealed sheetrock that the owner or its agents had removed that was in the immediate vicinity of other water damaged sheetrock. The sheetrock had collapsed or become waterlogged. The replacement material was plastic melamine with the same coloring of and made to look like sheetrock. It was more than a cosmetic repair, presumably because the sheetrock had deteriorated so much that it was not functional. The owner performed or had the repair done in such a manner as to blend with the existing sheetrock and conceal the condition of the building.

The gaping gutter and resulting water intrusion were well known to the owners but never disclosed to the County. This nondisclosure is particularly egregious since, at the urging of the McIntyre's, I reminded my Board at its March 18, 2019 meeting (during the option period) of its contractual and ethical obligation to consummate the transaction at a time when the Board was growing increasingly reluctant to complete the purchase and skeptical of the need for the building. The McIntyre's lack of candor and forthrightness is, in a word, inexplicable.

The owner's broker, Mrs. Sheehan Jones, presented a building for purchase by the County. County staff asked Universal Engineering Sciences, Inc. to assess the building for water intrusion. Universal should have known, with reasonable inquiry, the building would be unsuitable for public use. It was aware of the concerns of the County with respect to water intrusion and mold, having previously inspected the old Bunnell Hospital prior to the County's purchase of it—the subsequent abandonment of which due to mold has been widely publicized in the news media. Despite the roof damage being plainly visible upon inspection, Universal wrote in its Property Assessment Report, dated December 12, 2018, "There is no evidence of moisture intrusion or physical damage to the roof." Regarding the wall system, Universal also wrote in its report that there is "no evidence of moisture penetrations." In sum, due to multiple failures, the County now owns a building unsuited for the public use for which it was purchased.

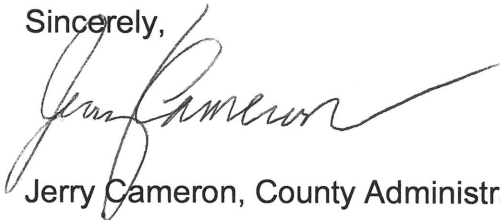
In order to resolve the matter, the Board of County Commissioners authorized me at its November 18, 2019 meeting to offer to you all, singularly and collectively, the right to take ownership of the building, or to assign this right in whole or in part to a nonparty of your choosing, and, with whatever combination, reimburse the County for the purchase

price of the property, plus the cost of mitigating against further damage as well as the costs incurred in pursuing these claims. The County feels you are in the best position to repair and, if you choose, to market and lease or sell the property and that this would be the most equitable way to bring the situation to a resolution. The County has borne significant carrying costs related to this transaction and has a duty to the public to consider any serious purchasers. One of you have identified a potential purchaser which would gross \$1 million. It is our intention to present this mediated partial settlement to the Board of County Commissioners at its meeting this Monday, March 16th if we can complete the paperwork related to a partial release and a purchase and sale agreement.

This offer will remain available to you for a period of thirty days from the date of this correspondence. Please be aware, however, that should you choose to reject the offer, the County will sell the property in accordance with the competitive solicitation procedure outlined in Section 125.35, *Florida Statutes*. In such case, the County will pursue claims against you, jointly and severally, to recoup the difference between the selling price and the County's original purchase price, including due diligence, plus the cost of mitigation and the costs incurred in pursuing these claims. To date, these costs amount to over \$1.17 million.

I look forward to your replies.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jerry Cameron", written over the word "Sincerely,".

Jerry Cameron, County Administrator

cc: David C. Sullivan, Flagler County Commission Chair