

FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS
CONSENT/ AGENDA ITEM # 7i

SUBJECT: Settlement of Lawsuit Against Universal Engineering Sciences, Inc. Related to the Purchase of the Sears Building

DATE OF MEETING: October 6, 2025

OVERVIEW/SUMMARY: In March 2019, the County purchased the Sears retail building at 4888 Palm Coast Parkway NW for \$1.125m. The County planned to make it a satellite office of the Tax Collector. As part of the County's due diligence, the County engaged Universal Engineering to inspect the building.

Universal inspected the building and issued a report which did not address water intrusion as required by the County's contract. Our staff advised Universal that a roof inspection and water intrusion inspection was required, and Universal revised the report. According to the report, the roof was in good shape, and there was no evidence of water intrusion. However, upon taking possession of the building, during the first rainstorm, we learned there was a gaping 6" hole in the roof and water pouring in. It appeared the hole in the roof had previously been repaired but had deteriorated. General Services staff repaired the roof, ripped out drywall and found soggy, moldy insulation throughout the building.

The County sued Universal Engineering for negligence and breach of contract and added a claim of professional negligence against the engineer who signed and sealed the report. The County was able to mitigate its damages by selling the building to a church in September 2020 for \$843,400. Below is a breakdown of the County's holding costs, along with due diligence costs associated with the purchase and post-closing repairs. The County's contract with Universal requires Universal to pay the County's attorney's fees in the event the County prevails in a lawsuit to enforce the contract. Those costs are also listed.

Title Expenses and Closing Costs	\$5,705
Due Diligence	\$20,477
Damage Mitigation/Repair	\$4,768
Property Insurance	\$5,126
Utilities	\$9,932
Sub-Total	\$46,008
Attorney's Fees	\$65,000
TOTAL	\$111,008

Trial is scheduled for December 2025. On Friday, September 19, 2025, the County and Universal conducted a mediation. Today's proposed settlement is the result of that mediation. Under the terms of the Settlement Agreement, Universal will pay the County \$125,000 in exchange for the County dropping the lawsuit and releasing Universal and its engineer from all claims arising out of this transaction.

DEPARTMENT CONTACT: County Attorney's Office

FUNDING INFORMATION: Funding from this settlement will be appropriated in the FY 2024-25 Budget with approval of the unanticipated revenue resolution.

RECOMMENDATIONS: Approve the Settlement Agreement with Universal Engineering Sciences and approve the unanticipated revenue resolution.

FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS
CONSENT/ AGENDA ITEM # 7i

ATTACHMENTS: [*Use this link to view attachment\(s\)*](#)

- 1.) Settlement Agreement
- 2.) Unanticipated Revenue Resolution