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June 4th, 2023

Mary F. Savage-Dunham, AICP, CFM
Division Director-Planning & Zoning
City of Port St. Lucie
121 S.W. Port St. Lucie Blvd
Port St. Lucie, FL 34984

Re: True Up Agreement Review for Verano Development, LLC

Dear Mary:

The Port St. Lucie City Council, as part of the mediated settlement with St. Lucie County related to County Road Impact Fees and the City's Mobility Fee, adopted an update of the City's Mobility Fee Ordinance that agreed to honor existing agreements approved by the City that granted City Road Impact Fee Credits. As part of honoring these existing agreements, the Mobility Fee Ordinance included a requirement for a True Up Agreement. The intent of the True Up Agreement is to clearly identify the Road Impact Fee Credit granted by the City, the source of the credit, how much of the credit has been utilized towards City Road Impact Fee assessments, and what is the remaining balance of the Credit as of a defined date.

True Up Agreements are not intended to modify or replace any existing agreements. They are required to ensure moving forward under the Mobility Fee Ordinance that all parties agree to the credit granted, amount used to address assessments, and the remaining balance. The remaining balance, as of a defined date, will be used to track the continued use of City Road Impact Fee credits to satisfy assessed City Road Impact Fees. Moving forward, any use of the credit, any adjustments to previously issued permits where credits were used, any reimbursement, or any underpayment will be adjusted based on the remaining balance. It is recognized that during the normal permit review process, sometimes there are adjustments that are required to address modifications to permits, expiration of permits, or utilization of credits or requirement for payment that were made in error. The True Up Agreement in no way modifies the administration or implementation of Road Impact Fees or Mobility Fees consistent with legal and statutory requirements and general accounting practices.

Verano Development, LLC provided documentation to the City that identified a City Road Impact Fee credit of **\$21,804,608** based on a City Road Credit Agreement dated September 5th, 2013. As of February 28th, 2023, Verano Development, LLC has utilized Road Impact Fee Credits for 2,235 permits for a total credit utilization of **\$3,168,746**. The Credit utilization has been based on the City's 2013 Road Impact Fee Schedule and for some permits, the City's Mobility Fee schedule.

Verano Development has assigned portions of its Credit to other development interest within Verano. Some of those development interest that were assessed under the Mobility Fee schedule may be able to apply for reimbursement of the difference between the City's 2013 Road Impact Fee Schedule and the City's Mobility Fee Schedule. The reimbursement would be in the form of Credits to be applied to future development. It will be the responsibility of the development interest to apply for a reimbursement of the Credit. The True-Up Agreement provides further guidance and timeframes for requesting reimbursement.

Documentation was provided that included permit numbers, addresses, permit issuance dates, along with other information for the 2,235 building permits. A portion of the permits had been assigned to three (3) different development interest within Verano. There maybe other development interest that have obtained or purchased Credits within Verano that have not yet utilized those Credits. The information provided by Verano has been reviewed and found to be an accurate representation of City Road Impact Fee Credit utilization as of February 28th, 2023. It should be noted that not every one of the 2,235 building permits were reviewed. A random sampling of the 2,235 permits was conducted and the review found that that information was provided was accurate. While all 2,235 permits were not reviewed, the level of detail within the information provided is indicative of the thorough tracking of permits and credit utilization by Verano Development, LLC.

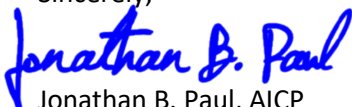
As of February 28th, 2023, Verano Development, LLC had an existing City Road Impact Fee credit balance of **\$18,635,862**. It is recommended that the City establish a Credit Account for Verano Development, LLC with a balance of **\$18,635,862**. This amount does not reflect any utilization of City Road Impact Fee Credit or the request for reimbursement of Credit on or after March 1st, 2023. Thus, the Credit amount will need to be updated accordingly, with a beginning balance of **\$18,635,862** to account for any Credit utilization or reimbursement as of March 1st, 2023. As Verano continues to submit building permit applications, the Credit balance will continue to be debited per the 2013 City Road Impact Fee Schedule. Both Verano and any development interest that it has assigned Credit will draw down from the Credit pool of **\$18,635,862**.

Verano and its assignees are required to track and document its balance and use of Credit. The City will continue to make best efforts to track reimbursement and utilization of Credits. However, should there be any differences in the future between the balances recognized by the City and those maintained by Verano or its assignees, it will be the requirement of Verano and its assignees to document what it deems to be the appropriate balance of Credits. The City will continue to allow for the utilization of Credits per the current agreement between the City and Verano. Florida Statute related to impact fee credits has been amended several times since 2013 when the City and Verano entered into their current agreement. Verano has indicated that it may elect to request an amendment to its existing agreement to utilize allowances under Florida Statute. Nothing in this memo or the True-Up Agreement precludes Verano from making such a request to the City.

Verano Development, LLC has submitted all required documentation. The documentation accurately reflects the Road Impact Fee Credit granted, the amounts utilized, and the remaining balance. This review in no way modifies any existing agreement nor does it any manner modify or override any policy of the City or the adopted Mobility Fee Ordinance. The documentation provided is consistent with the requirements of the adopted Mobility Fee Ordinance and it is my recommendation that the City move forward with the True Up Agreement.

Existing agreements between Verano Development, LLC and the City may provide for the granting of additional credit for construction of transportation improvements. Existing agreements were in place prior to the City adopting a mobility fee. If additional credit is requested, it is recommended that the City and Verano Development, LLC base any future credits on the City's adopted Mobility Fee Ordinance. Please let me know if there is any additional document review needed or clarification of any comments.

Sincerely,



Jonathan B. Paul, AICP
Principal