



CITY OF DUNNELLON

20750 River Drive
Dunnellon, FL 34431
(352) 465-8500
FAX (352) 465-8505

July 12, 2016

VIA E-MAIL: dorshan@flfibernet.com

Mr. David Orshan
Florida Fiber Networks, LLC
2295 South Hiawasse Road
Suite 407
Orlando, Florida 32835

Dear David:

The City is confident that it can reconcile its relationship with Florida Fiber and looks forward to a congenial, collaborative relationship with Florida Fiber in the years to come. At the workshop, Council reviewed and discussed FFN's reconciliation proposal. We offer the following counter proposal for your review as indicated on the attached spreadsheet.

Regarding rent for the premises, once FFN came into possession in September, 2015, it did so without the City Council's approval of an assignment of the lease, pursuant to the lease's terms. Therefore, it has been in possession of the premises without a lease. The City wants the base rent to be commensurate with comparable leases in the surrounding area per square foot, which is \$.80/sq. ft. With the rental area of the premises being 978 square feet (which includes a bathroom), the base rent would therefore be \$782.40 for ten months, plus tax. This rental amount would be retroactive back to September 1 2015, when FFN came into possession. Therefore, FFN would owe back rent for ten (10) months, September 1, 2015 through June 30, 2016 in the amount of **\$7,824.00** plus tax. Going forward, beginning July 1, 2016, the City Council does not want to enter into a long-term lease agreement at this time but will agree to a month-to-month lease.

Regarding internet and phone service, as you are now aware, the City has not had phone service through Florida Cable or FFN since between March and May, 2015. In a spirit of cooperation, though, we will agree to reimburse FFN for both internet and phone service for the ten months (September 1, 2015 through June, 2016) that you have owned the System in Dunnellon. By our calculations, the amount for internet and phone service is \$1,759.57 per month for a total amount of **\$17,595.72**. EFFECTIVE JULY 1, 2016, PLEASE ADJUST ALL

INVOICES TO REFLECT THAT THE CITY NO LONGER HAS PHONE SERVICE WITH FFN.

Given the above, it is the City's position that the City owes FFN for internet and phone service the amount of **\$17,595.72**. FFN owes the City for rent (\$7,824.00), building-related expenses (\$5,920.90), and Duke Energy deposit charges (\$3,953.64) in the amount of **\$17,698.54**. If you are in agreement with our proposal we will forgo the amount of \$102.82 (the difference between the amount FFN owes the City and the amount the City owes FFN). Until this matter is resolved the City cannot move forward with creating a new lease.

If you agree to the City's counterproposal as expressed in this letter, please have an officer of FFN sign below, and we will move forward with preparing mutual releases.

I look forward to hearing from no later than July 19, 2016. We also look forward to a new day with FFN.

Sincerely,

Jan Smith
Finance Officer

Florida Fiber Networks, LLC

Print name & title