



# City of Margate

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## Meeting Minutes Special City Commission Meeting

**Mayor Joanne Simone**  
**Vice Mayor Tommy Ruzzano**  
**Commissioners:**  
**Joyce W. Bryan, Lesa Peerman, Frank B. Talerico**

**City Manager Douglas E. Smith**  
**City Attorney Eugene M. Steinfeld**  
**City Clerk Joseph J. Kavanagh**

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**Monday, August 24, 2015**

**6:00 PM**

**Commission Chambers**

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### CALL TO ORDER

**Present:** 5 - Commissioner Lesa 'Le' Peerman, Commissioner Frank B. Talerico, Commissioner Joyce W. Bryan, Vice Mayor Tommy Ruzzano and Mayor Joanne Simone

#### In Attendance:

City Manager Douglas E. Smith  
City Attorney Eugene M. Steinfeld  
City Clerk Joseph J. Kavanagh

## 1) DISCUSSION AND POSSIBLE ACTION

### A. ID 14-1318 DISCUSSION AND POSSIBLE ACTION - SETTLEMENT OF AMOUNTS OWED BY THE ALZHEIMER'S FAMILY CENTER TO THE CITY OF MARGATE

*MAYOR SIMONE explained that this meeting was to discuss a possible settlement with the Alzheimer Family Center. She asked that individuals keep the discussion about the settlement or they would be called out of order.*

*CITY MANAGER DOUGLAS E. SMITH suggested having the City Attorney review the options.*

*COMMISSIONER PEERMAN agreed with having the City Attorney clarify for the public.*

*CITY ATTORNEY EUGENE STEINFELD explained that the backup for the meeting provided that the Margate Community Redevelopment Agency (CRA) would purchase the property of the Alzheimer Family Center because it would be useful to the CRA. He stated that the CRA would pay all closing costs related to the transaction. He said that the Alzheimer Family Center would be able to occupy the property until December 31, 2015, upon payment of maintenance, utilities, indemnification of CRA, etc. He added that they would provide insurance for their operation during the time of occupancy by the Alzheimer Family Center. He explained that there were two options that could be considered by the City. He said that option one was that the CRA would purchase the property for the appraised value of \$492,000, and at closing any excess monies after the existing mortgage and closing costs were paid would be remitted by the Alzheimer Family Center to the General Fund of the City. He stated that the second option was that CRA would purchase the Alzheimer Family Center for the cost of satisfying the mortgage on*

the Center's property of \$308,000. He noted that in both options the property would revert to the City by operation of Law, Florida Statute 189.076, upon the dissolution of the CRA District in 2026. He stated that thereafter, the full value of the property would be in possession of the City, as opposed to the dependent District of the City, which was the CRA. He added that monies presently held by the City that had been in reserve for the Alzheimer Family Center in the amount of \$33,179.03 would be applied to the monies owed to the City.

COMMISSIONER PEERMAN requested to have the Executive CRA Director Diane Colonna come forward. She asked Diane whether the CRA wanted the property.

DIANE COLONNA, Executive Director of the CRA, replied that the CRA could use the property. She clarified that the CRA was out of space and was looking for solutions to the space issue. She noted that the CRA had considered occupying some of the space in the shopping centers, but that would be temporary as the shopping centers were to be redeveloped. She stated that estimates were done and it would cost approximately \$40,000 to \$45,000 to build the space out. She noted that the CRA would have that cost regardless of where they went unless they leased space somewhere. She stated that the space was more than they needed; however, they could use the additional space for either a business incubator, which was discussed in the Plan, or the Economic Development Department could also use the space.

COMMISSIONER PEERMAN questioned whether it was legal for the CRA to do this.

MS. COLONNA stated that the CRA could acquire property within the District.

COMMISSIONER PEERMAN asked whether it followed under the Plan.

MS. COLONNA said that it would be consistent with the Plan if using it for office space or a business incubator. She noted that if the Economic Development Department was there with the CRA it would create a synergy where the CRA was trying to promote business, small business and local business, which would be conducive.

COMMISSIONER PEERMAN noted that Vice Mayor Ruzzano previously suggested that the City take the building, which was obviously the right idea; therefore, she would defer to whatever his choice of options was.

COMMISSIONER TALERICO questioned what the dollar and cent difference was between the options.

CITY ATTORNEY STEINFELD explained that based upon the appraisal, if the CRA purchased the property it would be paying full value of the property, which was proper under the Law. He noted that it was a less than what the Property Appraiser appraised the property at; however, based on the appraisal and the review appraisal, if the property was paid for by the CRA monies that the Alzheimer Family Center received would be remitted, above paying off the mortgage of \$308,000, to the General Fund of the City. He stated that if the second option was chosen, the City could be considered making a donation of the difference, but the CRA would be getting a property for less than the value of the appraisal. He added that in either case, the City would get the property at the dissolution date of the CRA. He clarified that with the first option, the General Fund would get a cash amount of approximately \$192,000 or less. He stated that 10 years later, when the CRA was dissolved because Broward County made it clear it would not be extended, the City would get the full value because it would be receiving the property as an asset of the City. He noted that the City would receive \$492,000 worth of property at today's value;

however, it appreciates in 10 years, plus the cash now from the closing. He said that the second option would have the City receive the value of the property 10 years from now, but not the funds at the time of the closing.

COMMISSIONER TALERICO asked where the money would go if the CRA sold the property before the 10 years.

CITY ATTORNEY STEINFELD replied that it would go in the funds of the CRA. He noted that at the time of dissolution, because it was not Tax Increment Financing (TIF) money, it would not be paid back to Broward County. He said that assets and liabilities would come to the City. He explained that depending on what the CRA paid for the development of Downtown, it could receive cash or whatever public assets were owned by the CRA when it sold. He noted that it would be up to the Board to decide what the property would be used for.

COMMISSIONER BRYAN asked that Ms. Colonna explain the business incubator. She also asked whether the City would get rental back from the Economic Development.

MS. COLONNA suggested that there be rent paid to the CRA if sharing with the Economic Development to keep it separate. She also suggested that Economic Development contribute to the build out costs for their space. She explained that a business incubator could be however the CRA designed it. She said that the most basic form was leasing the space. She noted that there were a lot of different office spaces included that were already separated out. She said that those spaces could be leased to people just starting a business as a temporary place. She added that the CRA could provide services, such as copy services and phones. She said that it would help new businesses get started for a temporary time, and they would then move on to become more successful.

VICE MAYOR RUZZANO asked what the estimate of the build out was.

MS. COLONNA said that the building looked sound; however, she would suggest taking out the ceilings and floors. She reiterated that structurally it looked good and that the roof was recently coated. She added that the parking lot was in decent shape; however, something would need to be done to the exterior to make it nicer. She stated that it was subject to inspection, but the layout was sound and looked like it was in pretty good shape.

VICE MAYOR RUZZANO asked whether \$308,000 was the amount owed and that there were no additional costs popping up.

CITY ATTORNEY STEINFELD agreed and said that was the amount provided by the representatives of the Alzheimer Family Center this evening.

VICE MAYOR RUZZANO asked whether the \$33,179 was additional.

CITY ATTORNEY STEINFELD agreed and said that would go towards the debt.

VICE MAYOR RUZZANO said that the Tax Rolls showed the property value at \$575,000; however, Broward County Property Appraiser appraisals were always considerably lower than what the house was really worth. He asked whether ties would be cut with the Alzheimer Family Center if the settlement was passed.

CITY ATTORNEY STEINFELD agreed and noted that they would remain there until

*December 31, 2015, but would be a tenant with no other ties.*

*VICE MAYOR RUZZANO felt that this was a step in the right direction, but he did not feel it was the ultimate answer. He recommended that if purchasing the property, a "For Sale" sign be placed on it for an amount above what was paid for it. He felt that if a developer wanted to throw \$1 million dollars into it the City should let him.*

*MAYOR SIMONE said that there were a couple of stipulations she wanted to add to the Settlement Agreement. She stated that the seller should traditionally pay the closing costs, and that there should be no free rent to the Alzheimer Family Center until the closing, because the Alzheimer Family Center owed the City enough money and she did not want to give out any more free money.*

*CITY ATTORNEY STEINFELD clarified that Mayor Simone was referring to no free rent after closing.*

*MAYOR SIMONE agreed, and said that the sale should be contingent upon inspection to make sure there was no mold on the walls and the roof was in good condition.*

*CITY ATTORNEY STEINFELD stated that there would be an inspection. He added that there would also be a contract and whether they stayed in the building until December 31, 2015, and paid rent or not, there would be a lease. He stated that both those issues would come back before the CRA prior to it being purchased by the CRA. He explained that tonight's workshop was for the City to decide what they wanted to do with the settlement, and whether it was contingent upon the documents being appropriate and having the City's review and approval of the documents.*

*COMMISSIONER TALERICO asked what would happen if there were many things to be done, such as mold or a bad roof.*

*CITY ATTORNEY STEINFELD said that the City would inform the Alzheimer Family Center that they would either have to contribute or pay for it or make another settlement offer. He said that it would have to be revisited. He noted that this was nothing more than a concept; therefore, if there was a problem it must be cleared up.*

*COMMISSIONER TALERICO asked whether the Alzheimer Family Center was agreeable.*

*CITY ATTORNEY STEINFELD stated that subject to the general parameters he outlined, he believed the Alzheimer Family Center was in agreement. He said that with regard to contingency of inspection, he said that to purchase a building a title search and inspections were needed.*

*COMMISSIONER TALERICO clarified that he was referring to if the Alzheimer Family Center needed something.*

*CITY ATTORNEY STEINFELD said that he did not know that the Alzheimer Family Center would be agreeable at this point, but the Commission would have to remediate the building for mold or whatever problem there was. He said that if they were not agreeable, the City will have to determine where to go from there.*

*COMMISSIONER PEERMAN said that the representatives were present and questioned whether they could be asked now if they were agreeable.*

CITY ATTORNEY STEINFELD agreed.

WILLIAM J. CEA, 6254 North Flagler Drive, West Palm Beach, Becker & Poliakoff, thanked the Commission for the opportunity to speak. He noted that he had been discussing terms with the City Attorney since March. He pointed out that the willingness to enter into a resolution and a settlement should not be taken as an acknowledgement or admission or agreement by the Alzheimer Family Center as to owing \$500,000. He agreed with Mayor Simone's opening statement about this meeting not being to dispute issues. He stated that the Alzheimer Family Center's willingness to pursue a resolution was not an acknowledgment of a certain number or amount. He noted that the general points outlined by City Attorney Steinfeld were approved by the Volunteer Board from the Alzheimer Family Center. He clarified that the terms were approved after months and hours. He stated that the additional stipulations were not terms that the Board authorized his office or the administration to communicate and discuss with City Administration; therefore, they were not terms he was free to accept.

COMMISSIONER PEERMAN said that the City had an issue with the word owed or missing. She asked whether the Alzheimer Family Center admitted to owing the City money, as opposed to comments about the City misappropriating funds or funds being missing.

MR. CEA said that he did not want to be misconstrued and did not want his own words used against him in a Court of Law. He stated that clearly there was an agreement in 2007, and the City took on the role of doing the bookkeeping service. He said that there was an amount contemplated at \$75,000 to be advanced. He noted that beyond that the City had the right to stop it, but not the obligation under the terms of the agreement. He stated that the amount beyond \$75,000 that was advanced or funded he had no personal knowledge of, because it was an accounting and forensic function. He stated that there were issues, and that to allow the matter to evolve into the Court System would not likely result in a result that was beneficial to the City or the Alzheimer Family Center.

COMMISSIONER PEERMAN said that she did not believe the money was missing, but that it was owed.

CITY ATTORNEY STEINFELD explained that in the last audit monies were shown owed in excess of \$300,000. He stated that it was a debt. He said that they were not here to discuss how much was owed.

COMMISSIONER PEERMAN said that she took exception to the use of the word that it was not owed, as said by Mr. Cea. She asked the Commissioners whether they had any preference on the options. She said that she was ready to get it over and done with to move on. She stated that if the matter went to Court there was a possibility that the Alzheimer Family Center could close shop and then the City would get nothing.

VICE MAYOR RUZZANO did not understand how Mr. Cea could say he was not admitting to guilt. He stated that the property was worth \$500,000, but it was being sold for \$300,000; therefore, he questioned why.

MR. CEA said that there were differences between trying to resolve something and how things could be utilized against the Alzheimer Family Center. He felt that the package spoke for itself as to the willingness of the Alzheimer Family Center to put this issue to bed and try to move on. He noted that as Council for a matter that was not resolved, he could not use words that could be used against him later. He said that a lot of time was spent trying to resolve the matter since March.

VICE MAYOR RUZZANO wanted to know how much the City felt that the Alzheimer Family Center owed the City, which was what he would base his decision on.

CITY ATTORNEY STEINFELD replied that it was approximately \$470,000.

VICE MAYOR RUZZANO agreed with Mayor Simone with regard to the rent and felt that if the City was making a purchase, he wanted to see only one check cut for the balance of the Alzheimer Family Center. He clarified that he would rather purchase for \$308,000, rather than purchasing it for \$500,000.

**A motion was made by Vice Mayor Ruzzano, seconded by Commissioner Peerman, to settle the claim by having the CRA purchase the property for \$308,000, plus closing costs and additional items as amended by the Mayor - to charge rent to December 31, 2015, - to pay traditional seller's Closing costs - Contingent on inspection and CRA agreeing to this counter offer to the Alzheimer Family Center.**

COMMISSIONER PEERMAN clarified that the CRA would be the renters.

RICH POPOVIC, 6066 Winfield Boulevard, questioned why the CRA was purchasing the Alzheimer Family Center to recoup the City's money. He said that was taking taxpayer's money to purchase property that the City already lost money on. He commented on Mr. Cea being a business owner, but losing money and shifting it around. He stated that the issue was \$425,000 missing that nobody wants to be held accountable for.

VICE MAYOR RUZZANO clarified that the property was estimated at \$500,000; however, it was being purchased for a little over \$300,000. He stated that the CRA was purchasing something that was worth more than the CRA was paying for it. He added that if the Alzheimer Family Center decided to leave, it would cost more money in the Courts.

MR. POPOVIC said that it was putting more money after bad money.

ANTHONY CAGGIANO, 7856 NW 1st Street, suggested putting a "For Sale" sign on the property now. He questioned what would happen if the price of the property went down in five years or had mold, because there still would be no money to fix it. He said that property was being obtained by the CRA and then was plowed. He commented on purchasing property for \$17 million and selling it for \$10 million, which made no sense to him. He suggested having the Alzheimer Family Center sell the property and pay the City after paying the mortgage. He said that things could happen after the CRA owned the property and none of those things were to the City's benefit. He agreed with Mr. Popovic that the City was using taxpayer dollars from the CRA to bail out the City for bad decision making, which he felt was a big mistake.

JOHN HALL, 6421 French Angel Terrace, explained that the CRA was to buy the property for \$492,000 with a \$308,000 mortgage; therefore, there was another \$33,000 available to be paid back to the City. He stated that the City would not net that amount of money, because of the closing costs and title insurance for a half a million dollar piece of commercial property. He understood that the City was discussing selling the debt for less money, which was what this meeting was for. He clarified that the City would enter into a Settlement Agreement, but he felt that the expenses needed to be known even without a mold or roof problem. He said that the City should know the history of the building, such as whether there was ever a roof put on. He stated that it was obscene that the



Commission was willing to consider a Settlement Agreement, if the only information the City had was what was discussed at this meeting. He felt that besides the two options, the City could do nothing and could, through legal means, put a lien on the property so it could foreclose at any time and pay off the first mortgage. He reiterated that the agreement should not be made without considering the numbers, such as the total net of what this would cost the community. He added that the City should purchase the property and not the CRA, because the debt was to the City. He said that the City needed to settle this issue with the Alzheimer Family Center and not involve the CRA, because they had nothing to do with it.

CITY ATTORNEY STEINFELD clarified that the Commission was not making the final decision at this meeting. He stated that there would be an inspection and the closing costs would be determined. He said that following obtaining all of the information, the agreement would come back to the CRA and if the City wished, the agreement would come back to the City as well. He noted that tonight's meeting would just start the process. He noted that the City could not put a lien on the property, because the City would have to go through the litigation and then get a Judgment. He stated that the Judgment would then have to be reduced, and because it was not specifically against the property, but was a general debt against the Alzheimer Family Center, the City would have to attempt to get a Constructive Trust. He felt that the City would be successful in the lawsuit and getting a Judgment against the Alzheimer Family Center, but it would take time. He said that by that time, the Alzheimer Family Center would be put out of business and the City would become a general creditor. He noted that there were other debts that the Alzheimer Family Center owed. He stated that the first creditor would be the Atlantic Bank that had a lien on the property, assets and profits. He felt that while the City would be successful in the lawsuit, it would be very difficult to collect the monies. He clarified that though the City might be successful getting a Judgment, executing on the Judgment would be difficult.

COMMISSIONER PEERMAN asked when the CRA was ending.

CITY ATTORNEY STEINFELD clarified that it was in 2026.

COMMISSIONER PEERMAN clarified that was 10 years from now, and that the figure was approximately \$400,000, which was below the appraised price. She noted that the Vice Mayor had questioned the difference, and it was clarified that the building was worth more than the amount.

TONY SPAVENTO, 3194 West Buena Vista Drive, asked whether after the \$308,000 was paid to purchase the property there would be no money owed to the City.

CITY ATTORNEY STEINFELD reiterated that it would be purchased by the CRA.

MR. SPAVENTO asked what would happen to the money owed.

CITY ATTORNEY STEINFELD said that the CRA would purchase a building appraised at \$492,000 for \$308,000.

MR. SPAVENTO questioned whether the City was forgetting the other \$200,000.

CITY ATTORNEY STEINFELD explained that it was not forgetting, but settling. He added that in 10 years, the General Fund would get a \$500,000 building.

MR. SPAVENTO said that by accepting the deal the issue would be settled. He said that

the City possibly lost \$500,000, spent \$300,000 more, which was a total of \$800,000 to get a \$200,000 profit. He felt that the City was still losing a massive amount of money. He asked whether the Alzheimer Family Center was a for profit business.

CITY ATTORNEY STEINFELD said that it was not for profit.

MR. SPAVENTO expressed his concern about patients being kicked out.

CITY ATTORNEY STEINFELD clarified that this would allow the Alzheimer Family Center to continue operating, but not in the building. He noted that if a lawsuit was filed, it would put them out of business.

COMMISSIONER TALERICO said that someone suggested putting a sign up to sell the building, but selling the building could take a long time. He added that if the bank foreclosed the City might end up getting nothing. He said that after purchasing there would be \$200,000 left with regard to value. He stated that 2026 was a long way off and the value should go up when the Downtown was developed. He felt that there was no other alternative, because if the City did nothing they would wind up with nothing. He said that if the CRA had a chance to utilize it. He noted that the bloggers would have comments; however, he had not heard any viable alternatives. He explained that mistakes were made, but now the City was trying to correct things. He said that the City was trying to move forward by having the CRA take the property over. He noted that there were 55,000 people in Margate; however, he was only hearing from 5 people.

MAYOR SIMONE felt that this was a no win situation. She said that the money was owed to the City; however, she understood from Staff that this was the best option. She noted that in 10 years the City would get the money back.

MITCH PELLECCCHIA, 6890 NW 9th Street, stated that bloggers usually did get it right, and he commented on the Sun Sentinel not appearing at the meetings. He stated that the City was talking about investing a new \$300,000 to get back their old \$500,000. He said that this might be the only way to recoup the costs. He spoke about meetings being mixed together haphazardly, because the Agenda did not say that the property would be acquired by the CRA. He noted that the City was not taking the Alzheimer Family Center to court, and that it probably took a long time for the Alzheimer Family Center to cooperate with the City's wishes. He understood that the agreement stated that neither party could take the other to court. He disagreed with Commissioner Peerman who said that the money was not missing, but owed. He stated that the money was not missing, but was gone.

MAYOR SIMONE noted that Mr. Pellecchia was off the subject.

MR. PELLECCCHIA said that he was referring to a comment made by Commissioner Peerman. He stated that the City was taking an asset instead of cash. He clarified that the taxpayer money was put out to support the Alzheimer Family Center; however, the City was getting back an asset that was long depreciated and would not recoup the original expenditure before 10 years. He did not appreciate the lack of savvy regarding investment and finances. He stated that the City would not get back the \$500,000, and that the City was to blame because they entered into the agreement. He stated that whispering was not allowed and that sidebar conversations must be on audio according to Broward Ethics.

CITY ATTORNEY STEINFELD corrected Mr. Pellecchia and stated that sidebars were absolutely allowed between Staff and Elected Commissioners. He said that sidebars



between Commissioners were a violation of the Sunshine Law if discussing City business.

COMMISSIONER BRYAN realized that the City was in a no win situation and nobody was happy with the results; however, a decision must be made in order to move on.

CITY ATTORNEY stated that this was contingent upon the CRA authorizing the purchase of the property for \$300,000 to pay off the mortgage.

REVEREND DR. L. RANDOLPH BROOKS, 12177 Classic Drive, Coral Springs, said that he served as the Vice President of the Alzheimer Family Center and Acting President, because the President was currently ill. He stated that no one was perfect and taxpayer's money had been used. He noted that the Alzheimer Family Center had been providing service since 1986. He stated that they were not accountants; therefore, they entered into an agreement with the City to be their bookkeepers. He explained that since February or March of 2015, the Alzheimer Family Center entered into settlement costs with the City and came up with several proposals or renditions that were genuinely considered. He believed that this agreement was not perfect; however, it was what the Alzheimer Family Center Board recommended and he believed it was the best alternative. He stated that neither the City nor the Alzheimer Family Center had a windfall from this situation. He applauded the City Manager and the City Attorney for being instrumental with this.

The motion carried by the following vote:

Yes: 5 - Commissioner Peerman, Commissioner Talerico, Commissioner Bryan, Vice Mayor Ruzzano and Mayor Simone

#### ADJOURNMENT

There being no further business, the meeting adjourned at 6:59 PM..

Respectfully submitted,

Transcribed by Carol DiLorenzo



Joseph J. Kavanagh, City Clerk

Date: 10/28/15