



Legislation Text

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TO: Mayor and City Commission

FROM: Eugene M. Steinfeld, City Attorney

DATE: August 24, 2015

DISCUSSION AND POSSIBLE ACTION - SETTLEMENT OF AMOUNTS OWED BY THE ALZHEIMER'S FAMILY CENTER TO THE CITY OF MARGATE

BACKGROUND: The City of Margate and the Alzheimer's Family Center (the Center) have had a close relationship for many years. The City has paid expenses up front for the Center as provided for in the Agreement between the City and the Center dated June 28, 2007. At this time, the City's records indicate that the City has paid out \$500,118.04 more in expenses that it has received from the Center.

At the March 18, 2015 City Commission meeting, the City Commission voted to terminate the Agreement with Center and authorized the administration to negotiate a settlement, if possible, with the Center to recoup the above monies. After discussions with the representatives of the Center, requests for financial records, and research of same, the following general terms were negotiated for settlement of all claims of the City against Center.

1. The Margate Community Redevelopment Agency (MCRA) would purchase the property of the Center, located at 6280 W. Atlantic Boulevard.*
2. The MCRA would pay all closing costs related to the transaction.
3. The Center would be allowed to occupy the property until December 31, 2015 upon payment only of maintenance, utilities, etc.
4. The Center would provide for insurance for their operation during the time of occupancy by the Center, indemnifying the MCRA for any claims related to the property.

*The above would provide for two options for the City to recoup the full amount of its funds.

1. The MCRA would purchase the Center property for the appraised value of \$492,000 and at closing, any excess monies, after the existing mortgage, closing costs, etc. were paid, would be remitted to the General Fund of the City.
2. The MCRA would purchase the Center property for the cost to satisfy the mortgage of the Center's property (which is approximately \$300,000)
3. In both options, the property would revert to the City by operation of law (FS 189.076) upon cessation of the MCRA District in 2026. Thereafter, the full value of the property would be in possession of the City of Margate.

Monies presently held by the City in the amount of \$33,179.03 as an unemployment compensation reserve by the Center, would be applied against the amounts owed by the Center to the City.

Based upon the research that has been done, the City Administration believes that a suit would generally be successful

against the Center for breach of contract and unjust enrichment; however, it is also believed that this suit would cause the Center to cease operations and that the only viable asset would be the property of the Center and that the City would be among one of the creditors of same.

(In the most recently approved audit of the Center, which was 2013, the Center it was shown that monies owed to the City were in excess of \$300,000. No audit has been approved subsequent to 2013.)

RECOMMENDATION: For discussion and possible action.

FISCAL IMPACT: Dependent upon options listed above.

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