



## Legislation Text

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**File #:** ID 14-1374, **Version:** 1

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**TO:** Mayor and City Commission

**FROM:** Eugene M. Steinfeld, City Attorney

**DATE:** September 16, 2015

APPROVING AN AGREEMENT FOR SETTLEMENT OF ALL CLAIMS BETWEEN THE CITY OF MARGATE AND ALZHEIMER'S FAMILY CENTER, INC. CONDITIONED UPON PURCHASE BY THE MARGATE COMMUNITY REDEVELOPMENT AGENCY (MCRA) OF THE PROPERTY LOCATED AT 6280 WEST ATLANTIC BOULEVARD FOR \$312,061.74.

**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) will purchase the property of the Center, located at 6280 W. Atlantic Boulevard for \$312,061.74.
2. The MCRA will pay all closing costs related to the transaction (with the exception of payment of up to \$2,000 by the Center for Seller closing costs).
3. The Center will be allowed to occupy the property until December 31, 2015 upon payment only of maintenance, utilities, etc. and \$200 per month.
4. The Center will provide for insurance for their operation during the time of occupancy by the Center, indemnifying the MCRA for any claims related to the property.

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

**RECOMMENDATION:** To approve

**FISCAL IMPACT:** There is no fiscal impact to the City. However, the fiscal impact to the MCRA will be \$312,061.74 plus closing and other associated costs.

**CONTACT PERSON:** Eugene M. Steinfeld, City Attorney