

CORAL GABLES PROPERTY ADVISORY BOARD
Minutes of March 17, 2010
Youth Center – Conference Room
405 University Drive, Coral Gables, Florida

MEMBERS:

A	M	J	J	A	S	O	N	D	J	F	M
09	09	09	09	09	09	09	09	09	10	10	10

Mary Young*	+	+	+	P	P	P	P	+	P	+	P	E	Mayor Donald D. Slesnick, II
Maurice Donsky*	+	+	+	E	P	P	P	+	P	+	E	P	Commissioner Maria Anderson
Gustave (Gus) Perez	+	+	+	P	P	E	P	+	P	+	P	E	Vice-Mayor William H. Kerdyk, Jr.
James Hinrichsen*	+	+	+	P	P	P	E	+	P	+	P	P	Commissioner Rafael “Ralph” Cabrera, Jr.
Luis M. Padron	+	+	+	A	P	P	P	+	E	+	E	P	Commissioner Wayne “Chip” Withers
Edmund J. Mazzei	+	+	+	P	P	P	P	+	P	+	P	P	City Manager Patrick Salerno
Valentin Lopez*	+	+	+	E	P	P	P	+	P	+	P	P	City Commission

A = Absent
P = Present
E = Excused
+ = No Meeting
***** = New Appointment
- = Resigned Member

Ernesto R. Pino, R.A., Public Works Department
Lorena Garrido, Public Works Department

GUESTS: Mayor Don Slesnick, II, Mr. Audy R. Snodgrass, Garrison Manager (US Army Garrison), Mr. Amir Gamliel, P.E., PG, PhD., Command Deputy Engineer (U.S. Southern Command), Mr. John E. Burgess, Public Works Director (US Army Garrison), Mr. Durand L. Yates, Sr., Realty Specialist (USACE, Mobile District SouthCom Project Office)

RECORDING SECRETARY: Lorena Garrido, Public Works Department

CALL TO ORDER:

The Vice-Chairman, Mr. Mazzei, called the meeting to order at 8:40 a.m. since the Chair, Mr. Perez, was excused.

ROLL CALL:

Ms. Garrido called the roll and members confirmed attendance.

MEETING ABSENCE:

Mr. Perez and Ms. Young were excused.

MINUTES OF FEBRUARY 26, 2010 MEETING:

Upon a motion for approval by Mr. Donsky and second by Mr. Hinrichsen the February 26, 2010 meeting minutes were unanimously approved.

SECRETARY'S REPORT:

• Schedule of Outstanding Rent – Report as of March 16, 2010

Ms. Donsky pointed out that the only outstanding rent shown was from Bijan's Coral Gables, which shows March 2010 as the due date. He asked if all City leases are the same as far as their due dates.

Ms. Garrido replied that according to the Finance Department, tenants have until the end of the month to pay their rents.

Mr. Donsky commented that typically there's a grace period before a lease is in default and that he has never heard of a lease in which a tenant has until the end of the month to pay. He further requested clarification on all leases to verify if in fact they all have until the end of the month to pay.

Mr. Mazzei requested for the Finance Department to include an additional column on this report showing the actual due date of all rents.

CITY COMMISSION BOARD RELATED ITEMS UPDATE:

None.

CITY UPDATE:

None.

OLD BUSINESS:

• Lease Renewal between the City of Coral Gables and United States of America for the property located at 3501 Granada Boulevard, Coral Gables

The Mayor stated that the analysis prepared by Mr. Mazzei caught him off guard since the lease analysis stressed that this lease be pushed to market rate or be sold. He further stated that since this became a public record, SouthCom became to wonder if the City was trying to excuse themselves from a relationship with SouthCom. The Mayor said that he appreciates this since when doing commercial deals, the City wants to do the right thing by getting the right prices for properties. However, in looking back at this particular property and the purpose it was purchased, this was not to make money for the citizens. In addition, in this particular case this is not a commercial property deal but a relationship situation with the U.S. military in which the citizens of Coral Gables can take some pride in. The Mayor explained that the reason for him coming to the Board was to give the members this background so this could move forward.

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Mr. Mazzei commented that the Board sees their role as advising the City on matters relating to property. He continued to state that as a retired marine, to show favoritism to any organization would go against his responsibilities to the City. He is not saying that he does not want SouthCom in Coral Gables, but rather that the facts are that this is below market and that this has been brought to the City Commission's attention and they are the ultimate decision.

Mr. Padron said he agreed with the Mayor. He stated that the big picture and the economic impact of having SouthCom in South Florida do not only benefit Coral Gables but the entire community. The prestige probably has no value and it's immeasurable. In addition, this will bring others that will pay fair market value for property. He further stated that within the scope of what this Board does includes not only look at a single issue but the whole spectrum on what is provided to the community. Keeping this in mind, this is clearly below market but the other things that this lease brings makes up for that.

Mr. Lopez stated that this item was looked at by the Board during the last meeting and it was looked at as a business transaction with the facts on hand then. He felt that if the Board had the feedback it has now, he would have agreed then. He stated this does bring other values and that he has no problems with favoritism in bringing prestigious names into the City.

Mr. Donsky stated that he has problems with a lot of the items that come to the Board and asked for the Mayor's opinion. He asked regarding leases and if whether the Mayor/Commission want for the Board to go through all items on a lease? He stated that leases should be uniformed and be looked at by the City's Attorney. He further said that he felt that it's not up the Board to determine what goes in/comes out of a lease document. He asked regarding this particular issue: a) what the Board is expected to do when the ultimate decision is by the City Commission, b) is the Board looking at this as realtors to determine what is fair market value or to balance what is going on and agree with the decision taken.

The Mayor stated that he doesn't know he is the appropriate person to respond to this since he didn't create the Board or charter and only help approve what comes in front of the Commission. This Board focuses on the use of the City's properties, the upkeep of the properties, how are they used, if they are being properly utilized and if they have the proper insurance. One example of this is the decision of the Country Club in which this Board was involved. As far as being involved with lease wording and late payments, the Mayor stated that this may have been as a result of the Country Club not paying for months. He further stated that he does not want to limit the Board's role.

Mr. Hinrichsen stated that the question of this item constituting proper use of a City owned property that somehow broadly enhances the City's status or reputation, it's debatable. He further stated that this is not the Board's call, but a political decision. The specific question at hand is addressed in a resolution that established this Board which states: "*Whereas it is in the interest of the people of Coral Gables that the City obtain the maximum return from the sale and leasing of such properties*".

The Mayor responded that the maximum return does not always mean financial.

Mr. Mazzei commented that when he started in this Board there was no management of insurance and rents were behind. This Board, in looking at the charter the Board understood that something needed to be done and so now, the insurance is good and the Board oversees rent payments. He continued to say that the City has a responsibility and over the years, the Board has found some lacking in this. In regards to this item, if

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the City had come to the Board and explained what is happening and why it's being done, it may have altered the Board's opinion, but not the facts. In conclusion, this Board wants to do what's right and the best interest for the City, its residents and businesses.

The Mayor thanked all members for their services and excused himself from the meeting.

The guests: Mr. Audy R. Snodgrass, Garrison Manager (US Army Garrison), Mr. Amir Gamliel, P.E., PG, PhD., Command Deputy Engineer (U.S. Southern Command), Mr. John E. Burgess, Public Works Director (US Army Garrison), Mr. Durand L. Yates, Sr., Realty Specialist (USACE, Mobile District SouthCom Project Office) all introduced themselves.

Mr. Mazzei reiterated the Board's role regarding City property for the guests' understanding and stated that upon receiving the new lease for SouthCom he provided an analysis of the rental rate being proposed and of the market value. He stated that this Board does not make decisions but make recommendations to the City Commission based on facts and they make the decision.

Mr. Hinrichsen added that in the resolution that established this Board, it states what this Board does to include doing financial analysis and reviewing the City's maintenance costs to determine the factual picture, not only in this property but all City-owned properties.

Mr. Burgess explained the situation with this lease in which there are different thresholds (standard national, high cost, special high cost) and allocations within these in regards to the total amount they could spend on a home (rent, utilities). He stated that it is difficult to operate the way they are mandated to operate in this market since there is a certain max aggregate amount they could spend.

Mr. Padron asked why "beat around the bush" if there is an authorized figure that the government can pay for this house and the intent of the City is to keep the General in Coral Gables, what is this amount so that this Board does not make a recommendation that it's out of your budget since you are only authorized to spend by statute so much.

Mr. Burgess stated that the public law states this number to be \$280,000.00 and it's increased every year based on housing cost. He stated that in here they have spent \$100,000.00 - \$110,000.00, which includes some furnishings and maintenance costs. Out of this budget also comes out the maintenance and repair (lawn services) and hurricane shutters contract.

Mr. Mazzei discussed and explained his analysis.

Mr. Donsky asked Mr. Burgess that based upon the common laws they have, is the \$4,500.00/mo. the top limit you can pay for rent.

Mr. Burgess replied that this is not the top limit but its close. To go higher than that there would need to be an agreement based on the level of maintenance by the City.

Mr. Donsky commented that if the renewal rate is at \$4,600.00/mo. and increased \$100.00/year maybe the rent amount can be decreased and then increased a bigger amount per year to compensate.

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Mr. Burgess said that he would have to go back and make some analysis on this since there are constraints such as the ability to make maintenance and repairs. This is due to the \$35,000.00/year reporting threshold and maximum of \$50,000.00/year threshold with prior approval from Congress. In addition, there's a budget of \$517,000.00 for all eight (8) houses that cannot be exceeded.

Mr. Hinrichsen commented on the maintenance report provided by the City in which averaged \$20,000.00 for the last ten years for maintenance/repair costs. He stated that this information should be provided to the City Commission since they will make the decision.

Mr. Mazzei suggested that this report be part of these minutes and copy the Mayor and Commissioners.

NEW BUSINESS:

None.

OPEN DISCUSSION:

None.

ADJOURNMENT:

Ms. Hinrichsen motioned to adjourn the meeting. Mr. Donsky seconded the motion. The meeting was adjourned at 9:53 a.m.