



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.

Washington, D.C. 20240

IN REPLY REFER TO:

T. Gene Prescott, President
Biltmore Hotel
1200 Anastasia Avenue
Coral Gables, FL 33134

NOV 22 2011

Dear Mr. Prescott:

I was pleased to read in the press that the Biltmore Hotel and the City of Coral Gables (the City) may have reached a framework for resolving the current issues arising from the lease of this historic monument property. In the meantime, I wish to respond personally to your October 27, 2011, letter to David Vela, Regional Director, Southeast Region, National Park Service (NPS). In that letter you stated that the NPS has failed to meet its legal obligations with respect to the Biltmore Hotel. You also requested that the NPS withdraw a July 20, 2011, letter from Dr. Frank J.J. Miele, Chief, History Branch, Southeast Region, NPS, to an attorney representing the City of Coral Gables, Florida. The NPS disagrees with your view of our role and responsibility in this matter. We also believe that Dr. Miele's letter is correct and should not be withdrawn.

The legal relationship between the United States and the City (the grantee) is defined by the 1984 deed between the United States and the City, a Program of Preservation and Utilization (PPU) incorporated into the deed, and the statute that authorized GSA to execute the deed. Nothing in the statute prohibits the City from entering into a lease with a third party for revenue-producing activities as long as the City complies with the obligations imposed on it by the deed and the PPU. In this case, the City is required to submit biennial reports demonstrating that the City is complying with the conditions and covenants in the deed and the PPU. Based on the reports received to date, the NPS believes that the City is in compliance with those legal requirements.

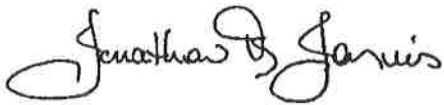
The City leased the Biltmore property to the Biltmore Hotel Limited Partnership (the lessee) under terms requiring the lessee both to pay rent to the City and to maintain the property "as a luxury destination world class hotel resort." Under the lease, the lessee is committed to meet the historic preservation obligations that are spelled out in the deed.

The fact that the City is realizing "excess income" in the form of the rental payments under its lease with your company is acceptable under the governing law. The statute allows a grantee to realize "excess income" from a historic property and to expend it for the purposes set out in the statute: "public historic preservation, park, or recreational purposes." Nothing in the governing law requires a grantee to expend "excess income" on the property that produced it. The NPS believes that the City is complying fully with its agreement with the United States as provided in the deed.

The NPS is required to ensure that the historic preservation obligations of the City are met but is not authorized to interject itself in a third-party lease dispute. Therefore, the NPS declines to become involved in your lease negotiations (or re-negotiations) with the City. Similarly, we believe that the statements in Dr. Miele's July 11, 2011, letter are correct and it would therefore be inappropriate to withdraw that letter.

I certainly hope that you and the City are able to satisfactorily resolve the issues before you. That is, in our opinion, the best means of achieving the purpose of this historic monument grant: the preservation of the Biltmore Hotel.

Sincerely,



Jonathan B. Jarvis
Director

cc:
Regional Director David Vela
Southeast Region, National Park Service
Atlanta, GA

Honorable Bill Nelson
United States Senate
Washington, DC 20515

Honorable Marco Rubio
United States Senate
Washington, DC 20515

Honorable Mario Diaz-Balart
House of Representatives
Washington, DC 20510

Mr. Patrick G. Salerno
City Manager
City of Coral Gables
405 Biltmore Way
Coral Gables, Florida 33134

Honorable Jim Cason
Office of the Mayor
City of Coral Gables
405 Biltmore Way
Coral Gables, Florida 33134

Entered into the
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the City of Coral Gables
Commission meeting
of 12/19/2011
in connection with
Agenda Item I-1

WALTER J. FOEMAN
City Clerk