

**City of Coral Gables Special City Commission Meeting
Agenda Item B-1**

July 19, 2010

**City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Donald D. Slesnick, II

Vice Mayor William H. Kerdyk, Jr. (Absent)

Commissioner Maria Anderson

Commissioner Rafael “Ralph” Cabrera, Jr.

Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno

City Attorney, Elizabeth Hernandez

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Public Speaker(s)

Reeder Glass, Special Outside Counsel to the City

S. Daniel Ponce, Attorney Representing the Biltmore Hotel

Bill Hutchinson, Coral Gables Resident

Rip Holmes, Coral Gables Resident

Joseph Lorenzo, Coral Gables Resident

Richard Namon, Coral Gables Resident

Steven Edelstein, Coral Gables Resident

B-1 [Start: 8:27:22 p.m.]

Commission discussion and/or action re: an amendment to the lease with the Biltmore Hotel Limited Partnership and an agreement with the Biltmore Hotel Golf Management LLC.

Mayor Slesnick: Thank you all very much, well we are glad that we could put this item back on the agenda this soon and fast and I thank our staff and outside counsel for working with us, and I'd like to ask Liz and Reeder if you would report back to the Commission where we are, where we left this, and at what point and stage are we in this.

City Attorney Hernandez: OK. Mr. Mayor...Mr. Glass...

Mayor Slesnick: Oh, by the way, I think I should, it's been a long evening, but I don't want to...so let me announce that we are now taking up on our agenda Item B-1; this is a City Commission item, it is Commission discussion and action for an agreement to the lease of the Biltmore Hotel Limited Partnership and an agreement with the Biltmore Hotel Golf Management LLC. Liz.

City Attorney Hernandez: Mr. Mayor as Mr. Glass is coming up, I will tell you that on July 13th this Commission directed us to prepare a document based on the minutes that we received. We prepared a document which we believe meets the direction of the City Commission, the unanimous direction of the City Commission, and we provided it to Mr. Ponce, Mr. Ponce had some concerns; Mr. Glass and myself spoke, we spoke with the City Manager, we felt comfortable that the document accurately reflected what the Commission had directed us to do and we forwarded it to you. I believe the Biltmore has issue with that and they will put on their presentation, but Mr. Glass is here to address any issues or concerns you may have.

Commissioner Anderson: I have a quick question. The document that we fashioned last week, that we all worked on last week, did that cure the technical default of the lease?- would that document as we prepared it last week, cure any issues that we were talking about?

Mr. Glass: Yes. Whether in the form presented by us to you or the form, the Biltmore's form, the objective of that document is to take the past due rent and put them in a category of deferred obligations, which would be paid over some number of years, and the so called technical default is a term that I think the lender has used referencing a failure to pay rent which has not been declared as an event of the default, but the answer is yes it would.

Commissioner Anderson: Thank you.

Mr. Glass: Sorry, started talking; Reeder Glass, Holland and Knight, Special Counsel to the City. I think what we have here tonight is perhaps not uncommon situation where two sides on the issue heard two different things or didn't hear something, and as a result of that we have two different drafts.

City Attorney Hernandez: Right.

Mr. Glass: Our draft is a combination of what we heard the Commission say that they agreed or didn't agree to, and a certain number of assumptions that we made on issues that weren't fully fleshed out in the discussion, and let me give you several of those. There was a brief colloquy on the dais about whether interest should be charged on the deferred amount, and the comment was, it should be prime, which we all know what prime is, but that was all that was said about it; wasn't said is it going to be prime floating from time to time changed, is it going to be the prime that's in effect on July 1, 2012 when the obligation begins to be repaid. Our draft said, prime as determined from time to time using Citibank's prime; their draft said its today's prime at Citi-Bank, which is 3.25%. That's an example where we filled in some blanks and they filled them in the other way. Another was, whether or not the \$125,000 payment per quarter included interest within the \$125,000, or interest was accrued on top of that. Our draft added it to the \$125,000; their draft incorporated it into the \$125,000 so the number stayed the same. So we took what we thought were reasonable positions, some of the issues that have come back, we thought were resolved by the Commission, but we understand that, that's a fluid process, you were faced with a lot of information that night; you came up with some constructs, some of them changed as you were discussing them. The whole inclusion of the federal obligation was a good example of that,

where the vote went back and forth or the discussion went back and forth. So, I think there are still some significant issues that are in this draft that we disagree about, that we talked about last Tuesday, and then there are some that I think are not as important and the two I just mentioned were two of those, but tonight we are back; this is the CityBeautiful version of “Ground Hogs Day”, so we are back to discuss this one more time and see if we can’t finish it off tonight. I might also add one other point; we received as did you this afternoon, a document from counsel to the lender, that document had ten items in it, some of them were in the nature of proposed changes, some of them were in the nature of statements. The document starts out in the first sentence by saying that this is the position taken without discussion with Mr. Fuller, who is the principal at GALIC. I don’t know actually how to interpret or evaluate that kind of an input as it relates to your deliberation tonight, but I think I would advise you to take the position that you think is in the best interest of the city and is reasoned, and then if that matter is not consistent with the ultimate position with the lender, then it’s just another issue that needs to be addressed. I do not know how you can factor in the position, the non-position right now, of a lender on a given point....

Mayor Slesnick: In the lender’s letter, Reeder, he does make some editorial changes, I mean, did you review those?- they seem to be some small editorial changes, I mean, in other words, there are certain things that he may or may not say in here that may clarify a point that we could accept them.

Mr. Glass: Clarifications – that’s what lawyers do in written agreements, and Mr. Ponce and I talked about several clarifications that quite frankly, I did not consider to be strategic or important and would make in the due course of reaching a final agreement. It wasn’t the city’s intent when we circulated our draft, to say that it was the only language that would be acceptable; it was just our interpretation of what we thought heard. The Biltmore has come back with a different document, we were not able to merge those into one that we could present to you as an agreed document, so unfortunately it means that we are back here with some items that are not agreed, but I don’t want to suggest that each of them have equal dignity or equal importance, they are just things that we did not have a forum for finally agreeing upon, and some of them are relatively important.

Commissioner Cabrera: Let me ask you this then. If you are at that, I’ll use the word impasse, for a lack of a better word, are you going to be able to present us with those items that you, when I say you, I mean the city, city’s representative, are not in agreement on, rather than to sit here and try to decipher a legal document.

Mr. Glass: Right.

Commissioner Anderson: We just got it a few hours ago.

Commissioner Cabrera: OK. I’m ready to stay here for the duration, I mean, we just went through a pretty tough battle, so this is nothing, seriously...

Mr. Glass: I understand.

Commissioner Cabrera: So I'm ready to sit and, I'm stealing this from Don, make sausage again because the bottom line is that I don't want to go away and have another "Ground Hogs Day" a week from now. So I'm looking for some help here.

Mr. Glass: Well, I think we have narrowed the issues considerably, and I think we can present to you what they are tonight.

Mayor Slesnick: We can work off your document. You've given us a document that you approve of.

Mr. Glass: Yes.

Mayor Slesnick: We can give you direction as to points to change, and go from there. We are not going to work off the document that we were given today, the Biltmore can make their points from that document, and if we wish to incorporate their points into your document or change it we can, but your document is the document we should be working off of.

Commissioner Anderson: Mayor, I have a question.

Mayor Slesnick: Liz, where is...I know that Reeder's given it to us and we've all read it by e-mail, but where is a copy of Reeder's document?

Commissioner Cabrera: Is it the draft dated 7/15/2010? We all have a copy of it.

Commissioner Withers: I have it red-lined. You have it red-lined to, right?

Commissioner Anderson: I have a question, can I ask while we are waiting?

Mr. Glass: Yes.

Commissioner Anderson: I know we've spoken today Mr. Glass; I'd like to know from both the City Attorney and City Manager what their positions are at this time?

City Attorney Hernandez: You all know that, we are here at the request of the Biltmore to assist them with interim relief. As the Manager said at the last meeting our position, we've been following the direction of the City Commission, do the PriceWaterhouse report, do your audit, and come back with recommendations. So our position obviously is consistent with the term sheet that Reeder went through with all of you if we are going to provide interim relief at the present time, and that's really where we are coming from with regard to this agreement. So I'll go make copies if you need copies of our document.

Mayor Slesnick: All we have is the ones with Danny's changes.

City Attorney Hernandez: Alright, let me go make copies. I can't even get into my office.

Commissioner Cabrera: Oh, we've got both, I've got....oh, the one in color is with Mr. Ponce's changes, why can't we work off of that?

Mayor Slesnick: Well we can. Let's keep going.

Commissioner Cabrera: Well it's in color. Thank you sir. Yes, I'm perfectly comfortable....

Mayor Slesnick: I just don't want to end up saying that we agree with something that....

Commissioner Cabrera: But you know what?- I can't do, I can't look at Mr. Ponce's agreement and the city's agreement simultaneously.

Mayor Slesnick: What is red and crossed out?- that's your words that Danny has crossed out, is that it?

Mr. Glass: Yes.

Mayor Slesnick: Who changed that? I want to make sure if we look at this document, if we see blue underline, that's brand new added by Danny, right?- or the Biltmore, I shouldn't say Danny, Mr. Ponce is their lawyer, I presume he is working with other people there. If it's blue and underlined, is that his additions?

Mr. Glass: The blue is additions to the draft by the Biltmore.

Commissioner Cabrera: By whom? By the Biltmore, OK.

Mayor Slesnick: And if it's red and struck through it is your words that they are suggesting be deleted.

Mr. Glass: That's correct.

Commissioner Cabrera: OK. So why don't we work off this then?

Mayor Slesnick: Got it.

Commissioner Cabrera: Madam City Attorney, do you have a copy of it?

City Attorney Hernandez: I have it now, yes. Blue is Mr. Ponce and red is....

Mayor Slesnick: No, no, the blue is Mr. Ponce additions the red is Mr. Ponce's deletions, OK, everything else is Reeder's. For those of you watching this, Mr. Reeder Glass has already introduced himself, Mr. Reeder Glass standing before us is outside counsel to the City Attorney's office for dealing with Biltmore legal issues and the person who we refer to in the late hour as

Danny is Danny Ponce, he is lawyer for the Biltmore Hotel, and he is with us, but he has not yet come to the mike.

Commissioner Anderson: I don't know; there are so many changes.

Mr. Glass: Well, I think they can actually be summarized pretty effectively if you could just allow me and maybe with Danny's assistance to make sure I don't skip over anything, we can go through them one by one, almost in the order in which they are presented.

Mayor Slesnick: So why don't we bring Danny to the mike and let the two of you go through the document, that will be a learning experience for all of us. Mr. Ponce if you would introduce yourself properly and we'll...

Mr. Ponce: My given name is Sergio Daniel Ponce, S. Daniel Ponce to the law community, Danny Ponce to my friends, I'm a partner in the law firm Legon Ponce and Fodiman, downtown Miami, and I represent the Biltmore Hotel. Thank you Mr. Mayor.

Mayor Slesnick: Why don't we just start at the top?

Mr. Glass: The first change in the recital is, I think, paired with paragraph eleven, which is also underlined, and this language while somewhat different brings back what I thought the Commission decided that they were not prepared to do, and that was to accept item number six on the seven point outline that the Biltmore presented at the last Commission meeting, and the language is dealing with what happens after we reach this agreement, and provides in varying ways that after we get the PriceWaterhouse audit and the city audit, that the city and the Manager will, I will just read the words; "commence and diligently pursue good faith efforts for the development of a mutually fair arrangement to achieve sustainable perpetual preservation of the Biltmore". Now, if that language has no legal significance, it shouldn't be in a legal document, and while some may argue that it's an agreement to agree or its even not that level, the point of it is it does make some assumptions about the current lease, by suggesting that we will in effect negotiate a mutually fair arrangement, it assumes that the present arrangement is not mutually fair, to achieve sustainable perpetual preservation suggest that what we don't have is a document that achieves that today.

Commissioner Cabrera: Well what if you inserted the word "new"?- "a new".

Mr. Glass: Well, even that presumes that you, the Commission, is going at in some point in time agree to an amendment of or a new document, and I believe that this language is simply inappropriate and unnecessary for the document which is addressing primarily, the agreement of the city to defer management fees and rent to a date certain in the future where those monies will begin to be paid, and it is that agreement that I think we should be focused on and not how we are going to move forward after this is over, even though it is pretty clear that after the PriceWaterhouse agreement, I mean, report is received that there will be some process of discussion about that issue and therefore we recommend that this language which has questionable legal effect not be placed in this document.

Mr. Ponce: Mr. Mayor and the Commissioners, Reeder and myself had a conference call on Friday; we spent twenty minutes on this one topic. My client and I truly believe that it is important to set some contextual setting for this document, what we are doing. What he has prepared is a basic simple document, and by the way we disagree with many of the things he has said that you all have agreed to, but this part as Mr. Glass has just said, is not even an agreement to agree; normally legal documents have preambles, they explain the reasoning's, what are the goals?- what are you looking for?- this is clearly an interim agreement with the goal to step up to the plate together, come together with some other additional agreement down the road. Mr. Cabrera you are suggesting of saying the word "new" would be acceptable to us.

Commissioner Withers: How about removing the words mutually fair?

Mr. Ponce: We would agree to accept mutually fair.

Commissioner Cabrera: Mr. Ponce may I just....I'm reading this paragraph and I'm coming away with the impression that the reason that you and your client included that language in there was to create a sense of urgency with this matter and a process that should continue on, and that this interim agreement should not stop whatever needs to happen next.

Mr. Ponce: Mr. Cabrera to your point sir, this is in our judgment, a stepping stone to get to where we need to be.

Commissioner Cabrera: OK.

Mr. Ponce: We need to conclude the PriceWaterhouse report, their analysis...

Commissioner Cabrera: And you are good with that.

Mr. Ponce:...I'm good with that, but this is an important step and frankly it's been a very frustrating process to get here with the circumstances that been dealt with us, but for this Commission and this Mayor agendaing this item last week and bringing us here last Tuesday and today, we wouldn't be here, so we appreciate all your, you all time here today, and would like to bang through this document, this preamble language is pretty standard stuff in most legal documents, and we see it of no harm other than setting a contextual basis for what we are doing.

City Attorney Hernandez: And again, I have to join in with Mr. Glass; this was discussed last week and this was one of the specific points the City Commission directed us, unless we are just throwing out everything we did last week.

Commissioner Anderson: I want to be, let me...

City Manager Salerno: I'd like to just echo the City Attorney's comments in that regard, and support what the outside counsel is saying.

Mr. Ponce: Mr. Mayor we spent two hours on the phone with Reeder, he didn't agree to one change, one word; the document put before you is the exact document he gave me last Thursday afternoon.

Commissioner Anderson: And actually that's the document we talked about last Tuesday; let me just....I want to help the Biltmore, I said that, that's my sole purpose and intent...

Mr. Ponce: Thank you Mrs. Commissioner.

Commissioner Anderson: But you know, I outlined it last week that was my intent. What we decided last Tuesday I was good with it, there may be some smaller things that I could with our counsel work with to do something, there is a lot of stuff here that's just brand new today, and I want to be of assistance, I want this to go forward, but I can't right now with all the underlines and strike outs.

Commissioner Cabrera: And you know what?- number one, I appreciate your candor and I also empathize with your frustration, but the reality is, and I don't mean this in any way, shape, or form, as disrespect to you...

Commissioner Anderson: I won't take it that way.

Commissioner Cabrera: Thank you. The document we were handed to us last Tuesday, was handed to us last Tuesday, and we were asked to play attorney, and come up with an agreement or disagreement without really studying the document.

Commissioner Anderson: OK, I'll just play devil's advocate, we made sausage last week.

Commissioner Cabrera: But you know why I was able to make sausage?- because I got something that I could understand in a simple format, a one page, seven item format that I literally looked at and said, yes, I can live with this, no, I can't live with that, that's what help me get through it last week.

Commissioner Anderson: I hear you.

Commissioner Cabrera: This thing, I just assume throw it out; throw it in the garbage, like a traffic study (laughter). But reality is, I'm right back where we started from last week and now we've got more blue lines, and more red lines, and again with all due respect to the entire Commission, it reminds me of 2001, when we were trying to get through the Country Club agreement, and we got it about the same kind of timeframe, and I don't want to do it that way.

Commissioner Withers: I only see four or five issues in this.

Commissioner Cabrera: OK, well maybe you can help us navigate through them.

Commissioner Withers: One issue is the commitment on the city to guarantee that we are going to find a solution when we meet again, and I don't think any of us want to guarantee that we are going to find a solution. We can agree to the process of looking for a solution.

City Attorney Hernandez: Right.

Commissioner Withers: I would say, together to assist in the process of developing a business model...

Commissioner Anderson: What does that accomplish?

Commissioner Withers: Well nothing, like Reeder said, if it doesn't really say anything legally, then why is it in the contract?- I think it's just to say that we all agree that we agree on moving forward.

Commissioner Anderson: Yes, but you can read that in the transcript, I'll just throw that out there.

Commissioner Withers: That's item number one.

Mayor Slesnick: Let's start on that item, let's stay on that item for a minute; just a thought, if that's the case then it should be moved like a preamble, taken out of the recitals, and it should be a preamble, and we don't need eleven to say it again, so.

Commissioner Withers: But just to agree that we are going to assist in the process of developing a business model for sustainable...

Commissioner Anderson: But I think that's understood.

Commissioner Withers: Well that's the whole point.

Mayor Slesnick: But on Maria's behalf, I said that on Maria's behalf, I'm a little concerned that the Biltmore has watched this Commission in action and we have pushed bravely forward in a whole new world and they still...

Commissioner Withers: They are still requesting us.

Mayor Slesnick:...I'm not saying it's aimed at us, but I think that this Commission has shown its absolute commitment to resolving for now and in the future, if there is a way to resolve, the relationship between the two entities to guarantee continued operations of the Biltmore as we know them today, so maybe better financially as we know them today. One of the things that I've consistently gotten from everyone's who has written me is, how much they are impressed with how the Biltmore is run, they are not talking about the books, but they are talking about the operation...

Commissioner Withers: The buffet on Sunday.

Mayor Slesnick: They are talking about the dinners, they are talking about the restaurants, they are talking about the clubs, the pool, they are talking about the bars, the guest rooms and so forth, from top to bottom they believe the Biltmore is a fine institution. Now, we are here to talk about the books.

Commissioner Withers: So Don, what you are saying is to move it up into the upper part, if you want to say something.

Mayor Slesnick: If we want to say something like that, I see both ends of the argument; move it up into a preamble that states our purposes and strike paragraph eleven, which Reeder suggested to do anyway. OK. Well, that's a thought; let's move on, we've got that issue.

Commissioner Withers: The other thing is, let's take an easy one, the interest; the other issue I see here on number two is that, do we give it a 3.25% fixed?- or do we an adjustable that moves up?- and I have problem staying with the 3.25% fixed, because I really don't think they are ever going to pay the first interest. I don't think we are ever going to hit this agreement like I told you, I don't think it's ever going to happen in 2012, but...

Mr. Ponce: Commissioner with all due respect you are saying that because you believe we'll have a new agreement before that first payment is due in 2012.

Commissioner Withers: Yes, yes.

Mr. Ponce: Not that we won't make the payment if we supposed to.

Commissioner Withers: No, that's what I'm saying, sorry, it's late Danny.

Mr. Ponce: Just want to clear the record for you sir.

Commissioner Withers: I stand corrected. So that's the second issue, how do you feel about that?

Commissioner Cabrera: I'm fine with 3.25% prime.

Commissioner Anderson: Which one is that?

City Attorney Hernandez: The 3.25%.

Commissioner Withers: Maria, are you OK with the fixed interest rate of 3.25%?

Commissioner Anderson: Um huh (yes).

Commissioner Withers: OK, that's number two; number three, the quarterly payments was \$125,000 flat, and if not, \$125,000 plus interest, I think that was the other thing, wasn't it Reeder?

Mr. Glass: That's correct.

Commissioner Cabrera: \$125,000 versus....

Commissioner Withers: \$125,000 plus...

Mayor Slesnick: \$125,000 to include interest to extend the payments out approximately two years.

Commissioner Anderson: But, you see I feel there should be interest on that....

Mayor Slesnick: No, no, in other words they are just going...its like when you pay your mortgage payment, the \$125,000 will include principle and interest it will extend the payments out for a couple years, if Chip is right, we may not be at that point.

Commissioner Withers: The other thing I saw in here was the calling of the Biltmore Golf Course management fees rent, is that correct?

City Attorney Hernandez: Where is that?- go to your page, I apologize, it's late.

Commissioner Anderson: Number two.

Mayor Slesnick: Number nine.

City Attorney Hernandez: Number nine.

Commissioner Anderson: Number nine, OK, there's another one.

Mr. Glass: The characterization is mentioned in paragraph five, it's also part of the defined deferred amount.

Commissioner Withers: So a lot of the lining out is just wherever we had rent before as far as the golf course, we moved it back to management?

Mr. Ponce: That's correct sir.

Commissioner Withers: Is that what we did?

Mr. Ponce: Yes, that's what we did in our draft, sir.

Commissioner Withers: And then I guess there is also the cross....

Mayor Slesnick: Let's talk about that.

Commissioner Withers: OK.

Mr. Ponce: Mr. Mayor, if I may?

City Attorney Hernandez: Reeder by your silence you are agreeing, right?

Commissioner Withers:...with my statement....

Commissioner Anderson: I just want to say that this is just....I'm so uncomfortable with this process right now at this late our, I just want to say it.

Commissioner Withers: That's fine.

Commissioner Anderson: I want it to be done right.

Mr. Ponce: Mr. Mayor and Commissioners, last week obviously, Reeder prepared this document, on Thursday, he got it to us on Thursday afternoon. We turned it around and gave him our comments and changes on Friday morning and that's when we went into our conference call. At that point in time, being that the lender had advised us please try to narrow issues as best you possibly can with the city before you come to me; after that two hour conference call we tried to narrow issues with Reeder, we thought we actually had some agreement on some things, but it turned out we did not. We reached out to the lender on Friday night. On Saturday Mr. Prescott had a conversation with Victor Fuller, who is the representative of Greater American Life Insurance Company, acronym GALIC. They spoke about the issues, they spoke about things before. Mr. Fuller, based upon having given him a draft of the document that we had, commented about the different things he felt that he instructed us to talk to his lawyer, Michael Katz, a partner of the Katz Berrin firm. You know him, the lawyer for Greater American Life Insurance Company. We received input from Michael Katz today, and as one of the items I put in your package I put before you. There was an e-mail that I got from Michael this morning at 11:20 a.m. He sets forth with no great secrets here, explicit terms that he believes the lender, he says the lender has to have in order to go forward and fund the \$846,000, that obviously is the goal and the reason for this exercise. He indicates, for example, in paragraph two of his statement there, 1B, about half way through the line he says: "the definitional changes in the last text of this paragraph of material GALIC as there must be no cross defaults or inclusions re the sums due the golf course management agreement with the lease obligation". Now the reason for that is that the lender does not have any obligation under the golf course management agreement, his sole right, his sole obligation if God forbid the Biltmore were to default, were to step in and take over the Biltmore's obligations on the hotel, not the golf course. By virtue of the language that Reeder put into this document he was attempting to make the lender responsible for those also. The lender as we requested Mr. Withers, you requested to talk to the lender, we have, he has rejected that, and there are multiple areas here where he says the same thing. So the point

that you were making was our effort in the document to remove that as it consistently appeared in various paragraphs.

Commissioner Withers: But if the hotel defaults the golf course defaults, you are saying if the hotel defaults, it doesn't automatically default the hotel.

Mr. Ponce: Correct – but we have put in the agreement based upon what we thought was the fair thing to do and after discussing it with you all last Tuesday is that, if the Biltmore defaults on the Biltmore lease, that will trigger the Biltmore's failure on the golf course management agreement, but the lender will not stand for the default of the golf course agreement.

Mayor Slesnick: Well, I've told Reeder, the City Attorney and the City Manager that going back and looking at it, Maria, after that somewhat confused evening too, that it seems to me that number one, we want an effective document to make sure that we are saying that we have written a document, that in the best of our ability will guarantee payment, but I don't mind number one, the Biltmore didn't want to amend the lease at all, but I don't mind continuing to follow our counsel's advise to amend the lease for the rent payments, but also then separate out and amend the management agreement for the golf course payments, so that they would be two separate items, and that if in fact the golf course payments are not made the management lease is breached, but it's not the lease of the hotel.

Mr. Ponce: Correct. That's the effort we've made...

Mayor Slesnick: I'm comfortable with that because I just think what we've done here is we're using this opportunity to do something we never did before and that's tie the two together, which was not done before and which has not been done before, and which at this moment in time I don't know if we should use this document to do that, that seems to me to be a bigger issue for the long run.

Mr. Namon: [Inaudible – off mike]

Mayor Slesnick: For those people who have signed up, yes; I don't see your card here Mr. Namon.

Mr. Namon: I submitted one.

Mayor Slesnick: OK, we'll try to find it. I assume that you did, so don't worry we will have some.

Mr. Glass: I would suggest that the Commission make its decision on this point based its own feeling of what is right and appropriate, as opposed to what Victor Fuller may or may not have said, because I think that party's not here before you. You have an agreement between the Biltmore and the city and you should, I think, do what you think is in the best interest of the city in the context. Having said that as you know this Commission has struggled with the question of separateness of the management agreement and the lease. The last time it came up was in

connection with the Sunshine loan that you made to improve the golf course, where there was some confusion about whether or not the Biltmore was responsible for that obligation. It turned out that they were not and this is a position that I think does operate to tie the two together, and therefore I presented it as that. I did present that way Tuesday night as well, that all deferred amounts would be considered as rent, which is a defined term under the lease.

Mayor Slesnick: But Reeder let me clarify one thing that you've suggested as not...Mr. Namon is you are in the hall looking for a card, we found your card.

Commissioner Anderson: He's gone.

City Attorney Hernandez: No, he's here.

Commissioner Anderson: No, he left.

Mayor Slesnick: Don't worry about it. Thank you, we were worried about his card. We don't like to lose anything here. Let me clarify one point; I'd like to make this very clear to my fellow Commission members. Reeder, I agree wholeheartedly that as far as I'm concerned this letter from Mr. Katz is of interest, but of minor interest that the lateness...and I understand how we couldn't get it before this, that's not an accusation. I'm not making my comments based on Mr. Katz letter, it's something that I mentioned to the City Attorney last week, so whether anyone agrees with me or not is not my point, but I'm just saying I did not make that comment based on Mr. Katz letter. So I agree, Mr. Katz isn't here, I appreciate Mr. Ponce supplying us the letter, but it's not something I can really...I've read it twice, and I don't really walk away knowing exactly what I really want to feel about it.

Commissioner Withers: My feeling is to separate the management – the golf course from the hotel, I don't know how the rest of the Commission feels, but I would like to separate the two entities, especially if the lender who we are trying to get the money from is not originally responsible for the golf course anyway, I don't know why a lender would want to take on additional liability if they didn't have in the first place given the situation we have in right now, I think a lender would be....from a business prospective would the lender want to take on an additional...

Mayor Slesnick: Mr. Namon we found your card.

Commissioner Withers: You know what I'm saying Reeder?

Mr. Glass: Well, I think that appropriately puts the lender in the present posture they are in, and that is they want to minimize what they might take over if in fact they have to take over the lease. So you can understand where they are coming from, and that just simply means that...

Commissioner Cabrera: But they have no fiduciary responsibility over the golf course.

Commissioner Withers: We are probably going to take it back anyway, I would assume.

Commissioner Cabrera: Why wouldn't we? I would expect us to take it back, and why would they want to run a golf course?

Commissioner Withers: That's what I'm saying.

Mr. Glass: Well, this is not something that we dreamed up in the interim agreement that was given to you by the Biltmore; they merged together the management fees and the rent as an application against renovations.

Mayor Slesnick: Reeder, that wasn't an accusation about you or anybody else...

Commissioner Withers: The total amount, no, he's right; the total deferred amount, they lumped the six hundred or whatever, seven hundred thousand dollars in the golf course together with the deferred amount.

Mr. Ponce: But with all due respect that was on the basis of that interim agreement was going to be credited against the capital expenditures made, the rents. That's a process that we suggested talking with the Commission, you all rejected that notion, it seemed like a deferral was the way to go, so with that deferral idea came a whole new set of agreement, Commissioner Withers.

Commissioner Withers: OK.

Mr. Ponce: I mean, there are certain pieces of that old document that I'd like to go back to also.

Mr. Glass: I don't think the Commission wants to point-counter point tonight, but I mean...

Mayor Slesnick: No we don't need that, let's just stick to the...Chip, you were taking us through.

Commissioner Withers: OK. The last was the federal government, if any action that they commence automatically throws it into acceleration or default. If you know, we debated that back and forth, we removed it, I removed it, I put it back in; my condition was that if it really was set in stone and the lender totally rejected that and this caused the deal to fall apart, that I would have no problem removing it, and from what I understand, Mr. Ponce, that the lender has flat out, someone spoke with the lender, and flat out rejected the federal government's being part of it.

Mr. Ponce: The lender has, Mr. Withers, yes.

Commissioner Anderson: May I ask a question? Reeder, have you been able to speak to the lender too?- because it would be a fair thing if it were both together speaking.

Commissioner Withers: Let me defend myself on that, let me defend myself on that, and if I'm getting myself in trouble, then I'll get myself in trouble, this is how I personally feel. You know we've had a relationship with Seaway-Biltmore with Gene Prescott and Bob Kay for seventeen,

eighteen, nineteen years, and Maria if they tell me, if I had asked them something point blank then they tell me something point blank, I have to at this point take them on their direct word. If I can't believe them on a simple yes or no question like that, then woe is me. So it's just the trust that someone has said to me and I believe them, if they are not telling me the truth then, I mean, shame on them, but at this point I have to accept that, that was the conversation they had, and I was told by them both from a nineteen year business relationship, a city friendship, everything the Biltmore stands for, I believe them. That's how I left it last Tuesday, whether it's been, I know that's hearsay in the legal terms, so whether it's been written to them or e-mailed to them or Reeder or Pat had an opportunity of Liz had an opportunity to follow up with them, I don't think they did, but I believe them, I have to believe them.

Commissioner Anderson: And Chip, that's fine, I understand.

Commissioner Withers: So I trust them that, that was their response; and if it turns out to be that it's not and we find out and the harm that will be done is...

Commissioner Anderson: I'm not questioning that it is or isn't, I respect your right to feel that way and I'm not doing it from out of distrust, I'm just trying to write in the type of language so that it just feels comfortable for me, not that I distrust or not trust, that's a whole different...we are talking realm of emotions, and then we are talking realms of legalities, for me those are two different things although they may be mixed, obviously for you, and I understand, and I respect it. I have a relationship with Mr. Prescott, I feel it, just wanted to put it in writing, but I respect what you are saying, I'm not going to argue with you on that one.

Commissioner Withers: The whole goal here is to get \$850,000 released, to get this thing moving forward.

Commissioner Anderson: But what I want to know is, why can't we access also the lender together with the Biltmore to talk with them to see where they are.

Commissioner Withers: I really think that there's going to be a time sooner than we think; I just think Maria, at some point in the next two months, I think we are going to see a lot of ideas thrown out there, and I hope we see a lender that's very active in the process.

Commissioner Cabrera: Can I tell you what my feelings are on the lender? I think the lender believes that there may be a legal liability in having dialogue at this time, that's what my thoughts are.

Mr. Ponce: Mr. Cabrera, I would agree with your statement.

Commissioner Cabrera: What's that?

Mr. Ponce: I would agree with you.

Commissioner Cabrera: Yes, I just think that's what's going on.

Mr. Glass: But what's troublesome here is that we asked to speak to the lender directly, because we wanted to know what their position was on release of the money, because the money is the important thing, it's mostly why the Commission is considering now making a change in its legal position. We were not given access to the lender, but we did talk to Michael Katz. He told us some things such as the city and the Biltmore brought an agreed agreement to them, they would seriously consider it, which we understood. Then the lender wrote a letter, it was read to the City Attorney and I, but we were not given a copy of it, I understand it was read to some of the Commissioners, and what it said was that if the city agrees to eliminate the technical default this is what the lender wanted. Now we are coming full circle here to other positions that now are coming out from the lender's counsel and let's presumed for purposes of this discussion from the lender, asking for additional items. This one is really relating to an issue that I consider to be an important issue to the city, and that is the possible activity of the federal government in this process at a later date if we cannot reach some kind of agreement with the Biltmore, because that's the only situation that I see that they would come forward. Now, I've dealt with the National Park Service for fifteen years on behalf of the city. I have never ever gotten voluntary letters, letters from the delegation, interpretations in letters, all of this is really a process that has been initiated by the Biltmore, they've gone up to see the Secretary of Interior personnel, so for me this was not an issue in the beginning, the NPS wrote a couple of letters saying that's your problem down there, it's not our problem, but it keeps on coming up, and so what I'm concerned about and this is why I put it in there, the fact that they filed something, administrative claim seeking to change this lease, the only thing that the city is asking for is does that eliminate the deferral?

Commissioner Withers: But why?

Mr. Glass: Because I don't believe that you want to be in a position for a federal agency who has been encouraged to consider a reformation of the lease, coming in and actually filing something to that effect, after you can't agree with the Biltmore and what changes might be made, and you're taking time payments which start July 1, 2012, at 3.25 prime. So, I just think that if there is any congruity there of those two positions.

Commissioner Withers: But see, here's what I don't understand with that Reeder is, they have signed off on the fact that any past money is still due, and there are no claims to any past monies, I mean, the \$4 million bucks that they are going to owe us, they've agreed that, that's sacred, that they are committing to that. They are also committing to the fact that the \$17 million or \$18 million dollars or whatever the back money, they are saying they have no recourse for that. So if the federal government did write us a letter, what does it change?- they still owe the \$4 million dollars, it's still the terms we've agreed upon. So why does it default or why does it accelerate?- I don't understand what the action of the federal government sticking their nose in this what it does to what we are agreeing to, I don't quite...I can't connect the dots.

Mayor Slesnick: We are just discouraging them from promoting it, that's what we are doing.

Commissioner Withers: Well....

Mayor Slesnick: You asked the question. That's what I think it's being recommended to us to discourage the Biltmore from encouraging the federal government to do that.

City Manager Salerno: That's exactly right – that's exactly right.

Mayor Slesnick: I'm not saying that....

Commissioner Withers: If that's what we are concerned about I think there is probably an easier way, because I think there is probably an easier way to discourage them from doing that, I would think. I don't know.

Mayor Slesnick: I'm not suggesting that satisfies you, I've only said that's what I gather is the reason.

Commissioner Withers: Is that what you are worried about?

Mr. Glass: That's correct.

Commissioner Withers: That they are going to go and lobby.

Mr. Glass: Well, it's a high stakes game and therefore...its just like the \$17 million, it's just a different item in the same list, leaving them with that claim makes it a high stakes, gives them some kind of leverage on the negotiations, and our objective, the City Attorney and my objective is really just to point out to you these issues and these concerns so that you can deliberate with the full knowledge of these points, I mean, there is a counter point to every single thing that we're talking about.

Commissioner Withers: Can we really, are we legally allowed to keep them from contacting the federal government?

Mr. Glass: No, absolutely not.

Mayor Slesnick: But he is filling in a price they'll pay if they do.

City Attorney Hernandez: Yes.

City Manager Salerno: Yes, that's right.

Mayor Slesnick: For better or for worse that's what they are doing.

Mr. Ponce: May I be heard? Mr. Mayor?

Mayor Slesnick: Yes.

Mr. Ponce: The lender has said that language is not acceptable to them. Now as far as to Reeder's, and I don't take it as an accusation, I've known Reeder too long, the lender said come to us, his lawyer did, with a consensual document; the goal three or four weeks ago was to try to do that, we obviously did not get there. Saturday morning when I was on the phone with Reeder where I thought there was three or four points that we could get agreement on, Saturday afternoon Reeder called me back and said we could not have agreement on those points. We then went to the lender's representative to talk to him and brought him up to speed on what was going on. He said send the documents to my lawyers; I sent the lawyer the exact documents you have before you. The lawyer commented this morning at 11:20 a.m. his thoughts and concerns and positions. Now we couldn't move any faster than that. So as far as Reeder or Liz' implication that we somehow did not allow them the face of the lender, with all due respect, I believe, given the circumstances of time, and how this thing set itself up, that was not possible. Now as to Mr. Withers' position that the lender told Mr. Prescott that, his lawyer has told me that I make those representations to you, I've been practicing law in this community for thirty-six years, I'm a valued member of this community and I believe my word and that of my client should be taken by you as being the word. Now as to Mr. Glass' innuendoes that the federal government or some nefarious plan of the Biltmore to go around and start proceedings whatever, that's science fiction at this point, it truly is; and I truly believe the lender will not, he said he will not agree to it, and that's the bottom line on it.

Mayor Slesnick: Well, let's not classify it as nefarious, OK, I wish you would withdraw the word nefarious.

Mr. Ponce: Mr. Mayor, his implications to me earlier was exactly that, well that's how I took them anyway.

Mayor Slesnick: Well, but Danny it's the Biltmore that went to the federal government anyways and started this entire whole thing...

City Manager Salerno: And did not inform the city that they were going to the federal government.

Mayor Slesnick: Well, that's in part true, certainly some of the Commissioners were informed that they were going to the federal government and they did it in a long period of time and it was a long lengthy process, that does not mean that anyone...certainly I was told that Mr. Prescott was in conversations with the National Parks Service, but I certainly never authorized or thing, as far as I was concerned what he wanted to talk to the National Parks Service was his business, but where Reeder's point certainly comes to bear Danny, and I'm going to say it again now that its brought up, and now that you called those accusations nefarious, my good friend, the person I trust at the Biltmore the most, the person I have confidence...I wouldn't even be sitting here tonight at 9:20 p.m. doing this, if it wasn't for my trust and faith in Gene Prescott, but when he wrote the letter on \$17 million dollar claim that turned the tide and tenure of that entire process. So I don't think it's nefarious, whether it's right or wrong, it's not nefarious.

Mr. Ponce: Mayor, Mayor, the Biltmore is giving that up.

Mayor Slesnick: I understand that, but that's...

Mr. Ponce: You've asked the Biltmore and the Biltmore is giving it up.

Mayor Slesnick: That's the background Danny, not the...OK. Fine, we've gone through that, what's the next thing?

Commissioner Withers: That's it; those are the five issues.

Mayor Slesnick: What is...? – one more issue – what is the thing that got brought to my attention by Liz that someone was complaining about we were determining how they were going to spend the \$850,000, is that true?

City Attorney Hernandez: Yes, I was concerned about a question, there was a question as to how they were dealing with the \$850,000, but I think it was dealt with.

Mayor Slesnick: I don't see it in here, I mean, if I'm missing it...

Mr. Glass: This is...I believe you are talking about language in 6A, which talks about the use of the funds from the lender, and I...

City Attorney Hernandez: Right – and he was concerned about the limitations or something?

Mr. Glass: Well, this is one of those items that we had a conversation on and we worked out language that I think was acceptable to them and acceptable to the city, where it says in the language, "to be used by the developer in the ordinary course of the operation of the Biltmore Hotel". That language is fine with me, the only reason that it wasn't included in the document that was sent to you, was because that document was not a final document, this is a process and as witness to the fact that we are still here with some major issues that we don't have agreement on, but that language I agree to recommend the language in the next section to...

City Attorney Hernandez: 6A, in the ordinary course.

Mr. Glass: And 6B, I agree to change to consent to the second amendment, because that's the language of 2213.

Mayor Slesnick: 6C?

Mr. Reeder: As to the point of the issue regarding the power to issue a notice of default, this is a point where I believe that the administration in certain situations has the power to issue notices of default under leases and things of this nature and they defer to the Commission where they see that the issue is not...

Mayor Slesnick: But in this case I thought we talked about this – Commission, because Chip said over and over again, at the discretion of the city and I was reading him at the Commission and I think that what we wanted was to be brought back to the Commission immediately for our decision.

Commissioner Withers: Not that automatically triggers a default.

Mr. Glass: And I told Mr. Ponce that I thought that would be the position that we could agree upon. So there are a few other language changes...

Mr. Ponce: Reeder, the Mayor mentioned 6C to you and I thought we talked on Friday you tentatively agreed that you could accept that language as we proposed it.

Mr. Glass: Well, I told you in the conversation is because there are pending matters in the city's audit that if determined a certain way might be events of default under the lease, that I don't think the city can give you a clean estopple or the lender a clean estopple on those points.

Mr. Ponce: We also agreed, I thought, Reeder, at least conceptually you and I discussed that in the event that the audit performed by the city's audit in fact had some monetary amounts that the Biltmore had to pay to the city, that we would put those into the deferral; you indicated conceptually, and again I realize you didn't sign off on it, conceptually you didn't have any problem with that its somewhat of a similar process that we had actually proffered in that interim agreement you referred to earlier. So if there's a dispute we'll resolve it, if in fact it's due, then it will feed into the deferral.

Mayor Slesnick: Look at 6C, do you agree to that language or not?

Commissioner Withers: No he doesn't; he's saying that he doesn't want to give them a clean estopple on all defaults without seeing the financial records.

City Manager Salerno: Mayor, you should see the audit and the PriceWaterhouse study before you are trying to make judgments in advance.

Mayor Slesnick: We agree; we just mark that out.

Mr. Ponce: Mayor again, what I thought we had agreed to was a process that by the passage of time if the city's audit that Lori has preliminary delivered and the Manager talked about it last Tuesday to us, we are in the process of preparing our responses to it, if in fact there are monetary items in there that ultimately the Biltmore owes to the city, that they would have agreed to be rolled into the deferred amount, and Reeder again, had tentatively agreed to that concept as a method of solving this.

City Manager Salerno: I don't recall that at all.

Mr. Ponce: If not, we got a situation where if the audit report does not get concluded for three or four weeks, as Mr. Withers suggested, the cash need is today, not in three or four weeks.

Mayor Slesnick: Well Danny, I can't agree personally to things we don't know, you know what?- we'll have to address that when we get to it.

Mr. Ponce: I'm sorry sir?

Mayor Slesnick: We'll have to address that when we get to it, we just can't sit here and write a blank....

Mr. Ponce: Mr. Mayor what that means then is that we will not get the kind of clean estopple that the lender needs in order to fund – anticipating the problem.

Mayor Slesnick: Danny, Danny, people are trying to help you here, and the process has become to bleed us dry, I mean, I can't – OK. Give me more points.

Commissioner Cabrera: I'd like to ask...

Mayor Slesnick: I was going to have people comment and then...

Commissioner Cabrera: But before we do that can I just ask Mr. Ponce something?

Mayor Slesnick: Yes.

Commissioner Cabrera: Mr. Ponce...

Mr. Ponce: Yes sir.

Commissioner Cabrera: You have any reason to believe that you're going to get or we're going to get something that is so horrific from PriceWaterhouse that we are going to walk away or immediately send you a default notification?

Mr. Ponce: Representative Cabrera, number one, what Reeder and I are talking about is the city's audit report prepared by Lori, the internal audit, not the PriceWaterhouse report, even though unfortunately in Mr. Katz' e-mail he said PriceWaterhouse report, Liz correctly pointed out to me that he said PriceWaterhouse he meant the city audit; and I have in fact while we took a little break before we sat down, I called him to make sure of that, we discussed it with him this morning. So we are talking about the internal city audit, which is now been concluded, we have been delivered the copies of it, we are in the process, as Pat described, the process and we appreciate the process Pat set up, that we are responding to it. There is nothing in there of the magnitude in my personal judgment, in addition to being a lawyer I happen to be a CPA, I've reviewed them, Mr. Prescott reviewed them, our internal people reviewed it, and we don't believe there are any surprises in there of any consequence.

Commissioner Cabrera: Let me take you further than the internal audit, which I have my own feelings about; what about the PriceWaterhouse audit?

Mr. Ponce: Commissioner Cabrera, number one, the Biltmore has been in operation by the Seaway Group for seventeen years, there is a certified financial audit done every year for seventeen consecutive years has been delivered to the city. The audit, and it's not an audit really as I understand it, and we have not been privileged to exactly what PriceWaterhouse is doing, but our understanding through a couple of meetings we've had with them, so they are preparing a consultancy sort of analysis of the hotel. They are looking at the size of the hotel, they are looking at the public space, they are looking at the historical nature of the hotel, they are looking at the fact that its 84 years old, they are looking at the fact that it's probably 30-40 percent more expensive to operate than any similar property. So those are the kinds of things I understand that the Biltmore the PriceWaterhouse report is about. Now, I haven't seen it, I don't know what it is, I don't think anybody here, perhaps the City Manager has any visibility to it. But we have no fear; we truly believe that our client believe that they are good operators, they've done it well, they've had the public trust in mind, someone or the Mayor or someone said earlier everybody likes how the hotel operates. We believe the books and the record will back that up.

Commissioner Cabrera: Do we have a hang-up?- does any of the four of us have a hang-up, and I don't mean that in a callous way...

City Attorney Hernandez: I couldn't hear you.

Commissioner Cabrera:...I'm sorry you couldn't hear me?

City Attorney Hernandez: I'm losing my hearing.

Commissioner Cabrera: So am I. Do any of us sitting up here, the four of us have a hang-up with this issue?

City Manager Salerno: Which issue?

Commissioner Cabrera: Well, the issue with regards to the two audits that we still don't have to review.

Commissioner Anderson: Could you frame that.

Commissioner Withers: Well we have one audit; we have the internal audit done.

Commissioner Cabrera: No, no, no do you have it?- you don't have it, none of us have it. The Manager has already explained his rationale for what he did and I understand it, it's a public – he issues it to us it becomes a public document, so he wants to be fair to the Biltmore and wants to give them the opportunity to respond to the items that were highlighted as perhaps deficiencies, whatever they are.

Commissioner Withers: Whatever is in that audit now, isn't even part of the technical default that the Biltmore is in right now. So we've been asked to clean up technical defaults of the Biltmore not future stuff or unknown defaults, only the ones that are really stated. So I think that's what Reeder's position is and the City Manager's position is, is that why give them a cart blanche over things we don't know about, whereas all we are asked to do from day one was to jump on clearing the technical default. I think that's what...

Mr. Ponce: Commissioner Withers, it was in our phone call the other day with Reeder where he brought up the notion of the audit. I truly read the document originally as you have read it, which is what are the defaults, if any, God forbid that we know of today, it's the rent; once we've cleared up the disagreement that should have been sufficient, Reeder is the one that introduced the notion of the audit, we don't believe there is anything there, and we thought we had a mechanism to deal with it if there was.

Commissioner Withers: I think the world of Reeder Glass...

Mr. Ponce: I do too sir.

Commissioner Withers: I mean, from when I first got to know him through the equipment yard; this Commission has issues with leases left and right, management agreements left and right, anything this guy has done has been, I mean we haven't had one issue at Merrick Park that I'm aware of, and this is cleaning up some issues, so I trust a lot what he comes back to us with, and I understand him – I disagree with him on the other items because they are business decisions in my mind, the 3.2%, the \$125,000, but this I understand where you are coming from Reeder.

Mr. Ponce: Commissioner as long as the city does not say that they are defaulted items under the audit we are fine, we are going back to your point, and I think the lender should accept that. We'll find out.

Commissioner Withers: We'll let's just get that \$850,000....I don't know.

Mr. Ponce: Let's get that money rolling.

Mayor Slesnick: Let's do this. We have some members of the public that would like to speak, we are going to move to that stage of this thing, we are going to do that, and then we will come back for discussion for the Commission and we can ask for any...OK. We have Mr. Bill Hutchinson, 1216 Palermo, and by the way please, we are doing the three minute, OK.

Mr. Hutchinson: Certainly. I'll be pretty brief....as the way the Biltmore is operated, I go there as frequently as anybody in this room, however, I do want to make a couple of suggestions to you about these discussions tonight. First, its fundamentally from a perspective of contract operations, its fundamentally a mistake to allow the deferred payment to be, to actually allow deferred payment under these conditions, and if it is deferred it should be, I think I heard two people say it tonight, it should be absolutely isolated from the contract operations because if you decide in three years or so that we are right back into a default situation, it's going to make it

even more difficult for you to actually follow through with a default because you will have not recovered what you were owed back in 2010, OK. So what you are doing by allowing this deferred payment to occur over an eight year or so period is you're actually almost forcing yourself into not getting into a terminal default situation during that extended period of time. Now, if the market doesn't turn around for the hotels during the next few years, you are likely to see some hard times. I've read and I'm sure you all have too that the break even occupancy rate for a lot of hotels is somewhere around 59-60-61 percent. For the Biltmore hotel it ought to be a little more less than that because if the break even occupancy rate at 60 percent for most hotels, a large chunk of their fixed cost are tied up in capital; they don't have a large chunk of capital, they didn't recently construct a \$200-\$300 million dollar hotel, but they do have higher than average minimum replacement cost and operation and maintenance cost because of the nature of the facility. So none of knows what the break even occupancy rate is, but figures in the 57-60 percent range. It's going to be hard to get back up there, so you're probably going to be looking at some hard times. So my point is isolate the deferred payment, if you are even going to go for it, but basically from my perspective if you have a tenant that didn't pay you for several months, that's not a good faith action, so therefore the normal procedure would be to demand the payment right now, and actually have a judgment to that effect, that would be the normal procedure. Now, I realize that you're very concerned about the continuity and operation of the hotel, and again as I said earlier, it's very good, but there are two sides to the operation, one of them is the service and the other one is the financial side. So you got really great service, but you got a real problem on the financial side. So my suggestion would be as you are proceeding with all these activities that you have a parallel activity which is, what would I do if I actually called the default and I wanted to secure another operator. If I were in your shoes I would actually have two parallel tracks on this particular problem.

Mayor Slesnick: Thank you Bill.

Commissioner Cabrera: Mr. Hutchinson thank you. I appreciate your feedback.

Mayor Slesnick: Mr. Rip Holmes, 9 – I can't read it Rip.

Mr. Holmes: 920 Sevilla.

Mayor Slesnick: 920 Sevilla, Apartment 206.

Mr. Holmes: Thank you. I've written you all, I find a lot of these issues really overwhelming. You sort of like get a fix on it and then you find out there is a major debt service like 80 percent mortgaged, and then it's like wow, let me think the whole thing through again. I read in the paper before Seaway came on board, I mean, I should have known this, but the Biltmore was dormant for sixteen years and before that it was a V.A. hospital, and you think, Oh my God, is Seaway our only hope?- and so its humbling to me, and yet you got to try and use your common sense. My question for myself is, do we have a viable alternative to Seaway?- are there other places?- are there other lease management companies that we have confidence could and would step in if we lose them? I'm probably not allowed to do this, but if anyone wants to answer that question I'm listening.

Mayor Slesnick: I don't think we looked into that. The answer is no right now, no.

Mr. Holmes: Because it seems to me that, that's a big thing, I mean, as a landlord, if I'm unhappy with a tenant...

Mayor Slesnick: I haven't gotten any letters from any companies asking to take over and I haven't been personally out looking.

Mr. Holmes: OK. So that's a big issue. If I'm having a problem with a tenant, I'm not going to court, I'm going fishing for another tenant, and if I don't have one I got to put up with what I've got, and if I do have one, I go back to my tenant and say, either do it my way or see you later. So it's about competition, just a comment. Second thing, the issue of trust, it may very well be that any of us if we are trying to survive will begin to erode someone else's trust. I've lost a little bit of faith in what they've said about saying they don't owe money when they do owe money, and I would suggest the possibility which may be unrealistic, of executing a waiver to the lender, I mean, what's this all about? We want to keep the doors of the Biltmore open and probably can't be done without the lender being on board; is there a way, this is an open question, a rhetorical question of Ms. Hernandez, to give a waiver of liability?- if the lender is worried about liability Commissioner Cabrera, so that you can talk directly to the lender?

City Attorney Hernandez: We've already spoken to the lender's attorney and the lender is not interested in speaking to us, they are interested in the city and the Biltmore reaching consensus and presenting it to them, and Mr. Glass and I both spoke to the lender's attorney, and that's the communication we received back.

Mayor Slesnick: Rip we need to move on.

Mr. Holmes: OK. Well, I guess that covers the amount of time. I would try to talk to the lender if you can.

Mayor Slesnick: Well thank you very much. Joseph Lorenzo, 3710 Alhambra Circle. Arva Moore Parks.

Audience Member: She had to leave.

Mayor Slesnick: OK. Steve Edelstein – oh, I'm sorry, excuse me, we found Mr. Namon and then we lost him again – Richard Namon, your card was found and your time....

Commissioner Withers: I think he is doing it on purpose.

Mayor Slesnick: No, he came here – Mr. Namon checked in at 5 o'clock.

Mr. Namon: Mr. Namon, 5555 Oakwood Lane.

Mayor Slesnick: Wait, I want to clarify one thing; we have times Mr. Namon 5 o'clock, Mr. Edelstein 5:30 p.m. – Mr. Namon.

Mr. Namon: Mr. Mayor and Commissioners this was reminiscent of 2001, where there was a deferred rental, I should hope that whatever is resolved here is nothing like what happened then because there are no records of the half million, I mean, the \$500,000 dollars that was supposed to be given back as a restoration project for which there are no records for, is not repeated. The reason why we are here is because the tenant has borrowed on his lease an exorbitant amount of money over the years. The last record I have is somewhere around \$35 million dollars or more. The city has borrowed money from the Sunshine State for the development of the Biltmore and the golf course probably runs about \$14 million dollars. We are paying money to the Sunshine State funds and this is the important part is that the word "trust". We haven't had a resolution that was ever clear with the deferred rent in 2001, and it looks like this could happen again. I would really like the City Commission to have copies of the statements that were furnished to the lender to get the increases in the loan on the lease because I would think they are in contradiction to what we are hearing here tonight. There were some \$20 million dollars added to the lease loan over the last ten years, and I don't know what their payments are, but that is affecting their bottom line and what they use the \$20 million dollars for, I have no idea because I don't have a copy of the documents that got the lender to increase the money. So the question is whether you are better off voiding the lease and putting the tenant out that will leave Great American Life \$35 million dollars in the hole. I don't think you will have any problem finding a new tenant who didn't have to do more than assume the \$14 million dollars of payments that we owe to the Sunshine State and start from scratch, matter of fact I'd be happy to take a lease on the property based upon the fact that there wasn't the \$35 million dollars. See, that's the only reason why you would have a problem finding a replacement tenant is if they went to assume the lease, nobody is going to assume the lease with the lien on it, but if they don't pay the lien what will happen is the lender will throw out your tenant and replace one of their choice. Thank you.

Mayor Slesnick: Thank you Mr. Namon. Mr. Steven Edelstein, 2720 Country Club Prado.

Mr. Edelstein: Good evening Mr. Mayor, Commissioners, my name is Steve Edelstein and I'm here as a private citizen today. I am a little bit concerned, I read these various letters that have been written by the Senators and the Department of Interior, National Park Service and so on, and I looked at the statute that was involved. I am an attorney, I have not had a chance to research to research it, I've been mostly out of the state this past week in depositions, and I tried to get there for past Tuesday, but I was not able to be there because I was in deposition. What I am concerned about is over the 37 years that I have been practicing law, my understanding is that whenever you have any statutory authority that's in force at the time of any type of contract is entered into, including lease agreements, those statutes form part of those lease agreements. They form part of the contract, the same as if they were written into the contract. With the provisions that are in the federal statutes that I read, which set forth how the funds are to be spent, and so on, I'm a little bit concerned that the city is not doing anything that in any way that would be considered to be contra to the federal statutes, which actually form part of the same agreements that we've been talking about, that the hotel has been talking about, and the city has been talking about. If those provisions are part of those agreements, the city has to comply with those

agreements, and regardless of who finds out about it, whether its people from the hotel, or people that are sitting on the Commission, or other city employees find out that there are provisions in this agreement that we don't see because they are statutory, but nevertheless are part of those agreements, I would hope that this would be brought out to the Commission and the Commission would take whatever appropriate action there is to bring everything into order, and to make sure that everybody complies with whatever the statutory provisions are and the contractual provisions are, but I think it all needs to be considered as a whole and not just taken out of context. So I'm not sure whether that issue has been considered by the Commission or not, I'm not sure whether the City Attorney has addressed that issue or Mr. Glass, but it's an issue that the city needs to address and needs to take a look at it. Thank you.

Mayor Slesnick: OK, that closes the public hearing and let's go back to where we are. The time is late and I did write a summary of some the points that Chip brought up, what we were talking about. I want to go point by point. I have like four points of suggested changes and then I have an open question, because I wasn't sure if we had come to any kind of consensus on that point. OK. The first point, and again, I just went down what Chip brought up, and when I saw a head shake I put it down. OK. The basis for my comments would be this; we take Mr. Glass' document as he proposed it and we make the following changes, we direct the following changes be made before the city enters into the agreement, and that is that we would move Paragraph (A) upwards, right underneath the title and make it a preamble, therefore moving the recitals down as part of the specific agreement, which means the preamble would be a statement of intent not of contract, and we would eliminate the words mutually fair as Mr. Withers suggested, and we would strike paragraph eleven, that all fits together into one thing.

City Attorney Hernandez: I apologize Mr. Mayor; so you are saying take Mr. Ponce's changes...

Commissioner Withers: Eleven out.

Mayor Slesnick: No.

Commissioner Withers: Eleven was Ponce's addition.

Mayor Slesnick: I'm taking Mr. Glass' – OK, take the eleven out which appears in this, we will not have this eleven, OK, I'm sorry....

City Attorney Hernandez: I'm sorry, I'm....

Mayor Slesnick: I'm sorry too because you got me working off this document, I'm saying we are working off Reeder's document, we are working off Danny's document...

City Attorney Hernandez: You are.

Mayor Slesnick: OK, look, we will not accept Mr. Ponce's suggested paragraph eleven, how's that?

City Attorney Hernandez: OK. Thank you.

Mayor Slesnick: We'll move Paragraph (A), to make it just a preamble, we strike "mutually fair", and then the recitals come, and there will be no paragraph eleven as suggested by the Biltmore. The second point was on the interest and the payments and that is that we will set the interest at 3.25% and the payments of \$125,000 a quarter would be inclusive of interest and principal. The third point would be that we would change 6(A) and 6(B) as agreed to by Reeder and only as agreed to by Reeder, and I think that, that covered the issue of the use of the \$800,000. So 6(A) and 6(B) would be changed as to what Reeder suggested, which if you want Reeder to say it again but he said it already; he agreed to the change in (B) to consent and he added a phrase in (A) which said, Liz you had...

City Attorney Hernandez: Right – he added a phrase, he agreed to (B) but what about 6(C)?

Mayor Slesnick: 6(C), no we are not accepting.

City Attorney Hernandez: No – OK – good.

Mayor Slesnick: The final point that I thought there might be consensus on, is that we would split the lease amendment for the rent and the golf course payments would be applied as a, I would presume we would have to have a separate agreement, but it would be singled out and made a change to the management agreement for the golf course, and be applied against that.

City Attorney Hernandez: OK.

Mayor Slesnick: Those are the four things I thought that we might have three or more people consenting to. The final thing that I put a big question mark that I did not know where everybody was at was on the Parks Department and the federal government.

Commissioner Withers: Don, as part of – back-up if you don't mind before we get there – as far as the cross default provision.

Mayor Slesnick: No.

Commissioner Withers: If they default on the golf course...

Mayor Slesnick: The default on the golf course.

Commissioner Withers: But they don't default on the city, that's what they want to have removed from here, I think.

Mayor Slesnick: OK, I thought I was doing that by separating the two agreements. There is no cross default; they default on the golf course, they default on the golf course; if they default on the hotel, they default on the hotel; and I presume, and I'm speaking now for the Manager, I'm trying to Pat, I just have to presume that from my discussions leading up to this moment that one

of our City Manager's things that he may surface to this Commission in an effort to move forward would be some kind of combination of these things for the future, maybe. This is not a subject we are putting to bid forever for an interim agreement, and as you said Chip, this interim agreement may have only a short life until a full agreement is reached, or if it's not, if the same lease is effective, then this will live on.

City Attorney Hernandez: I apologize Mr. Mayor, it's a late hour, did you say 3.25% current prime rate?

Mayor Slesnick: Yes.

City Attorney Hernandez: OK.

Mayor Slesnick: And that's it's included in the \$125,000.

City Attorney Hernandez: And the interest is included in the \$125,000?

Mayor Slesnick: Yes.

City Attorney Hernandez: OK. Reeder, was there anything else?

Mayor Slesnick: I also have to presume, I have to presume Reeder, Mr. Manager, City Attorney that someone is going to sit down with our Finance Director and be able to divvy up where those payments are going, the \$125,000, golf course, hotel – golf course, hotel, so that would obviously have to be part of, you know, split it up.

City Attorney Hernandez: Think we are done?

Mayor Slesnick: Yes. That leaves...unless you have something else with Parks.

Commissioner Withers: I want to make sure Don, that something Reeder said to me in the meeting before the Commission meeting today was that, if something really doesn't mean anything why is it even in the contract? So this whole, I'm going to have to rely on you to tell me, I don't know whether this in order to allow the completion of the city's Biltmore audit, city audit, what does it mean moving it from something called recital to something called...

Mayor Slesnick: It was only that there was no specific agreement as far as an enforceable agreement; the preamble is a statement of intent of....

Commissioner Anderson: Intent or historical memorialization.

City Attorney Hernandez: Let me ask a question and I apologize, but was this the reason you were doing this?- or I thought it was just interim relief so that the Biltmore got through the summer months. You are confusing your attorneys, you are confusing your attorneys, I am sorry.

Commissioner Anderson: That's where I was coming from.

Mayor Slesnick: If I don't have Chip on this issue, we don't have a consensus anyway.

City Attorney Hernandez: Oh – OK.

Mayor Slesnick: So therefore, if he's saying he doesn't want...

Commissioner Withers: Well, I'm just kind of curious to know...

Mayor Slesnick: I was trying to capture what we talked about, if I miscaptured it, I'm sorry.

Commissioner Withers: You didn't at all.

Mr. Glass: I wonder, because I had thought about this issue as whether or not whatever is included in the nature of the preamble includes a statement that, that this statement has no legal effect, then that way it's clear that its designed to be just what I think. The intent is to give some indication of a process, but that it's not in effect binding on the city in a legal context.

Commissioner Withers: I was trying to memorialize it, we are moving the process forward as soon as we have the PriceWaterhouse – that's the whole – that's why we are here, I mean you know, is to move forward on this issue, so that we can move forward to the bigger issue. It was memorializing the – that's my thought behind it, but you attorneys know.

Mr. Glass: The one thing that Danny and I agree on that I did say in these discussions was that maybe you need to get the expression of what the Commission intends to do from the Commission itself, as opposed to in effect creating a placeholder in a document that may or may not be legally effective one way or the other, I don't know.

Commissioner Withers: So saying that, if we eliminated this and I made a motion after we voted on this saying, that I move that as soon as we have the PriceWaterhouse that we immediately go into the process of, would that suffice as far as an expression of the Commission?- I don't know.

City Manager Salerno: The only thing Commissioner, I'd want to add is prejudice you don't know what PriceWaterhouse is going to say, we don't know, the Biltmore does not know what PriceWaterhouse is going to say at this point, and trying to guess what they are going to say in their conclusions and trying to put language in here, without the information, it just does seem to be prudent, I would tell you it's not prudent to do so, until you have the report and you can have that discussion with them.

Commissioner Withers: One way or the other, whether the Biltmore has knocked this thing out of the park and is running this thing like a Singer sewing machine, or whether they have made a mess of the whole thing, we are still going to meet, I mean, we are still going....regardless of what PriceWaterhouse says, we are still going to discuss it.

City Manager Salerno: All of which means why is it necessary to be in this document?- that's all I'm trying to say.

Mayor Slesnick: So you are dropping it.

Commissioner Withers: We'll strike it, we'll strike it. I'll make a motion if you'll entertain a motion as soon as it's over, to get it on the record that we proceed into.

Mayor Slesnick: Alright, are there any other changes?- we didn't go back...

City Attorney Hernandez: Reeder, do you have all, do you have clarity on all the pages?

Mayor Slesnick: We do need something on the National Parks.

City Attorney Hernandez: Danny do you have clarity on all the pages?

Mr. Ponce: No, I think the Mayor just said it; we do need clarity on the National Park service issue, the federal government.

Commissioner Withers: I have no problem removing the federal government out of it.

Commissioner Cabrera: I would support that.

Mayor Slesnick: What do you mean remove it? What is removing it?

Commissioner Withers: Removing it.

Commissioner Cabrera: Taking it out completely.

Mayor Slesnick: What does that mean? I'm trying to figure out what that means? Does that mean that we are holding....?

Commissioner Withers: Only the developer.

Mayor Slesnick: OK. I understand what it means.

Commissioner Withers: It's the developer or the federal government.

Mr. Glass: One point of clarification on what you propose about no cross default. I believe that it was acceptable to the Biltmore that if there was a default on the lease that would be a default on the management agreement, which is...

Mayor Slesnick: They are not going to want to stay there anyway.

Mr. Ponce: We'll stand by that.

Mayor Slesnick: OK.

Mr. Ponce: If I understood it right the federal government piece is coming out.

Commissioner Withers: I'm sorry.

Mayor Slesnick: This is what I'm going to look for a motion on. I'm going to look for a motion on Reeder's proposed agreement document with the following changes, these are only the changes to the....so forget anything that is underlined or stricken because that's just Danny's suggestions; these will be the changes Reeder, that we will set the interest at 3.25 percent, we will set the payments at \$125,000, inclusive of interest and principal, that the changes that you agreed to in 6(A) and (B) will be incorporated, that we will split the agreement into two pieces; one for the golf course which will be an amendment to the management lease, so that it is defaultable and will have the rent as an amendment to the lease of the hotel which is defaultable, we will strike any reference to the federal government. Those are the changes.

Commissioner Cabrera: He doesn't have to agree, you don't have to agree, I think...

Mr. Glass: I totally understood what he said.

Mayor Slesnick: I think that's it. Do I have a motion?

Commissioner Cabrera: I'd be happy to be part of the motion, but I just...one of the things that I want to come away with this evening, I don't want to be back here next week. It was supposed to be a nice quiet July, and it has not been quiet, I'm sorry, go ahead Mr. Ponce.

Mr. Ponce: Mr. Cabrera, if I could be heard and obviously Reeder and myself and others have labored very hard, this has been a taxing time not only on you all, but on us, but with all due respect can we get some direction from the Commission as to we need to get this done by the next forty-eight hours, seventy-two hours.

Commissioner Anderson: I thought we were going to do that last week.

Commissioner Cabrera: Yes, yes.

Mr. Ponce: I'm talking about the drafting of the document, Reeder and I....

Commissioner Cabrera: Sir, you read my mind, that's what I was eluding to, and my point here is this evening we've all massaged and manipulated and modified this document based on your input and based on counsel's input, and based upon colleague's input; I don't want to come back again in forty-eight hours or seventy-two hours, whatever the timeframe is, and be where we were last Tuesday, because I quite candidly felt like there was the appropriate direction last Tuesday, but there still seems to be this conflict between all parties.

Mr. Ponce: Can we get a direction from you to report back and get it done in seventy-two hours?

Commissioner Cabrera: Personally, I would love to have this thing completed...

Mayor Slesnick: When can we complete this Reeder?

Commissioner Cabrera: I was going to say by the end of the week.

Mr. Glass: I'm sure I can get a draft out tomorrow.

Mayor Slesnick: Ms. City Attorney when will be, I know you are tied up tomorrow in hearings, and I understand that...

Commissioner Cabrera: I'll go on your behalf.

Mayor Slesnick: No, no. OK. The City Commission – will you add to your motion that we want the goal of executing this by the end of this week?

Commissioner Cabrera: I'd love it to be by the end of the business week, if all parties can agree to that, I mean, I want to be fair to our counsel and I want to be fair...

Mr. Ponce: I believe we can get it done, I see no reason not to, we've all been all over this.

Commissioner Cabrera: I believe you can too.

Mayor Slesnick: Why go through this if we linger.

Commissioner Cabrera: I don't want to, that's the point here. You're with me.

City Attorney Hernandez: That the agreement, as amended, shall be signed by the end of the week.

Commissioner Cabrera: Ma'am?

City Attorney Hernandez: That the agreement as amended by what the Commission said here today shall be signed by week's end, is that the motion?

Commissioner Cabrera: That is the motion. Now, having said that I know how things work, I know my people, what happens if something goes awry between now and Friday, do we assemble the Commission together again?

Commissioner Anderson: I'm going on vacation with Commissioner Kerdyk (laughter).

City Attorney Hernandez: Commissioner, if there is a problem, I am sure you are going to hear either from us or from the Biltmore and then someone is going to call a Special Commission meeting again, and we will all be chastised.

Commissioner Cabrera: I'll tell you what?- no kidding, I'm really not trying to sound....but I will look to blame someone for this, I'll make someone accountable for this issue, I mean, it's unfair to the citizens of Coral Gables, forget us, we don't mind being here, it's the fact that we can't get this thing resolved and in many ways its very embarrassing; it's embarrassing to have the hotel on the front page of the Miami Herald this morning.

City Attorney Hernandez: But Commissioner, I'll give you an example, we're going to have this done, right?- the Biltmore is saying that the lender may not agree to things, what do you want us to do if....

Mayor Slesnick: Wait, wait, wait, excuse me, excuse me, all we can do is direct our city staff to execute what we have approved here tonight, if we so approve it; we can't order you to get them to sign it, we can't order you to get the lender to agree to it, we can't do anything but ask that our staff carry out our resolve.

Commissioner Cabrera: What we can control, what we can control, and in these days I feel that we can control, at least I can control very little. So the point here is hopefully the lender is watching, and hopefully the lender knows what we are trying to do here and hopefully we'll have this thing....

Mr. Ponce: Commissioner Cabrera, the fact of the pudding is that a conversation Saturday night with a man who was in Nantucket who responded with his lawyer this morning after we gave him the documents over the weekend, I think the lender is engaged to get this done quickly.

Commissioner Cabrera: I hope so.

Mr. Ponce: And only I would ask, and I know its vacation time, I'm assuming the Manager is going to be in town for the rest of the week, and he'll be available to us, we can have access to him, Reeder will have access to him, we can have access to Mr. Prescott and Mr. Kay, and I see no reason why we can't bang this out. I can't disagree with the Mayor's comment, the lender will do what the lender will do.

Mayor Slesnick: Mr. Clerk, Madam City Attorney, Mr. Special Attorney, are you all clear on the resolution as proposed.

City Clerk Foeman: Yes.

City Attorney Hernandez: Yes sir, I believe so. Mr. Glass are you clear?

Mr. Glass: I'm clear?

City Attorney Hernandez: Because if you're clear I'm clear.

Mayor Slesnick: The motion is made by Mr. Cabrera, do I have a second?

Commissioner Withers: Second.

Mayor Slesnick: Seconded by Mr. Withers. Is there any further discussion? Mr. Clerk would you call the roll.

Commissioner Cabrera: Yes

Commissioner Withers: Yes

Commissioner Anderson: Yes

Mayor Slesnick: Yes

(Vote: 4-0)

(Absent: Kerdyk)

Mayor Slesnick: Mr. Withers.

Commissioner Withers: Yes, thank you Mr. Mayor. When we get the PriceWaterhouse report, which we assume will be give or take thirty days, approximately.

City Manager Salerno: From the time that the Biltmore...

Commissioner Withers:...when you get the information from the Biltmore.

City Manager Salerno: Right.

Commissioner Withers: Which I'm assuming now since this is off the deck will be in the next seven to ten days?

City Manager Salerno: They can answer that question better than I can, it's when they give it, and if it's complete and PWC doesn't have any follow up questions, then they are saying in the thirty plus or minus days.

Commissioner Withers: So I'm assuming that we are going to meet individually with PWC, individually first, right?

City Attorney Hernandez: Yes.

Commissioner Withers: OK. Then what is the Commission, before I make a motion, what is the Commission's desire to do it, in a workshop format or as an agenda's Commission?

City Attorney Hernandez: I would rather meet with each of you and discuss a format with you. I would rather meet with the Biltmore and the City Manager and then come back to you individually with recommendations, and if need be you can discuss it at a Commission meeting.

Commissioner Cabrera: This is the PriceWaterhouse briefing?

City Attorney Hernandez: Yes.

Commissioner Cabrera: Can I tell you what I'd like?

City Attorney Hernandez: Sure.

Commissioner Cabrera: Then you don't want to hear what...

City Attorney Hernandez: No, not right now. I'd rather meet with the Biltmore, meet with the Manager, and then meet with each of you individually and then hear what you have to say to us to us in a public forum.

Mr. Ponce: Madam City Attorney, remember as you reminded me the other day that there is a process laid out in the escrow agreement.

City Attorney Hernandez: Yes sir. So that's why Commissioner...

Commissioner Cabrera: OK.

City Attorney Hernandez: We have an escrow agreement regarding certain documents and what not, and we need to be able to put them together with the PriceWaterhouse, and meet with each of you and go through those documents...

Commissioner Cabrera: Are you feeling a little frustrated?

City Attorney Hernandez: I am. Mr. Ponce help me out here.

Commissioner Cabrera: You know I'm going to bring you, the next Commission meeting that lingers I'm going to get you one of those five hour energy bars.

Commissioner Withers: I'm going to defer to Don; Don knows what my intentions are.

Mayor Slesnick: Chip, is it your intention that we would like to see the process of looking at the entire Biltmore arrangement through the eyes of the PriceWaterhouse and our internal audit start within a target of October? I just think we've got to get through the budget before we ask the Manager to put anything else on his plate.

Commissioner Withers: That's fine. I understand legally where we are on this.

City Attorney Hernandez: OK. Thank you.

Commissioner Withers: I understand. We want to kind of hear what...before we set something in concrete we want to kind of find out what we are setting in concrete.

City Attorney Hernandez: Right.

Mayor Slesnick: So is that what you'd like to move?

Commissioner Withers: Yes. So that we can put a timeframe on it, that's the easiest...

Mayor Slesnick: That we would like to see the process started in the month of October.

Commissioner Withers: Within the month of October, that gives us...

City Attorney Hernandez: And in the meantime we will be meeting with Mr. Ponce and Mr. Glass.

Mayor Slesnick: Pat is that....Pat is that a time...is October too soon?

City Manager Salerno: Not necessarily.

Mayor Slesnick: I mean, I know that you've got the budget, I know that you've got the University of Miami percolating, I know that you've got a lot of things, I know they want to get moving, I know this is important too, but there is only so much human capacity here. So if we ask you publicly to start October working with the Biltmore, is that doable?

City Manager Salerno: Mayor, I think what the City Attorney is saying, we are going to be working with the Commission first and we'll follow up where the Commission wants us to go...

Mayor Slesnick: No, no, I didn't say bring us something, I said start the process by October.

Commissioner Withers: Which means meeting with us individually?

City Manager Salerno: Yes.

Commissioner Withers: So that will be my motion that we begin the process within the month of October or the end of October.

City Attorney Hernandez: We have to first meet with Mr. Ponce to go over the escrow agreement.

Mr. Ponce: Liz, I'm available 24/7 to go over the escrow agreement.

City Attorney Hernandez: Thank you very much.

Mayor Slesnick: Mr. Manager, let me ask you this. You've heard the Commission's conversation, is there any intent on your part to delay this process or anything? I don't know if we need a motion if you assure us it's your intent to move forward.

City Attorney Hernandez: We have been.

City Manager Salerno: Ditto.

City Attorney Hernandez: Sorry, I apologize, I'm sorry, I'm just tired, I'm sorry Mr. Mayor.

Mayor Slesnick: Can I get an answer, Pat I'm just asking you. You know what, I believe my trust in you, you say you understand the Commission.

City Manager Salerno: I understand what the Commission wants, but we have to start with the Commission, that's the only thing I'm trying to say. Before we start talking to the Biltmore we have to follow the escrow agreement as to what it says, and discuss with the Commission, and...

Commissioner Withers: I understand. I'm fine with that.

City Manager Salerno: I'm not going to the Biltmore before I talk to the Commission, OK.

Commissioner Withers: I understand.

City Attorney Hernandez: That's what I was trying to say.

Commissioner Cabrera: Just on a very light note, we have a young member of the audience that's been so well behaved all night, and I want to thank her for her attendance. Young lady, I don't know her name, oh, I wanted to thank you, you were so great tonight, over here, over here...

City Attorney Hernandez: Miss Glass.

Mayor Slesnick: Would you like to come up here and stand for a second so we get you on TV your Dad and Mom can have copies.

Commissioner Cabrera: She's in the middle of a game Don.

Mayor Slesnick: Reeder, Reeder, would you come up and introduce your daughter formally to the citizens of Coral Gables.

Commissioner Cabrera: I'm the guy that brought you water, remember? Just wanted to thank you, you've been so great, you've been so well behaved back there, and great to have you. You are Mr. Glass' daughter.

Mr. Glass: This is Angelic, she is almost seven, and she wanted to know what her Daddy did for a living, so I brought her to this meeting (laughter), so now you know.

Mayor Slesnick: Angelic, Angelic, Angelic, wait, get her back on camera here, there you go, waive to your Mom.

Commissioner Cabrera: Thank you. We'll get you a copy of that tape. Thank you.

City Attorney Hernandez: Thank you Mr. Mayor.

Mayor Slesnick: We are adjourned.

[End: 10:06:13 p.m.]