



Finance Advisory & Audit Committee Meeting
Monday, September 22, 2014 at 7:00 p.m.
Palms West Chamber of Commerce, 13901 Southern Boulevard

MINUTES

1. OPENING

- a. Call to Order & Roll Call

Chair Standish called the meeting to order at 7:00 P.M. Present were **Chair Virginia Standish, Vice Chair Cheryl Miller, and Committee Members Lung Chiu, Ken Johnson, and Anita Kane.** Also present were Town Manager Mark Kutney, Bill Underwood, Managing partner, Underwood Management Services Group, and Perla Underwood, UMSG.

The Committee welcomed Anita Kane as a member of the FAAC. Member Kane provided a brief background on herself.

- b. Approval of Agenda

Member Miller Moved, Seconded by Member Lung to approve the Agenda as presented. The vote on the motion was unanimous, 5/0.

2. CONSENT AGENDA - none

3. PRESENTATION

- a. Discussion Relative to FAAC Advisory Opinion and Recommendation Relating to a Lease with Option - Central Palm Beach County Chamber of Commerce Building.

Town Manager Kutney advised the FAAC about the Chamber's proffer of an offer to the Town Council in September. The Town Council at the time generally agreed to a lease with option to buy. Town Council asked for FAAC input on this matter. Manager Kutney advised that he would like the FAAC to consider the following two proposals for the Chamber building: the lease with purchase option, and any other proposals provided by the Chamber.

Chair Standish stated that she would have hoped to see the County lease, the Town's current lease with Yee Corporation along with the Chamber's proposals, and a listing of Chamber expenses in the Agenda Packet.

Wayne Burns, CEO of West Palm Beach Chamber of Commerce introduced himself and provided the Committee with an overview of the Chamber proposals for lease, lease with option to purchase, and outright purchase. He additionally advised that the County will be involved in the approval regarding this matter. Mr. Burns informed the Committee that Palm Beach County would like to see a hard deal in hand before they consider looking at this.

With respect to expenses for Maintenance expenses, Mr. Burns advised he would make those expenses available. He also informed the Committee that the Chamber is not responsible for county park maintenance. He also informed the Committee that the Lease with the County includes approximately 1.32 acres.

Upon question, Mr. Burns advised that the Chamber had appraisal prepared in March and the facility was appraised at \$630,000. A public use opportunity to bring to the County was best on the side of Chamber for county approval.

First two proposals submitted and reviewed:

1. Lease with option to buy - \$5500/36 month term (3xnet expenses of the title). \$30,000 OPTION would apply to purchase price with \$630,000 purchase price.
2. Lease - \$5500/60 month term 3xnet straight rent. Standard lease.

Upon question, Mr. Burns advised that the building has approximately 3953 square feet. He also advised rent for comparable in the area that included the land were about \$7,000 monthly. Mr. Burns advised that a straight lease would require two (2) months security, no brokers' fees, and the Town would be required to provide its own insurance.

Upon question from Member Kane, no portion of rent would be applied to purchase in a lease with option to purchase proposal.

Upon question from Committee about the original cost for the Chamber building, Mr. Burns advised that the exact cost was about \$750,000 of which included donations.

Mr. Burns advised that a sell price of \$480,000 for the facility is an option that the Chamber would consider as a direct purchase that would require a down payment of \$350,000, and balance

paid over a three (3) year period. This would represent a difference of \$1100.00 saving over the standard lease option.

Member Chiu advised that he does not feel the FAAC can make a decision regarding this matter because there are a lot of unknowns, and doesn't feel he has enough information. He asked about yearly cost of maintenance, and would like management to provide a cost benefit analysis. Finally, he would like a recommendation from the Town Manager.

Member Miller agreed with Member Chiu, and would like to hear from staff.

Member Kane also felt there are too many unknowns at this time, and would like to explore other ways to defray costs. She also advised that she would be against buying something without land attached.

Member Johnson also agreed with the other Committee members thoughts. Additionally, he feels that the Town should have two (2) Appraisals prepared, and a contractor to look at the building to provide some input on the cost to construct a similar building.

Keith Harris – C Road

Advised the Committee that he is a licensed Building Contractor would be glad to assist this committee and council with providing a cost comparison. He also shared various possibilities with respect to the facility.

Phil Liu – 148th Terrace North

Inquired if the Chamber planned on leaving furniture behind as part of the purchase or lease option. Mr. Burns advised that the furnishings were not included in any of the Chamber's proposals.

Chair Standish wanted to know if there was building guidelines for governmental building such as EOC being built to a different standard, and feels that the Town must address ADA compliance needs with respect to the facility.

Following a lengthy discussion, the Committee generally agreed to recommend that the Town Council consider the following:

- An outright purchase with Palm Beach County donating at least 1.75 acres of land to go along with the facility,
- Contract for two (2) appraisal,
- Contract for a structural inspection of the facility
- Provide a cost benefit analysis.

4. NEW BUSINESS:

- a. Approval of FY2014 July Financial Statements
- b. Approval of FY2014 August Financial Statements
- c. Review of Bank Statements July and August 2014
- d. Review of Planning and Zoning invoices July and August
- e. Review of Reimbursements July and August

The Committee generally agreed to postpone approval of the Financial Statements for July and August until next meeting.

Motion: Vice Chair Miller Moved, Seconded by Member Kane **to postpone** review and approval of the Financial Statements as presented until the next meeting. Motion passed unanimously, **5/0**.

5. CLOSING COMMENTS

- a. Public
- b. Committee Members

6. ADJOURNMENT

Member Johnson Moved, Seconded by Vice Chair Miller **to adjourn** the meeting at 9:00 P.M. The vote on the motion was unanimous, **5/0**.



Perla D. Underwood, UMSG



Virginia Standish, Chair