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VILLAGE OF NORTH PALM BEACH

AUDIT COMMITTEE

MEETING MINUTES- JULY 6, 2017

ATTENDING

COMMITTEE

Don Kazimir

Emery Newell Esq.

Richard Podell

Christian Searcy

Dave Talley

Tom Magill- Chairman

ABSENT

Edward Katz (Prior Notice Received)

ADMINISTRATION

Chuck Huff- Special Projects Director

GUEST

Jesse Sukhu- Gaudet Associates

The meeting was convened at 4:30 PM.

ITEMS DISCUSSED.

1. Minutes of May 22, 2017 meeting were approved.
2. The Committee welcomed new member, Don Kazimir.
3. Village financial data ending 5/31/2017 was reviewed.  
Mr. Searcy noted the low performance to budget on Investment earnings in both the General Fund and the Enterprise Fund. (~30 %). In addition, there was a favorable performance in the "miscellaneous" General Fund of 787.4 %. We will ask the Finance Director for comment.
4. A major discussion followed on the status of the Country Clubhouse project.
  - a. Mr. Sukhu provided the current estimate of demolition and construction to be in the range of +/- \$15 million with perhaps a 10% variation in either direction.
  - b. In addition, he repeated his opinion that the Village should strive to obtain demolition and construction contracts from the same firm
  - c. Finally, he recommended that any continued significant design activity be suspended until the current issues with the restaurant supplier is resolved.

- d. The Committee reviewed the issues concerning the NPB current agreement with Carl Von Luger LLC. The Committee, by unanimous consensus recommends to Council that this agreement be terminated.

The following are the main concerns the Committee has with the current agreement:

- a. Revenue Forecasts were clearly connected to the Peter Luger restaurant reputation. No adjustment has been provided in these estimates despite the announced intent to change the name of the restaurant.
- b. The supplier is not required to provide any financial information until 6 months after demolition begins. Under this provision, there exists the chance that the supplier cannot provide adequate financial information and NPB ends up with a torn down building and the lack of a viable supplier.
- c. Based on NPB Legal Counsel's, opinion, the 30 day notice of termination clause, became activated on June 22. If this is accurate, cancellation action by Council needs to be accomplished promptly.
- d. Finally and perhaps most critical is the DEFAULT section of the Agreement (Page 15, Item A, clause 5). The change in name may constitute "....materially false...." Information and represent grounds for cancellation.

The meeting adjourned at 5:25 PM

Tom Magill

Chairman.