



**SANTA ROSA
ISLAND AUTHORITY**

BOARD MEMBERS

Karen Sindel
Chairwoman
Janice Gilley
Vice Chairwoman
Brigette Brooks
Secretary Treasurer
Thomas Campanella
Acting Secretary Treasurer
Jerry Watson
Member
Liz Callahan
Member

**SANTA ROSA ISLAND AUTHORITY
BOARD WORKSHOP MEETING
APRIL 10, 2019**

MEMORANDUM

TO: Authority Members
FROM: Executive Director
DATE: April 11, 2019
RE: Minutes of April 10, 2019 Board Workshop Meeting

A Board workshop meeting was held on Wednesday April 10, 2019, prior to the Board Meeting to discuss leases. Members present were Mr. Jerry Watson, Ms. Brigette Brooks, Ms. Liz Callahan, and Ms. Karen Sindel, Chair. Ms. Janice Gilley was absent. Ms. Sindel, Chair, called the meeting to order and presented the following items.

Item # 1 – Discussion regarding lease renewals that contain negotiable terms.

Ms. Sindel opened the meeting and made the following points:

- This discussion was pertinent to the leases that contained “terms to be negotiated” and to the Consumer Price Index (CPI)
- There would be no voting, as this was a Board workshop for discussion
- Do we use a “standardized form”
- How do we record with the Clerk of the Court

She welcomed the Commissioner for the Beach district, Commissioner Bender.

SPEAKER:

Commissioner Bender said he appreciated the Board addressing this issue and looked forward to what they have to say.

Mr. Watson stated he hoped there could be some continuity regarding negotiable leases.

Ms. Sindel stated she is glad we are working towards a policy.

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Dr. Campanella feels there will need to be several workshops to agree upon some items, and read his list of questions he submitted. He gave a history of how the SRIA got to this point with lease fees.

Ms. Callahan asked if the Board could make a form as standard as possible for future use, and could the BCC reject a lease renewal policy, as easily as they can a lease renewal?

Mr. Stebbins said the BCC can reject lease by lease, but the County doesn't generally involve itself in SRIA policy.

Mr. Watson asked how, legally, we got to this point and what exactly we can do, moving forward.

Mr. Stebbins explained that leases started off fairly straightforward, but that changes were made through the years. Early leases, for the most part, had an auto-renewal clauses, but later leases had different terms, and all of those terms would be up for negotiation, when brought before the Board. He also pointed out there are negotiations available when it comes to a CPI clause.

Discussion followed.

Mr. Stebbins said uniformity is the key, regarding lease renewals.

Ms. Brooks asked how many leases were negotiable in the future.

Mr. Ghio stated the SRIA Finance department was doing an audit of the files and they needed more time, but would provide a spreadsheet.

Ms. Sindel said the Board was supportive of renewing leases, but needed more standardization, in order to follow a path. She believes a spreadsheet would help make it easier in the future.

Discussion followed regarding who wants/needs more income from the Island and who would benefit from it, as well as meeting the wishes of the County Commissioners regarding lease renewals.

The CPI clause was discussed, with Mr. Ghio and Mr. Stebbins explaining that it could be an effective tool for more income, and that "catch up" phases could be utilized, as the SRIA hasn't increased the CPI since 2005.

The Board discussed that there needed to be reasons for a lease fee increase request, and that the SRIA wouldn't just arbitrarily come up with projects that would require funds,

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in order to justify an increase, and that more data is needed to make these decisions regarding our budget.

Ms. Sindel stated the goal is to do as much as we can on the Island, but with as little money as possible from the leaseholders.

Mr. Ghio said there needs to be a working document on how to handle negotiable leases, in order to eliminate variables, but there would never be a "standardized" lease on the Island.

Ms. Callahan said the escalator (CPI) is more important to her than the base fee or term on a lease.

Ms. Brooks stated a 30 year term should be the minimum for a renewal.

Dr. Campanella said he agreed, 99 years or less means there would be no taxes paid on the land.

Mr. Watson stressed the need for legal input on all aspects of this discussion.

SPEAKER:

Peter Nemeth – President of Sans Souci – He gave the history of the tax lawsuits and wanted to discuss fee simple title.

Ms. Sindel explained this wasn't a discussion on that topic, this was a workshop regarding lease renewals.

SPEAKER:

Mark DeNunzio – He stated he paid only lease fees and improvements on his property, and said he unfairly benefits. He feels lease fees should be higher "down the road".

Commissioner Bender said he appreciates the good discussion and appreciates the relationship with the SRIA, as it benefits everyone. He stated the BCC is looking for fairness for everyone between leases. He stressed the SRIA is a good steward of Pensacola Beach and has made it into what it is today.

Ms. Sindel asked what would make the BCC "reject" a renewal the SRIA approved.

Commissioner Bender stated "historically" the SRIA and the BCC haven't had the relationship that was needed, and the SRIA hasn't received a clear message from the BCC, however, the lines of communication are being worked on. He encouraged the SRIA

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Board to talk to their Commissioners, explain their position and why it's good for the Island.

Discussion followed on the onus being placed on the realtor selling a property to communicate the review by the County of any lease renewals, which will help to take the time crunch off.

Dr. Campanella asked what is the end goal from the County, and why are they trying to regulate the SRIA. He asked if this was a revenue generating action.

Commissioner Bender stated he hasn't been informed of any plan, and want what's best for the SRIA and the BCC.

Brief discussion followed regarding Ms. Brooks' question asking what is the revenue lost by the County, and the infrastructure projects the SRIA should expect the County to pay for on the Island. No clear answers were given.

There being no further business before the Board, the meeting was adjourned at 4:26 p.m.



Paolo Ghio
Executive Director

PG:jt

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