

MINUTES OF SPECIAL MEETING OF THE TOWN COMMISSION OF THE TOWN OF BELLEAIR, FLORIDA HELD AT TOWN HALL ON JANUARY 15, 2014 AT 5:00 PM

PRESENT: Mayor Gary Katica
Commissioners
Stephen Fowler
Tom Shelly
Michael Wilkinson
Kevin Piccarreto

Town Manager Micah Maxwell
Town Attorney David Ottinger

Mayor Katica led the Pledge of Allegiance.

The meeting was called to order at 5:00 PM with Mayor Katica presiding; quorum was present on roll call.

DISCUSSION AND APPROVAL OF THE BELLEVIEW BILTMORE GOLF CLUB LEASE AGREEMENT – GREEN GOLF PARTNERS

Mr. Maxwell stated that the lease for the golf course was provided; that the commission had previously discussed leasing the golf course to Green Golf Partners; that the major points had been identified and entered into some general agreement with Green Golf; that the only item with substantial changes was the early termination clause and was altered to be 1.5 times the net income.

Discussions ensued regarding the nature of early termination clause and the recourse to each participant in the lease agreement.

Commissioner Fowler inquired about the sliding scale of percentages for increased revenues.

Mr. Maxwell stated that there was no sliding scale but in the original bid document was \$96,000 base with 5% of gross at \$2,000,000; that under \$2,000,000 it dropped to 3% and at \$4,000,000 it increased to 7%; that staff had concerns early on with that formula in it came in at \$1,990,000 the town would be at 3%; that there was concern that it would not reach the \$4,000,000 in annual revenue; that staff asked that the base amount be increased and recalculate looking at all of the dollars above \$1.6 million; that in doing that there was a guarantee on a larger portion of the money and that only about 25% was impacted by the adjustment in revenues; that with the recalculations it would be easier to budget to knowing \$160,000 would be expected and hopeful for another \$40,000 plus with the last 25%.

Commissioner Fowler stated that the other calculations was similar to a landlord tenant situation in a retail facility where the landlord was in a position to assist the tenant to be more successful.

Mr. Maxwell stated that staff wanted to separate somewhat from the management involvement and pushing those things due to the town's lack of experience in operating a golf course.

DISCUSSION AND APPROVAL OF LEASE AGREEMENT (Continued)

Mr. Ottinger stated that the lease was lengthy and thorough lease agreement; suggested a review of the synopsis of the major deal provisions at they affect the town; that there was a ten year term on the lease agreement; reviewed the base rent of \$40,000 per quarter and 6.5% over the gross annual revenues in excess of \$1.6 million; that GGP would be responsible for all management and maintenance of the property; that standards and limitation were also stated as to the quality of the club; commented intent of staff to have a consultant in to evaluate the current status of the club and comparables as to particulars if the club house and course were not kept in condition not worse than existing at time of lease commenced; that Bardmoor Country Club was identified as the specific comparable; that there was a good feeling that GGP knows that they must maintain a quality course in order to improve revenues and membership.

Mr. Maxwell stated that a USGA pro would provide a base line of established minimum standards were for the course.

Mr. Ottinger stated that staff was working on the lease agreement until late yesterday afternoon and there were some items to be cleaned up upon approval by the commission; that the synopsis provided the major terms of the agreement.

Mayor Katica stated that he would like to review the synopsis; that he would particularly like to discuss Section 34 of the agreement as it applies to the land use restrictions.

Mr. Ottinger stated that Section 34 specifically acknowledges the town's intention to impose permanent or extended land use restrictions on the premises through deed restrictions or grant of a conservation easement and would be restricted to recreation/open space only; that such restrictions would not interfere with the golf course operations; that GGP acknowledges the plans and consents to the implementations and agrees not to interfere with those implementations.

Discussion ensued regarding the exact intent of Section 34; regarding the property remaining as open space and not to be developed.

Mr. Ottinger commented on the commitment by GGP for certain capital improvements in the amount of \$500,000 over the period of the lease; commented on big ticket items that could require replacement before the 10 year term; that expenses for those items would be shared; commented on the current lease of golf carts and grounds equipment; commented on fire and casualty insurance to be provided by the town and tenant would be responsible for providing general insurance with a minimum limit of \$2,000,000 and automobile liability, workers compensation and casualty insurance for any of tenants personal property.

Mr. Murphy commented on previous insurance premium for the golf course.

DISCUSSION AND APPROVAL OF LEASE AGREEMENT (Continued)

Mr. Ottinger further stated that the tenant would not assign the lease or sublet the property without the town's consent; commented on the town's reserved rights to take care of the proposed land use restrictions on the property; commented on the town's need to access the property as it serves as a water shed and water management area; commented on the early termination clause in the agreement.

Commissioner Fowler asked about development restrictions in the lease agreement.

Mr. Ottinger stated that it was the intent to advise the tenant of the development restrictions.

Mr. Maxwell stated that when the town did enter into the conservation easement it would be with a third party; that the third party would be the ones to release the easement; that entering into the agreement with an agency that was open space and environmentally friendly seemed the most appropriate way to do it.

Commissioner Fowler inquired about Management Services and the quarterly reports and any special events planned at the club for the next three months; inquired about Maintenance and Repairs of Premises the current bad condition of the entrance pergola and if the town would be responsible for that repair.

Mr. Maxwell stated that town would be responsible for structural repairs.

Commissioner Fowler asked about the name of the club.

Mr. Maxwell stated that the name in the agreement was Belleview Biltmore Golf Course and Pelican Golf Course; that those were the names to be used or any like name.

Commissioner Shelly commented on the town being involved in any leases beyond the ten year scope.

Mr. Ottinger commented on the need for seamless continuation for leased equipment.

Neal Palenzuela, stated that he was not opposed to the lease; that he was concerned about the restrictions for development on the property; that he would like to see the issued resolved now.

Mr. Maxwell stated the staff did expect to have something completed in the near future after completion of the lease agreement process.

Tom Kurey, 153 Palmetto Road, stated his concerns about the lease after Mr. Maxwell and he met with the consultant last Friday; that the consultant did not feel that certain language in Sections 14 thru 16 should not be in the lease agreement; that the town had done a good job in preserving the golf course; that he felt a sale option should be considered for the property; that he was only trying to develop the best lease for the town; that he had no other interest in the matter.

DISCUSSION AND APPROVAL OF LEASE AGREEMENT (Continued)

Mr. Maxwell stated that the final lease agreement did address the comments made by Mr. Kurey and the language was changed.

Mr. Ottinger stated that under a commercial tenant/landlord lease typically the landlord would be the primary insurer and owner of the policy; that the early termination was a management decision; that if the town should sale the tenant would want compensation.

Mr. Maxwell stated that he did discuss the issue with GGP; that GGP felt they needed some protection.

Discussions ensued regarding the terms and liability of GGP and the town for the early termination clause in the agreement.

Matt McIntee, President of Green Golf Partners, stated that all other municipal clients insure their buildings; that with regard to the early termination clause, they have never had an early termination clause in a lease and felt that with their investment they would need such protection due to the impact the sale of the course would have on their operation and the financial responsibilities they would incur; that in most cases the early termination clause was associated with management agreements.

Karman Hayes, 220 Belleview Blvd., asked if the lease agreement was available to the public; stated that it was her understanding that it was a contract and not a public record; that it seemed that the commission was moving quickly with the lease of the property; that the commission was aware there were a number of parties interested in purchasing the property.

Mr. Maxwell stated that the lease was on line and available to the public.

Karla Rettstatt, 308 Roebling Road, stated that the purchase of the golf course was a new venture for the commission; that it was the intention to buy the golf course to save it from development; that she hoped the development restrictions were in place soon; that she supported leasing GGP as experts in the golfing industry.

Mr. Maxwell stated that there was no action required at this time as this was a discussion item.

APPROVAL OF EMERGENCY ORDINANCE NO. 493 – APPROVING LEASE FOR BELLEVIEW BILTMORE GOLF COURSE

Commissioner Shelly moved approval of Emergency Ordinance No. 493 approving lease for the Belleview Biltmore Golf Course. Motion seconded by Commissioner Wilkinson.

Discussion: Commissioner Piccarreto expressed appreciation to Mr. Kurey for his time in working with staff, consultants and finance board in the matter; stated that he agreed with citizens' comments; that he would still lean toward selling the property; that the commission needed to

APPROVAL OF EMERGENCY ORDINANCE NO. 493 (Continued)

complete the development restrictions for the property; that he had concerns with entering into a ten year lease of the property; that his understanding was that it was the intention to sale the property and the town should have identified their goal for the property and not enter into a long term lease; that the town should have looked into marketing the property; that removing development rights would restrict the value of the property; that he felt the town did not consider the purchase proposals submitted for the property and may have missed the best opportunity to sale the property.

Vote on the motion to approve Emergency Ordinance No. 493 carried unanimously.

OTHER BUSINESS

Lavon Johnson, 220 Belleview Blvd., commented on the benefit of having the hotel in Belleair and its historic value.

ADJOURNMENT

There being no further business to come before the commission the special meeting was adjourned in due form at 5:55 PM.

Town Clerk

APPROVED:

Mayor