

# City of Fort Lauderdale

City Hall  
100 N. Andrews Avenue  
Fort Lauderdale, FL 33301  
[www.fortlauderdale.gov](http://www.fortlauderdale.gov)



## Meeting Minutes - DRAFT

Tuesday, July 1, 2014

1:30 PM

City Commission Conference Room

## City Commission Conference Meeting

**FORT LAUDERDALE CITY COMMISSION**

**JOHN P. "JACK" SEILER** Mayor - Commissioner  
**ROMNEY ROGERS** Vice Mayor - Commissioner - District IV  
**BRUCE G. ROBERTS** Commissioner - District I  
**DEAN J. TRANTALIS** Commissioner - District II  
**BOBBY B. DuBOSE** Commissioner - District III

**LEE R. FELDMAN**, City Manager  
**JOHN HERBST**, City Auditor  
**JONDA K. JOSEPH**, City Clerk  
**CYNTHIA A. EVERETT**, City Attorney

Meeting was called to order at 1:37 p.m. by Mayor Seiler.

## ATTENDANCE ROLL CALL

**Present:** 5 - Mayor John P. "Jack" Seiler, Vice-Mayor Romney Rogers, Commissioner Bruce G. Roberts, Commissioner Dean J. Trantalis and Commissioner Bobby B. DuBose

**Also Present:** City Manager Lee R. Feldman, City Auditor John Herbst, City Clerk Jonda K. Joseph, Assistant City Attorney Cynthia A. Everett and Sergeant At Arms Sergeant Frank Vetancourt

No public comments were submitted by email for this meeting.

## CITY COMMISSION REPORTS

### Events and Matters of Interest

Members of the Commission announced recent and upcoming events and matters of interest.

### Public Records Requests

Commissioner Roberts wanted to ensure there is oversight from the City Attorney's Office on public records requests and specifically how the determination is made on whether legal review is required. The City Clerk indicated that her staff is in sync with the City Attorney's Office. Unless a request is as simple as a resolution or ordinance, the City Attorney's Office is brought into the loop. The City Attorney noted that her office works closely with the City Clerk's Office.

### Pedestrian Safety on Las Olas Boulevard

Vice-Mayor Rogers asked about placing a speed recognition sign on Las Olas Boulevard strategically to encourage motorists to slow down. The City Manager advised that additional enhancements, including a flashing crosswalk sign with LED lighting in the sign and center lane indicators, are planned.

### Parking Around Joseph C. Carter Park

Commissioner DuBose said people who reside near Carter Park are concerned about the volume of vehicles in the neighborhood when events are held. Additionally, there is a nearby car sales business and vehicles are being loaded in the neighborhood instead of via Sunrise Boulevard. It is a safety issue. The issue had been resolved, but there is now a new business owner. He wanted to look into using nearby vacant property under the City's ownership and possibly partner with the school. The City Manager agreed to research the matter.

## CONFERENCE REPORTS

### **CF-1 14-0837 EMERGENCY PURCHASE - PROPRIETARY MOTOROLA RADIO DISPATCH EQUIPMENT**

Commissioner Trantalis commented that a constituent inquired whether the communications equipment will seamlessly integrate with future upgrades to the system. The City Manager replied that with the City turning over its communication system to Broward County, the County will be responsible for ensuring

the equipment is compatible. Such transfer is being done to achieve that goal but there are no guarantees.

**CF-2 14-0826 CENTRAL BEACH MASTER PLAN PUBLIC IMPROVEMENT  
PROJECTS UPDATE - BEACH REPORT**

Mayor Seiler opened the floor for public comment.

Jack Newton, 1 Las Olas Circle, said as a resident of the Venetian Condominium, he has been studying parking at the foot of the Las Olas Boulevard Bridge. It seems the City is moving away from building two parking decks at the foot of the bridge, which would create a wall to the beach entrance. He proposed that one deck be built on the north side of the bridge, allowing the south side to remain open with surface parking lots. He believed that the Central Beach Alliance is in favor of this idea. It would allow for boat show staging. If the current 2/3-acre greenspace is paved, some 60 parking spaces could be generated, bringing in revenue of about \$200,000 per year. There is space for a pedestrian greenway and picnic tables. The water taxi station could be moved a few dozen yards to the south. Not building a parking garage at that location, which saves at least \$9 million to \$10 million that could go toward expanding the marina.

There was no one else wishing to speak.

There was consensus for the City Auditor to issue the analysis his office conducted on the parking garages as well as today's information provided by Newton.

In response to Vice Mayor Rogers, the City Manager advised that he is planning to meet this week about the possible public-private partnership. He provided an overview of the statutory requirements for public-private partnerships. Mayor Seiler noted that he met with representatives and directed them to meet with the City Auditor. He has financial concerns. It did not make sense for \$20 million to be requested from the Community Redevelopment Agency (CRA) in addition to land. He elaborated on their discussion on tax revenue; however, the City only receives a portion of such revenue together with other agencies. The City Auditor advised that he intends to meet with the representative next week. Some discussion followed on what was indicated to Vice-Mayor Rogers and Commissioner Roberts. Mayor Seiler expressed concern that there was no discussion of using CRA dollars. The City Auditor agreed to follow up.

In response to Commissioner Trantalis' question concerning the Sebastian Street parking garage, the City Manager said staff is ready to begin design work. The Natchez property owner has been in discussions with the City. They originally submitted a public-private partnership proposal but it did not meet the statutory requirements. He asked that they consider a land swap or something else. He is awaiting a response and believed it is something other than a land swap. Mayor Seiler advised that there have been discussions with the other property owners. There would be two separate projects that could equate to parking for the City and the Bonnet House. He expanded on the Bonnet House's position concerning development to their south whereby they could open the south gate. The City would then have flexibility with the Breakers Avenue area, if there could be a public-private partnership at the Natchez site that provided public parking. Commissioner Trantalis did not want to see another Jackson Tower in this area. It is a difficult piece of real estate to negotiate. He wanted care to be taken for quality of life. The City Manager was concerned if the partner decides not to go forward, the CRA dollars still must be spent in a timely fashion.

The City Manager confirmed for Commissioner Roberts that staff is looking at installing a larger prep kitchen. Cooking would not be possible onsite but it could accommodate catering. Commissioner

Roberts wanted to be certain it could operate as a banquet facility. Mayor Seiler did not want the City to be in competition with those businesses that raised dollars in the CRA for revitalization. Commissioner Roberts agreed, but wanted to make sure that amenities at this facility are functional. Commissioner Trantalis indicated that the event holder could select a caterer on their own.

Both Commissioner Roberts and Mayor Seiler requested a project timeline.

**CF-3 14-0825 SOUTH SIDE SCHOOL UPDATE**

The City Manager noted that staff has been working with Florida Communities Trust (FCT) to install a wider sidewalk. An appraisal was required. The City must reimburse FCT 50 percent, which represents their cost for land acquisition. FCT did not accept the appraisal because it discounted the property for all of the restricted covenants. They asked that the property be appraised at fair market value, which is roughly \$246,000, meaning the City must reimburse FCT about \$123,000. He does not recommend reimbursement at that cost. He suggested the City retain lobbyists to negotiate for some relief. Vice-Mayor Rogers pointed out that the property is only being used for restrictive purposes based on the grant. Nonetheless, FCT wants an appraisal as though the property would be sold at some point in time. It is a money grab. This is about an additional width of 3 feet. Commissioner Roberts added that this is a safety issue. Vice-Mayor Rogers suggested pavers as an alternative, but the City Manager explained that the payment is required because the City is changing its original plan to create more pedestrian access, which was not the intended use of the property, therefore pavers would also not be permissible. Mayor Seiler felt that pedestrian access is a primary purpose associated with a park. Vice-Mayor Rogers supported the City Manager's lobbying suggestion. He felt the City's lobbyists could argue the issue. There was no objection to the City Manager proceeding with his suggestion.

**OLD/NEW BUSINESS**

**BUS-1 14-0827 FLORIDA ATLANTIC UNIVERSITY SCHOOL OF ARCHITECTURE  
METROPOLITAN STUDIO - REDEVELOPMENT PROPOSAL - 221  
SISTRUNK BOULEVARD**

Economic and Community Reinvestment Manager (Northwest and Central City) Al Battle provided introductory remarks about Florida Atlantic University (FAU)'s proposal to occupy about 750 square feet at 221 Sistrunk Boulevard. He highlighted information in Commission Agenda Memorandum 14-0827. The building is currently vacant. Because the property was acquired in foreclosure, there is no environmental information or assessment as to its condition. The roof is in poor condition. FAU has determined that it will cost about \$60,000 to make the building useable. Up to \$40,000 could be available in Community Redevelopment Agency (CRA) Façade Program funds according to those guidelines. Staff sees this as an interim use and proposes a lease arrangement. There is an adjacent convenience store that may not continue to stay in business, so it is best to keep options open for future development. The property was appraised a little more than two years ago at \$105,000. In 2013, the Property Appraiser shows the value at a little more than \$218,000 in its current condition. The site is slightly more than 11,000 square feet; one-quarter acre.

Commissioner DuBose referred to the previous challenges with the Jimmy John's site and the Façade Program and noted that the City may need to review its policies and procedures. He wanted more detail on FAU's intended modifications and use of the building. Battle indicated staff is not clear on FAU's plans with respect to renovation. The estimate of \$60,000 would be for basic improvements and to stop the roof leak. There could be other requirements that would drive the cost up. This needs to be clarified if a lease is to be presented at a future meeting.

In further response to Commissioner DuBose, Battle advised that staff has not yet conducted any neighborhood outreach. Keith Van De Riet, representing Florida Atlantic University School of Architecture, agreed to reach out to the area neighborhood.

Commissioner Trantalis pointed out that if renovations exceed 50 percent of the building value, a costly process could be triggered. Van De Riet explained that FAU envisions this as a living lab for the architecture students. It would mostly be temporary installations aside from a new roof. Battle indicated that the lease would provide for acceptance of the building as is. The City may need to provide some information in order for FAU to take occupancy that may include an asbestos report for example.

Mayor Seiler supported the concept. He encouraged FAU to work closely with the neighborhood. Van De Riet agreed to do so.

Mayor Seiler opened the floor for public comment.

Charles King, 105 North Victoria Park Road, questioned the genesis of this idea. He thought the goal is to attract businesses that would pay property taxes. He did not think there would be any unique architectural features added. It is only getting in the way of development. The property could be sold.

In response to Commissioner Trantalis, the City Manager advised that a short-term lease is being contemplated with the ability to renew it. Commissioner Trantalis thought this would be great for the neighborhood because it would activate a dormant structure and hopefully attract others. However, he did not want the City to be hampered from a potential development opportunity. Commissioner Roberts drew attention to Battle's previous comments about future development. Commissioner DuBose emphasized that it is an interim, in the meantime, use.

L.F. Rosenthal, 1237 NW 4 Avenue, advocated for a City-sponsored internship program for high school and college students. The Commission should not have to free think matters and be burdened with too detail.

There was no one else wishing to speak.

**BUS-2 14-0840** OFFICE OF CITY MANAGER, STRUCTURAL INNOVATION  
DIVISION - INFORMATIONAL PRESENTATION

Structural Innovation Manager Amy Knowles reviewed slides related to this matter. A copy of the slides is attached to these minutes.

Vice-Mayor Rogers asked how the cost factor is part of the analyses. Knowles said that they work with the Budget Office to verify costs and identify savings. Eventually, the goal would be to place savings in a distinct account. The City Manager added that the return on investment is of greatest importance. Moreover, that information is needed quickly in order to decide whether to make the investment. Vice-Mayor Rogers asked if Structural Innovation is able to determine when something is not possible due to insufficient manpower. Knowles said that it really depends on the scope of the project. They attempt to find other solutions before adding positions. The cost of poor quality is high. For example, employees who are moving to electronic routing with respect to utility service shut-offs will save an incredible amount of time. Senior Performance Analyst Paula Romo indicated that there are various methodologies depending on the project; the goal is to quantify. They are able to perform time studies.

Commissioner Roberts appreciated their role, the organized approach and the benchmarking/accountability aspect including the surveying. He mentioned that the Florida

Department of Transportation director recently commented that it is easier to allocate funding to a project in a municipality that has identified the vision and purpose. The City Manager noted the importance of having departments that want to participate with this effort. The departments are embracing it. In response to Vice-Mayor Rogers, Knowles advised that Structural Innovation has performance measures for their work.

Mayor Seiler also commented on the usefulness of their work and expressed his support.

Vice-Mayor Rogers asked about the appropriate degree of staff involvement in the vision process. Knowles elaborated on the benefit of staff involvement in the visioning process. The City Manager believed that the same approach would be used again for the most part, but not entirely. It is important that staff facilitate, not drive the process. Knowles added that it is helpful for the community to see also what has to be done for internal operations to run efficiently. It was a great opportunity to have that aspect included.

Mayor Seiler opened the floor for public comment.

L.F. Rosenthal, 1237 NW 4 Avenue, thought that staff in the visioning process tried to manipulate the citizen groups. He believed the overwhelming finding at the fourth vision meeting held at City Hall was that there should be better communication and that this was not communicated to the City Manager. He suggested using the back pages of the Commission agenda to publicize board meetings.

There was no one else wishing to speak.

**BUS-3 14-0824** FLORIDA LEAGUE OF CITIES VOTING DELEGATE AND PROCEDURES FOR SUBMITTING RESOLUTIONS TO LEAGUE COMMITTEE

There was consensus that Mayor Seiler would serve as the delegate and Commissioner DuBose as the alternate.

**BUS-4 14-0834** CITY AUDITOR ANNUAL PERFORMANCE REVIEW AND MERIT ADJUSTMENT

Mayor Seiler was extremely pleased with the City Auditor's performance. He has gone above and beyond his duties as auditor. For example, Mr. Herbst has been an incredible resource to the City and the Downtown Development Authority concerning the federal courthouse. He sees the big picture. He is interested in moving the City forward. The City Auditor has improved in educating staff ahead of processes and working alongside the Budget Advisory Board and the City Manager throughout processes. It is now one of his strengths. Mayor Seiler proposed the maximum merit increase.

Vice-Mayor Rogers agreed. A lot is asked of Mr. Herbst because of his expertise. His interaction in negotiations with various agencies and other governmental entities is a good reflection on the City. He would also support a 3 percent increase.

Commissioner DuBose agreed that a merit increase is warranted. He was interested in knowing how Mr. Herbst's outside performance impacts the City as opposed to purely perception. The City Auditor explained that the internal audit profession as a whole recognizes the importance of the role add-in value. He believed by getting engaged early on, there would early input, help in the design of internal controls and in identifying potential problems before they become a cost to the City. The City Manager

has sought his engagement so that they have worked collaboratively at the early stage. The downside is there is no tangible product as an audit. It is often impossible to demonstrate that something did not go wrong because of preliminary work. For example, a significant amount of time will be spent analyzing the proposed marina project and could reach the conclusion that it does not make sense for the City, but it will not likely result in a lengthy audit report. Along those lines, he has engaged in a number of things that have not been part of his portfolio previously. Another example is his office scrutinizing financial information before it is sent to the bond rating agencies. The Securities and Exchange Commission (SEC) can investigate and charge elected officials when inaccurate financial information is published. Part of his job is risk management and protecting the administration and elected officials. It is like the practice of preventive medicine.

The City Auditor went on to say that one of the City's greatest risks is in the area of information technology, therefore his office has taken an active role in evaluating the new Enterprise Resource Planning (ERP) system. If implementation goes poorly, it could cripple the City. There are some \$100 million worth of infrastructure construction projects coming forward, which are notoriously ripe for fraud. He would like to add a position to monitor those projects in real time. It will influence partner vendors to be more diligent in the quality of their billing processes.

Commissioner DuBose was pleased that the City Auditor and City Manager work together. The City Auditor noted that he believes in collaborating with all of the charter officers because they all share the same goal.

Commissioner Roberts agreed with the previous comments. He agreed with Mr. Herbst's concerns about construction project oversight. He appreciated that he frames issues in understandable terms. He also touched on the favorability of the charter offices working together. The City Auditor said he has always relied on the City Attorney's Office for legal advice. The difference in the relationships is that most of the operational issues come under the City Manager's purview and a lot of the City Auditor's role is operational in nature.

Commissioner Trantalis pointed out that the City Auditor's job duties have expanded since he was hired. He appreciated that Mr. Herbst has accepted the challenge. He believed that Mr. Herbst is very deserving of a merit increase.

**14-0867 WALK-ON - LIEN SETTLEMENTS – 1559 NW 10 Place**

The City Manager advised that this property was acquired in 2005 by quit claim deed. There were three code violations. It is now in compliance. The purchaser is proposing to settle the WaterWorks lien according to the City's matrix and the other two at 75 percent.

Commissioner Trantalis felt that at some point there should be a policy discussion. Currently future buyers are responsible for bringing their property up to code if work was done by previous owners not according to code. Vice-Mayor Rogers felt that the seller would likely reduce the cost in that circumstance.

Marc Newman of South Florida Real Estate Services, representing the property owner, said this lien is attached to six other properties, not all of which are in Fort Lauderdale. The three in Fort Lauderdale are in close proximity to each other but not the same neighborhood.

Eric Martinez of Aruba Services, representing ARCO Property Management, explained that ARCO has retained Aruba which dedicates its time to resolving code violations and any issues delaying a sale. They are seeking homeowners, not renters and not wholesaling. It was noted that ARCO is local,

headquartered in Pompano Beach. Newman agreed to provide the addresses of the other three properties to Commissioner DuBose so that he could assure his constituent that the properties will not be rented.

Commissioner DuBose requested the addresses of the homes planned for sale so he could distribute that information to the homeowners' association.

There was consensus approval.

**BOARDS AND COMMITTEES**

**BD-1 14-0800 COMMUNICATIONS TO CITY COMMISSION AND MINUTES  
CIRCULATED - period ending June 26, 2014**

Board of Adjustment

Motion made by Mr. Shallenberger, seconded by Ms. Zamojski to request that until the final decision is rendered regarding staff recommendations, the public hearing notice should indicate that the Board may or may not agree with and/or rule with staff recommendations. In a roll call vote, motion passed 6-0.

Mayor Seiler did not object to the recommendation. The City Manager clarified that staff does not issue a report. Until that practice is changed, he did not think it is not appropriate for staff to make a recommendation.

**BD-2 14-0801 BOARD AND COMMITTEE VACANCIES**

Please see regular meeting item R-4.

Board of Adjustment

Matthew Scott (Consensus)

Parks, Recreation and Beaches Board

Jo Ann Smith (Mayor Seiler)

Idan Eckstein (Commissioner Trantalis)

Mayor Seiler had received an email concern from a board alternate about the recent appointment to the Board of Adjustment where an alternate was not considered. He wanted to appoint a current alternate, Matthew Scott. He asked the City Clerk to confirm that there are no other alternates besides Birch Willey.

Mayor Seiler opened the floor for public comment.

Laura Croskeno, representing Middle River Terrace Neighborhood Association, requested that the Middle River Terrace Neighborhood Association president be added to Central City Redevelopment Advisory Board as it is a position elected by the neighborhood. Domingo Cid is the current president.

There was no one else wishing to speak.



## CITY MANAGER REPORTS

### Schlitterbahn Water Park

The City Manager explained that the Federal Aviation Administration (FAA) has imposed a deadline of July 15 to provide an executed lease agreement with Schlitterbahn (Tenant) for the planned water park. A resolution will be presented at the regular meeting this evening and if approved, it will be sent to the FAA for their approval. He reviewed the terms. It will be 30 years with two, five-year renewals.

The City Manager clarified for Commissioner Trantalis that it is up to the Tenant to determine whether they want to renew, provided they are not in default. Both Commissioner Trantalis and Mayor Seiler asked such a condition be added to the agreement. Commissioner Trantalis pointed out that the condition be worded so that the Tenant shall not have been in default during the first term. Mayor Seiler felt that both provisions are needed. The City Attorney's Office was directed to use the term "uncured material default."

The City Manager advised that the rate is \$810,000 to the City's Airport Enterprise Fund which will increase each year by CPI with a minimum of 1 percent and a maximum of 5 percent. The Tenant is responsible for maintaining the water park in a first-class condition and constructing four adjacent soccer fields. They are obligated to maintain Lockhart Stadium in its current condition; if they make improvements, they would be responsible for their maintenance. In response to Commissioner Trantalis, the City Manager explained that City-owned assets, such as water and sewer lines or the adjacent road system, will still be maintained by the City.

Commissioner Trantalis was concerned that the Commission has not been provided more review time. Mayor Seiler noted that an extension was requested from the FAA and denied just yesterday.

Vice-Mayor Rogers questioned what happens to improvements on the property if a breach occurs. Assistant City Attorney DJ Williams-Persad indicated that the idea has been that the City does not want to operate a water park; a demolition bond is to be in place for one year and there is language in Article 7 for removal of the improvements with termination of the lease. Mayor Seiler felt the City should be able to decide what is removed. Commissioner Trantalis and Vice-Mayor Rogers agreed. The City Manager indicated that the lender may have a concern. Commissioner DuBose questioned how the City would be able to do something else with the property and specifically, interaction with the FAA concerning a different use. Vice-Mayor Rogers recognized the City cannot object to conditions dictated by the Lender, but reiterated that there should be an option with respect to keeping the improvements. The City Manager confirmed that the City subordinates all of the improvements, that is, everything but the land. He believed the Lender has the right to operate the park if the Tenant is found in default.

The City Manager went on to discuss a surcharge to be used for maintaining public assets. It cannot be more than \$1 per ticket, which escalates 25 cents every five years. The surcharge rate is set by the Commission. The money is collected by the Tenant. They retain 97 percent and the remaining 3 percent goes to the City. The surcharge funds are used for maintaining the public assets, such as Lockhart Stadium, soccer fields, landscape, parking lot, utilities and so forth. The surcharge funds can also be used to market the overall project including the public assets. At the end of the year, whatever is above their annual rent would come back to the City's General Fund. The City has agreed to provide for a reserve equal to one year's rent. The surcharge requirement would apply to everything onsite, such as Lockhart Stadium. The Tenant is not allowed to use more than the annual rental amount from the surcharge fund. The Tenant will be responsible for providing an annual independent audit. Every five years the City can audit all of their books related to the surcharge. In response to Commissioner

DuBose, the City Manager advised that the property is subject to property taxes and the fire assessment fee. Commissioner DuBose felt that the park could create a higher demand on existing resources such as police. The City Manager expected if additional law enforcement is needed, the Tenant, like any other private entity, would need to secure detail and pay for those officers. Commissioner DuBose envisioned this as a special event that is occurring every day. The City Manager advised that the Tenant would be paying taxes on the leasehold interest. The value is appraised by the property appraiser and assessed by the tax collector. In response to Commissioner Trantalis, Assistant City Attorney Williams-Persad advised that the lease provides that the Tenant is responsible for the taxes. The City Manager believed they will likely seek an exemption for a portion of the property related to public use. The property appraiser is responsible for determining whether to grant an exemption. Commissioner Trantalis shared Commissioner DuBose's concern about the potential need for more police and firefighters. The City Manager noted that Tenant's other facilities do not have dedicated police and fire service. Commissioner Trantalis questioned whether this should be included in the lease. The City Manager suggested this be addressed at tonight's meeting.

The City Manager confirmed for Commissioner Roberts that he and the City Auditor visited the Schlitterbahn facility in New Braunfels, Texas, and reviewed its pro forma. The City Auditor said it was based on their experience developing theme parks. The Tenant has expertise in this field and can quantify construction costs. They have a pretty good estimate of how long it will take to ramp up occupancy levels once the doors open. There is some degree of confidence on their numbers.

The City Manager confirmed for Commissioner Roberts that this facility will generate more revenue than the previous operations. Vice-Mayor Rogers noted that the game changer is that there is no other use for this property. The City Auditor noted that this use also will generate a higher daily activity and traffic and provides a family-friendly amenity to residents versus the previous baseball use. Some discussion ensued about visits to other Schlitterbahn parks and positive findings. The City Auditor added that the business owners invest much of their own equity. They have investors lined up waiting to support the next park. The lenders like them because they step into deal after deal. In response to Commissioner Trantalis, the City Auditor indicated that Schlitterbahn sets up each park independently. Commissioner Trantalis felt that there must be some way to secure the City's position if this project is unsuccessful. The City Manager noted that the Tenant would have a bigger problem with their lender than the City if they decide to walk away because they have other lenders associated with other parks. They could suffer immense reputational risk on borrowing again. Commissioner Trantalis commented that several water parks in this area have come and gone. Discussion ensued about other parks and why they failed. Vice-Mayor Rogers advised that this is not a property that can be easily rented to another tenant. He did not expect this family to put their personal net worth on the line to the City for a \$120 million project. They have done this before successfully. He believed that South Florida is a great place for a water park. He felt it is a green light provided the documentation is properly structured. There is a bond in case something goes wrong. It was pointed out that the bond is only for one year after opening.

Commissioner DuBose drew attention to their water park in Galveston, Texas, that is also on FAA property. The City Manager believed that park opened in 2004. He did not believe that the FAA reviewed the lease. The park was built, and FAA became aware of the lease after the fact. He went into more detail about discussions with FAA and how they reached agreement on the rent of \$810,000.

Commissioner Trantalis expressed concern that the duration of the bond is just one year. The City Manager explained that it is difficult to purchase a 30-year demolition bond; it would constantly have to be renewed. Commissioner Trantalis was uncomfortable not having any protection. Mayor Seiler noted there is no alternate use for this property. Vice-Mayor Rogers pointed out that the FAA has condemnation rights. He felt that the bond should be in place until there is a certificate of occupancy

(CO).The City Manager advised that the bond is in place for a year after the park is built. Commissioner Trantalis felt that the City is facing a tremendous expense if the business fails after a number of years. Commissioner Trantalis felt a bond would be an important component of this type of lease.

The City Manager commented that a full, 30-year demolition bond was originally proposed but Schlitterbahn advised that would be a deal breaker. In considering the cost annually, he pointed out that the rent is starting about \$110,000 more annually because the FAA had started negotiations at \$1.6 million. Commissioner Trantalis did not think it was ever a realistic figure. Vice-Mayor Rogers cautioned against negotiating from the dais. Commissioner DuBose argued that the Commission needs to be comfortable and should be able to get the answers. Commissioner Roberts suggested that if necessary a special meeting could be held next week. Discussion ensued about a special meeting. The City Manager agreed to request more information about the cost of a bond for the first year.

The City Manager confirmed for Commissioner Roberts that space can be leased for concerts and special events. Information on times of operation and their season was set out.

The City Manager noted that the FAA imposed a condition of deferred rent. The commencement date is after a 270-day due diligence period. At that point, the Tenant has 18 months of deferred rent that they will be obligated to start paying in month 60. The FAA is requiring rent to be paid while the park is under construction, but the rent will be deferred and will earn interest at the same rate as other airport investments. He confirmed for Commissioner Trantalis that the Tenant can opt out during the due diligence period.

There being no other matters to come before the Commission, the meeting adjourned at 5:07 p.m.