

SANTA ROSA ISLAND AUTHORITY
PENSACOLA BEACH, FLORIDA
REGULAR BOARD MEETING MINUTES
DECEMBER 3, 2003

1-2. A regularly scheduled meeting of the Authority was held on Wednesday, December 3, 2003, beginning at 5:00 p.m. Members in attendance were: Mr. Bill Griffith, Mr. Don Ayres, Mr. McGuire Martin, Mr. Jimmie Perkins, Dr. Thomas Campanella, and Mr. Thom Blas. Mr. Griffith, Chairman, called the meeting to order and led the Pledge of Allegiance.

3. Upon motion of Mr. Blas, seconded by Mr. Ayres, the board unanimously approved the minutes of the regular board meeting of November 5, 2003. (6-0)

Upon motion of Mr. Ayres, seconded by Mr. Blas, the board unanimously approved the minutes of the special board meeting of November 12, 2003. (6-0)

4. ELECTION OF OFFICERS

The General Manager read the rules regarding election of officers. Mr. Thom Blas nominated the following for office:

Mr. Bill Griffith, Chairman
Mr. Don Ayres, Vice Chairman
Mr. McGuire Martin, Secretary/Treasurer
Mr. Jimmie Perkins, Acting Secretary/Treasurer

There being no nominations from the floor, the nominations were closed, and the vote was taken. The officers were elected as follows with a unanimous vote for approval:

Mr. Bill Griffith, Chairman
Mr. Don Ayres, Vice Chairman
Mr. McGuire Martin, Secretary/Treasurer
Mr. Jimmie Perkins, Acting Secretary/Treasurer

Mr. Griffith then appointed Mr. Jimmie Perkins as chairman of the Administrative Committee, Mr. Thom Blas as chairman of the Architectural & Environmental Committee,

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and Dr. Thomas Campanella as chairman of the Development & Leasing Committee, with Mr. Don Ayres to remain as chairman of the Operations Committee. He said that the membership of the committees would remain the same with the exception of the new committee chairmen. He thanked all those who had agreed to serve.

5-6. Upon motion of Mr. Blas, seconded by Mr. Perkins, the board unanimously adopted the agenda with the following changes: added a special presentation by Mr. Frank Koutnik, Recovery and Mitigation Bureau Chief for the Florida Department of Community Affairs; moved Item #13(B)(6) regarding Hemingway's pier to the regular agenda; and deleted Item #3, from New Business regarding the Pensacola Beach Gulf Pier. (6-0)

7. READING OF RECUSAL FORMS

Ms. Mary Bolman reviewed the recusal forms issued since the time of the previous meeting.

8. CHAIRMAN'S COMMENTS

Mr. Griffith reviewed the guidelines for speakers appearing before the Santa Rosa Island Authority. He then read and distributed an inspirational handout to the board members. He announced that the Escambia County Proposed Home Rule Charter was presently scheduled for a March 2004 vote.

9. REPRESENTATIVE DAVE MURZIN – LITTLE SABINE BAY IMPROVEMENTS

The Manager introduced Mr. Casey Reed, Legislative Assistant to Representative Dave Murzin, and Mr. Dave Hemphill with Baskerville Donovan, Inc. Mr. Reed appeared before the board to announce the awarding of a \$375,000 grant to the Santa Rosa Island Authority by the Northwest Florida Water Management District for improvements to Little Sabine Bay. Mr. Hemphill reviewed some of the projects that were planned for the grant. The Manager extended the appreciation of the board to Mr. Murzin and his staff, as well as the staff of Baskerville Donovan, Inc. for their efforts in securing the grant.

10. MR. PAUL YOUNG – GULF BREEZE HOSPITAL

Mr. Paul Young of Gulf Breeze Hospital appeared before the board and provided a brief update of the progress thus far on the building expansion for Gulf Breeze Hospital, thanking the board for the Authority's recent donation to the building expansion fund.

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The following presentation was made following the report by the Pensacola Beach Chamber of Commerce:

10-A. MR. FRANK KOUTNIK – FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS

Mr. Frank Koutnik, Recovery and Mitigation Bureau Chief for the Florida Department of Community Affairs, appeared before the board to present the Authority with an award denoting that the Flood Insurance Program for the Santa Rosa Island Authority had been reclassified from a Class 9 Community Rating System Program to a Class 8 Community Rating System Program, saving citizens ten percent on their flood insurance premiums. Mr. Griffith accepted the award on behalf of the board.

Upon motion of Mr. Ayres, seconded by Mr. Blas, the board unanimously commended the Manager and staff for the work performed to earn the award. (6-0)

11. PENSACOLA BEACH RESIDENTS & LEASEHOLDERS ASSOCIATION REPORT

Mr. Griffith announced that the annual Christmas party for the Pensacola Beach Residents & Leaseholders Association was scheduled for December 9, 2003 at 6:30 p.m. at the Pensacola Beach Community Church.

12. PENSACOLA BEACH CHAMBER OF COMMERCE REPORT

Ms. Sandy Johnston, Manager of the Pensacola Beach Visitor's Information Center, reported that the annual Christmas party for the chamber would also be held on December 9, 2003, but would begin at 5:30 p.m. at Flounder's Restaurant. She said the lighted boat parade was scheduled for Saturday, December 6, with the Christmas parade on Sunday, December 7.

Ms. Johnston noted that the chamber was preparing for the New Year's Eve celebration and fireworks. She said the Double Bridge Run and Cajun Fest were scheduled for February. Ms. Johnston said the chamber was compiling a list of the restaurants that will be open on Christmas Day to send to the condo and hotel owners. She also noted that the chamber was compiling a list of the various New Year's Eve celebrations on the beach for media publication. Ms. Johnston said that the trolleys would run on New Year's Eve.

Ms. Johnston said that the visitor's count increased over the same month last year. She said that the Chamber was in the process of obtaining sponsors for the business-after-hours gatherings for 2004 and that she had received most of the information for the new

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island guides.

CONSENT AGENDA

13. COMMITTEE REPORTS

A. DEVELOPMENT & LEASING COMMITTEE (11-12-03) - Mr. Jimmie Perkins,
Chairman

Committee Action:

The committee unanimously tabled the following item until 12-10-03 (no board action necessary):

Item #1 – Commercial Lease Extension Policy

B. ARCHITECTURAL AND ENVIRONMENTAL COMMITTEE (11-12-03) - Mr.
McGuire Martin, Chairman

Committee Action:

The committee unanimously recommends approval of the following items:

Item #1 – Mr. Jim Veal for Mr. Charles Lamar, Leaseholder – 1007 Panferio Drive – Lot 5, Block 27, Villa Segunda (Santa Rosa Sound) – Request to install a vinyl bulkhead landward of an existing rock revetment subject to execution of a lease amendment, permits from the DEP and the COE, and construction of public access stairs

Item #2 – Mr. Tom King for Mr. James T. Collier, Leaseholder – 1054 Ft Pickens Road – Lot 14, Lafitte Cove II (Canal) - Request for a 13 foot rear setback variance to construct an in-ground swimming pool and a 4 foot high fence enclosure subject to receipt of letters of comment from the adjacent neighbors

Item #3A – Separating the Phase 3 conceptual approval at the Soundside Center, 7 Via de Luna, for a restaurant and a 29 slip marina into two phases with Phase 3-A for the marina and Phase 3-B for the restaurant

Item #3B – Mr. John Loftis for Azure Development (Soundside Center) – 7 Via De Luna- (Santa Rosa Sound) - Request to construct a 49 slip ancillary commercial marina with a variance of 50 feet to the 300 foot length requirement and a variance to construct outside

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the center one-third of the leasehold, subject to the pier being open to the public on a space-available basis, a minimum pier width of five feet, receipt of permits from the DEP and the COE, compliance with all other applicable rules and regulations, execution of a pier amendment, provision of a certificate of insurance, and a commitment to construct a boardwalk along the northern edge of the leasehold

The following item was held in committee:

Item #4 – Island Resorts Development, Inc. – Portofino Spa & Lifestyle Center – Nine Portofino Drive - Request to expand existing building to add 10 new treatment rooms and enclose the existing outside dining area

Board Action:

A brief discussion was held regarding Item #3B.

Upon motion of Mr. Martin, seconded by Mr. Blas, the board unanimously approved the recommendations of the committee. (6-0)

C. ADMINISTRATIVE COMMITTEE (11-12-03) - Mr. Bill Griffith, Chairman

Committee Action:

The committee unanimously recommends acceptance of the following item:

Item #1 – Report on Financial Statements and Expenditures

The following item was held in committee (no board action necessary):

Item #3 – Partial Waiver of Lease Fees for Certain Non-Profit Charitable Lessees

The following item was for information only (no board action necessary):

Item #2 – Promotions & Events Report

Board Action:

Upon motion of Mr. Perkins, seconded by Dr. Campanella, the board unanimously approved the recommendations of the committee. (6-0)

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REGULAR AGENDA

14. COMMITTEE REPORTS

A. ARCHITECTURAL AND ENVIRONMENTAL COMMITTEE (11-12-03) - Mr. McGuire Martin, Chairman

Item #5 – Beach Club Development – 18 Via De Luna - Request for establishment of the side yard setbacks

Ms. Sue Smith presented the background information and said that the request was for thirty foot (30') east and west side setbacks and staff recommended approval. A discussion followed. Ms. Smith then reviewed the proposed development, stating that the first level would house the spa and lifestyle center, the second and third floors would be parking, followed by seventeen living floors with 100 units, and staff also recommended approval to move forward with development review and the application for a Planned Unit Development with Escambia County.

Upon motion of Mr. Blas, seconded by Mr. Martin, the board unanimously approved establishing 30-foot (30') east and west side setbacks for the Beach Club Development at 18 Via de Luna and moving forward with development review and the application for a Planned Unit Development with Escambia County. (6-0)

Item #6 – Pensacola Beach Holdings – Hemingway's Restaurant – 400 Quietwater Beach Road #16 (Santa Rosa Sound) - Request to construct a 300' pier with an 8' x 12' terminal platform and 8 slips, subject to the pier being open to the public with the exception of a designated ferry-docking slip, a minimum pier width of five feet, execution of a lease amendment by the master leaseholder indicating that no additional piers will be permitted from the Pensacola Beach Holdings leasehold, and receipt of a certificate of insurance

Ms. Smith noted receipt of a letter of objection to the Hemingway's pier project received from the adjacent leaseholder, Mr. Kirk Newkirk of Key Sailing. A discussion followed during which the board heard comments by Mr. Kirk Newkirk and Mr. Larry Fox.

Upon motion of Mr. Blas, seconded by Mr. Perkins, the board unanimously voted to approve the request by Pensacola Beach Holdings on behalf of Hemingway's Restaurant, 400 Quietwater Beach Road #16, to construct a 300' pier with an 8' x 12'

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terminal platform and 8 slips, subject to the pier being open to the public with the exception of a designated ferry-docking slip, a minimum pier width of five feet, execution of a lease amendment by the master leaseholder indicating that no additional piers will be permitted from the Pensacola Beach Holdings leasehold, receipt of a certificate of insurance, and subject to staff, Mr. Kirk Newkirk of Key Sailing, and Pensacola Beach Holdings achieving agreement regarding the location and configuration of the pier. (6-0)

For Information: Mr. Ayres clarified that the amendment would be for no piers from the Pensacola Beach Holdings leasehold, and the amendment would not affect the leasehold property currently held by Ms. June Guerra.

15. NEW BUSINESS

Item #1 – Mr. Scott Amberson – Peg Leg Pete’s Restaurant, 1010 Ft. Pickens Road
Request for approval to amend lease to add a charter boat operation and sublease to Mr. Buddy Rogers d/b/a Reel Eazy Charters

Ms. Bolman provided the background on the request and said staff recommended approval of the request to amend the lease and the request to sublease, subject to payment of 5% percentage fees on all gross revenues. A discussion followed during which the committee heard comments by Ms. Alison Perdue and Mr. Buddy Rogers.

Mr. Ayres made a motion to table the request. Dr. Campanella seconded the motion. (The motion failed on a vote of 1-5 with Mr. Ayres voting in favor and Mr. Griffith, Mr. Martin, Mr. Perkins, Dr. Campanella, and Mr. Blas voting against the motion to table.)

Upon motion of Mr. Martin, seconded by Mr. Blas, the board approved the request by Mr. Scott Amberson, Peg Leg Pete’s Restaurant, 1010 Ft. Pickens Road, to amend his lease to add a charter boat operation and sublease to Mr. Buddy Rogers d/b/a Reel Eazy Charters, subject to payment of 5% percentage fees. (4-2 with Mr. Ayres and Dr. Campanella voting in the negative)

Item #2 – Mr. Kirk Newkirk – Key Sailing, 500 Quietwater Beach Road, Request for approval to sublease the area formerly known as The Sand Bar to Mr. David Bohannon d/b/a Surf Burger, a full service restaurant serving beer and wine

Ms. Bolman reviewed the request and said staff recommended approval of the request

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subject to payment of 2% percentage fees for full service food, beer & wine and 5% for all other sales and services.

Upon motion of Mr. Blas, seconded by Mr. Martin, the board unanimously approved the request by Mr. Kirk Newkirk, Key Sailing, 500 Quietwater Beach Road, for approval to sublease the area formerly known as The Sand Bar to Mr. David Bohannon d/b/a Surf Burger, a full service restaurant serving beer and wine, subject to payment of 2% percentage fees for full service food, beer & wine and 5% for all other sales and services. (6-0)

For Information: The board then held a brief discussion regarding agenda items.

Item #3 – Mr. Bill King – Pensacola Beach Gulf Pier – 41 Ft. Pickens Road – Pensacola Beach Gulf Pier Contract Requirements

This item was withdrawn.

Item #4 – Mr. Allen Levin on behalf of American Fidelity Life Insurance Company and Transworld Assurance Company, 18 Via de Luna, d/b/a Beach Club Development – Request for approval to amend lease to include commercial uses

Ms. Bolman reviewed the request and said that staff recommended approval of the request subject to the revenue for the commercial aspect being reported separately from the minimum annual lease fees for the condominium as well as payment of 2% percentage fees for professional services and real estate commissions and 5% on all other sales and services.

Upon motion of Mr. Blas, seconded by Dr. Campanella, the board unanimously approved the request by Mr. Allen Levin on behalf of American Fidelity Life Insurance Company and Transworld Assurance Company, 18 Via de Luna, d/b/a Beach Club Development, for approval to amend lease to include commercial uses, subject to the revenue for the commercial aspect being reported separately from the minimum annual lease fees for the condominium as well as payment of 2% percentage fees for professional services and real estate commissions and 5% on all other sales and services. (6-0)

Item #5 – Mr. Vernon D. Niven, III, 2 Sugar Bowl Lane – Request to combine Lots 12 and 13 in the Second Addition to Santa Rosa Villas for the purpose of constructing one single

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family dwelling

Ms. Bolman presented the background on the request and said that staff recommended approval of the request subject to the combined lease fee being equivalent to the lease fees currently received on both lots as well as amending the lease to state that once the lots are combined, the leaseholder loses the right to build a structure on each lot due to the residential density cap issue. A brief discussion followed.

Upon motion of Mr. Martin, seconded by Mr. Blas, the board unanimously approved the request by Mr. Vernon D. Niven, III, 2 Sugar Bowl Lane, to combine Lots 12 and 13 in the Second Addition to Santa Rosa Villas for the purpose of constructing one single family dwelling subject to review and assessment of appropriate lease fees, amending the lease to state that once the lots are combined, the leaseholder loses the right to build a structure on each lot, and clarification and compliance with the policy regarding combination of leases. (6-0)

Item #6 – Mr. Mike Stebbins – Christopher Sherwood Lawsuit/1999 Bushwacker Festival

Mr. Mike Stebbins reviewed the background on the case and stated that legal counsel recommended that the board initiate legal proceedings against Quietwater Entertainment, Inc. and its insurer in the case of Christopher Sherwood vs. Quietwater Entertainment, Inc. A discussion followed during which the board heard comments by Ms. Kathy Maus and Ms. June Guerra. Mr. Martin indicated that he was abstaining from the vote to recommend legal proceedings due to his business interests in a competing restaurant on Pensacola Beach.

Dr. Campanella made a motion to accept the recommendation of legal counsel. Mr. Perkins seconded the motion, and a discussion followed. The motion failed on a vote of 3-2 with Mr. Ayres and Mr. Blas voting in the negative and Mr. Martin abstaining from the vote.

Upon motion of Mr. Ayres, seconded by Mr. Blas, the board unanimously voted to authorize the attorney to move forward with the action against the insurance company, only, for Quietwater Entertainment, Inc. in the matter of Christopher Sherwood. (6-0)

Item #7 – Adoption of 2004 Meeting Calendar

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Ms. Bolman presented the proposed meeting calendar for 2004.

Upon motion of Mr. Martin, seconded by Mr. Blas, the board unanimously approved the 2004 meeting calendar, as presented by staff. (6-0)

16. REPORTS

A. MANAGER'S REPORT

The Manager noted that his report was published for information.

B. ATTORNEY'S REPORT

Mr. Matt Dannheisser, SRIA legal counsel, stated that the attorney's report was published in the board's background material. Upon inquiry by Mr. Ayres, he noted that the issue of funding for the charter school would be addressed on December 10.

C. ENGINEER'S REPORT

Mr. Dave Hemphill, SRIA engineering representative, reported that the new picnic shelters at Little Quietwater were scheduled for completion by December 25. He said the sixty percent design for the proposed roadway improvements was also underway.

17. VISITORS FORUM

Ms. Pat Ayres appeared before the board and stated that the builder for Emerald Dolphin had not yet resolved the construction issues with the management for Santa Rosa Dunes.

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There being no further business before the board, the meeting adjourned at 7:08 p.m.

CHAIRMAN

SECRETARY

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