

PENSACOLA BEACH

SANTA ROSA ISLAND AUTHORITY

Board Members:

Vernon L. Prather
Chairman

Thomas A. Campanella
Vice-Chairman

Tammy Bohannon
Secretary/Treasurer

Fred Gant
John L. Peacock, Jr.
Elwyn D. Guernsey

W. A. "Buck" Lee
General Manager

SANTA ROSA ISLAND AUTHORITY PENSACOLA BEACH, FLORIDA REGULAR BOARD MEETING MINUTES OCTOBER 10, 2007

1-3. A regularly scheduled meeting of the Authority was held on Wednesday, October 10, 2007, beginning at 5:00 p.m. Members in attendance were: Mr. Vernon Prather, Ms. Tammy Bohannon, Mr. John L. Peacock, Jr., Mr. Elwyn D. Guernsey, and Dr. Thomas Campanella (arrived at 6:50 p.m.). Board member absent was Mr. Fred Gant. Mr. Prather, Chairman, called the meeting to order and led the Pledge of Allegiance followed by a moment of meditation.

4. APPROVAL OF MINUTES--REGULAR BOARD MEETING (9-5-07) SPECIAL BOARD MEETING (9-26-07)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock the board unanimously approved the minutes of the September 5, 2007 regular board meeting. (4-0)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock the board unanimously approved the minutes of the September 26, 2007 special board meeting. (4-0)

5-6. CHANGES/ADDITIONS/ADOPTION OF AGENDA

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously adopted the agenda with the following changes: Reschedule Old Business Item 11(2) to October 24 Committee meeting; added Five Flags Inn request for the board to rescind previous action and request for Executive Director to sign documents regarding proposed snorkeling reefs to Executive Director's Report. (4-0)

7. CHAIRMAN'S COMMENTS

The chairman reminded the members present that there were only four members present and it takes four votes to pass a motion; 3-1 the motion fails.

8. PENSACOLA BEACH VISITOR'S INFORMATION CENTER

Ms. Sandy Johnston, Manager of the Pensacola Beach Visitor's Information Center (VIC) distributed her published report to the board members, stating that once again we are a little bit ahead of where we were last year in September and as long as we are ahead we are going in the right direction. She called the board's attention to the international

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column, noting that there were different type of countries than before. Ms. Johnston also noted that there were quite a few requests from the Ohio area.

CONSENT AGENDA

9. COMMITTEE REPORTS

B. DEVELOPMENT & LEASING COMMITTEE (9-26-07) – Mr. Fred Gant,
Chairman

The committee unanimously recommends approval of the following items:

Item #1 - Azure Development, LLC. - The Hilton Hotel – 12 Via De Luna - Presently negotiating separate master lease with Executive Director and SRIA Attorney, along with refinancing property.

Item #3 – Entertainer Charters, LLC. - Captain Jerry Andrews - Request approval to move boat slip from A&CH Properties, LLC., The Palace Marina - 701 Pensacola Beach Blvd - New location, Pensacola Beach Marina, Inc. - 655 Pensacola Beach Blvd.

Item #4 – Request approval to sign Partial Assignment of Lease without the indemnification/hold harmless provision – E.C.U.A.

The following items were held for the October 24, 2007 committee:

Item #2 – La Bahia Lease, LLC. - La Bahia Condos – 1300 Ft Pickens Rd - Represented by Attorney Lisa Minshew - Request permission to build six additional units.

Item #5 –Baskerville – Donovan Inc. – RFP on parking garage - A number of options for adding parking to the core area will be presented by Baskerville-Donovan. The tasking is to determine a site and a configuration that will add parking capacity where needed and discuss methods for paying for the improvements as well as approximate cost.

C. ARCHITECTURAL & ENVIRONMENTAL COMMITTEE (9-26-07) – Mr.
Elwyn Guernsey, Chairman

The committee unanimously recommends approval of the following items:

Item #1 – Mr. Fred Simmons – Gulf Aire Inn Inc. d/b/a Paradise Inn and Paradise Bar & Grill – 21 Via De Luna – Request to construct a detached addition (kitchen and bathrooms) – Approval of a one year extension for the portable kitchen (December 31, 2008), subject to posting a \$3,000 performance bond; and submitting final plans April 1, 2008.

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Item #3 – Sunrise Hospitality LLC. - a/k/a Beachside Resorts & Windjammer Condos – 14 Via De Luna (Gulf side) – Request for a 12 month extension of the previously approved Escambia County Development Order #5092031 (190 hotel rooms, 16 residential units, conference spaces, covered parking garages and other amenities).

The committee unanimously recommends approval of the following item with an amended request to construct a 9-story, 162-unit hotel.

Item #2 – Little Sabine Inc. - 165 Fort Pickens Road – d/b/a Indigo Hotel – Request to construct a 10 story, 189 units

D. ADMINISTRATIVE COMMITTEE (9-26-07) – Ms. Tammy Bohannon,
Chairman

The committee unanimously recommends approval of the following item:

Item #1 – Proposed 2008 Board Meeting Schedule as well as the proposed Holiday Schedule for 2008.

The committee unanimously recommends acceptance of the following item:

Item #2 – Report on Financial Statements and Expenditures

E. OPERATIONS COMMITTEE (9-26-07) – Dr. Thomas Campanella,
Chairman

The committee unanimously recommends approval of the following item:

Item #1 – Request approval to purchase two additional lifeguard stands - BCC approved approximately \$85,000 for two new lifeguard stands from the Escambia County Bed Tax for Pensacola Beach – Commissioner Valentino requested old lifeguard stands be donated to Perdido Key - Funded by capital from committed projects 2007/2008 leaving a balance of \$55,000.

Upon motion of Mr. Peacock, seconded by Ms. Bohannon, the board unanimously adopted the consent agenda as published. (4-0)

REGULAR AGENDA

10. COMMITTEE REPORTS

F. SPECIAL SUB-COMMITTEE, CONDO/HOTEL, (9-26-07) – Mr. Vernon Prather,
Chairman

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Item #1 – Review and discussion of the comparison document prepared by Attorney Mike Stebbins, which compares the Escambia County Condo Hotel Ordinance to the Santa Rosa Island Authority Condo/Hotel Policy, and discuss SRIA fee collection

- (1) Proposed SRIA Hotel Interruption Fee Policy
- (2) Proposed SRIA Fractional Hotel Fee Policy

Mr. Prather announced that at the last meeting, he and Attorney Mike Stebbins were directed to meet with Escambia County Attorney Janet Landers and county staff. The chairman said that it was a very good meeting, and a lot of good conversation came out of the meeting. He received an email from the county attorney's office memorializing the meeting with the proposed changes to the SRIA policy. Mr. Prather stated that the super clean version of the SRIA Condo/Hotel Policy represents basically strike through and harmonizing an existing approved SRIA document except for the recent strike through and additional wording on Item 13. After a brief discussion, the board decided to vote on each item individually.

Upon motion of Ms. Bohannon, seconded by Mr. Guernsey, the board unanimously approved the opening paragraph under General Standards as amended with the first sentence stating that: The following standards apply to all hotels, motels including condo hotels on Pensacola Beach. (4-0)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, Item #1 Hotel Licensure; Signage; Daily Rental was amended to add "resorts, inns, suites or other names that would be consistent with identification as a hotel or motel" to the second sentence after "motel". (4-0)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, the board unanimously approved Item #2 Utility Service. (4-0)

The board reviewed Item #3 Standardized Furnishings.

Mr. Guernsey made a motion to strike "standardized furniture, furnishings, and decor at the end of the first sentence and replace it with "furnishings consistent with industry standard". Mr. Peacock seconded the motion. Mr. Guernsey then withdrew his motion after further discussion.

Mr. Peacock made a motion to strike the second sentence. Mr. Guernsey seconded the motion. After further discussion, the motion failed on a vote of 2-2 with Mr. Guernsey and Mr. Peacock voting for the motion and Ms. Bohannon and Mr. Prather voting against the motion.

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Upon motion of Mr. Guernsey, seconded by Ms. Bohannon, the board unanimously approved Item #4 Front Desk. (4-0)

The board reviewed and discussed Item #5 Lobby; Daily Room Cleaning. Lucian Dancaescu commented about room service and Jeff Townsend answered questions regarding franchise agreement.

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, the board unanimously recommended approving Item #5 Lobby; Daily Room Cleaning. (4-0)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, the board unanimously approved adding the word "unit" between "any" and "owner" in the second sentence of Item #6, Management. (4-0)

Upon motion of Mr. Guernsey, seconded by Ms. Bohannon, the board unanimously approved changing "rental pool" to "rental program in the last sentence of Item #7 Centralized Reservations. (4-0)

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously approved Item #8, Use as Dwelling Unit Prohibited. (4-0)

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously voted to change the first sentence of Item #9 Notice of Use to "All hotel rooms developed in a condo hotel form of ownership must be created, sold, and maintained with notice". (4-0)

Mr. Guernsey made a motion to strike the entire paragraph of Item #10, Limit Upon Bedrooms and Bathrooms. Mr. Peacock seconded the motion. The motion failed on a vote of 2-2 with Mr. Guernsey and Mr. Peacock voting in favor of the motion; Ms. Bohannon and Mr. Prather voting against the motion.

Mr. Guernsey asked if he could revisit Item #10, Limit Upon Bedrooms and Bathrooms. A discussion followed.

Mr. Guernsey made a motion to change "two bedrooms and two bathrooms" to "three bedrooms and three bathrooms" in the first sentence of Item #10. Mr. Peacock seconded the motion. The motion failed on a vote of 2-2 with Mr. Peacock and Mr. Guernsey voting in favor of the motion and Ms. Bohannon and Mr. Prather voting against the motion.

The board reviewed and discussed Item #11, Effect Upon Lease. Mr. Guernsey mentioned comments from Olga Dancaescu, and Lucian Dancaescu also gave comments.

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Upon motion of Mr. Guernsey, seconded by Ms. Bohannon, the board unanimously approved Item #11, Effect Upon Lease. (4-0)

The board discussed Item #12, Cooking Facilities during which the board heard comments from Jeff Townsend.

Mr. Peacock made a motion to add "or as provided in hotel franchise agreement" after "sink" in the second sentence of Item #12, Cooking Facilities; Mr. Guernsey seconded the motion. Mr. Guernsey made a motion to add "and laundry" after "cooking facilities" in the title and in the last sentence of Item #12, Cooking Facilities; Mr. Peacock seconded the motion. Both motions were unanimously approved as amended. (4-0)

The board reviewed and discussed Item #13, Owner Occupation.

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously approved Item #13 as amended with strike through and additional language as recommended by the county attorney. (4-0)

The board discussed Item #14, Lease Fees, during which the board heard comments from Jeff Townsend regarding room size.

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, the board unanimously approved changing all lease fees to flat 3%. (4-0)

Another discussion took place during which the board asked Mr. Lee for comments.

Ms. Bohannon made a motion to have a flat 3% lease fee and that the board reference the document that reports the charges for the owner under condo hotel ownership (fractional hotel fee policy). Mr. Peacock seconded the motion. The board unanimously approved Item #14, Lease Fees, as amended. (4-0)

Upon motion of Mr. Guernsey, seconded by Mr. Peacock, the board unanimously approved Item #15 Special Exceptions as amended with the addition of "unit" between "any" and "owner" in the last sentence. (4-0)

The board revisited Item #10, Limit Upon Bedrooms and Bathrooms.

Mr. Guernsey made a motion to modify bedrooms and bathrooms at three bedrooms and three bathrooms. Mr. Peacock seconded the motion. The motion failed on a vote of 2-2 with Mr. Guernsey and Mr. Peacock voting in favor of the motion; Ms. Bohannon and Mr. Prather voting against the motion.

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The board revisited Item #3, Standardized Furnishings.

Mr. Peacock made a motion to strike the second sentence of Item #3 Standardized Furnishings, and Mr. Guernsey seconded the motion. The motion failed on a vote of 3-1 with Ms. Bohannon voting in the negative.

A discussion took place during which the Executive Director suggested changing the wording.

Mr. Peacock made a new motion to add "as provided by the hotel franchise agreement" at the end of the last sentence. Mr. Guernsey seconded the motion. The new motion was unanimously approved. (4-0)

The meeting was then recessed until 6:50 p.m. Dr. Campanella entered the meeting during that time.

Ms. Bohannon wanted to revisit Item #10, Limit Upon Bedrooms and Bathrooms, in regards to the 90%. A discussion followed during which the board heard comments from Lucian Dancaescu and David Brannen.

Upon amended motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously approved changing the first sentence of Item #10, Limit Upon Bedrooms and Bathrooms, to state "fifty percent of the hotel rooms including fractional hotel development shall have no more than two bedrooms and two bathrooms. (5-0)

Mr. Prather stated that the board needs to adopt this policy and rescind the old policy.

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously adopted this super clean version with amendments as voted on individually by the board members and rescinded the previous board policy. (5-0)

Mr. Lee presented the Proposed SRIA Hotel Interruption Fee Policy and stated that staff recommends approval. A discussion followed.

Upon motion of Mr. Peacock, seconded by Mr. Guernsey, the board unanimously approved the Proposed SRIA Hotel Interruption Fee Policy. (5-0)

Mr. Lee presented the Proposed SRIA Fractional Hotel Fee Policy and stated that staff recommends approval. A discussion followed which the board heard comments from Lucian Dancaescu.

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Upon motion of Dr. Campanella, seconded by Mr. Guernsey, the board unanimously approved adding language to state "The owners will be charged a minimum of \$12 per day with yearly review of actual rental rate". (5-0)

Upon motion of Mr. Guernsey, seconded by Dr. Campanella, the board unanimously approved the Proposed SRIA Fractional Hotel Fee Policy as amended. (5-0)

C. ARCHITECTURAL & ENVIRONMENTAL COMMITTEE – Mr. Elwyn Guernsey, Chairman

Item #4 – Mr. Gary Work as Trustee of the Pensacola Beach Land Trust a/k/a Portofino – 10 Portofino Drive – Request for conceptual approval of 435 units (234 dwelling units and 201 unlimited size hotel suites) on the final 12 acres of leasehold property, subject to the revenue for any commercial aspect meeting the commercial lease policy.

Staff recommended conceptual approval to construct 435 units (234 condo units and 201 hotel rooms) on leasehold property; subject to meeting all applicable codes, regulations, policies, and revenue for any commercial aspect meeting the Commercial Lease Policy. A discussion followed during which the board heard comments from David Brannen.

Mr. Guernsey made a motion to approve staff recommendation that the conceptual approval be granted with a 12 month stipulation that Pensacola Beach Land Trust retain a development order from Escambia County; if a development order is not obtained within that time frame, the board's conceptual approval will be rescinded. Dr. Campanella seconded the motion. A discussion followed where Mr. Peacock made a substitute motion to send this item to the next committee meeting. After further discussion, Mr. Peacock rescinded his motion. The original motion stands and was unanimously approved by the board. (5-0)

11. OLD BUSINESS

Item #1 – Highland Development Group d/b/a Best Western Hotel – 16 Via De Luna – Request for conceptual approval to construct a 209 unit hotel. (Unanimously recommended for approval by committee on August 22, 2007; placed on regular agenda at the request of Mr. Vernon Prather)

Staff recommended conceptual approval to construct a 209 unit hotel, subject to providing the required 10,000 square feet of meeting room space and compliance with the Consideration Fee Policy (May 9, 2007 action for payment of consideration fee of \$298,940 for 98 additional units at a cost of \$3,030/unit with the caveat that the consideration fee paid 30 days following the conceptual approval of the project and funds to be used for capital improvement)

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Upon motion of Mr. Guernsey, seconded by Ms. Bohannon, the board unanimously approved staff recommendation for conceptual approval with a 12 month timeline for development order. (5-0)

Item #2 – Noel Faddis of Realty Mart International (a.k.a. RMI) – Circle K – 1581 Via De Luna – Proposed purchase for Circle K property – Discuss board request of \$2,500 a month not to be deducted from the price of \$300,000 and that the agreement not be assignable without prior board approval (referred from September 5, 2007 board meeting)

Mr. Lee asked that this item be referred to the October 24 Committee Meeting per request from Noel Faddis.

Upon motion of Dr. Campanella, seconded by Mr. Peacock, the board unanimously approved referring to the October 24 committees the proposed request by Mr. Noel Faddis of Realty Marts International to purchase the Circle K property. (5-0)

12. NEW BUSINESS

Item #1 – Mr. Mike and Janette Kirk, 1624 Bulevar Menor - Request for a 6-month extension for reconstruction of their hurricane damaged residential structure.

Staff recommends a 6 month extension until April 11, 2008 to complete the reconstruction of the hurricane damaged residential structure.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board unanimously approved the request by Mike and Janette Kirk, 1624 Bulevar Menor, for a 6 month extension, until April 11, 2008, to complete the reconstruction of their hurricane damaged structure. (5-0)

13. REPORTS

A. EXECUTIVE DIRECTOR'S REPORT

The Executive Director noted that his report was published for the information of the board. Mr. Lee presented two items to the board that required board action:

Baker Clark of Five Flags Inn, Inc. sent a letter on October 8, 2007 withdrawing their previous consideration and approval to increase from 30 to 50 units per acre. Mr. Clark is requesting the Board rescind the previous action of February 1, 2006 for the 50 units per acre and June 13, 2007 for payment of the consideration fee.

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Upon motion of Dr. Campanella, seconded by Mr. Guernsey, the board unanimously approved rescinding the previous board action of February 1, 2006 for the 50 units per acre and June 13, 2007 for payment of the consideration fee. (5-0)

Mr. Lee is requesting permission to sign documents regarding a proposed snorkeling reefs project for the gulf and the sound. The project is in the planning phase, and allowing Mr. Lee to have signature permission will enable the project to move forward when necessary. The project will be funded by Escambia County and The Department of Environmental Project Protection (DEP) will be involved.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board unanimously granted the Executive Director authority to sign documents for the proposed snorkeling reef. (5-0)

B. ATTORNEY'S REPORT

Mr. Stebbins said that the Attorney's Report was included for the board's consideration. A discussion followed.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board unanimously accepted the Attorney's Report. (5-0)

C. ENGINEER'S REPORT

Mr. Dave Hemphill, SRIA engineering representative, noted that most projects on his report are complete. He stated that now is the time to talk about Item #1, the Via de Luna Roadway Improvement Project. This project was scheduled for completion on October 10, 2007; it is not complete. Mr. Hemphill stated that there are three change orders included with his report that ask for additional funds and additional time; he supports these change orders and recommend them for approval. A discussion followed during which Mr. Lee stated that Road's Inc. should start paying fee for not finishing by completion date.

Mr. Hemphill presented a change order from Road's, Inc. in the amount of \$10,175 with a new completion date of November 7, 2007 to install 6" hot tap w/gate valve on existing 6" RW main in order to complete new Re-Use Water System. A discussion followed.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board approved the dollar amount only of a change order in the amount of \$10,175 in the contract with Road's, Inc. due to additional work for unforeseen Re-Use Water Main Conflict. (4-1 with Ms. Bohannon voting against the motion)

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Mr. Hemphill presented a change order from Road's, Inc. in the amount of \$14,755.75 with a new completion date of December 4, 2007 to install Conflict Stormdrain box per Engineer's direction due to conflict with AT&T/BellSouth fiber optic conduits. A discussion followed.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board approved the dollar amount only for a change order in the amount of 14,755.75 in the contract with Road's, Inc. to install Conflict Stormdrain box per Engineer's direction due to conflict with AT&T/BellSouth fiber optic conduits. (4-1 with Ms. Bohannon voting against the motion)

Mr. Hemphill presented a change order from Road's, Inc. in the amount of \$4,765 with a new substantial completion date of December 13, 2007 to install additional stormdrain pipe for pond overflow. A discussion followed.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board approved the dollar amount only for a change order in the amount of \$4,765 in the contract with Road's Inc. for installation of additional storm drain pipe for pond overflow. (4-1 with Ms. Bohannon voting against the motion)

Additional discussion followed regarding the completion date.

Upon motion of Mr. Peacock, seconded by Ms. Bohannon, the board unanimously approved a completion date of November 9, 2007. (5-0)

Mr. Hemphill presented a change order for a \$41,783 credit to the contract with Southeastern Construction Inc. for Ft. Pickens Gate shelters. He stated that FEMA is not paying for the shelters so we are not building them.

Upon motion of Mr. Peacock, seconded by Dr. Campanella, the board unanimously approved a change order in the amount of a \$41,783 credit in the contract with Southeastern Construction, Inc. for shelters at Ft. Pickens Gate. (5-0)

Mr. Hemphill presented his final change order for a \$10,056.10 credit in the contract with Floridian Construction & Development Co., Inc. for repairing the benches at Casino Beach. The benches are not being repaired because people were bringing their chairs to Bands on the Beach.

Upon motion of Dr. Campanella, seconded by Mr. Guernsey, the board unanimously approved a change order in the amount of a \$10,056.10 credit in the contract with Floridian Construction & Development Co. Inc. for Casino Beach repairs. (5-0)

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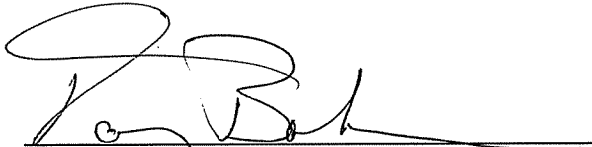
14. VISITORS FORUM

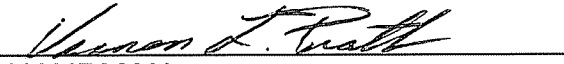
No one wished to address the board during visitor's forum.

15. BOARD MEMBERS FORUM

The board members had no further comments.

There being no further business before the board, the meeting adjourned at 8:30 p.m.



SECRETARY

CHAIRMAN

(Please note that the Santa Rosa Island Authority does not make verbatim transcripts of its meetings, although the meetings are tape-recorded. Any person desiring a verbatim transcript of a meeting of the Santa Rosa Island Authority will need to independently secure such verbatim transcript.)