

MINUTES

KEY WEST BIGHT MANAGEMENT DISTRICT BOARD MEETING

OLD CITY HALL, 510 GREENE STREET

NOVEMBER 14, 2012

A regular meeting of the Key West Bight Management District Board of the City of Key West, Florida, was held in Commission Chambers, Old City Hall, 510 Greene Street, on Wednesday, November 14, 2012.

The Chairman called the meeting to order at 9:00 a.m.

Answering roll call were Board Members Jermy Ashby, Harry Bowman, Steve Henson, Jimmy Lane, Kathryn Ovide, Dan Probert and Chairman Michael Knowles presiding.

Also present were Chief Assistant City Attorney Larry Erskine, Key West Bight Marine Manager Mark Tait, Port Operations Manager John Castro, Senior Property Manager Marilyn Wilbarger and Clerk of the Board Sue Harrison.

Others in attendance were Jack Anderson from the Key West Bight Preservation Association.

The pledge of allegiance to the flag of the United States of America was given by all present.

CHANGES TO THE AGENDA:

It was moved by Ms. Ovide and seconded by Mr. Probert to approve the agenda.

The Chairman asked for objections and seeing none, the agenda was approved.

APPROVAL OF MINUTES:

- 1) October 10, 2012 (Regular)

It was moved by Mr. Probert and seconded by Mr. Henson to approve the minutes of October 10, 2012.

The Chairman acknowledged the motion and second and asked for verbal approval, there were no objections.

ACTION ITEMS:

- 2) Approving the Key West Bight Management District Board Meeting Dates for 2013

The Clerk had provided the calendar for 2013 and stated Wednesdays throughout the year were available for the Bight Board Meetings either in the morning or evening in the event the Board chose to change the time.

Ms. Ovide stated they had received the summary of the survey from the tenants regarding the meeting time. She stated out of 75 tenants 23 replied. Of those 23 that replied 19 requested that they meet after 5:00 p.m. Seeing that the response was less than one-fourth of the tenants she recommended they continue to hold their meetings at 9:00 a.m. and if there is an item specifically relevant to the marina tenants or to anyone who could not make the morning meeting to consider having a special meeting at night for that purpose.

It was moved by Ms. Ovide and seconded by Mr. Henson, for discussion, to approve the meeting dates for 2013 and to set the time of the meeting at 9:00 a.m. and to allow for special evening meetings as necessary when specific items relevant to marina tenants may occur.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Henson, Lane, Ovide, Probert and Chairman Knowles

Nays: Board Member Bowman

- 3) Approving Sebago Booths Souvenir Photo Sales

Ms. Wilbarger stated this request from Sebago was to expand the use of their ticketing and check-in booth to allow them to sell souvenir photos from the booth.

The following people spoke on the item:

Paul McGrail, 306 Peacon Lane
John Jones, 1024 James Street

Mr. Erskine stated the Board needed to approve an amendment to the lease specifically referencing the fact that this use is permitted.

In general it was agreed that photos were part of the customer's expectation.

It was moved by Mr. Probert and seconded by Ms. Ovide, for discussion, to approve the selling of souvenir photos from all booths.

Mr. Erskine would prepare a lease amendment with the recommendation to pass along to the CRA for approval.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Bowman, Henson, Lane, Ovide, Probert and Chairman Knowles

Nays: None

Ms. Ovide requested that they not interfere with tenants that are currently selling photos from their booths while they are developing the policy change.

- 4) Approving the Second Lease Amendment for Storage at 284 Margaret Street for The Cuban Coffee Queen

Ms. Wilbarger stated the tenant had submitted a letter of interest at market rate for this storage space.

It was moved by Mr. Probert and seconded by Mr. Bowman to approve the item as presented.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Bowman, Henson, Lane, Ovide, Probert and Chairman Knowles

Nays: None

5) Approving the Sublease at Flagler Station

Ms. Wilbarger stated this would be a new sublease for a general store type of business.

Mr. Lane asked about the limitation of alcohol sales. Ms. Wilbarger stated it was anticipated to be for package sales.

The following person spoke on the item:

Joyce Unke, Historic Tours of America

Mr. Ashby wanted to make sure this business would not interfere or compete with other businesses at the Bight. Ms. Unke stated their concept was tourist type items not to compete with the bait and tackle stores with only about 10% of alcohol sales.

It was moved by Mr. Lane and seconded by Ms. Ovide to approve the item as presented.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Bowman, Henson, Lane, Ovide, Probert and Chairman Knowles

Nays: None

6) Approving Lease Assignments for Turtle Kraals and Half Shell Raw Bar

Ms. Wilbarger stated they had received a request for an assignment of these leases from Gene Smith on October 17, 2012 which was followed up with a confirmation of the request by Pat Croce on October 29, 2012. The lease assignments had been drafted and are allowed pursuant to their current lease. There are some caveats that are a little different from the standard lease documents wherein the proposed assignee must have restaurant experience and Mr. Croce meets those requirements. Two other issues in the current lease to provide for these transfers are financial issues; one is that the current lease provides for the base rent to be adjusted to an amount equal to 5% of the prior year's gross sales, in this case that would be a decrease in rent so there will be no increase in the base rent.

This lease also contemplated a lease transfer fee. The leases state that the landlord may charge a fee in an amount equal to 5% of the current annual base rent. Ms. Wilbarger had received all the information required pursuant to City Ordinance to move forward with the lease assignment and she had provided to the Board the financial disclosure statement that she had received the previous afternoon. She also received a personal guarantee signed by Mr. Croce. The provisions of the lease assignment also require him to post a six-month letter of credit on both leases. As this is a lease assignment the current tenant remains liable for the rent through the remainder of the term which expires in 2016. The financial risks are limited and she said they have a qualified assignee and that is what is before the Board today.

Mr. Erskine informed the Board they included in the lease assignment a requirement that the purchase and sale of the business be consummated no later than the end of this year. When there is a lease assignment the CRA has to consent to that. The parties had no problem with the insertion of the lessor's consent which says that the City's consent is contingent upon them concluding this transaction by the end of the year. They are not in agreement on the provision that there will not be a transfer fee. Both the current leases say that the CRA may impose this fee, at this point the current tenant has not agreed to an assignment which includes that fee. Mr. Erskine stated the leases are written to say that the City may charge the tenant that fee in the case of assignment.

Mr. John Jones, 1024 James Street, spoke on the item and he recommended the Board approve the lease assignments.

Mr. Bowman asked Mr. Croce what type of changes he planned on making to the restaurants.

Mr. Pat Croce stated he did not plan on making any changes but he planned to enhance the brand. He stated he was excited to be in front of the Bight Board and to have the opportunity to do

something in the historic bight. He wanted to keep it as Turtle Kraals and keep it as Half Shell and make them all proud.

Mr. Erskine asked that the motion needed to address the issue of the transfer fee.

It was moved by Mr. Probert and seconded by Ms. Ovide to approve the lease assignments without the transfer fee.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Bowman, Ovide, Probert and Chairman Knowles

Nays: Board Members Henson and Lane

7) Approving Change Order #2 and ratifying Change Order #1 to Bella Construction for Schooner Wharf Rebuild

Mr. Castro stated the approval before the Board was for \$28,840.00 to strengthen and renovate the upstairs wooden deck at Schooner Wharf. He stated the recommendation was to approve the change orders to bring the structure up to the 2010 building code and in doing so would eliminate many safety and fire hazards.

There was discussion regarding the bid for the project and an explanation of the general services engineering contracts and task orders under those contracts by Mr. Erskine and Mr. Castro.

It was moved by Ms. Ovide and seconded by Mr. Probert to approve the item as presented.

The Chairman asked the Clerk to call the roll.

Yeas: Board Members Ashby, Bowman, Henson, Lane, Ovide, Probert and Chairman Knowles

Nays: None

REPORTS:

8) Manager's Report

Mr. Probert asked about the Key West Bight parking revenue reduction. He asked if there was any information regarding usage. Ms. Wilbarger said they could try to get some information for the Board to get the hours used in the parking lot and add it to the report for next month.

Mr. Henson stated he really liked the new sign posts. Ms. Wilbarger reminded the Board they would have the signage workshop on November 28 at 5:00 p.m. hosted by the Planning Department in conjunction with HARC. They have only installed the sign posts for those tenants who have requested them. They have not been wired in yet. There have been about 15 requests so far. Staff has been busy with the holiday decorations.

Mr. Henson asked about the drop in revenue at the Ferry Terminal. Mr. Tait stated the ferry boat operator had engine problems and didn't operate for a week or so. There was some discussion regarding fuel.

Mr. Tait stated that the pump out boat didn't run through the whole month due to adverse weather conditions.

9) Accounts Receivable Report

Ms. Wilbarger reported on the accounts receivables. She stated the Piano Shop had made a partial payment and the dive shop was in arrears by one month. The Attorney for B.O.'s Fishwagon had a proposed payment plan that they had responded to. Staff is suggesting that his base rent be increased to where he doesn't have a problem every time his percentage rate kicks in. Mr. Owen had made payments pursuant to the proposed agreement which would take him through March 2013, and at that time a new lease year would begin.

Mr. Henson asked about the Key West Ice Cream Factory credit. Mr. Erskine stated this requires a lease amendment to be approved by the CRA. He would move the item forward.

10) Old Business

Mr. Tait had spoken with the Rowans regarding the antique truck proposal. They agreed they would not need to proceed at this time.

Mr. Tait reported on the Powerboat Club. He stated they had received faxes for late entries for the event and they were able to slip the boats. It was decided that in the future they would have the people reserve directly with the marina instead of with the promoter. All the people they spoke with were happy to hear that's the way it would be handled. He said the promoter was aware of this decision.

11) Key West Bight Preservation Association Report

Jack Anderson wanted to see a public service announcement and signage regarding the lower rates at the parking lot. He said that his business was impacted from the storms (Isaac and Sandy) this year.

Mr. Anderson reported that Key TV would be doing a commercial about Christmas in the Bight and would be filming in early December. The film would be used for next year's promotion with the TDC.

PUBLIC COMMENTS:

John Jones, 1024 James Street, spoke about the neighborhood and the Bight. He said it was a pleasure to be at the Bight and to see how clean it is. He wanted to compliment Marilyn Wilbarger and her team for how well they are running the Bight. He also complimented the Board as they are managing one of the key tourist attractions and money making areas in town.

BOARD COMMENTS

Mr. Probert wanted to see a sign put up or a banner at the Caroline Street lot regarding the reduced rate. Ms. Wilbarger would ask if HARC would approve a parking lot sign.

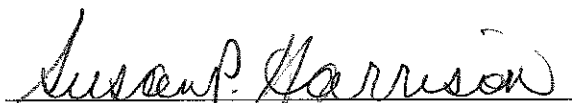
Mr. Probert spoke of the rumors about the Brewery Operation. He stated the Brewery operation is on target and is a go. Ms. Wilbarger stated they are working with Waterfront Brewery LLC and next month she would be bringing back before the Board a modification to the lease that contemplates the amortization of the structural improvement that the tenant is willing to make over the term of the lease. This will allow them to move forward and once she has all the details she would bring it back to the Board.

All the decorations and trees for the Holiday of Lights at the Bight would be ready for the kick off on Wednesday evening, the day before Thanksgiving.

Ms. Ovide agreed there should be something that says "public parking" at the Caroline Street parking lot. She also compliments those involved with the Wyland mural.

ADJOURNMENT:

There being no further business the Chairman adjourned the meeting at 10:36 a.m.


Susan P. Harrison, CMC, Clerk of the Board
Senior Deputy City Clerk