

**FORT LAUDERDALE CITY COMMISSION
WORKSHOP MEETING
TUESDAY, MAY 20, 2008 – 10:30 A.M.**

**CITY HALL CONFERENCE ROOM – 8TH FLOOR
100 NORTH ANDREWS AVENUE
FORT LAUDERDALE, FLORIDA**

Present: Mayor Naugle
Commissioners Hutchinson, Rodstrom, and Teel and Vice Mayor Moore
(arrived at 10:38 a.m.)

Absent: None.

Also Present: City Manager – George Gretsas
City Auditor - John Herbst
City Clerk - Jonda K. Joseph
City Attorney - Harry A. Stewart
Sergeant At Arms – None

Bahia Mar Property Discussion

The City Manager introduced Peter Henn of LXR Luxury Resorts, tenant of the Bahia Mar property, who introduced Jim Blosser of Blosser and Sayfie, representing LXR Luxury Resorts, began reviewing their slide presentation. A copy of the slides is attached to these minutes. He noted their purpose today is to provide a preview of the redevelopment program before it makes its way through the City permitting process; to present their thoughts on the community-oriented infrastructure they believe should be included in the redevelopment program and to share their analysis of the public benefits of the redevelopment program: 1) Fort Lauderdale International Boat Show; 2) implementation of the existing and pending master plan studies; and 3) revitalization of the Bahia Mar property and the central beach. They want to discuss why they propose a planned unit development with a mix of uses including residential to replace the parking lot that now exists and to outline the preliminary economic benefits to the City under the lease and any lease extension based upon the redevelopment program.

Robert Lochrie of Lochrie & Chakas, representing LXR, continued in review of their slide presentation and noted the property is owned by the City but unless one is a guest of the hotel, there is no access. Behind the guardhouse is a surface parking lot with water on three sides along with a marina.

Mr. Lochrie indicated that Bahia Mar is not asking for any additional uses than permitted under the existing lease. The proposal is to open the property with new public amenities, including a 4 ½ acre park. Bahia Mar believes their proposal is consistent with what identified in the Urban Land Institute study of 2002.

Scott Lamont of EDSA, representing LXR, continued in review of their slide presentation, starting with the three phases of redevelopment. Sixty-three percent of the site is dedicated to vehicles. They want to convert more than half of the site into green space, usable by the public. The parking has been integrated beneath the park. The

architectural facades are still under study, but he pointed to the Fort Lauderdale Grande as to what can be done to bring a facility to a modern feel. The co-op apartments exist on the park foundation.

Courtney Crush of Crush Law, representing LXR, noted the code defines mixed use as a mix of commercial, residential and other uses. Bahia Mar has engaged a consultant to further study why do successful mixed use developments typically include a residential component and to what proportion. Bahia Mar believes that 180 apartments is a good balance. They assure the development economic viability into the future.

Mr. Lamont continued in review of their slide presentation – Bahia Park/Open Space Component slide. In order for it to be successful, it was important to give people a reason to go to the site.

Suzanne Danielsen of Kimley-Horn, representing LXR, continued in review of their slide presentation – Existing Marina/Parking Component and indicated the parking study and traffic impact analysis are underway.

Igor Reyes of Nichols Brosch Wurte Wolf Architects, representing LXR, continued in review of their slide presentation and noted the 1,600 frontage feet along A-1-A will be filled with activity intended to bring people into the site. What would have been parking is a park or backyard. The transition from the seawall to the park is gentle. The scale of the building relates to what is happening. The boats will be a huge screening device for the park. The development allows the public to enjoy the waterway property. The tall buildings are set back 80-100 feet from A-1-A. Sixty to sixty-five percent of the views would still exist. He noted Olympic Park in Seattle and Millennium Park in Chicago have designs that convert parking into a park. This is in the national realm of public space design.

Ms. Crush continued in review of their slide presentation – Alternate Concept Overlay and Why a PUD.

Mr. Lamont continued in review of their slide presentation – Boat Show. With the parking underneath the park and on the main road, it provides access and loading for the show. All of the promenades at the park are graded at 5%.

Tom Kohler of Real Estate Research Consultants, Inc., representing LXR, commented that the resources from this development and enhanced amenities introduces opportunities for engagement to the water and this property with the public being a part of it. He referred to the Sasaki plan and noted it is a place to stroll along the beach. It is an improved venue for a \$600 million annual economic impact of the boat show. He reviewed slides on the economics and revenue opportunities. The program will give financial certainty in uncertain times. With the current lease, the revenue is \$182 million over the 54 years, real property is \$20 million and personal property is \$5 million estimated. If the property is enhanced, there is a difference of \$290 million. There are also recurring revenues for Broward County, including the tourist and property taxes, as well as one time fees.

Mr. Blosser noted there is nothing in the lease that requires LXR accommodate the boat show, but they have made arrangements for a long term presence on the site and a partnership through the design process. He reviewed the slide concerning – Next Steps.

Mayor Naugle opened the floor to the public.

Commissioner Moore thought this was a workshop for the Commission to talk about what they want on the City's property. He wanted the public to understand that this is a proposal by a developer. Mayor Naugle concurred the City has not agreed to anything.

Sadler James, resident, wanted the area to be a large, public, dense, access area to generate as much revenue as possible. There are several things not in the lease are just at the developer's whim. There should be a requirement for the boat show. The fishing fleet and the Jungle Queen should be maintained. Concerning the lease he felt the net income is too low. The percentage should be above the gross. He questioned by fuel sales are exempted. The park is essentially a place where one may walk and eat. He anticipated that there would be other uses for the public. If the lease is extended, he was concerned about the future value of money and the percentage increases being inadequate. He was concerned the charter would be circumvented by moving this into the CRA area and extending the lease without adequate provisions for revenue growth.

Christopher Beck, a resident of the Illini, thought this was to be a workshop to come up with ideas. The Illini believes a valuable view corridor will be taken away from Idlewyld across the beach. He believed that Bahia Mar is a failed business; it is largely subsidized by the City. If the Illini's 54 units were rented at \$1,600 monthly, \$1.2 million could be generated on their half acre site. About the same amount would be generated on 15 acres. He felt the City should look at other options, putting it out for bid; something that generates revenues going directly to the City.

Kaye Pearson, a resident, felt the Bahia Mar property has been under-utilized for many years. He mentioned his involvement in the boat show and expressed support in the proposal. The economic impact goes beyond the simplicity of a real estate venture and individual units, but to the heart of this community.

Kristina Hebert, resident and past president of Marine Industries, noted her grandfather was part of the original purchase and dealing with Bahia Mar. This is probably the twelfth plan they have reviewed. She talked about the number of days that the boat show encompasses and its economic impact. In terms of boat shows, it is a global market and this facility will bring more than the boat show to the community. She expressed support in the proposal.

Andrew Doole of Show Management, indicated the boat show is under tremendous pressure from foreign boat shows. A world class facility is needed. They need hotel rooms and restaurants at the show facility. Some exhibitors are being lost which will mean loss of the visitors, hotel stays and restaurant visits. It would be helpful if the City would assist with the state permitting process.

Ann Hilmer, resident of Idlewyld, indicated she looks directly at the proposed project. She questioned what is being given away if the lease is extended. The photographs depict a view from the tallest buildings in town. She wanted to see elevations at water level. She asked about the parking area elevation. She was concerned about traffic generation and noise from the proposed bistro.

Ina Lee, beach resident, indicated her business is tourism. She indicated that the bulk of visitors are from New York, and what the addition of a Waldorf Astoria will do for the City's image is something to be celebrated. She referred to the extraordinary job LXR has done with improvements to the old marina Marriott and the Hyatt. She felt they would do the same in this instance. The park will create green space in a unique way. She felt the proposed apartments could be absorbed easily and those residents will add to the economic base. She supported the expeditious completion of this project so that money could be generated into the CRA to fund the Swimming Hall of Fame improvements and CRA master plan. The economic impact on all levels of the community should be considered.

Ted Abernethy, resident, suggested a water park and miniature golf for example. A family destination should have features that interest children.

Mirana Lopez, resident, recommended focus on the boat show. She asked that the walkways be spacious and a bikepath be included. She encouraged the Commission to be cautious in studying the project before proceeding.

Cheryl Abernethy, resident, believed that anything that goes on with the park property should have the boat show in mind. She felt the boat show is a wonderful event. She suggested miniature golf or tennis courts that could be dismantled during the boat show.

There was no further public comment.

Mayor Naugle discussed some history relating to the Bahia Mar property. He noted it was a Coast Guard base. When it was closed, the City purchased the property. Construction of the marina really changed Fort Lauderdale. It established the city as a marine center; it is responsible for the boat show today; and the marine industry being number one in the city. This will be the first major reconstruction.

Mayor Naugle asked if the Waldorf Astoria would be required for 99 years. Mr. Henn indicated no and noted usually their long term agreements are about twenty-five years. Mayor Naugle concluded the lease will probably specify a luxury hotel. Mr. Henn concurred. Mayor Naugle anticipated it would not be a Waldorf. He did not want a decision made today thinking it would be a Waldorf. He commented that residents of Idylwyld and Illini will be able to provide input at the Planning and Zoning Board. The purpose of Planning and Zoning is to discuss issues like elevations. With respect to putting this out to bid, there is a tenant and the tenant is current on their rent, therefore the City is not discussing taking proposals. There is 50-60 years remaining on the lease. The real challenge is to protect the City. He was pleased to see the boat show is being made permanent on the property.

Vice Mayor Rodstrom liked the idea of a large hotel resort, the park, and the boat show. She asked if LXR will build the project if the City cannot reconfigure the lease. Mr. Henn noted there is a separate application with the City at present for the north panhandle portion. A lease extension is not needed for it. This magnitude will not be possible without the lease extension. She commented that the economy runs in cycles and at this time, the proposed residences are needed in order to economically be able to build the remainder of the project. Mr. Henn noted in order to call the residences, Waldorf Astoria residences, there needs to be a Waldorf Astoria hotel. According to the phasing plan, the hotel would be first, then the boat show, park, etc. is one plan, but it will take

some time in order to accommodate the 2010, 2011 and 2012 boat shows. As to whether there will be a Waldorf Astoria Hotel, there are people ready to sign a 25-year agreement. Vice Mayor Rodstrom commented that the economy may change and it may be possible to construct a first class hotel without the residences. She was opposed to the residences. She did not see any public use for it.

Vice Mayor Rodstrom pointed out that there will be a lot more public input. Having a workshop at this time of day tends to inhibit people. She pointed out that LXR will have to go through the process for the project and the lease. She emphasized the City have an independent economic advisor. Once that individual is onboard, she wanted to hold another workshop. The City Manager concurred.

Mr. Henn noted that he will be making the same presentation to the Central Beach Alliance this Thursday. LXR representatives will make themselves available to the public. Vice Mayor Rodstrom felt the question is how to do better with less impact to the public and protect the marine industry.

Mayor Naugle noted that the original lease anticipated apartments.

Commissioner Hutchinson was not opposed to discussion of a lease. She did not think the time table is realistic. It needs to be reviewed by various boards. She referred to the need to make improvements to the Aquatic Complex and the need for revenue. She thought mixed use is appropriate and that the boat show should be written into the new lease.

Commissioner Moore commented that historically the public has expressed views, but at times the Commission has done what it wanted to do.

Commissioner Moore thought today the Commission would receive public input about what to place on this public property. He asked if the lease is designed on the undeveloped or developed portion of the property. He asked if LXR has any rights with respect to the boat show. He asked about LXR's development rights as the tenant. Another question is whether the Commission wants LXR to develop on the site and if so, should LXR develop what they want or what the City wants, and specifically optimizing the site for the boat show. Another consideration is open green space. In summary, he felt the City should be wagging the tail. Additionally, he asked about what type of entertainment is being proposed, if any, along the water, and should the open space be on the beach as opposed to the Intracoastal. He did not think an economic advisor should be retained until the City knows the direction it is going.

Concerning the lease extension, Commissioner Moore did not believe LXR has any rights beyond what is presently in the lease. There should be no assumption of ninety-nine years. As to next steps, he wanted to know what the City is required to do. He did not think it would be appropriate to extend the term tied only to the boat show. It was noted when one is competing with boat shows around the world, it is suggested one attend because of other amenities. He felt the City has other amenities along the beach and it is not necessary to be on one site.

Commissioner Teel agreed there are a lot of questions. She commented that the location is perfect for the boat show. People would like to have residences to stay in when they attend the boat show. She wanted to know the City's rights to determine

what may take the place of the boat show in the future. She felt the Commission should be in the position of making the decision of a future use. She does not object to the residential. They would be cooperatives until the end of the lease. The land will still belong to the City. One might think of it as a hotel with mega-suites. The promenade around the perimeter where the public can go, view the boats and see the Intracoastal is first class. There is no other opportunity in the City. With respect to the bistro, the City would prohibit outdoor music or amplification, for example. She believed the City does not want music shooting into Idylewyld. As far as amenities for children, she did not think this is the location. She referred to the Aquatic Complex improvement plans and noted it is geared for children. Perhaps a miniature golf course could be situated at George English Park.

Commissioner Teel felt the presentation was appropriate. The thought process has to start somewhere. The Commission will think about it from this point. It is public property. She had confidence in the legal staff. The people with the lease are interested. She felt that RFPs would mean more delays. She looked forward to improving the area.

The City Attorney responded to Commissioner Moore's questions. The tenant has some development rights, but no more rights than any landowner in the city to develop something that is consistent with the Unified Land Development Regulations (ULDR) and with the rights and obligations of the lease. The lease requires that they develop the property in such a way as to maximize the revenue to the City. If the Commission wishes LXR to develop the property, the City cannot direct, but it can direct that they meet the lease obligations which is to maximize revenue. If the City believes their proposal either does not meet the ULDR or does not maximize revenue, it can be turned down. LXR has the right to develop the open space for the public and for private purposes for those uses listed in the lease. As to development of the front or back of the property, site plan approval comes before the Commission. PUD rights are not automatic; they must meet requirements of the ULDR and get the Commission's approval. The boat show was not contemplated when the lease was first written and was not incorporated in the lease, thus there is no obligation on their part to accommodate the boat show other than the good will of the landlord which is the City. The economic advisor is being retained to advise the City on what is the highest and best use of the property, the property value to the City and what the City should be getting in return if the lease is amended. With respect to the 99 years, he explained that before doing anymore work, staff wanted Commission input. The charter provides that the property may be leased out for fifty years without competitive bidding. In 1962 the property was leased out for fifty years. In 1980 it was extended for twenty-five years. In 1995 it was extended for twenty-five years. The life of the lease is now at fifty-four years. It will ultimately expire in 2062. The 99 years can be accomplished if the Commission wishes.

Commissioner Moore asked what were the circumstances each time the lease was extended, that is, was the tenant the same or was the lease sold to a new investor. The City Attorney indicated he could furnish that information.

In response to Commissioner Moore, the City Attorney indicated the City receives 4% of the revenue that LXR receives from the boat show. Technically, the City cannot extend the lease; there must be a new lease, starting from 2062. In order to grant the new lease, the City may require that the current lease be amended. The terms and

conditions of the amended lease can be changed as a condition of the extension. Currently, the 4% increases to 4.25% in 2012. One reason it was recommended an economist familiar with land development be retained was because the purpose of the lease seemed to be changing. When uses were contained in the previous lease, uses listed apartments, which assumed ownership and then a portion of the rent. From the standpoint of doing some other type of land lease, staff wanted someone more familiar with those types of deals to optimize the City's revenue.

Commissioner Moore asked if the economist would look at the value of the land and appreciation since the last negotiated lease period of time. The City Manager indicated the economist could look at whatever the Commission would like. Commissioner Moore asked if the City has received increased revenue based upon properties in the vicinity and their improvements and the property value appreciating. The City Manager advised that revenues have increased, but he was not certain if it relates to property value.

Vice Mayor Rodstrom wanted the economist to provide information on the highest and best use of the present lease. Mayor Naugle questioned what would it cost to have that calculation accomplished.

The City Attorney continued in his response to Commissioner Moore. The lease can be bid out, but it is not required by the charter. Mayor Naugle pointed out that the lease could be condemned, the market value be paid and the City could start over. Commissioner Moore pointed out if there is an opportunity of doing a PUD, other parties may be interested in it. If the City is being asked to open that door, he questioned if it should be opened for everyone to see the benefit to the City. At present, the only entity that has an opportunity of keeping things as they have it today or changing it for the future is this one entity. The City Attorney understood that LXR does not want to talk about lease terms between now and 2062. As a condition of discussing future development which would extend past the 54 years currently left in the lease, he recommended the City discuss the existing terms of the lease and how they may be amended to accommodate their wishes and perhaps better the City's position. Commissioner Moore pointed out that LXR is requesting a rezoning and as such, he felt they are opening a new door. At present a PUD will allow them to do what they want to do. The present zoning will not allow development in the manner they are proposing. Vice Mayor Rodstrom also wanted the City Attorney to look into this point.

Mayor Naugle felt adding a clause to protect the future of the boat show is a good trade-off for some sort of an extension and that could not be possible without a requested lease extension. Assurance on the boat show has great value. Commissioner Moore believed because the City owns the property, it can make that a requirement.

Mr. Henn understood the Commission's thoughts about the boat show and indicated that everything he has heard today about the boat show is also their goal.

There being no further business to come before the Commission, the meeting adjourned at approximately 12:29 p.m.

