

JICANet Update
Vol X, #59
Nov 2, 2009

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Items in This Update

- Because of its length, this Update consists of a single item

**Record of the Jekyll Island State Park Authority (JISPA) Board Meeting
of 19 October 2009, in the Convention Center, as recorded for JICA**

Chairman Bob Krueger brought the meeting to order at 9:35 AM. Board members present were Chris Clark, Steve Croy, Buddy DeLoach, Mike Hodges, Sybil Lynn, and Ben Porter (by telephone). Also present were new Advisory Board member Senator Ross Tolleson, Park Authority Executive Director Jones Hooks, Denise Whiting-Pack from the Office of the Attorney General (by telephone), legal counsel Brooks Stillwell (by telephone), and David Shiver of Bay Area Economics (BAE, by telephone). The audience numbered about 50 persons.

Chairman Krueger introduced Cathy Holtzclaw, from DNR, who works with Commissioner Chris Clark, and Senator Tolleson, who has been appointed to take Eric Johnson's spot on the Board (Johnson has resigned from the Senate to run for Governor). Tolleson looked forward to helping bring families back to Jekyll Island State Park to build memories (he frequently came to the Park as a child, and remembered large crowds on the beaches and at the Shopping Center).

Krueger reminded the audience that questions would be accepted from the public (3 minutes maximum duration) following each committee session.

COMMITTEE SESSIONS; CONSERVATION AND PRESERVATION

Chairman Krueger noted that the Conservation Committee would have no report.

Frank Mirasola inquired whether the Authority intended to fill the Conservation Manager position (Christa Frangiamore has resigned). Answer: yes; we are now considering when to fill this position, and how it will be structured.

FINANCE COMMITTEE

Chairman Hodges observed that Park revenues for September were \$79,000 over budget. Parking-fee revenues were \$68,000 over budget for the month. For the fiscal year to date, the Park is \$192,000 over budget (\$164,000 of that came from parking fees). September expenses were \$131,000 under budget (human resources were \$67,000 under budget). Year-to-date, expenditures total \$4,088,000, \$287,000 less than had been budgeted. Net operating cash income was negative \$68,000 for September. Year-to-date the Park has a surplus of \$1,331,000 (56% better than had been expected). This surplus is \$559,000 better than at the same point in the previous fiscal year. Jones Hooks noted that the reduction in human resources expenditures was due to a reduced cost of insurance, not additional layoffs.

Hodges reported that September hotel occupancy rates have risen from 43% last September to 47% this September. Average daily room rates have risen \$5, to \$116.

Hodges observed that enactment of a resolution by the Board was required to enable the receipt of general-obligation bond proceeds. Denise Whiting-Pack explained that the Park Authority Board must enact a resolution to the effect that they would be receiving and spending the bond proceeds in accordance with Georgia law. The Finance Committee approved the resolution.

The Finance Committee also approved three capital-spending projects: 1) runway repaving at the airport; 2) enhancing of the Park's 911 program; 3) extending of the Park's bike trails.

Chairman Hodges reviewed the Finance Committee's progress in arriving at a policy for extension of residential leases in the Park. After considerable debate regarding the recommendations of the Bleakly Group, those recommendations, along with proposals from the public, were reviewed by Bay Area Economics (BAE), a consultant located in San Francisco. Hodges cited four goals of the Finance Committee regarding the potential lease-extension policy: 1) the policy must be kept simple and easily understandable; 2) the policy must be equitable among residents; 3) the policy must assure affordability; 4) the lease fees to be charged must be based on land valuations. David Shiver of BAE presented his group's recommendations regarding the potential lease-extension policy (the recommendations are available on the Authority website: <http://www.jekyllislandauthority.org/JIA_Peer_Review_Letter.pdf>). The basic points in the proposed land-lease structure follow. Option 1: Leaseholders may retain their current lease without change until 2049. Option 2: During a 12-month conversion period, residents may opt to extend their leases to 2089. The base rent would be 0.4% of the appraised value of the land (not including the home). For the first five years, a 50% discount on the lease fee would apply. For residents with a homestead exemption,

the 50% discount would apply for ten years. Those who rent their homes would need to obtain a commercial license, at a cost per year of 0.2% of land value plus the value of the home. Transfer of the lease would be free for interspousal transfers, and \$500 for interfamily transfers. Option 3: Residents who elect to extend their leases after the initial 12-month conversion period would then pay 5% of land value as their annual lease fee.

Ben Porter asked whether there would be a penalty applied to residents who rent their homes, but do not obtain a license? Answer: we have not dealt with potential penalties for policy violations. Porter requested that Chairman Hodges put this question on the list for Finance Committee deliberation.

Chairman Hodges proposed that the Finance Committee continue to review the recently received BAE recommendations, and then meet in public session, probably on 3 November, to discuss the BAE report and make a recommendation to the whole Board. At the following Board meeting (9 November), the new residential-lease policy could be officially proposed. Buddy DeLoach cautioned that the Board needs to be sure to include in the lease policy a means of determining land value, should it be the case that Glynn County would change its method of appraising the land. Hodges reminded the group that after a policy is accepted by the Board, it will need legal review before it can go into effect. DeLoach further cautioned that applying the 5% rate to residents who do not opt for extension within one year must be carefully examined by legal counsel with respect to equitable treatment of residents. Chairman Krueger noted that the Board will need to consider defects in current leasing policy, and try to correct these in the new leases (he gave an example of rental properties adjacent to permanently occupied homes, wherein the rental properties are not kept to the same standard as the permanently occupied homes).

Tise Eyler asked for clarification: would a properly transferred, extended lease have the fee equal to 0.4% of appraised land value for the new lessee? Answer: yes. Eyler also asked for a reiteration of the statement that the lease fee would be based on the appraised value of land only, not land plus improvements. This was affirmed.

Frank Mirasola observed that the 3 November date is an election day, so the Finance Committee might want to move the meeting for discussion of the BAE report.

Pat Overholt noted that visitors to the Park have often expressed anxiety regarding whether necessities will continue to be available after redevelopment gets underway (e.g., will groceries, pharmacy, etc. be available, or will there be signs on the causeway stating that gas and other necessities will not be available?). Overholt stated her opinion that these people need reassurance that necessities will be available. Chairman Krueger assured Overholt that these items are being addressed.

Mark Lichtenstein wondered whether it would be possible for the Park Authority to send an estimate of future leasing costs under each leasing option to each Park resident?

Answer: these estimates will be available soon.

Norman Haft commended the Board for taking seriously the comments that were submitted regarding the Bleakly lease-extension proposals, and expressed his opinion that the BAE proposal has a great deal of merit.

PERSONNEL COMMITTEE

Human Resources Director Cornell Harvey reported that the Authority is now updating its drug-free-workplace policy, and that the Authority's United Way drive has collected \$5,000.

Buddy DeLoach inquired about random drug testing of Authority staff – he wondered what the definition was for a "high-risk employee"? Answer: this definition has to do with the tasks of employees (e.g., operation of heavy machinery), not perceived tendency to use drugs. Director Hooks added that management will also be subject to drug testing, not just staff.

Mindy Egan expressed her opinion that the Park has a critical need for a Conservation Manager at this point in its redevelopment process. Conservation is a specialized area, so the Park needs someone to truly focus on it as development of new tracts gets underway, and as the Authority's new Conservation Plan Committee undertakes a revision of the Plan. Chairman Krueger asserted that this is an operations issue, not a policy issue, so it should be taken up with Director Hooks.

MARKETING COMMITTEE

Marketing Director Eric Garvey expressed his hope that the Park has seen the bottom of its downward trend in visitation due to the economy. He reported that 18,000 visitors attended the Shrimp & Grits (S&G) Festival, with an estimated economic impact locally of \$2 million. Garvey called upon public-relations consultant Mary Butin to give a reprise of recent marketing activities. Butin described the S&G Festival as huge and unique; no other S&G festival is held in the USA. She complimented Garvey on his creation of this cutting-edge event. Butin stated that more than 150 million impressions (viewings or listening on the Web, TV, magazines, radio, etc.; this included CNN National Radio) were recorded for the S&G advertising. Garvey and his son did a piece on Good Morning Jacksonville (a difficult TV venue to obtain). Butin's chief publicist in Atlanta was involved (Mary Eva Treadway). Treadway noted that the S&G Festival gave her a good hook to find space on Atlanta TV. Butin felt that the S&G Festival would continue to grow over the years and serve as a draw for Jekyll Island State Park. Butin announced that her agency would now focus on revitalization, publicizing

milestones planned and accomplished, with an emphasis on the uncrowded, family-friendly nature of the Park. Events, sports, natural attractions, seasonal opportunities, and individual hotels will also be marketed. Growth potential will be publicized to real-estate trade outlets. Butin highlighted the "magic of three messages" – people remember things in threes. She will be driving home the three most important assets of the Park: conservation aspects, rich historical heritage, and escape to natural wonders (different from, for example, Hilton Head).

Garvey described his plans for the next 24 months. There will be redevelopment activities underway, and his group will be keeping the public informed about the plans of the Authority to make redevelopment not interfere with the public's enjoyment of the Park. The campaign will be entitled "It's All Good" (IAG), which will last through the construction phase (probably about 24 months), and then the long-term rebranding campaign will begin. The IAG program will involve use of bright colors, a themesong, and refreshing of the photos to be used in marketing.

Garvey announced that the new sea-turtle auto-license tag is now in warehouses of the Department of Motor Vehicles (DMV). Those who have signed up for a tag will be receiving in the mail a voucher to be taken to the local tag office where a temporary tag will be issued; the sea-turtle tag will then be mailed to new owner. New purchasers of the tag can now buy it at the tag office and have it mailed to them.

Frank Mirasola described the testimony of three diverse groups which he had taken on nature walks. All had been to Jekyll Island State Park previously. They were worried about potential change that they might not like. Mirasola had assured these folks that changes in the form of updates would occur, but not conversion into a densely developed resort. Mirasola felt that the Park's marketing should contain assurances that a densely developed resort is not in the Park's future. Mirasola also recommended that Trammell Crow be taken to task for leaving an eyesore on the sites that they plan to develop into new hotels.

Tise Eyler suggested to Eric Garvey that the horse-riding attraction, and the fishing possibilities should be included in his "It's All Good" campaign. Eyler also called for spending of SPLOST monies as promised, on the bike paths. He wanted to know just how the bike paths would be changed? Answer: the SPLOST monies have not yet come along; when they do they will go to the promised improvements to the bike paths.

COMMITTEE OF THE WHOLE

Chairman Krueger proposed that the dates of the Park Authority Board meetings be moved to the third Monday of each month in 2010, so that more complete financial information from the preceding month can be examined.

Krueger presented the first reading of a new Fats Oils and Grease (FOG) ordinance for the Park. This deals with requirements for processing of restaurant waste. Krueger asked parties with special interest in this ordinance to contact Director Hooks.

Chairman Krueger introduced an amendment to the Revitalization Partnership Agreement (the contract between real-estate developer Linger Longer Communities and the Jekyll Island State Park Authority). Krueger stated that the changes were needed because the partnership's plan has changed, the financial scope has now risen to \$50 million, and the financial conditions under which the partnership is operating have changed. Krueger stated that he had talked to each of the Board members about the proposed changes and the need for them. He described the amendments as providing flexibility in an era of significant uncertainty. [NB -- key provisions of the 4-page amendment document include: designation of Linger Longer as Development Manager and not the lessee for the Phase 1 retail development (Phase 1 constitutes the basic necessities of the retail center: grocery, post office, bank, etc.); payments of \$5.35 million from JISPA to LLC (partnership payments, management fees, and reimbursable expenses); payments of \$760,000 from LLC to JISPA; and adjustment of contract-termination rights of both partners.] Ben Porter made a motion to bring this amendment up for an approval vote later as an action item, and Sybil Lynn seconded the motion. Buddy DeLoach asked for clarification: was the vote being requested for conversion of the amendment into a legal document? Answer: yes, and the resultant legal documents will be brought back to the Board for approval in December. DeLoach worried about there not being enough detail in the description of the Development Manager role of Linger Longer; he was concerned that it wasn't clear enough that the Park Authority would get its money's worth for the management fees that it would pay. Krueger reminded the Board that detail is absent because it is up to legal counsel to provide the details. DeLoach asked whether a vote for the current amendment document would be a vote for the Management and reimbursement fees? Answer: yes. Ross Tolleson inquired whether he could vote, as an Advisory Board member? Answer: no, but you may state your intent. The vote was taken, and all but DeLoach voted for the amendment. DeLoach voted no. Tolleson stated that he was in favor of the amendment going forward to the legal advisors.

Director Hooks announced that HHCP (the architectural/engineering firm working on the Beach Village project and the park north of the Convention Center, the "North Park") has the plan for the North Park ready to go out to bid on 3 November, and groundbreaking is tentatively planned for 7 December. Also, the Morgan Tennis Center building has checked-out well with regard to its structural ability to serve as a temporary convention facility, and the plan has passed muster with DNR's historic-preservation branch.

Hooks thanked Facilities Director Ronny Smith for heading-up the team that participated in the Brunswick Stewbilee. The Florida Times Union commended the Jekyll team for the great stew that they entered.

Hooks announced that construction of the new Verizon Wireless tower is finally actually underway. Improved Verizon service is anticipated before the end of 2009.

Project Manager Jim Broadwell and Director Hooks have met with Trammell Crow, and viewed some potential tentative plans for the combined Canopy Bluff site and the site just to its south.

Hooks explained that the new birding platform on the south end was planned for completion before the Birding Festival. However, there were problems in obtaining the lumber, which has held up the construction process.

Chairman Krueger announced to the Board that he is working on developing a plan for a working relationship with the Jekyll Island Foundation. He hopes to have something in writing for review by the next Board meeting.

Respectfully submitted, Steven Y. Newell, Jekyll Island Citizens Association

---and that's the news from Jekyll Island where history lives, nature abounds and we have your reading for the day!. - Darrell Davidson, Interim JICANet Editor

JICANet Updates are periodic communications from the Jekyll Island Citizens Association to its members and interested parties. To subscribe or unsubscribe, send an e-mail message to jicanet@jekyllcitizens.org.