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LAW OFFICES  
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P. O. BOX 1596  
VENICE, FLORIDA 34284

June 1, 2004

Dean Calamaras  
120 Auburn Woods Circle  
Venice, Florida 34292

Re: Effort to Conclude the City of Venice/VGA Settlement

Dear Dean:

When Jeff and I met with Bob Anderson the other day, he said he wants to keep the settlement with the VGA "under the radar screen." That is fine with us just so long as the job gets done without further delay. It will soon be eight months since the VGA Board met and agreed to pay the extra rent and the VGA has been paying it every month since.

As an aide [sic] in getting this job done, I enclose:

1. Brief summation of the VGA/city problem.
2. Chronology of events and where we are today.
3. VGA board minutes when George Hunt appeared on behalf of the city, and VGA agreed to the rent increase in exchange for the set offs offered by the city. George Hunt was at the meeting under direction from City Council, per Shade Minutes.
4. Electric, water and dog park excerpts from the Shade Meetings. 5. Summary of the agreements reached between the city and VGA.
6. Items to be covered at meeting at City Hall. The meeting went nowhere except to execute the lease amendment prepared by Bob Anderson.
7. The letter from CPA Terry Littrell that states the water at 4.5¢ and the electric set off for pumping will not total \$21,400.

8. The May 27, 2003 shade meeting minutes colored in yellow stating the city has no legal basis to take the VGA to court. Also the portions colored in pink cover what to offer the VGA to set off the \$20,000 increased rent.

I want very much to work with you to get this concluded. Best regards.

Very truly yours,

E.G. Boone

NOTES FROM TRANSCRIPTS OF SHADE MEETINGS, ETC. RE VENICE GOLF ASSOCIATION LEASE WITH CITY OF VENICE.

The position of the City continued to be that it could take the VGA to court and win on the following grounds

1. The lease would be rescinded and canceled because it is in non-compliance with FAA regulations.
2. The VGA would then be back to the 1988 lease drawn by Bob Anderson at \$276,000 per year.
3. The lease can be rescinded and voided because it violates public policy.
4. The lease is in violation of the FAA grant assurances and the deed restrictions on the deed from the government to the City of Venice.
5. The lease can be canceled due to diversion of income.
6. The lease is in default because the VGA did not take 400,000 gallons of effluent during certain periods of time. Put another way, Bob Anderson stated this was a breach of the lease.
7. After five years of contention and dispute, Bob Anderson stated that his office and the Foley and Lardner law firm in Washington, D.C. have now spent many hours researching the legal grounds on which to rescind, cancel, revoke, reform or modify the VGA lease. He told the City of Venice City Council on May 27, 2003, that the City has no legal basis on which to sue the VGA. (See shade meeting transcript, pages 2, 3, 4, 5, 6, 7, 10, 12, 13, and 14)

Having done the research beforehand, not after, the attorneys for VGA stated during the past five years that the existing lease could not be rescinded, canceled, revoked, reformed or modified by the FAA or the City of Venice.

Mayor Calamaras and George Hunt were authorized to offer and to work out with VGA the offset through:

1. A dog park lease (new and separate lease). The lease would need to go before City Council for approval.
2. Adjustment in the VGA re-use water and electric rates, which would come out of the Utility Department budget, as the Utility Department is now spending approximately \$80,000 per year less in maintenance, repair and upkeep of the former VGA irrigation system. This would not need to go before City Council.

Causes of action that exist (among others) by the VGA against the City of Venice:

- a. Fraud in the inducement
- b. Knowingly negotiating in bad faith
- c. Specific performance

### **CHRONOLOGY OF EVENTS**

**5/27/03** - Shade meeting where George Hunt and Dean Calamaras were named to negotiate with VGA and the terms of the negotiations were outlined.

**August & September `03** - Two breakfast meetings held at Clock Restaurant and terms agreed upon between the city and VGA. Dean Calamaras, George Hunt, EGB, JAB, Don Shrode, Bob Miles attended both meetings and Terry Littrell attended the second meeting where the numbers were worked out.

**10/10/03** - George Hunt attends special board meeting of the VGA and outlines the terms of the agreement. VGA votes to pay the \$21,400 starting 10/1/04.

**12/15/03** - Report of agreed upon terms sent to George Hunt, the mayor, Don Shrode, Bob Miles, Terry Littrell, etc.

**2/2/04** - Memo faxed to all of the parties that will be attending the meeting at city hall on 2/4/04.

**2/4/04** - Meeting at city hall that went no where except to confirm that the VGA is paying the \$21,400 per year.

**4/20/04** - Shade meetings minutes obtained from city hall.

## VENICE GOLF ASSOCIATION, INC.

### SPECIAL MEETING OF DIRECTORS HELD ON OCTOBER 10, 2003

A special meeting of the Directors of the above named corporation was held at the office of the Venice Golf Association, Inc., Venice, Florida, starting at 1:30 p.m. on October 10, 2003. Directors in attendance were: Donald W. Shrode, Charles R. Miles, Susan H. Grissinger, Michael Wheeler, Max Byrd and Robert Keating. Venice City Manager George N. Hunt attended the meeting at the invitation of President Shrode and E.G. (Dan) Boone was in attendance as the attorney for the corporation and also was asked to serve as the Secretary Pro Tem for this meeting. The purpose of the meeting was to consider the increase of rent to the City of Venice from \$160,000.00 per year to \$180,000.00 per year.

President Shrode introduced Mr. Hunt to the Board and Mr. Hunt thereupon reviewed the history of the FAA problem with the City over the golf course lease which has been going on for five years. He stated that \$276,000.00 rent per year was advanced by City Attorney Anderson at the outset of the negotiations for the new lease and this caused a problem from that point forward. The City has always negotiated lease rents on the airport at the lowest possible rate and this includes the municipal golf course lease. One of the reasons why he felt the lease rent should be as low as possible was because the golf course in effect a quasi municipal course.

He stated that the interference by the Tax Payers League and the league members going directly to the FAA in Orlando caused this lease to be objected to by the FAA. After several years of back and forth the City went directly to the FAA headquarters in Washington, D.C. and settled for an increase of \$20,000.00 per year which Mr. Hunt described as nothing but face saving on the part of the FAA. The agreement with the FAA was for the payment into the Airport Fund of \$20,000.00 more *effective October 1, 2003* and the City in turn wants the VGA to pay this amount which will actually total \$21,400.00 per year when you add the 7% sales tax of \$1,400.00. Mr. Hunt wants the matter to be resolved at this time in that the agreement with the FAA was that the \$20,000.00 increase would start in October of this year and the FAA is demanding that the VGA pay the increase and the City settled on that basis.

In confidence, George Hunt then told the Board what the City intends to do after the first of the year; namely, enter into a sub-lease with the VGA for one acre for dog park parking. Mr. Hunt has an appraisal from the City Appraiser, Mr. Hettema, and we have furnished an appraisal to Mr. Hunt prepared by our appraiser, Mr. Bass, with the Hettema appraisal being \$12,000.00 and the Bass appraisal being \$13,500.00 rent per year. Mr. Hunt said the amount arrived at would be somewhere between these two amounts.

At this time the golf course pays \$60.00 per day for reuse water and is required to take 400,000 gallons per day and must pay for the water whether it takes any water or not. There is a rate study going on at this time which Mr. Hunt believes will become effective somewhere between January 1 and April 1, 2004 and through this rate study the golf course will receive a lesser reuse water cost than other golf courses. Mr. Hunt proposed that the City remove the 60.00 per day and the paragraph that requires the golf course to pay whether or not it receives

any water. Also to remove the required amount that the VGA must take and remove the advance notice clause in the lease. He states the golf course would then pay only for the water it draws from the east side plant.

At the earlier meeting held on October 6 with Mr. Hunt; Don Shrode, Bob Miles and Dan Boone, it was agreed that the water savings that George Hunt Proposed would be no less than \$13,140.00 per year. This figure was repeated at this meeting by Mr. Hunt.

Mr. Hunt also stated that he would work with Dan Boone between now and the end of the year to work out the dog park lease terms and the water adjustment and the language which will be removed from the existing lease. With this to be done prior to January 1, 2004, then the City can move forward with the VGA on these changes after the first of the year.

Mr. Hunt again stated the \$20,000.00 increase to be paid will not be retroactive, but will start October 1, 2003. Mr. Hunt said we will work out the dog park lease, the changes in cost of water, and the other changes, so they can take effect at the same time and probably retroactive to January 1, 2004.

Mr. Hunt stated the City will install a meter on the pond to meter the water coming in from the east side plant.

He also stated the agreement is that the dog park land to be leased starts at the large hedge at is approximately across from the dog park.

At this point Mr. Hunt left the meeting and asked that Dan Boone call him to let him know the decision of the Board.

After discussion concerning Mr. Boone working with Mr. Hunt on the details of the settlement between now and the first of the year, and the fact that Mr. Boone wants Terry Littrell to assist him in the monetary calculations, along with other discussion, Bob Miles made the motion, which was seconded by Susan Grissinger, that the Board approve the \$20,000.00 per year increase in the rent to be paid to the City effective October 1, 2003. This motion passed unanimously.

Mr. Boone then stated he would work with George Hunt and that he would work with Terry Littrell in order to get the job done if at all possible between now and the end of the year.

The Directors agreed not to discuss what took place in this meeting with anyone except the Directors who did not attend this meeting.

There being no further business to come before the Board of Directors, the meeting was adjourned at 3:00 p.m. upon motion duly made and carried.

E.G. (Dan) Boone  
Secretary Pro Tem