

**Chautauqua Lease Committee**  
**July 20, 2015**  
**Final Meeting Summary**

**Attendance**

*Committee Members:* Susan Connelly, George Karakehian, Tim Plass, Deb van den Honert, Bob Yates

*City Staff:* Tom Carr

*Facilitation:* Heather Bergman, David Burchfield

*Observers:* There were 11 observers present, including Chautauqua residents and interested citizens.

**Next Steps**

Tom Carr	<ul style="list-style-type: none"> <li>• Prepare a revised draft of the lease based on the discussion at this meeting, including: <ul style="list-style-type: none"> <li>○ Check acceptability of Section 11 language with City staff in several departments; review entire lease with Maureen Rait.</li> <li>○ Redraft Section 15 language with a blank space to be filled in per pending capital improvements assessments agreements.</li> </ul> </li> <li>• Draft a memo for presentation at August 11, 2015, Council study session and submit to the Committee for review.</li> <li>• If possible, schedule a joint meeting with the Boards and Commissions following the Council study session.</li> </ul>
Tim Plass	<ul style="list-style-type: none"> <li>• Review Council study session calendar and determine if the Chautauqua lease can be addressed during the August 11, 2015, study session.</li> </ul>
Deb van den Honert and George Karakehian	<ul style="list-style-type: none"> <li>• Draft an acceptable plan for assessing cottage owners for capital improvements.</li> </ul>
Bob Yates and Susan Connelly	<ul style="list-style-type: none"> <li>• Include language in the sublease regarding the process for assessing cottage owners for capital improvements.</li> </ul>

**Introductory Items**

The Committee dedicated this meeting to the review of changes to the lease based on the previous meeting and additional revisions proposed by members Susan Connelly and Bob Yates. Ms. Connelly, Mr. Yates, and Deb van den Honert confirmed that these changes reflect the agreement of both the CCA Board of Directors and the cottage owners. Mr. Yates and Ms. van den Honert also indicated that their negotiation of a sublease (to replace most of Section 15) was nearly complete. They anticipate including it for review with the lease as an attachment. Mr. Yates confirmed that the lease and sublease agreements to date were discussed and approved at the CCA board meeting on July 16, 2015. Further, CCA hosted a meeting with cottage owners on July 9, 2015, to discuss these items. Ms. van den Honert generally agreed that both documents were near approval with cottage owners, but wished to reserve the right to reinstate some sublease-related provisions back into the main lease should satisfactory agreement not be reached in the sublease.

Ms. Connelly and Mr. Yates credited Ms. van den Honert with polling cottage owners along the way and acknowledged her request that cottage owners be given sufficient opportunity to review and approve of final lease and sublease documents.

### **Section 1: Term**

Per the Committee's request at the previous meeting, Tom Carr redrafted this section to provide the option for a renewal of the lease. The revised draft states that at the 10-year mark the lease may be renewed for an additional 20 years if neither the City nor CCA objects. This was intended to make a functional 30-year term possible without binding either party to more than 20 years.

- There was some concern expressed among members about the lack of limitation on renewals in the lease language. Some members preferred to ensure that the City and CCA revisit negotiations in a comprehensive way at the end of a total 30 years, if not sooner. This concern was resolved through the agreement to limit renewals to only one instance before a comprehensive renegotiation would be triggered.
- Some members were also concerned that without affirmative requirements for review of the lease at the 10-year mark that it would go into extension by default. This concern was resolved through the agreement to include affirmative language requiring review of the lease within 6 months of the 10-year mark.
- Finally, one member was concerned about ensuring the durability of the document via amendments, preferring to avoid comprehensive renegotiations whenever possible in the future. Another member noted that the 2002 lease had only two amendments in it. This was resolved through the agreement that language be included in Section 17 to provide for an amendments process in which both the City and CCA would have to agree in writing to new amendments.
- The Committee agreed to present the above agreements to Council as their recommendation, with the additional option for ongoing (rather than one-time) automatic renewal.
- CCA expressed a desire to reserve the right to present an argument for a 30 year term if this approach is not acceptable to Council.

### **Section 3: Responsibilities**

- The new lease struck the words "sanitary sewers" and added "and that on-going maintenance of the water mains and sanitary sewers will continue and be prioritized with other city utility maintenance work," and "The parties intend that the renovation of infrastructure will be coordinated with moving the overhead utilities underground." The Committee agreed to this language.
- One member of the Committee was concerned about the language preceding Section 3A, "Subject to the availability of appropriations therefor..." Mr. Carr clarified that this language is included in order to satisfy TABOR rules preventing the City from incurring a multi-year financial obligation without a public vote.
- All parties agreed to replace "after addressing other City priorities" with "consistent with City priorities" at the end of Section 3B.

### **Section 4: Bylaws**

- CCA representatives reported that the CCA Board of Directors is exploring a reduction of the Board size in a separate conversation and for reasons unrelated to the Chautauqua lease. This reduction could make the current lease language that requires that two out of fifteen Board members be appointed by City Council functionally infeasible (e.g., if the Board size were reduced to 10 members, the City would have two out of 10 representatives instead).
- One member expressed a belief that some form of Council representation on CCA's Board would be important given the significance of the Chautauqua resource to the community. Though Council currently has the option to appoint one or two Council members to the Board, it is optional; Council can appoint one or two Boulder residents instead. The Committee agreed to recommend that at least one Council member be appointed by Council to the CCA Board; no recommendation will be made about the second representative appointed by the Council. The Committee agreed that there should be language restricting the maximum CCA Board size to 15 members.
- Several members noted and affirmed the movement of much of this section's language to Section 3.

- The Committee agreed to clarify that the City (Parks and Rec) would continue to be responsible for maintaining public restrooms on the lower level of the Dining Hall to serve the City park area of Chautauqua, while CCA would be responsible for the new ADA restrooms at the Auditorium.

### **Section 5: Use of Facilities**

Multiple members agreed that the language stricken from the previous draft (“... managed such that the needs and interests of many are balanced...”), although included elsewhere in the lease (in “Responsibilities”), should also be retained in this section.

### **Section 6: Access and Parking**

- “and historic” was added to the fourth line describing the environments to be maintained; all members assented to this change.
- There was some concern that the language regarding the adoption of a Chautauqua Access Management Plan (CAMP) might be too ambitious in terms of time, given that it suggests that pilot projects will be running by 2016. One member noted that the previous parking plan for the Chautauqua area took 2 years to be completed without even being brought to Council. However, the parties agreed that the language as it was written provides enough flexibility, noting that the language in the lease says that the parties will “commit to develop” the CAMP beginning with a first phase.
- New language regarding the development of alternative modes of transportation was accepted.

### **Section 9: Liens**

The Committee agreed to change “such” describing liens to “construction” for clarity.

### **Section 11: Coordination**

The Committee was in general agreement about the adopted language in this section, but Mr. Carr wished to first check its acceptability with City staff.

### **Section 13: Annual Report and Audit**

Mr. Carr suggested that this section be stricken. CCA representatives noted that although CCA has regular communication with the City Manager’s Office, a formal meeting regarding the annual report and audit does not happen. The requirement, originally created to facilitate the City’s support of Chautauqua as a cultural asset, is met through several informal communications between CCA and the City Manager’s Office. CCA prepares three annual reports – one for the City, one for the Scientific and Cultural Facilities District and one for CCA’s members. It was noted that in at least the last 12 years of such reports, the City Manager’s Office has never asked CCA for clarification. Two members wished to confirm that the list of performance indicators contained in the lease as reporting requirements was complete.

### **Section 14: Privately Owned Cottages**

The Committee agreed to the addition of substantive language requested by the two Council members stating that CCA will not raise rents dramatically.

### **Section 15: Limitations on Subleases**

- Most of this section was stricken from the lease as it is now expected to be included in the sublease.
- At its June meeting, the CCA Board had agreed to not assess cottage owners for the anticipated significant infrastructure capital improvements and reported this to the Committee. It initiated a discussion as described below.
  - Council representatives were concerned that the lease and sublease might be more likely to gain Council approval if cottage owners were involved in capital

- improvements assessments, especially those from which they directly benefit (e.g., undergrounding of utilities). Other members questioned the ease with which the portion of cottage owner benefit-to-contribution ratio might be calculated.
  - Ms. van den Honert asked whether the City might be made responsible for assessing for capital improvements, noting the key difference being that in a public process the means of participation is clear. As an alternative, Ms. van den Honert suggested that assessments by CCA might work if a process for cottage owners' participation were articulated. She added that in "Guiding Principles", the principle of shared financial responsibility is preceded by principles of collaboration and public input.
  - CCA representatives noted that CCA is responsible for all "routine" capital improvements but the significant infrastructure improvements are beyond CCA's reasonable ability to fund, hence the request to the City to participate. CCA has invested \$600,000-\$700,000 in capital improvements per year over the last several years. The Committee agreed that the proportion of CCA contribution to future significant infrastructure improvements should be decided on a project-by-project basis.
- Agreeing that cottage owners should be assessed in some way, the Committee discussed the best means by which this might be done.
  - Several suggestions were offered, but the Committee ultimately agreed that CCA and cottage owners should calculate approximate project amounts with different levels of contribution by the City to produce a contribution formula for cottage owners, at which point Ms. van den Honert and George Karakehian will discuss its acceptability to both cottage owners and the City.
  - Mr. Carr agreed to rewrite the lease leaving this section blank section, pending the above discussion and outcome.
  - CCA representatives agreed to write language describing this assessment process into the sublease.

### **Timeline for Completion of the Committee's Work**

Council members agreed to determine if the Chautauqua lease could be added to the agenda for their study session on August 11, 2015. Mr. Carr agreed to draft a memo for presentation to Council at this meeting for the Committee's review. Mr. Carr also agreed to attempt to schedule a joint meeting with Boards and Commissions following this study session, reasoning that the input from Boards and Commissions might be better informed if Council commented first. CCA expressed a belief that they could have final approval of the lease and the sublease with cottage owners at its board meeting on August 24, 2015, prior to the next Lease Committee meeting on September 10, 2015.

### **Final comments**

One participant noted appreciation for the group's collaborative efforts and efficacy.

### **Public comment**

*Joe Stepanek:*

- Expressed a belief that the public is not adequately involved in the management of such important resources as Chautauqua and therefore liked the idea of requiring an annual report by which regular engagement around these issues might be encouraged. He hopes that this will keep Chautauqua as important and relevant as it is today.
- Expressed a belief that the Rocky Mountain Rescue Group should be recognized for their honorable efforts.

*Karl Anuta:*

- Expressed some disagreement with the renewal process, stating a belief that much of the agreement is based on amiable relations between current CCA and City personnel – a

dangerous proposition given the variable nature of personnel in future years. Accordingly, he wished to see the renewal clause removed.