

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, FEBRUARY 7, 2017**

PRESENT: Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman
Jennifer T. Dane, Secretary/Treasurer
Henry Bowlin
Tom Green
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Commissioner Brenda Carey
Brett Renton, Airport Counsel

ABSENT: Mayor Jeffrey C. Triplett, City Liaison

STAFF PRESENT: Diane H. Crews, President & CEO
George D. Speake, Executive Vice-President & COO
Don Poore, Chief Financial Officer
Jerry Crocker, IT Director
Thomas Fuehrer, SAPD
Lori Hunt, Administrative Assistant
Jacquelyn Lauterbach, Leasing Manager
Al Nygren, Property Manager

OTHERS PRESENT: Krysty Carr, AFA Flying Services
David Cattell, NAI Realvest
Joe Doubleday, Starport
Frank DeToma, FJD Consultants
Larry Gouldthorpe, AWW President
Gerald Hardage
Thomas Miller
Jeremy Owens, CPH Engineers, Inc.
Tim Shea, AVCON
Kevin J. Spolski, Spolski Construction
Bob Turk, Economic Development City of Sanford

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND INTRODUCTION OF GUESTS

The meeting was called to order at 8:34 a.m., followed by the Pledge of Allegiance, and introduction of guests.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON JANUARY 10, 2017, APPROVAL OF MINUTES OF THE SPECIAL CALLED MEETING HELD ON JANUARY 23, 2017

Motion by Board Director Smith, seconded by Board Director Robertson, to accept the minutes of the regular meeting held on Tuesday, January 10, 2017 and the Special Executive Meeting held on Monday January 23, 2017. Vote taken, none opposed. Motion passed.

4. INTRODUCTION OF SHERIFF DENNIS LEMMA

Chairman Ioppolo stated Sheriff Lemma was unable to make the meeting today due to unforeseen circumstances although he would be in attendance at next month's meeting.

5. LIASON REPORTS

A. Seminole County

Commissioner Carey noted she missed last month's meeting and wished everyone a Happy New Year and Happy Valentine's Day. Commissioner Carey stated the project on SR 46A was continuing and hopefully discussion would continue regarding opportunities to work together between the Authority and Seminole County.

B. City of Sanford

Mayor Triplett was absent.

C. Economic Development Council

Chairman Ioppolo announced the Central Florida Partnership which is the umbrella organization for the Greater Orlando Chamber of Commerce and the Metro Orlando Economic Development Commission merged into a single entity. The first joint board meeting will occur in two weeks. President Ioppolo stated they are looking to hold a future meeting at the airport or one of the FBO's.

D. Tourist Development Council

Executive Vice President & COO George Speake stated next month's Ethics Training will occur at the TDC. At the last meeting there was a presentation on visitor profiles, and update on Soldiers Creek Project. Soldiers Creek will expand the County's ability to attract larger tournaments; they have added 6 fields bringing the total number of fields to 21, and this puts them in a very small amount of entities around the country that can invite that size tournament. Hotel occupancy rate is up. TDC is starting the process to get Marketing Advertising RFQ out; he is to be part of the selection committee and would provide updates to the Board during that process.

6. COMMENTS FROM THE PUBLIC

None

7. PRESIDENT'S REPORT

President Crews updated the Board on the following items;

President Crews stated the design for terminal expansion is continuing, pushed off RFP to focus on small details. On February 21, 2017, another consultation meeting will be held with the airlines regarding PFC's. Outbound Baggage project continuing. Bid opening held for inbound baggage project in customs, and is on the agenda for the Board to approve lowest apparent bidder as recommended by our engineer. Hill Labs building is complete; President Crews encouraged the Board to take a tour. FPL still working on site, will have all poles up in a few weeks, continued line work until May. Reports from Fire and Police Chiefs distributed; great community outreach. Under upcoming events, airport team participating in Fight for Air Climb at Bank of America Orlando March 4, 2017. President Crews informed the Board a new property was purchased at auction for \$154,800 with an FDOT 50/50 grant, waiting on 10 day rescission period to pass; after that period due diligence for FDOT, appraisal and EA. President Crews stated she is confident appraisal will reflect property is worth more than we paid. She also thanked Jackie Lauterbach and Don Poore who went to the courthouse auction.

Chairman Ioppolo stated the Airport received a letter from City of Maitland Police Chief thanking our police group, in particular Officer Mike Robbins, our K9 officer, for their assistance in several bomb hoaxes. Chairman Ioppolo thanked Chief Fuehrer for being a complete community player and extended the Board's thanks to Officer Robbins.

President Crews stated the Airport continues to assist where needed and also benefits from other agencies. President Crews referenced a local event this Sunday morning where a grenade was detected in a piece of checked baggage. It was later determined to be inert, but Seminole County Sheriff's Department was onsite as well as Seminole County EOD team.

President Crews updated the Board on upcoming RFP's. She stated this year, Health, Life and other related services will be reviewed; they were last done in 2009. Her goal for the RFP is the first part of the summer after review by the Board prior to advertisement.

Upcoming events: FAA mandated Table Top Exercise at the County EOC to be held February 14; State of the Ports annual event on February 28. George Speake will be presenting for the airport.

President Crews distributed the aerials.

Don Poore, CFO, presented the Financials to the Board.

Board Director Bowlin, congratulated President Crews on participating in the Orlando Business Journal event, the Airport was well represented. President Crews stated this was the first time the Airport was invited to participate in the event and the Airport will be featured in the May issue of the Orlando Business Journal.

8. COUNSEL'S REPORT

Mr. Renton stated he had nothing to report.

9. AIRPORTS WORLD WIDE REPORT

Airports Worldwide President Larry Gouldthorpe updated the Board on the following;

Mr. Gouldthorpe reported January 13% over last year, relied upon Allegiant traffic growth, UK down 22% in a very soft month but not unexpected. Keeping an eye on currency fluctuation; saw 15% decline in peso and are watching Interjet service. British pound is also down. Chairman Ioppolo stated as the dollar strengthens relative to the other currencies, our international traffic will be adversely affected. Mr. Gouldthorpe replied it could be, our vacation packages become that much more expensive. Chairman Ioppolo inquired how far in advance the trips are booked in order to look for fluctuation. Mr. Gouldthorpe responded there is a certain degree of insulation with UK, traffic books so far in advance twelve months or more. Mexico is a closer range, they tend to react differently. Given the traditional reliance in the UK for the Orlando holiday package, provides some protection. Always an impact, first shows up in duty free spending, the consumer habits start to deteriorate. They love their holidays living in that climate and they want to come to Florida. Chairman Ioppolo requested the Board be notified when a change occurs in the spending patterns.

Mr. Gouldthorpe stated Allegiant's San Juan service has gone like gang busters; this is good news in light of the competition with the Orlando area and San Juan. Louisville service begins in May. Interjet doing good, dropped off a little in

January which would be a post-holiday swoon. TUI strong performance, but down compared to last year. Via Air climbing in the load factors from 60-61%. Mr. Gouldthorpe announced great new route providing new service to Aruba starting in April from Suriname Airways who flies currently from Georgetown and Paramaribo into Sanford. This is a new flight that will go from Paramaribo to Aruba, pre cleared in Aruba and into Sanford once a week. Mr. Gouldthorpe noted the pre-clearance is a great benefit. Mr. Gouldthorpe stated AWW attended conferences: Florida Huddle and a Puerto Rican community event with 20,000 people in attendance. Orlando Sanford International received a nice mention in the Orlando Style Magazine, "Orlando Sanford the Number One Airport Experience in Central Florida". Next month he will be bringing to the Board: extensions to car rental contracts, extension for SSP domestic food and beverage contract.

Mr. Gouldthorpe referenced Power Point previously distributed to the Board regarding Parking Rate Increase.

The recommendation is to re-balance long term versus short term parking capacity by identifying the value lot as primary short term parking lot going forward; recommending a maximum daily rate of \$28 for overnight parking; increasing the Parking garage rate to \$17 a day to thin out the overnight parking and provide more short term hourly parking; Increasing rate of Economy lot which is surface lot closest to the parking garage from \$13 to \$14 a day for better separation between the increased garage rate and closest surface parking lot. The last recommendation is to leave parking lot F at existing parking rate \$13 a day; it has a lot of capacity, and the if customers aren't willing to pay higher rates to park in garage, free shuttle is provided. In order to get people in short term parking lots, leave rates as they are, expand grace period from ten minutes to fifteen minutes. Mr. Gouldthorpe stated page 22 of the Power Point is the requested recommendation.

Mr. Gouldthorpe informed the Board of the intention to re-name the parking lots to more clearly describe the nature of the parking that goes on in a particular lot. Value lot would be converted to short stay or hourly lot; economy changed to long stay/short walk; lot F would remain shuttle lot. Garage is well understood so it would remain; will add 7% additional revenue which is shared with SAA. Peer airports show some symmetry in rates, although some of the lower priced airports, for instance Ft. Lauderdale, have lots that are very far from terminal, more like remote lots or off-airport parking with shuttles.

Board Director Simmons suggested naming the lots: Garage, Hourly, mid-stay and long stay.

Motion by Board Director Robertson, seconded by Board Director Smith to adopt the proposed changes to parking set forth on page 22 of the presentation by AWW with the changes of the names for the new lots to garage, hourly replaces short term; mid-stay will replace the long stay/short walk and long stay which will replace shuttle. Board Director Bowlin recommended amending the motion to include updating the website.

The recommendation was accepted. Board Director Green requested signage regarding maximum daily fee rate be posted. Vote taken, Board Directors Dane, Green, Slattery voting in opposition. Motion passed 6-3.

10. CHAIRMAN'S REPORT

Chairman loppolo congratulated President Crews for being selected to participate in the Orlando Business Journal panel discussion at the Orlando International Airport Hyatt. The Airport was very well represented by SAA and AWW in attendance. Chairman loppolo stated he met with Robert Bobroff, Publisher of Orlando Business Journal to discuss the upcoming article. Chairman loppolo updated the Board with regards to Zyscovich; he and President Crews had a meeting with them to define scope of services, took a tour of the airport with Executive Vice President Speake looking at all airport properties. A second meeting has been scheduled with Zyscovich this month and will hopefully bring back a final agreement to the Board in March for approval. Chairman loppolo requested the Board Directors direct any specific requests regarding the Zyscovich agreement to President Crews. Chairman loppolo updated the Board on the hotel project and SOIA, further details to be provided in Discussion Agenda.

Chairman loppolo moved to election of officers. stating that the Board in November approved him continuing as Chairman due to the Audit and several issues that are yet to be resolved. He asked to continue in the role as Chairman to complete the audit to avoid a loss in translation in turn over.

Counsel briefed the Board on the election process and opened the floor for nominations for the Chairman position.

Motion by Board Director Smith, Seconded by Board Member Simmons, to nominate Board Director loppolo to serve as Chairman until November 2017. There were no other nominations. Motion by Board Director Smith, seconded by Board Director Robertson, to close the nominations for Chairman and to elect Board Director loppolo as Chairman, to serve until the next election of officers in November 2017. Vote was taken, none opposed. Motion passed.

Board Directors loppolo was re-elected as Chairman by unanimous vote, to serve until the next election of officers in November 2017.

Counsel relinquished the floor to Chairman loppolo for the election of Vice Chairman and Secretary/ Treasurer.

Chairman loppolo opened the floor for nominations for the Vice Chairman position.

Motion by Board Director Smith, seconded by Board Director Dane, to nominate Board Director Slattery be re-elected as Vice Chairman. There were no other nominations. Motion by Board Director Robertson, seconded by Board Director Smith, to close the nominations for Vice Chairman and to re-elect Board Director Slattery as Vice Chairman, to serve until the next election of officers in November 2017. Vote was taken, none opposed. Motion passed.

Board Director Slattery was re-elected as Vice Chairman by unanimous vote, to serve until the next election of officers in November 2017.

Chairman Ioppolo opened the floor for nominations for the Secretary/Treasurer position.

Motion by Board Director Smith to nominate Board Director Dane to serve as Secretary/Treasurer. There were no other nominations. Motion by Board Director Green, seconded by Board Director Smith, to close nominations for Secretary/Treasurer and to re-elect Board Director Dane as Secretary/Treasurer, to serve until the next election of officers in November 2017. Vote was taken, none opposed. Motion passed.

Board Director Dane was re-elected as Secretary/Treasurer by unanimous vote, to serve until the next election of officers in November 2017.

11. CONSENT AGENDA

- A. Consider and authorize the disposal of vehicles that have economically exceeded their usual life.
- B. Consider ratification of Lease No. 2017-002 with CHRISTOPHER & MARY MURRAY for Building No. 298N, located at 3105 Rudder Cr., Sanford (Residential).
- C. Consider approval of Addendum C to Lease No. 2014-003 with COTY SMITH for Building No. 298S, located at 3107 Rudder Cr., Sanford (Residential).
- D. Consider approval of official bid tabulation and authorization to award contract for FIS/Customs Baggage Replacement Project.
- E. Consider approval of Addendum F to Lease No. 2011-08 with REAL DEAL STEAL, LLC for Building No. 410 located at 1220 30th St., Sanford (Warehouse).

Motion by Board Director Smith, seconded by Board Director Bowlin to approve Consent Agenda items A through E. Mr. Renton made a point of clarification for Consent Agenda A, that the motion is to declare the vehicles as surplus and sell at the amounts stated. Vote taken, none opposed. Motion passed.

12. DISCUSSION AGENDA

A. Discussion regarding 3rd Amendment for SOIA Hospitality LLC as approved on January 10, 2017.

Chairman Ioppolo previously stated under Chairman's Report regarding update on the Hotel that we are currently engaged with SOIA, that process is taking longer than we would like, and they are presently in technical default on a number of provisions in terms of what they were to provide by a certain date. Originally construction would have begun in October 2016, under the amendment passed in January which they have not executed. The construction date was reset to May 15th and that date will come and go. Chairman Ioppolo stated he and President Crews met with the team yesterday, expressed our concerns and are continuing to work on those concerns with them. Chairman Ioppolo encouraged the Board that if there are other people in the area with hotel interests, now is the time for them to come forward. We want a hotel; this is a great project, great location, the market is right and if we don't have the right partner, we will switch partners.

Board Director Simmons inquired if we had given them notice that they are in technical default. Chairman Ioppolo replied we have not put them on legal notice where it starts the clock yet; we are trying to resolve it in a way that makes sense for everybody. That may become necessary because there is a 30 day cure mechanism in the agreement, which doesn't mean we can't speak during the 30 day period and have conversation, we need to move along.

Board Director Green inquired where they are in the process with their architects & engineers, are they 90% with drawings.

President Crews responded to date they spent \$150,000. They had their lender lined up pending the actual contract with Hilton. They got approval from Hilton, the third amendment extension was approved by the SAA, and they went to the lender. However, the lender in the meantime had merged with another bank that was overexposed with hotel loans, and, that has changed the time frame. SOIA has met with other banks; they are working on a new term sheet with Iberia Bank. Board Director Green inquired if they had a term sheet with the prior lender. President Crews responded no the bank was not doing anything until the agreement with Hilton was signed. When the agreement with Hilton was finalized they found out the bank could no longer handle their loan because they were over exposed. They immediately went to new banks, also met with President Crews last week. Iberia Bank is saying they will have a term sheet to them within 10 business days; the letter of commitment will follow in another 10 business days. Contrary to what they have said in the past where they have said they did not want to begin, turn their architects and civil engineers loose on the project, until they had the letter of commitment from the lender, they have now said that as soon as they get the term sheet, they will engage the architect and engineer to start on the project, at a cost of another \$250,000.

Board Director Smith inquired what Board decision is needed at this time.

Chairman Ioppolo stated to remove the 3rd amendment as it is not necessary to leave that amendment out there because the opportunities to perform under that amendment are gone; all that is needed is a motion to withdraw that amendment. Negotiation is left where it should be, merely removing Board action that is no longer necessary.

President Crews discussed whether or not we should move forward with issuing the letter of default and she felt that is something the Board wanted; she would appreciate the Board giving her a certain amount of time to negotiate before moving forward with default action. She believed resolution could be achieved this week one way or another.

Board Director Smith made a motion to withdraw consent to the third amendment, seconded by Board Director Green. Vote taken, none opposed. Motion passed.

B. Discussion regarding request from Cambata Aviation LLC Regarding Consent to Assignment approved January 10, 2017.

President Crews stated last month she brought to the Board for consideration the consent to assignment from Cambata Aviation LLC, to Constant Aviation contingent upon the sale of the leasehold to Constant. This was approved by the Board. At the time they came to her to discuss this, Cambata Aviation, which is Starport FBO, indicated that their preference would be just to be totally be divested of the two ground leases. The total of the two ground leases is a total of \$238,000 per year.

The family that owns Cambata would like to divest themselves of the property completely so nothing can come back to their heirs in the future. She gave them options of taking that request to the Board; however, at present there is an assignment process in the leases, and if you want to have a different lease, then you would have to negotiate with the Board for a whole new lease, which might not be as favorable. They decided to go with the straight forward assignment. Cambata Aviation has now come back to ask if we might consider a termination fee to take them off the lease and just have it as an assignment directly to Constant and remove the actual lessee which is Cambata Aviation; that fee is equivalent to a year's rent \$238,000.

Mr. Renton clarified for the Board.

Board Director Green requested staff recommendation, pros and cons and further information

President Crews stated the reason she brought this forward is they are trying to close, and this came up last minute. It is her understanding from Joe Doubleday,

the General Manager for Starport, that the sale is eminent. Mr. Doubleday was in attendance and confirmed that the closing date is February 15th.

Bob Turk, City of Sanford Economic Director, updated the Board that the State of Florida has approved to go ahead because of the transfer of the property and it will go before the City for QTI (Qualified Tax Incentive) on February 27th and the County on the 28th of February. The State realizes there is a need to go ahead and close on the property, have the letter of intent and they've been approved to go ahead. They put a hold on the property basically, because it's QTI and they get paid on the back side.

Kevin Spolski, Spolski Construction, stated that before any of the current Board members were here, he owned that facility, and felt fortunate to find Percy Cambata to take it over. The Cambata family is one of the finest families he dealt with, and he feels it would be wise to entertain the motion.

Motion by Board Director Dane, seconded by Board Director Smith to approve the release of Cambata from their lease in exchange for a payment equal to one year's lease payment as part of the assignment contingent upon the assignment. Vote taken, Board Directors Green, Ioppolo, Miller, Simmons, Slattery opposed. Motion failed.

Chairman Ioppolo inquired of the Board if they would be favorable to meet again with requested information provided by staff on this request. It was determined that a special called meeting will be scheduled.

13. COMMENTS FROM THE PUBLIC
14. OTHER BUSINESS
15. REMINDER OF NEXT BOARD MEETING (MARCH 7, 2017)
16. ADJOURNMENT

There being no further business, the meeting adjourned at 10:47 a.m.

Respectfully submitted,



Diane H. Crews, A.A.E.
President & CEO
/lh