

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, FEBRUARY 13, 2017**

PRESENT: Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman – via phone
Henry Bowlin
Tom Green - via phone at 11:29 a.m.
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons (attempted to appear via phone)
Stephen P. Smith
Brett Renton, Airport Counsel

ABSENT: Jennifer T. Dane, Secretary/Treasurer

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

OTHERS PRESENT: Joe Doubleday, Starport

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

The meeting was called to order at 11:07 a.m., followed by the Pledge of Allegiance, and introduction of guests.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. COMMENTS FROM THE PUBLIC

None

4. DISCUSSION AGENDA

A. Consider approval of "Revised" Consent to Assignment of Lease Nos. 2000-06 and 2000-08 with Cambata Aviation International LLC.

President Crews referenced her memo previously distributed to the Board. There are two existing ground leases that were 30 year leases and both will expire March 2030. There are 13 years remaining on the ground lease; they each have unlimited 5 year options but at the expiration of the initial term, they will change to a facility lease, and be appraised to assess a fair market rate. Background information on leases has been provided, one increases every five years, and the other one is locked in place. The Board approved consent to assignment of both leases from Starport to Constant Aviation. After that was done, Starport/Cambata Aviation came back and asked to be released from the lease in exchange for one year's rent, \$238,000. As it is now on the regular assignment, they would still be the responsible party even though the SAA has consented to the assignment to another party. All Board Directors have a copy of the two consents, there is a different amount on each one, and together they total the \$238,000+. At the meeting last week, the Board asked for more information and was provided with an analysis of ground leases under current market conditions.

President Crews stated she reviewed the Financials from Constant Aviation. President Crews listed Pros as: Termination fee of \$238,000 with no restrictions. If Constant does default, there is no other responsible party, we would recover the property and lease the facilities at current market value for the lease value of the improvements. It would no longer be a land lease. There is currently a ground lease with Cambata, and the former consent to assignment that the Board approved made two parties responsible- Constant, and if they default, you have Cambata. With this situation you would have only one party responsible and if they defaulted then you would have the opportunity to put it on the market as a facility lease. This is a pro because we would be able to lease it for fair market value, and would most likely put out a national RFP.

Board Director Smith inquired the appraised value of the buildings on the site. President Crews responded the value of the actual buildings per 2014 appraisal is \$4.75 million for the actual facilities. Additionally this \$4.75 million would be added to our assets for a period of depreciable life of twenty years. By accepting the termination fee, we would potentially limit the need for us chasing after Cambata in case there was a default by the first party. Termination fee is not restricted in any way, could be used for anything, for instance to cover half the cost of the new property we purchased, software for property management or a roof replacement in the Commerce Park.

President Crews discussed analysis of value. Value of improvements is far greater than lease valuation.

President Crews stated Cons: if Constant Aviation defaulted, the biggest risk is that we might find ourselves without rental income for a period of time, would require an RFP to get the tenant we need. Also, assuming Constant Aviation defaulted immediately on the lease and that we couldn't find a willing lessee in

the next fourteen years that could present a substantial loss of revenue although she felt this was highly unlikely. Worst case scenario we get it back and we can't find a tenant and we do not have an income for the next thirteen years.

President Crews stated her recommendation as: the Board approves the consent to assignment of the two leases from Cambata Aviation to Constant Aviation with the release of Cambata Aviation in return for a payment of one year's annual rent and contingent upon the actual completion of the sale of Cambata to Constant Aviation. The risk is minimal; we are in a better position in the event of a default as it removes one barrier to our regaining possession of the property and a better financial position overall.

Chairman Ioppolo inquired the financial situation of Constant Aviation LLC. President Crews responded Constant Aviation has been in existence since 2005, comprised of five facilities in Ohio, a facility in Las Vegas, and one in Birmingham Alabama which is the one that will be closed down and relocated at the Starport location. They are not a shell corporation.

Board Director Miller inquired if the entity is an FBO. President Crews replied they are an MRO which is a maintenance repair overhaul facility. This is part of what Starport FBO does.

Board Director Smith stated he was fortunate enough to tour the facility in October and it is in great condition. He inquired of Counsel in the case of default with Cambata do we have any fallback to go after them for anything, or are we releasing them completely. Mr. Renton replied we are releasing them from the lease; there is only one real scenario that is discussed in the Cons.

Board Director Smith inquired if they dispense fuel and are we getting a fuel flowage fee. President Crews replied yes they dispense fuel and we collect the flowage fee.

Board Director Miller requested an annual report with flow chart of the organization from Constant Aviation. President Crews replied she has requested that information.

Motion by Board Director Smith, seconded by Board Director Robertson, to approve the Revised Consents to Assignment of Lease Nos. 2000-06 and 2000-08 with Cambata Aviation International LLC, inclusive of a complete release of Cambata Aviation International LLC from both leases; and authorize President Crews to sign the Consents to Assignment, contingent upon the sale of Starport FBO to Constant Aviation LLC and payment of \$238,426.68 by Cambata Aviation International LLC. Vote taken, none opposed. Motion passed.

5. COMMENTS FROM THE PUBLIC

None

6. OTHER BUSINESS

None

7. REMINDER OF NEXT BOARD MEETING (MARCH 7, 2017)

8. ADJOURNMENT

There being no further business, the meeting adjourned at 10:44 a.m.

Respectfully submitted,

Diane H. Crews

Diane H. Crews, A.A.E.

President & CEO

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