

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, MARCH 14, 2017**

PRESENT: Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman
Jennifer T. Dane, Secretary/Treasurer
Tom Green
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons (arrived 8:57 a.m.)
Stephen P. Smith
Brett Renton, Airport Counsel

ABSENT: Henry Bowlin
Commissioner Brenda Carey
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
Jacqueline Lauterbach, Leasing Manager
Al Nygren, Property Manager
Jason Shippell, SAA ARFF

OTHERS PRESENT: Krysty Carr, AFA Flying Services
David Cattell, NAI Realvest
Joe Doubleday, Starport
Larry Gouldthorpe, AWW President
Jonathan Hand, ATKINS
Craig Sucich, ATKINS
Sheriff Dennis Lemma
Thomas Miller, NAI Realvest
Jeremy Owens, CPH Engineers, Inc.
Lauren Rowe, Rowe Communications
Tim Shea, AVCON
Greg Smith, Million Air
Kevin J. Spolski, Spolski Construction
Jade Yeager, Lake Highland Preparatory School

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

The meeting was called to order at 8:35 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 FEBRUARY 7, 2017 AND APPROVAL OF SPECIAL CALLED MEETING HELD ON FEBRUARY 13, 2017

Motion by Board Director Smith, seconded by Board Director Slattery, to accept the minutes of the regular meeting held on Tuesday, February, 2017 and the Special Called meeting held on Monday, February 13, 2017. Vote taken, none opposed. Motion passed.

4. INTRODUCTION OF SHERIFF DENNIS LEMMA

Chairman Ioppolo introduced Sheriff Dennis Lemma. Sheriff Lemma thanked the Board Directors for their service and commitment to the Board. Sheriff Lemma stated he is the 10th Sheriff in the history of Seminole County and 3rd in 52 years, ascended the ranks after beginning his career 25 years ago. Sheriff Lemma thanked the Board for the opportunity to introduce himself and reiterated if they can do anything at the Sheriff's office, it is to partner with law abiding individuals and community leaders that allow the Department to enjoy the success rate of reducing and deterring crime.

Chairman Ioppolo thanked Sheriff Lemma for attending the meeting and expressed the Board's appreciation for SCSO's partnership with Chief Fuehrer and the Airport.

5. LIAISON REPORTS

None

6. COMMENTS FROM THE PUBLIC

None

7. PRESIDENT'S REPORT

President Crews stated the President's Report was distributed prior to the meeting and she updated the Board on the Hotel project. SOIA received term sheets from two (2) lenders on March 2nd, and is anticipating a letter of commitment by the end of the month or within two weeks. She noted that SOIA has been meeting with City of Sanford to review timeline for construction, and there is an issue with a waterline that runs through the property bisecting it underneath the proposed building and will have to be relocated. Relocation also needs to be done in order for the Authority to utilize the property for other development, proposing to relocate it to the west. President Crews stated she will meet with the City regarding moving the waterline and determine if we can split the cost; estimated roughly \$60,000 to relocate the 10" waterline.

SOIA has submitted a revised site plan to Hilton, as the original site plan had parking in the front with hotel building sitting in rear of lot; Hilton wants hotel closer to front with parking in the rear. SOIA is awaiting Hilton's approval on the revised site plan. President Crews reviewed the proposed timeline.

Chairman Ioppolo requested timelines be monitored as SOIA is still the fastest path to construction. He also stated he and President Crews have been in contact with another group in the event SOIA falls through.

President Crews briefed the Board on a meeting conducted with Zyscovich who submitted a draft contract which is under review by various Board members, counsel and staff. She will have a contract to consider for Board approval at the April meeting.

President Crews updated the Board on the property that was purchased last month at auction, advising that there is a tenant on the property who will need to be relocated pursuant to the Uniform Relocation Act, and they are awaiting the survey before proceeding with the appraisal, all of which is covered under the FDOT 50/50 Grant.

President Crews introduced new Marketing/Public Relations Director, Lauren Rowe. Ms. Rowe was formerly with Channel 6 News for 13 years as anchor and has also developed and produced her own show "Flash Point". Ms. Rowe introduced herself to the Board and stated she is happy to be part of the team. She stated she is excited about the airport, never heard a bad thing about the airport, that she feels her job is to make sure that the entire Central Florida region knows what a jewel we have here and that we turn a lot more fliers in to fans and repeat flyers.

President Crews referenced the Fire and Police reports that are provided each month and include community events that get the Airport's message out to the community.

Board Director Robertson thanked SAA for their sponsorship of the Sanford Optimist Club event held the day before which raised \$5,000 with all monies used for children in the community.

President Crews announced information regarding the 2017 FAC Conference dates July 23-26, to be held in Miami Beach at the Loews Hotel.

President Crews informed the Board she and the Chairman are meeting with City Managers and Mayors of all seven cities in Seminole County, talking to them about creating a greater presence in their communities for the Airport and giving them an opportunity to have a presence at the Airport; she noted that this is a great partnership opportunity.

President Crews then presented a preview of the Draft Annual Report. Aerials were distributed.

Don Poore presented the financials.

8. COUNSEL'S REPORT

Mr. Renton updated the Board on the McDonnell matter. Chairman Ioppolo reminded the Board of the Sunshine Law requirements; Ethics Training is to be done yearly.

9. AIRPORTS WORLD WIDE REPORT

Airports Worldwide President Larry Gouldthorpe updated the Board. He stated the Airport is in the middle of their own version of March Madness, one of the busiest months with heavy snow bird traffic. Rental car market has been a good indicator of amount of activity this month at the airport. Mr. Gouldthorpe highlighted the following:

Another record February 2017 with 206,352 total passengers for the month, a 3% improvement over February 2016 and year to date 417,594 total passengers, an improvement of 8%. Mr. Gouldthorpe stated they predict a slower growth year for 2017 compared to double digit growth years in the past. Aircraft deliveries are on the same pace as twelve months ago, expect to continue. In 2018-2019, there is more promise for double digit growth. Chairman Ioppolo inquired if the growth seen is a result of greater load factor, more people on the same flights, and expanded number of flight opportunities or influence from some of the non-Allegiant Carriers. Mr. Gouldthorpe responded load factors are down slightly but there are increased operations in the off peak days Tuesday, Wednesday and Saturday's which were typically low volume days.

Mr. Gouldthorpe attributed downturn in San Juan load factor to seasonal higher load factors during Christmas and New Year's holidays leading to a natural decline in January, a February rebound expected. Interjet is a bit of concern with

rhetoric going on about the border and visitation to the U.S. from Mexico, there has been a steep decline in Mexico City load factor. AWW was in the middle of discussing expansion with Interjet and that has been put on hold. Not only is Sanford noticing a decline, but all U.S. service is seeing a decline in this market.

Amsterdam and Brussels doing very well even during the off season, with increased load factor 87% and 88% respectively. Via Air doing well, with service growing and planning additional routes for June and July. Mr. Gouldthorpe updated Chairman Ioppolo and the Board regarding duty free sales; 2016 showed significant decline of 16%, indicative of the currency situation of soft pound, strong dollar, and value perception isn't there the way it used to be. Rental Car return lot returned to service today and the AWW office relocation is in demo phase, with buildout to be completed in 90 days.

President Crews stated that she and Mr. Gouldthorpe will be attending the Allegiant Airports Conference in Las Vegas April 26, 2017.

Board Director Robertson stated former Board Member John Williams wanted it brought to the attention of Mr. Gouldthorpe that there are craft breweries in Asheville NC. With the recent growth of craft breweries in Sanford, he felt this would be a good promotional item to visit Asheville in the fall or spring and visit breweries. It was suggested the Sanford Chamber of Commerce be contacted to create a linkage with Interjet and Allegiant to promote tourism in Seminole County.

Board Director Miller spoke regarding fuel at the airport. With the tremendous growth and activity at the airport and upcoming hurricane season, he requested staff review and report back to the Board with new fueling opportunities or a status report on present conditions.

10. CHAIRMAN'S REPORT

Chairman Ioppolo updated the Board regarding the meetings he and President Crews are conducting with each of the seven cities in Seminole County. He stated the response has been favorable although most everyone is looking for "the ask". Chairman Ioppolo stated the intent of these meetings is for the Airport to be more involved in their community and asking them to help direct us on how to do that, as we have money to spend to create better partnership and better visibility of the Airport. The focus is on directing our dollars to be more engaged in the communities they lead; conversations have been very productive. Chairman Ioppolo encouraged the Board Directors if they see any of the Mayors or City Managers to echo the fact that we are looking to be more involved and reinforce the fact that we are their community airport and it's an opportunity for them to communicate a message to the 3 million people who come through the Airport to go to their communities for a purpose.

Chairman Ioppolo spoke of the performance criteria approved for President Crews' review and requested each of the Directors take an opportunity before the next Board meeting to discuss this with President Crews and give her their feedback.

11. CONSENT AGENDA

- A. Consider approval of First Amendment to Amended and Restated Concession Agreement for on-airport rental car concessions – Vanguard Car Rental USA, LLC (f/k/a Aloma), Avis Budget Car Rental, DTG Operations, Inc., The Hertz Corporation, and Enterprise Leasing Company Of Orlando LLC-under the same terms and conditions, effective June 1, 2017 and ending May 31, 2019.
- B. Consider approval of 6th Addendum to Snack Bar Concession agreement.
- C. Consider ratification of Lease No. 2017-003 with VIA AIR, LLC for the NE ½ (Prep Bay) of Building No. 333 located at 1604 Hangar Rd., Sanford (Hangar).
- D. Consider approval of Addendum A to Lease No. 2015-23 with WIN4AUTISM, INC. for Building 139 located at 2786 Navigator Ave. (Warehouse).
- E. Consider approval to rename parking lots.

Motion by Board Director Smith, seconded by Board Director Robertson to approve Consent Agenda items A through E. Vote taken, none opposed. Motion passed.

12. DISCUSSION AGENDA

- A. Consider recommendation of EDAC Committee regarding outsourcing of leasing and property management to NAI Realvest.

Board Director Miller updated the Board, noting that on March 6, 2017, EDAC Committee met regarding the Commerce Park leasing and property management, the Committee summarized and came up with a recommendation. EDAC recommends to the Board to outsource leasing and property management of all properties other than aviation properties provided that NAI Realvest is able to demonstrate in writing that there is no net revenue loss to the Airport.

Chairman Ioppolo thanked EDAC Committee members Board Directors Bowlin, Dane, Greene, Miller and Slattery. They have met as often as or more often than the Board separately to review the RFP and RFQ. He appreciated their time and attention and felt this is a great opportunity for the Airport. Chairman Ioppolo entertained discussion on the recommendation.

Board Director Smith inquired if this only included the Commerce Park. Chairman Ioppolo replied yes, non-aviation properties in the Commerce Park. Board Director Smith stated his concern regarding potential loss of money that it appeared to him we would be out of pocket as soon as the leases start renewing, and it will cost us more to outsource than in-house.

Board Director Slattery replied to Board Director Smith that he stated that same concern to the Committee. Furthermore, he consistently expressed that concern to Mr. Cattell and NAI Realvest that the Airport won't consider a net loss in revenue. He further recommended Mr. Cattell meet with staff and then show in writing there will be no net loss in revenue. He stated the importance even in future years no net revenue loss will occur or negative effect before the Board commits.

Board Director Simmons inquired if revenue is neutral why we would consider outsourcing. How would that benefit the Airport, we have staff who has working relationships with the tenants versus bringing in a management group that will be working with them.

Board Director Green stated the reason for outsourcing is the professionals that do this every day; if it's revenue neutral, there is a sixty day out in the contract. Board Director Green restated the benefits of outsourcing; better deliverable, better reporting, better accountability, better for executive management.

President Crews clarified that she sent her analysis to the Board, that the spreadsheets were done in conjunction with NAI Realvest per the Committee's request for them to work together; the one item NAI Realvest didn't receive was her final analysis, which was provided after the last EDAC meeting to Mr. Cattell. The analysis took all data compiled between NAI Realvest and staff although it excluded residential. The first year 2017 savings of \$28,000 didn't include the almost \$10,000 NAI Realvest would make off the residential properties. By 2018 the SAA will actually lose money because of adding \$10,000 commissions for residential. She was confident the desired reporting could be done by purchasing Yardi software. In addition, even though Mr. Cattell mentioned the Yardi software isn't easy to use, in talking with the company that sells and markets Yardi, they said this version is very user friendly now. The cost of Yardi is \$28,000 for the first year installed, including training and 4 licenses; thereafter, the annual cost is \$12,000.

Board Director Smith inquired how residential got added to this. President Crews responded that was added at the EDAC, as a non-aviation property. Board Director Miller stated EDAC agreed residential should be a part the request. Mr. Renton clarified the RFP specifically stated "going out looking for a firm qualified for its non-aviation rental properties".

Chairman Ioppolo stated there is no substitute for people who know what they are doing, and doing it every day. Although we can get a license for the

computer program, we lack how to use the program and the relationships in the industry. Chairman Ioppolo didn't suspect getting the computer program to the existing staff would change what we currently get, and believed we can get better. He reiterated hiring people that do this 100% full-time with relationships in the industries can achieve a better result, if there is a risk he stated he is prepared with his one vote to take that risk because of the 60 day out option. This is an important step forward, after a year of analysis in the EDAC which their recommendation supports.

Chairman Ioppolo asked Mr. Cattell if he wanted to add anything to the discussion.

Mr. Cattell referenced a letter he distributed to the Board to address concerns Board Director Slattery has expressed regarding not having a negative financial outcome from outsourcing with NAI Realvest. Mr. Cattell expressed his concern with the process. Mr. Cattell requested the Board ask staff to sit and negotiate with NAI Realvest, and come up with a draft agreement.

Chairman Ioppolo sought clarification from Counsel, is the Board asking for a vote for or against accepting the recommendation or designating NAI Realvest as the chosen party of the RFP and authorize staff to negotiate.

Mr. Renton stated in the RFP process there was only one bidder; that has cleared the EDAC Committee. EDAC determined that the response was deemed acceptable to the RFP and they've made a recommendation to the Board. Although there was a condition to make sure that there was no financial hardship to the Airport implicit in the recommendation and that has been sent to the Board. Mr. Renton advised the Board of their options.

Discussion ensued. Board Director Simmons stated the reason he voted to approve this item is twofold; first, the 60-day out and second, based on the comments from Board Director Green that NAI Realvest are professional real estate people with contacts in the real estate world that we don't have, we have great staff but not in the commercial real estate market. The hope is that with those ties to the real estate world they will be able to market us and pitch the Airport in a way that hasn't happened thus far, this has been discussed for two years or longer.

Board Director Robertson inquired current occupancy rate of non-aviation commercial and residential properties. President Crews responded 98%. Board Director Robertson inquired how many lots or land are ready for development. Chairman Ioppolo responded that is a different RFP.

Board Director Simmons made a motion, seconded by Board Director Miller to accept the EDAC Recommendation. Vote taken, Board Director Smith voting in opposition. Motion passed.

13. COMMENTS FROM THE PUBLIC

None

14. OTHER BUSINESS

Chairman Ioppolo took a moment to acknowledge the passing of Donna Miller, Board Director Miller's wife, a wonderful lady well known by the Board.

Board Director Robertson updated the Board on former Board member Tom Ball who had hip surgery January 18th, has just come home from being back in the hospital and would appreciate calls. Also, Whitey Eckstein former Board member will take visitors now at his home.

15. REMINDER OF NEXT BOARD MEETING (APRIL 4, 2017)

16. ADJOURNMENT

There being no further business, the meeting adjourned at 9:37 a.m.

Respectfully submitted,



Diane H. Crews, A.A.E.

President & CEO

/lh