

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, JUNE 6, 2017**

PRESENT: Frank S. Ioppolo, Jr., 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, County Liaison
Brett Renton, Airport Counsel

ABSENT: Tim M. Slattery, Vice Chairman
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
Scott Cole, Maintenance Director
Jerry Crocker, IT Director
Thomas Fuehrer, Chief/SAPD
Lori Hunt, Administrative Assistant
Al Nygren, Property Manager
Lauren Rowe, Communications Director
Jason Shippell, Chief/ARFF
Rachel Walker, Finance Manager

OTHERS PRESENT: Krysty Carr, AFA Flying Services
David Cattell, NAI Realvest
Alaina Chiappone
Jon Cowice
Rich Crotty, Crotty Group
John Cunningham, Zyscovich Architects
Amy Holloway, Stuhl Engineering
Geoff Lane, Constant Aviation
Jacqueline Lauterbach, Lease Manager
George Livingston, NAI Realvest
Bill McGrew, GAI
Genean McKinnon
Tom Miller, NAI Realvest
Jeremy Owens, CPH Engineers, Inc.
Grace Perdomo, Zyscovich Architects

Dan Ping, The Bokey
Keith Robinson, AWW
Rachel Saunders, NAI Realvest
Sandeep Singh, Avcon Inc.
Kevin Spolski, Spolski Construction

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 MAY 2, 2017

Motion by Board Director Smith, seconded by Board Director Bowlin, to accept the minutes of the regular meeting held on Tuesday, May 2, 2017. Vote taken, none opposed. Motion passed.

4. LIASON REPORTS

A. Seminole County

Commissioner Carey updated the Board on recent legislature. Commissioner Carey commended President Crews for doing a great job representing the Airport as a panelist at the Orlando Business Journal luncheon. The event received a lot of interest from people regarding the airport and areas around the airport. Several Board members inquired about the Sports Complex. She reported the County is looking forward to expansion plans in the future, although expansion will be dependent on a proposed 2018 Constitutional Amendment. If it passes there will be an 11 million dollar hit to Ad Valorem Tax and if the additional homestead exemption passes, they need to see how the County will stabilize.

B. City of Sanford

Mayor Triplett was absent.

C. MetroPlan Orlando

Board Director Smith stated the March MetroPlan Orlando Meeting was held at Second Harvest Food Bank, for which they raised \$2,600, and noted that MetroPlan continues to battle the State regarding the Toll within a Toll.

Commissioner Carey addressed Board Director Smith's comments, stating the State took money out for the section of 417 from I-4 to SR 434; it was formerly in the State's funding and is now in MetroPlan funding. Further, she anticipates better discussions between the Expressway Authority and the Turnpike Authority under the new Secretary of Transportation. Discussions continue regarding the 417 in Seminole County.

5. COMMENTS FROM THE PUBLIC

None

6. PRESIDENT'S REPORT

President Crews asked Don Poore to introduce new staff member Rachel Walker, Finance Manager.

President Crews updated the Board on the terminal expansion project, plans are at 100% and staff is still reviewing final documents; July 14, 2017 has been determined as the bid date. The plan is to coincide the ground breaking for terminal expansion with the 75th anniversary of the commissioning of Naval Air Station Sanford on November 3, 2017. The bid opening is slated for September 15, 2017 with results to be brought to the October Board meeting.

The groundbreaking will be a unique community event, showing the evolution from initial commissioning of the naval air station 75 years ago, bringing forward to the future with the terminal expansion. President Crews invited the Board of Directors to be part of the event planning committee. Board Director Robertson stated his interest in participating on the committee.

Domestic Outbound Baggage project is 80% complete; Phase I completed with punch list items remaining, and Phase II is underway, with the new temporary wall erected and completion anticipated mid-July. The FIS Inbound Baggage project is awaiting receipt of baggage carousel, anticipating arrival mid-July. Demolition to begin late June. Runway incursion mitigation project is at 60% design phase, awaiting information from FAA. Taxiway Romeo Rehab and Ramp Expansion project ties in with the Terminal Expansion project, to replace the ramp on the east side with four (4) new gates. This was put out to bid, contingent upon funding from the FAA; they told us to bid it with alternates.

Good news regarding Taxiway Romeo Rehab and the Ramp Expansion project. There were four responders and the lowest bid amount comprised of all four alternates was lower than the engineer's estimates by several million dollars, resulting in a \$12 million dollar project, FAA is thrilled with that and they are

working hard to try to assemble those funds. If funds can't be assembled for entire project, we will move ahead with Taxiway Romeo rehab, wait until next year for ramp expansion.

President Crews updated the Board on the McDonnell property. Al Nygren, Property Manager, is working on relocation process for existing tenant.

President Crews referenced community events listed in the Presidents Report. She distributed a print out of the Orlando Business Journal article which followed the panel discussion luncheon, a great article that touched on the terminal expansion project.

President Crews briefed the Board on two initiatives getting ready to kick off. First is the Aviation Career Program; she and Chairman Ioppolo have been working with Seminole State College and Seminole County School Board who will be partnering with aviation tenants at the airport to develop an aviation career program at their facilities. The breakfast kickoff meeting on June 19 will bring tenants and other parties together to begin development of the program. Following the Aviation Career Program kickoff, another meeting will be held to discuss a potential airport hospitality training program in conjunction with the hotel restaurant. Seminole County Schools and Seminole State College along with Zyscovich will be in attendance.

Chairman Ioppolo further stated we are excited to partner with our friends in the community regarding these initiatives. He felt this is exactly what our organization can provide in air travel and safety as well as other opportunities we create as a 3.1 billion dollar economic engine in the community. Chairman Ioppolo thanked President Crews and staff and stated he is looking forward to reporting back on some fairly innovative programs which will continue to give the community a light up when it deals with improvement potential to attracting new business to the airport.

President Crews referenced the monthly ARFF and PD reports included with the President's Report. She wanted it noted that Chief Fuehrer SAPD was the keynote speaker for this year's graduation ceremony at the Criminal Justice Academy, Seminole State College. Kudos to Chief Fuehrer.

Don Poore, CFO presented the Financials.

President Crews distributed the aeries.

Lauren Rowe, Communications Director, gave a Power Point presentation regarding the Airports media outreach and its coverage nationally as well as locally. Recent events highlighted: retirement of Canine Poeki, Orlando Sentinel article on airport's growth. Allegiant Airline's livery event featured on Facebook Live reached 4,600 people, also covered by Orlando Business Journal and local news stations. Chairman Ioppolo thanked Lauren Rowe for all her hard work and

noted that in addition, positive feedback was received from Hilarie Grey, Allegiant Corporate Communications Director; we have received much more positive press and better reputation dealing with the media.

7. EXECUTIVE VICE PRESIDENT'S REPORT

George Speake updated the Board on the Ft. Lauderdale Airport shooting; he recently attended a debriefing at the Counter Terrorism conference.

8. COUNSEL'S REPORT

Brett Renton updated the Board on the following: FDEP issue, Constant Aviation and trademark.

9. AIRPORTS WORLDWIDE REPORT

Airports Worldwide President Larry Gouldthorpe updated the Board, noting continued passenger records being set. The month of May was solid performance 9% up from last year. Saturday and Wednesday schedules are quite full compared to last two years. Mr. Gouldthorpe stated June and July are absolute peak months; 16 out of 18 based airplanes will be flying, highly concentrated during morning push and again in the afternoon turn. Plan now is to be ready for anything including overflow parking conditions which will occur during the Fourth of July holiday.

Chairman Ioppolo inquired if the parking revenue had rebounded. Mr. Gouldthorpe responded parking has recovered nicely, especially with changed rate structure to improve availability of short term space. He added they are continuing to see strong origin demand during the holiday weekends; for instance Memorial Day set a record for all past years in passengers and parking.

Mr. Gouldthorpe stated within the next two weeks Allegiant is expecting to announce new city destinations.

Chairman Ioppolo inquired of Mr. Gouldthorpe status of potential new carrier meetings being conducted. Mr. Gouldthorpe responded they met with an international carrier and he felt that meeting went well; they are interested in the Orlando region for next year, trying to convince them to choose this airport. There is a general expectation that things will get more expensive and more complex at OIA which opens the door for us. Mr. Gouldthorpe informed the Board AWW is attending another airline matchmaking meeting this month in Providence RI.

10. CHAIRMAN'S REPORT

Chairman Ioppolo referenced the meetings he and President Crews have been

attending with each of the Mayors and City Managers in Seminole County and noted they were very well received. President Crews added we are planning to have a meeting at the airport with all representatives followed by terminal tour. The idea is not only to increase the Airports presence in each of the cities but also increase the presence of each city in the Airport.

Chairman Ioppolo updated the Board on past conversations he has had with some of the tour operators, noting one of the challenges non-primary airports in a market have is marketing to the tour operators. When they fly in to Orlando they know where they are going, but when flying in to Orlando Sanford they aren't quite so sure. Creating a better presence is a significant contribution to how we drive traffic into and out of the airport, and we will be doing more of that.

Chairman Ioppolo thanked the EDAC Committee members, especially Chairman Miller, for their input, vetting and time spent in meetings which included many hours of discussions, resulting in a terrific program he is eager to move forward on today.

11. CONSENT AGENDA

- A. Consider approval of Addendum B to Lease No. 2014-016 with Accordant Communications, Inc. for Bldg. 141 (Warehouse/Office)
- B. Consider approval of Non-Concessionaire Off-Airport Rental Car Agreement with Theme Park Services, Inc.
- C. Consider acceptance and approval of Supplemental Joint Participation Agreement No. 1 and Resolution Number 2017-03, for 5% funding for Runway Incursion Mitigation (RIM) and Hot Spot Improvements.
- D. Consider ratification of Lease No. 2017-005 with Pet Partners, LLC, for Bldg. 440 located 1701 E. Airport Blvd. (Office).
- E. Consider approval of Addendum H to Lease No. 2009-12 with Air Essentials, Inc. d/b/a Florida Clay Art Co., for Bldg. 256 located at 1645 Hangar Rd. (Warehouse/Land).

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

12. DISCUSSION AGENDA

- A. Consider approval of Consulting and Professional Services Agreement with Zyscovich Inc. for land use and master planning.

President Crews stated she had provided each of the Board Directors a copy of the Zyscovich agreement and attachments. She received comments from several Board Directors and inquired if there were any further questions. Board Director Miller referenced the copyright issue. He questioned why we are paying to have information obtained and delivered to us yet Zyscovich has a paragraph that they retain those rights and confidentiality of them and restriction of use. If

their intent was that SAA can't sell that information he could understand and requested clarification. President Crews noted that Board Director Miller was referencing exhibit C which is an attachment, but the actual contract contains language on page 9 item 17 that establishes SAA ownership of the documents. Mr. Renton further clarified for the Board.

Board Director Miller suggested as a continuum of the process take this item back to EDAC to discuss other elements of the agreement. Particularly define the wording "authority team" and further discussing this at EDAC opposed to having another Board meeting prior to approval.

Chairman Ioppolo responded that he and President Crews hadn't discussed what the "authority team" is but once this is approved he assumed staff will implement it under the direction we've had. In terms of Board involvement he felt in order to expedite, and given the fact EDAC is a Committee that requires notice to conduct meetings, and the amount of meetings that were held and five of the nine board members being on that committee, it was his thinking it would be brought back to the Board for the time being to have the benefit of the expertise of all the people on the Board. This would remove a series of meetings allowing us to move more quickly with the plans to get these guys deployed to do what they need to. He stated he hadn't thought about it up until this point and these were just his thoughts; if the Board has a different feeling on it, he would be happy to look at it in a different way.

Board Director Miller requested Chairman Ioppolo reconsider his thought process because he had heard from some committee members that they felt over this last period of time there was opportunity for EDAC to take certain information and discuss it and reach a conclusion and or recommendation. After reading this agreement very carefully, he felt there was plenty of opportunity for continued EDAC participation. Board Director Miller inquired as to who are the Zyscovich consultants and what specific parts will they play in helping the primary put together the business plan. Board Director Green stated the consultants attended the initial presentation. President Crews reiterated Zyscovich is present today, also in their presentation they detailed what each consultant would be doing but they could be asked today to answer that question. Chairman Ioppolo agreed with President Crews and stated today we could have the team address the consulting question. President Crews stated the scope covers that, but the additional detail is in the proposal. Board Director Green informed Board Director Miller of the seven day termination clause.

Board Director Miller referred to page 4 the words district and sub district. He found that interesting based on the limited size of the Commerce Park, wondered how that would evolve in descriptive nature and breakdown of the park. It seemed to him this is something unnecessary. He further stated the park is limited, and inquired if this is the document where we will see the information, or if the information that we're going to see is so extensive, far beyond what we need to really develop the Commerce Park and the separate parcels.

Board Director Miller said he was led to believe amount is not to exceed \$250,000 for this summary report; he counseled the Board and noted that Board Director Slattery commented numerous times about cost and felt bad he wasn't here today, believed he'd share his very strong feelings about that. Board Director Miller stated he felt very strongly himself we've gone way overboard; he personally has worked very hard to get us to this point. Board Director Miller referenced the mention in the contract about having stake holder meetings and workshops that cost money, and questioned the need to have that done in this project.

Board Director Green said in his opinion not sure it is necessary, believed the process we went through had a number around a deliverable, doesn't think it's a bad idea to address a lot of individual items. He stated he is looking at \$250,000 and not to exceed that even by one dollar.

Chairman Ioppolo clarified as part of the original plan, Zyscovich is going to come back to us with a detailed blueprint, and he'd like to let them do that before we start influencing it. If we have some comments as a Board, let's make them; felt it's time to move the process forward.

Board Director Miller asked for clarification. He felt Chairman Ioppolo wanted this voted on and then discussed later. Chairman Ioppolo stated many of these points were discussed at EDAC and through the Board meetings. Board Director Miller inquired of Chairman Ioppolo if he was willing to accept the \$250,000. Chairman Ioppolo responded he is well prepared to accept that as a figure. Board Director Miller felt he could not support voting for the \$250,000 at this point.

President Crews asked to address Board Director Miller's comments. She stated last year a lot of time was spent preparing the budget. The Board approved \$200,000, but when we received the Zyscovich proposal, it was more than \$400,000. The Board voted to work with Zyscovich as their number 1 choice and if we couldn't come to an agreement we would go to number 2. When we talked to Zyscovich about our concerns, they agreed to work with us to scale down the process and as a result, they scaled it down to no more than \$250,000. Then she negotiated with them a time frame that keeps us at no more than \$200,000 in this budget year because we hadn't budgeted \$250,000. Additionally, she didn't want to bring a budget amendment to try and squeeze it all in to this year, so the way it is now structured it will carry in to next year.

President Crews acknowledged that some concerns Board Director Miller discussed have been echoed by other Board Directors, and just yesterday by Board Director Green. She told him, as President, she would be working very closely with the Zyscovich team to make sure this doesn't get ahead of us. For example the documents state they will let us know when they are at 90% of the \$250,000. She stated she won't wait for that notification, planning to work with

them through every one of the processes that they have outlined in the agreement. At any given point, she will be able to tell the Board where they are, will also get with Don Poore to have a scale to show where we should be and how we line up.

She felt this will be similar to the terminal expansion only on a smaller scale, doesn't want to wake up and see we are at 90% of the \$250,000 and only halfway thru the process. It will be her job along with staff to stay on top of the process. As the Chairman said, we haven't entered into the contract yet, but when we do, then we sit down and start working on that in greater detail so it doesn't get ahead of us. Her interpretation of the statement "no more than \$250,000" is not a guarantee that we will spend \$250,000. She hopes we don't spend \$250,000.

Board Director Green heard concerns that they deliver something close to the deliverable so going forward twenty years from now, we'll look back and it would have been well worth it. He thought maybe EDAC getting involved will help on the front side. It's important to the Board so that we can go back in a month and say where we are going.

Chairman Ioppolo suggested if we approve the contact, to bring Zyscovich back with their plan going forward at the next Board meeting, trying to limit the number of meetings needed. At the Board meeting we have all the members of the EDAC and the entire Board; it is important enough to have that discussion we can comment on a specific thing and move the ball forward.

Board Director Robertson asked for clarification since he missed last month's Board meeting, since we take in \$3 million dollars a year in the commerce park for revenues and we're going to spend 1/12 of our profit this year to have a company come in and tell us what we need to do to market that and the other parcels. Chairman Ioppolo clarified and the 500 acres. Director Robertson inquired how many hours of staff time will need to be dedicated to that in the next six months. President Crews responded she didn't have that information.

Chairman Ioppolo invited Chairman Crotty and the Zyscovich team to address the Board. Grace Perdomo, Zyscovich Architects thanked the Board for having them here. She stated they are very excited to be here and she introduced the team that would be working on the land use master planning: former Mayor Crotty of Crotty Group, John Cunningham Director Zyscovich based out of Winter Park, Sandeep Singh with Avcon Consulting and Paul Lambert with Lambert Advisory, economic market research consultant. These people will be working directly with SAA, the team, and Board to create development framework and masterplan for the Authority and the land development parcels identified as part of the RFP exhibit A. The proposal included that particular reference in the RFP mapping of the properties and also outlined the roles of each of the consultants present today.

Chairman Ioppolo inquired of Ms. Perdomo assuming the agreement was approved today when Zyscovich could be ready to come back and share with the Board. Ms. Perdomo replied as soon as SAA is ready to kick off the process with project initiation. The proposal outlines two simple tasks; of those tasks there are a series of sub tasks with very clear defined deliverables they can be reviewed at the project kickoff. Chairman Ioppolo inquired that could be as early as July or no later than August. Ms. Perdomo replied end of June. Chairman Ioppolo stated he knows we have a workshop in June, asked if he could impose on the Board to have another meeting the end of June for the kickoff because people travel in June.

Ms. Perdomo stated as part of their contract there is also defined in the exhibit as part of the process a mid-point checking. That as part of the analysis if at the midpoint of the process they see that the opportunities studied, assessed and analyzed aren't there, there is a certain clause in the exhibit you can refer to that states what is payable, you have the option of terminating the contract.

Motion by Board Director Dane, seconded by Board Director Simmons to approve the consulting and professional services agreement between SAA and Zyscovich for land use master planning of the airports vacant non-aviation parcels. Vote taken, Board Directors Miller, Smith and Robertson dissenting. Motion passed.

- B. Consider approval of Listing Agreement and Property Management Agreement between the SAA and Realvest Equity Partners, LLC d/b/a NAI Realvest.

Chairman Ioppolo updated the Board that during the process they were able to dovetail Zyscovich and NAI Realvest processes to work as one integrated team.

President Crews stated the Board had been given a revised agenda memo. She explained at the past several meetings with EDAC and the Board she had expressed her concerns of the property management aspect and commission; therefore in the agenda packet it stated she would present her recommendation today.

She stated she has given this so much thought, a lot of time has been spent on this item and she knew it would be a disservice to everyone not to share her concerns. Therefore because so much time has been spent on this, she felt we do need to give this a shot and do need to see if it will produce the results so many feel it could. She has total confidence in NAI Realvest, good firm; no doubt they are capable of bringing a good product in property management as well as in marketing of outparcels. She did a closer look especially at the listing agreement, met with Tom Green in working thru concerns. Conducted research, talked to other airports and spoke to financial advisors.

As a result, President Crews felt that we needed to put a cap on what we pay in commissions, went from being uncapped on a number of years, to a cap of twenty years for any ground lease as we go forward with the development of the outparcels. This is a significant change, NAI Realvest agreed as of yesterday to the newly defined term. She referenced the revised memo, 2nd page in red under #2 listing agreement. Commercial unimproved properties consists of all vacant land that we are going to develop, the payment of commission is to be capped at twenty years; that is the primary change. The other is her recommendation that the Board approve both agreements.

President Crews offered to go thru her memo; the initial term is for one year July 1, 2017 to June 30, 2018. That it automatically renews unless either party gives 60 days written notice of non-renewal and that we can terminate at any time with 60 days written notice. Concerns she's mentioned previously had nothing to do with NAI Realvest's ability to perform, it had to do with her concern of losing revenue. She felt the benefits could far outweigh those concerns and the 60 day written notice is a protection for us.

In response to inquiries from Board Director Smith, President Crews, explained that the monthly payment equal to 2.25% of the gross monthly revenues starts July 1st and is estimated to be \$41,600 for 2018, the first full year, but does not include the mileage which was capped at \$1,800 per year or the \$5,000 setup fee.

Chairman Ioppolo invited Dave Cattell or George Livingston to introduce the NAI Realvest team and address the Board. George Livingston, Founder and Chairman of NAI Realvest, thanked the Board for giving them an opportunity to work with the Airport. He stated he's been in Seminole County for twenty five years and has been more involved in Seminole County than any other County. Of the 16 professionals at Realvest, Tom Miller will be handling the property management, Rachel Saunders working with him, and Dave Cattell on strategies. They hope to bring economic development; that is their goal, increase tax base, increase jobs. If they are able to do what he feels they can do, the Commission will be waltzing around and never bring it up again.

Motion by Board Director Miller, seconded by Board Director Bowlin. Vote taken, none opposed. Motion passed.

13. COMMENTS FROM THE PUBLIC

None.

14. OTHER BUSINESS

15. REMINDER OF BUDGET WORKSESSION (JUNE 21, 2017) NEXT BOARD (JULY 11, 2017)

16. ADJOURNMENT

There being no further business, the meeting adjourned at 10:07 a.m.

Respectfully submitted,



Diane H. Crews, A.A.E.

President & CEO

/lh