

**MINUTES OF THE SPECIAL MEETING OF THE
SANFORD AIRPORT AUTHORITY
WEDNESDAY JUNE 21, 2017 11:00 A.M.**

PRESENT: Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman - arrived 11:10 a.m.
Jennifer T. Dane, Secretary/Treasurer
U. Henry Bowlin
Tom Green
William R. Miller
Stephen P. Smith
Clayton D. Simmons - arrived 11:10 a.m.
Clyde H. Robertson, Jr
Brett Renton, Airport Counsel

ABSENT: none

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Scott Cole, Director of Maintenance
Jerry Crocker, IT Manager
Thomas R. Fuehrer, SAPD Chief
Lori Hunt, Administrative Assistant
Jacqueline Lauterbach, Leasing Manager
Al Nygren, Property Manager
Rick Shea, Director of Operations
Jason Shippell, ARFF

OTHERS PRESENT: Ken Petterson
Joe Doubleday, Constant Aviation
Kevin Dillon, Constant Aviation
Tom Ennis

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. CONSENT AGENDA ITEMS

- A. **ADD-ON:** Consider approval of Annual Funding Agreement Between Sanford Airport Authority and Metroplan Orlando FY 2017/2018.

Board Director Miller inquired if there were any revisions to the agreement monetary or otherwise. Board Director Smith responded no changes have been made to the agreement.

- B. **ADD-ON:** Consider ratification of Lease No. 2017-020 with MICHAEL A. and BARBARA JO RIVERA for Bldg. 301, 2836 Aileron Cr. Sanford, FL 32773. (Residential)

Motion by Board Director Smith, seconded by Board Director Robertson, to approve Consent Agenda Add-On items A & B. Vote was taken, none opposed. Motion passed.

4. DISCUSSION AGENDA ITEMS

- A. Consider approval of Lease No. 2017-21 with Constant Aviation LLC for Building 130 (Warehouse/Office).

President Crews stated the new lease is with Constant Aviation LLC who purchased Starport Aviation, as an assignment from Cambata Aviation that was approved by the Board on January 10, 2017. Constant Aviation requires more space, this building is in the Commerce Park, and further details were provided in the memo. Constant Aviation has asked to have the personal guarantee waived on Building 130 as there is no personal guarantee on the existing leases for the Starport FBO; they were assigned the lease Cambata had which did not include a personal guarantee as it was waived by a prior Board. This lease is a smaller commitment, they have shown they are credit worthy, have substantial assets, and are making a substantial investment in the Airport through their improvements at Starport FBO. A cross default provision was included in the lease for Building 130 where if they default on the smaller lease, they default on every lease they have with the Airport. President Crews recommended that the Board approve the lease and the waiver of personal guarantee.

Kevin Dillon, Vice President of Operations, Constant Aviation addressed the Board. Mr. Dillon thanked the Board and stated they appreciated the past month and a half at the Airport. He was very impressed especially after attending the Aviation Career meeting this past Monday. He further stated he has been involved with a lot of airports throughout the country, kudos to President Crews on how she runs this Airport. Constant Aviation is

investing substantial money into the facility and will continue to do so. They have hired 30 employees over the last six weeks and intend to hire 40-50 more within the next twelve months and continue to invest. They appreciate the Board approving the lease, and are potentially looking for other space on the Airport as well.

Motion by Board Director Smith, seconded by Board Director Robertson, to approve Discussion Agenda item A. Vote was taken, none opposed. Motion passed.

B. **ADD-ON:** Consider approval of Lease Termination Agreement with Orange Air LLC for Hangar No. 145 at 1722 Hangar Road.

President Crews stated she and Counsel have been working on the lease termination agreement for several weeks with Orange Air. The issue is that Orange Air has ceased doing business. They are a company that came to the Airport in 2011 as a startup carrier working on getting their scheduled air carrier Part 121 certificate, and leased a 14,400 square foot hangar. In 2012, the Board approved a buildout of one-half the hangar into office space as they continued to work on the Part 121 certificate. Once they got the certificate, they started flying for a brief time.

Things didn't work out for them; they worked to get new investors, struggled, got more new investors. The past year and a half have been extremely troublesome, but we have continued to work with them. They got new leadership and we continued to give them every advantage to succeed. It didn't work out; they started reducing staff and finally closed up shop. There were two aircraft on their ramp that didn't belong to them as they are leased. Orange Air moved the aircraft to Avocet for repair with the intent of removing them from the Airport. President Crews stated as soon as she knew they had turned in badges, closed down and moved the aircraft, she put a Notice of Lien on both aircraft so they couldn't leave the airfield. This was communicated with Orange Air and Avocet, and everyone was well aware the aircraft couldn't leave the airfield. Orange Air owes in arrears \$31,158, and we have worked with them on a settlement; the fact that we have the liens on the aircraft has been an advantage to us in negotiating the settlement.

The proposed settlement is that we keep their deposit of \$15,408 [The Board had waved the personal guarantee for them, but we did require a two month deposit.], wire us a payment of \$10,000, and remove all hazmat material from the hangar. Orange Air had a representative meet our Maintenance Director at the hangar because they are no longer allowed access; hazmat material was inventoried, categorized and the list attached to the termination agreement, with removal of the hazmat scheduled tentatively for 1:00 p.m. on Friday, pending the result of vote today.

President Crews added that Orange Air has also given us a signed bill of sale for the remaining contents of the hangar. Hangar contents have been inventoried by Don Poore, CFO, and Rachel Walker, Finance Manager, and their conservative estimate is over \$7,500, comprised of mostly furniture and various supplies. The furniture will assist us with furnishing the terminal expansion as well as the Operations Department who had put money in the proposed 2017/2018 budget to purchase new furniture. We end up with the total value of the settlement at almost \$33,000, a difference of \$1,795 more than the amount of the arrearage.

President Crews recommended the Board approve the termination agreement and bill of sale as part of the termination agreement. In return we will release the two aircraft of any liens that exist on the aircraft, and will not hold them responsible for the remaining payments on the existing lease.

She felt we wouldn't have the opportunity to get any money from them, and are fortunate to work out this settlement agreement lease termination. The hangar is in good condition, has a very nice buildout and we have had interest for the past couple of months since there were rumors of them shutting down. She doesn't think we will have any difficulties leasing the hangar.

Board Director Smith inquired how long was remaining on the lease. President Crews responded August 31, 2022. Board Director Smith inquired if the planes have any value. President Crews responded the planes do not belong to Orange Air. Mr. Renton clarified there is a lien for the landing fees that occurred when the planes landed here for a couple thousand dollars and the entire rental amount has been liened. We have rights for the landing fees, and if it was the same owner, we could arguably have rights for all of the expenses.

Board Director Slattery inquired if there are any creditors out there that will be coming after inventory or do they own the contents of the hangar free and clear. Don Poore responded there are two vending machines that were not included in the inventory that have vendor names on them. Board Director Slattery inquired if President Crews had seen any current financial statements. President Crews responded no and that one of the investors is paying the \$10,000 out of his pocket. Board Director Green inquired if this was included in the Budget. Don Poore responded we have several people actively talking to us about the hangar so we considered it a rented property for the budget.

Motion by Board Director Dane, seconded by Board Director Smith, to approve the termination of Lease No. 2011-46 with Orange Air and accept the accompanying Bill of Sale for the remaining inventoried contents of the hangar contingent upon removal of the hazmat materials from the premises by Friday, June 23, and receipt of

\$10,000 payment via wire transfer by Friday, June 23. Vote was taken, none opposed. Motion passed.

Chairman Ioppolo distributed a letter that was received from former Undersheriff Steve Harriet thanking the Board for the recognition given to him in absentia. He also updated the Board that he had the privilege of having lunch with the Police Department yesterday as representative of the Board, and had the opportunity to hear the challenges they face. He came away tremendously impressed with the police force, Police Chief and the way they interact with staff. Chairman Ioppolo updated the Board on the meeting held Monday (June 19) with the President of Seminole State College and the Superintendent of Seminole County Schools regarding an Aviation Career Program that the SAA would be assisting in bringing to the community. We had great tenant participation, it is a very innovative program and he will update the Board further. Chairman Ioppolo thanked the Board for changing the July meeting date due to a scheduling conflict on his part.

5. ADJOURN FOR WORK SESSION

The special meeting was adjourned at 11:24 a.m. for the work session.

6. WORK SESSION – Review of Draft SAA Budget FY 2017-2018

The work session was called to order at 11:25 a.m.

President Crews introduced the SAA Fiscal 2017-2018 Proposed Annual Budget. This year's budget preparation has been challenging in a number of ways, still finalizing the new contract with AWW. Projections that are being made are based on information that isn't necessarily all inclusive of everything, but still feel we are close. Even now we are operating on the existing contract; when negotiations are done, we will go back to January 1st to reconcile the accounts this puts us at a disadvantage. Going forward, AWW projects a 10% growth, but that doesn't mean you apply 10% to all line items.

Don Poore stated we had a meeting in December with OSI to get an idea of revenue coming in, to get an idea of what we would receive in the coming year. He looked at the numbers we had last year and determined there is a difference of anywhere from \$600,000 to \$650,000 extra that is coming to us.

Board Directors Green and Slattery requested a projection of revenues and expenses through the end of the fiscal year.

Don Poore defined miscellaneous revenue category as recycled material, insurance settlements as they come in, and refunds from credit card companies, and he felt \$107,000 relative reasonable number. Communications revenue is down but expects to get more money this year. TSA revenue is set by law via the MTA agreement we sign with TSA. He noted that we received no force account revenue because the force account work for the Southwest Ramp

project was included at the end of last year. We expect to get \$210,000 in this category this year. T-hangars will probably go up a bit as we've been renovating these and hope to pick up more tenants. President Crews noted that we are starting to fill our t-hangars and commended Lease Manager, Jackie Lauterbach.

Don Poore explained that the domestic and international terminal revenues will be addressed as one category in the future. This year he presented them individually so you can see historically what we've had in these categories. The new contract will just be terminal revenues with no separation of domestic versus international. We're expecting to get \$2,117,615.

The Parking revenues are expected to go up because we're already filling the parking lots and they're even full on weekends now. CFC's continue to increase which helps fund more projects and pay for our public safety.

Discussion ensued regarding CFC's.

Board Director Dane inquired if AWW is providing financials, is that part of the new contract. Don Poore replied that in negotiations, at our request, AWW gave us projections of how much revenue they would make this year so we could plug in numbers and negotiate based on the projections. Chairman Ioppolo replied that part of the change with the contracts is that the OSI agreements are based on a net figure, the OSD agreements were based on gross, which creates the expense and time consuming nature of things when you have to audit and you're looking at their expenses and everything else. Going forward our payments will be based on a gross number; how they choose to account for it later on doesn't affect what they have to pay us with the new agreement. For budgeting purposes, we were trying to use the current performance that we are recording from what exists in the contracts and saying what that will be if we apply the new contractual framework to it on gross.

President Crews stated AWW identified multiple buckets of revenue; depending on what those buckets were is how we came up with our projections.

Don Poore referenced airfield revenues, specifically, landing fees, and noted that we raised domestic airfield revenue because Allegiant is already projecting a 10% increase in the coming year, although we don't know when that will materialize. He explained that landing fees are waived for the first six months. International has been reduced due to losing some flights, although it appears to be improving.

The public safety fees are going to stay consistent. In ground transportation we expect to see some decreases, due to the TNC's.

Discussion ensued regarding legislative change for TNC's, Mears contract, ground transportation fees.

Mr. Poore stated that the final line item is interest, estimated to accumulate, and we are making fairly significant amounts of interest because the interest rates are starting to go up, and he is projecting \$20,000 as a reasonable number. He wants to get the interest for the terminal expansion project locked in at an estimated 3.5%.

Discussion ensued regarding revenue, the Commerce Park being listed under real estate revenues, and a possible development line item or some other line item to the extent parcels are developed or remain under the existing two captions.

President Crews discussed tremendous growth year after year and the need to hire more operations, fire fighters and police personnel. She noted that she looked at the situation last year, but it's not something we could do all at once; we've got to phase it in, same thing with salaries. President Crews noted that she has budgeted for a salary survey under professional services but that doesn't mean that we're going to do it. Depending on how revenue comes in, it may be a partial survey, as the company gave us options.

Board Director Green requested looking at actual forecast, even in the monthly report; look at actual forecast, so we're tracking every month actual to that month is forecast.

Discussion ensued to address as many of those needs as we could and still give the Board some sort of future comfort level for profit.

Don Poore reported financials from December Commerce Park revenue we hit within .8%.

Discussion ensued regarding salaries, the need to bring some incomes in to parity as they are considered below market rate. Last budget addressed Operations Department, this year Maintenance. ARFF was addressed via budget amendment. Mr. Poore noted there is the same situation in IT, a fairly expensive, very specialized category.

Discussion ensued regarding annual salary and bonus line item, and the insurance opt out fee. Counsel will research insurance opt out policy.

Board Director Bowlin requested all the salaries be established for whatever the market is and then no more across the board, standardized 2%-3% increases. Manage the people and give a performance based bonus based on their productivity, we could set a limit on the high side and let the supervisor go down to the low side 1-3% annual raises. He feels we need to start developing the people and this will give them an incentive to be more dedicated and improve themselves, and also give them the option to apply for jobs that might become vacant in the airport.

President Crews referenced the full blown salary survey cost is \$42,000, stated there are positions that probably don't need to be included in that, as the cost is based on number of positions, not number of employees, and we have over 50 positions. Some positions wouldn't need to be considered, hers, George Speake, Don Poore, and ARFF which would reduce the fee for salary survey. Once we get the results of the salary survey, we can then look to implementation, although implementation may be a little cost prohibitive and if it is, then we can phase it.

Board Director Green suggested doing the survey now and inquired why it wasn't done before the budget was finished to get a sense. President Crews responded there wasn't time, salary surveys take three months, and noted that the company will examine all of our position descriptions as well.

Discussion continued regarding salary. President Crews identified the Executive Department added two positions - Communications Director and Contract Administrator.

Chairman Ioppolo requested a summary overview on actionable items of what constitutes the \$600,000 dollars.

Discussion ensued regarding outsourcing property management and elimination of two positions from budget. President Crews responded that Jackie Lauterbach's position is still needed to manage aviation properties. Additionally we now have more requirements from the federal government for the Title VI program and Jackie has been instrumental in setting that up and bringing us up to where we need to be; she will be obtaining additional training. Al Nygren is the part time Property Manager and we hadn't deleted his position as we are not sure how much time is going to be needed to work with Zyscovich. Zyscovich will be done in December and then NAI Realvest begins, and already George Livingston with NAI Realvest has been contacting us about leads so Al is already interacting with him providing the information he needs on the vacant properties.

Board Director Green stated the purpose of outsourcing is to reduce expenses. Understood regarding transition, but you've got to budget that position; moving something else to justify it is one thing but Zyscovich isn't going to take that long and they really shouldn't need interaction.

Chairman Ioppolo referenced the 3% growth in revenue and 23% growth in expenses, and stated he'd normally agree with Board Directors Green and Slattery's concept terms, you can't have that disparity. He wanted people to consider we are changing to a large extent the operational model of the airport some things that the staff has done well with very little and have reached the point where there have to be some changes. He referenced the airport dispatchers, a shortage he was made aware of this week when he met with SAPD for lunch. He suggested adding two employees. Some of these things will require an investment.

We stepped up when we allocated money to marketing over the last year or so, determined that having an internal marketing person versus a firm who doesn't know the airport, we're far better off. He understood we may have to close the gap, but wanted to put that out for thought as some of these things are investments not expenses, it will be years before we have to make another investment of that kind and it's been years since we've made that type of investment.

President Crews noted the budget included \$30,000 for a lobbyist. During preliminary discussions, the City of Sanford indicated it might be interested in sharing the lobbyist expense so neither of us would incur the entire expense. Money has also been budgeted for commission in the event that NAI Realvest brings some development.

Discussion ensued regarding commission being capitalized, budgeting equally income side and expense side, costs capitalized over the life of the lease. Request to review that line item and see about capitalizing some of the elements and adjusting this line item and capitalization.

Discussion ensued regarding a contingency fund line item for appraisals, surveys and various items that would fall under professional services.

President Crews updated the Board regarding marketing, most difficult section in the contract negotiation. We are not absolutely certain regarding those dollars what the demand on us will be; we had to have some type of comfort level, so we kept the \$80,000 marketing fee in as well as \$100,000 since we will be paying a part of marketing going forward. Chairman Ioppolo noted marketing monies for the cities remained in budget.

Board Director Miller asked if Lauren Rowe will be bringing in more opportunities for us that will be part of marketing. President Crews clarified Lauren will be working with AWW to direct our Branding and our message.

Don Poore reviewed interest and principle payments for the terminal expansion project, and the non-grant capital budget.

President Crews discussed the need for additional personnel in Control, requesting two dispatchers. This is a 24/7 operation manned with 6 dispatchers and 1 fulltime supervisor. Not enough people to have two people on duty at all times. Tiffany, the supervisor fills in days, nights, weekends. The person working night shift is alone and has to call someone in who may or may not be trained if a break is needed. Cost of 2 more dispatchers including training, uniforms salaries, benefits, is \$57,869 each/total \$115,739.

Chief Tom Fuehrer noted there are 20 different systems being monitored at any given time, and when the red phone on the wall goes off stating an incident on

the airfield, it goes from 0-20 just like that. Board Director Smith stated he thought this is a real critical need and important to the airport, 2-3 minutes while someone is in the bathroom can mean a lot of lives on that runway. Critical position, we can't afford a void like that. President Crews also noted next year we're going to have to seriously look at more fire and police personnel, she'd be gathering the data throughout the year. George Speake added that additional personnel will also be needed in Operations. President Crews responded it's all connected to our growth.

Chairman Ioppolo suggested a helpful question for exercise in the future is what is the % staffing versus passenger, what ratio applies. If we're going to add another 100,000 passengers, can we do that with existing staff? What point in passengers or airplanes will require us to increase our staff?

George Speake added there is an industry standard but we aren't the norm as AWW takes all the revenue. For instance, Operations, and the job they have to do as the airport gets busier and busier and as TSA/FAA add regulations; there are no additional monies coming to pay for the jobs those people do, but the work still has to be done. Chairman Ioppolo suggested going forward, research how many staff people does Ft. Lauderdale use, knows it's not tied to revenue but let's find out at a well-run airport how much staffing do they require to do this, we might be looking at a number expecting a profit.

Board Director Smith stated if we require or need additional personnel that we should go back to negotiating with AWW to make sure that we have the revenue to apply personnel wise for the existence of the airport that would not be on us. Chairman Ioppolo reminded the Board that conversation occurred 20 years ago. We are bound by a set of obligations that other Boards negotiated years ago.

Board Director Slattery stated doing the math felt the Board would like to see the differential shortened a little bit, expenses versus revenue is too high if we can get that closer to a 5% differential I think we would go ahead as an investment in this year. Your expenses grow by 5% more; the numbers aren't really that much different.

Chairman Ioppolo updated the Board on the budget line item for a lobbyist. He stated we do not have a lobbyist, although we had one in the past. He had a conversation with the Mayor of Sanford who would also like to see a lobbyist, talked about possibly sharing a competent lobbyist in the \$60,000 a year range which would be \$30,000 each. Chairman Ioppolo noted the importance of a lobbyist, first they would look at some of the things we are doing, for example property development; we may choose to build our own hotel and have an operating agreement like Orlando does. We've entered into conversations about flight programs and aviation with the School Board and Seminole State College, also expanded conversations to include a hotel/hospitality program that might free up some dollars from Tallahassee. There are a whole host of things going on. First, a good lobbyist not only identifies what is available, and helps create

buckets of money that aren't in existence and then goes and gets that money. Second, somebody who has contacts throughout the industry to bring people to us for business development and property development is money available for economic development. Sharing that with the City gives us all of it plus opportunity to renew value to the City, since we're always looking for how can we do things, but can't divert revenue.

President Crews noted we have a great police force, pay them a fair salary, although unlike other agencies they don't get take home vehicles. Therefore she is bringing forward for consideration, police vehicles going home with officers. At present Chief Fuehrer, Captain Marc Gilotti, and K9 take home vehicles.

Chief Fuehrer addressed the Board stated we are the only agency in Seminole County without a take home policy in place, which allows them on a moment's notice to be able to respond in an emergency back to the Airport when called. He referenced multiple situations recently with forest fires when officers have had to go alternate routes to be able to get to work, and during the hurricanes with curfews, it's safer for them to respond in their patrol vehicles versus personal vehicles. He also referenced the twice daily occurrence of gap in coverage during shift change.

Chairman Ioppolo clarified part of it was man power issue, because they can respond and back each other up if they are in their cars. He didn't realize each officer had their own vehicle, and it seemed to be something that made an extraordinary amount of sense from the guys who provide the service. Board Director Bowlin stated he has three sons all in law enforcement, all three have take home cars, all three in specialized fields, response times are phenomenal, and success is the highest of anybody in the State for their particular units. He supports the Chief in this, thinks it's something we need to do not only responsive to this airport, but gives them an opportunity to respond and backup other agencies between home and here or here to home.

Discussion ensued regarding personal use policy of vehicle and expected outlay of \$20,000 which is fuel.

Board Director Robertson suggested voting and it starts right now. Chairman Ioppolo stated it didn't need a vote, it's Diane's decision, we just budget for it. President Crews noted the attitude of our fire and police departments is excellent. Chairman Ioppolo inquired if there was anything the Board wanted to see talked about in the context of the Budget. Board Director Slattery requested paperless agenda's, use application on iPad or phones. Board Director Smith agreed. Board Director Slattery listed advantages of instant updates, more efficiency and suggested: City of Oviedo uses Agenda To Go, bank board uses Director Access. He requested bring back information/quotes to next Board meeting. Board Director Dane noted difficulty getting on the internet server at Airport. Board Director Bowlin suggested checking file size delivered, unsure if iPad will handle larger files. If you don't have the RAM on iPad you won't

successfully download.

Board Director Smith stated we need to make sure as an airport we're taking care of our people - everything they do has a critical function in the operation of the Airport.

Discussion ensued regarding ambiguity with AWW contracts, oversight management, auditing and contract administrator's role.

7. RECONVENE

The special meeting reconvened at 2:00 p.m.

8. COMMENTS FROM THE PUBLIC

9. OTHER BUSINESS

None

10. REMINDER OF NEXT BOARD MEETING (JULY 21, 2017 8:30 A.M.)

11. REMINDER OF BUDGET JOINT MEETING WITH THE CITY OF SANFORD (AUGUST 28, 2017 4:00 P.M.)

12. ADJOURNMENT

There being no further business, the meeting adjourned at 2:05 p.m.

Respectfully submitted,



Diane H. Crews, President & CEO

/lh