

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
FRIDAY, JULY 21, 2017 8:30 A.M.**

PRESENT: Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman
U. Henry Bowlin
Tom Green
William R. Miller
Stephen P. Smith
Clyde H. Robertson, Jr
Brett Renton, Airport Counsel

ABSENT: Jennifer T. Dane, Secretary/Treasurer
Clayton D. Simmons
Commissioner Brenda Carey, County Liaison
Mayor Jeffrey C. Triplett, City Liaison

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
Lauren Rowe, Communications Director
Jason Shippell, ARFF Chief
Rachel Walker, Finance Manager

OTHERS PRESENT: David Cattell, NAI Realvest
Alaina Chiappone
Kevin Dillon, Constant Aviation
Larry Gouldthorpe, AWW
Geoff Lane, Constant Aviation
Genean McKinnon
Tom Miller, NAI Realvest
Jeremy Owens, CPH Engineers, Inc.
Dan Ping, The Bokey
Rachel Saunders, NAI Realvest
Greg Smith, MillionAir
Kevin Spolski, Spolski Construction

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

The meeting was called to order at 8:32 a.m. followed by the Pledge of Allegiance and introduction of guests. Chairman Ioppolo wished intern Alaina Chiappone well before she returns back to college and thanked her for all her hard work during her summer internship.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES THE REGULAR MEETING HELD ON JUNE 6, 2017 and SPECIAL CALLED MEETING HELD ON JUNE 21, 2017

Motion by Board Director Smith, seconded by Board Director Bowlin, to approve the Minutes of the Regular Meeting held on June 6, 2017 and the Special Called Meeting held on June 21, 2017. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. Seminole County

Commissioner Carey was absent.

B. City of Sanford

Commissioner Woodruff stated the City of Sanford is working on the 2017/2018 Budget.

5. COMMENTS FROM THE PUBLIC

None.

6. PRESIDENT'S REPORT

President Crews updated the Board on the terminal expansion project; plans are 100% complete, project was advertised July 14, bid opening is scheduled for September 15, and PFC application still under review by the FAA.

Domestic Outbound Baggage Project, Phase II, is substantially complete, final completion is July 29th, and temporary wall has been removed. Inbound Baggage Project in Customs is still awaiting arrival of carousels, scheduled end of August. Demolition will begin soon, timed to tie in with arrival of equipment. Runway Incursion Mitigation project is at 60% design stage. Taxiway Romeo and Ramp Expansion Project has been bid out, lowest bidder is GLF, awaiting FAA approval for go ahead with funding, hoping to hear any day now. Airports District Office in Orlando is trying hard to get an answer for us.

Don Poore presented the Financials.

President Crews updated the Board on Beardall Avenue property that was purchased at auction.

President Crews informed the Board of the Enterprise Fleet Management Program that she would be bringing to the next Board meeting. This is a new project within the last five years being used by a number of government agencies, including City of Sanford. Process is get equity from existing vehicles, lease new vehicles; change them out each year, resulting in a lower cost.

George Speake stated they selected a list of 10-12 vehicles to test in this program. Existing value of those vehicles goes against the first year lease and we come out ahead in the value of the vehicles; in the first years lease, we would get a small amount back. We would still have to buy new equipment, i.e. the radios and lights; cost is still less then budgeted for new vehicles. The second year, because of the incentives that certain auto manufacturers provide for government entities who want to enter this program, we trade vehicles in, get new vehicles again and it's a very small amount, \$10,000, to lease the next round of vehicles. Most of the aftermarket equipment purchased can go in to the next year's vehicles, as long as the model isn't drastically changed from year to year. Their appraiser came out and looked at our vehicles because there was a concern with how they'd be used with the aftermarket equipment, how that affects the value; their appraiser felt it was a minimal \$500 loss in the value of the vehicle. This is a great way for us to keep our fleet current, test the program, and reduce cost of maintenance. Positive aspects include having warranty vehicles all the time, cost outlay to us would be oil change and tires.

Chairman Ioppolo inquired what types of vehicles were being considered. George Speake responded primarily Chevy model pickup trucks; they have the highest resale value. Tahoe's would be used for Maintenance, Operations, Executive and Fire Chief. President Crews added 47% of our fleet is over ten years old; the older trucks have fairly good resale value. The new vehicles purchased would be under government contract. George Speake mentioned exploring police vehicles, but the dilemma is with so many aftermarket products, changing those out every year probably would not be a good idea.

President Crews reiterated this item will be brought back to the Board, still in exploration phase; she has references to check, make sure all necessary information is acquired first. The City of Sanford PD is one of the sources to check with. This is a pilot program and is very viable.

Paperless agendas were discussed, regarding the cost of programs such as Agenda To Go and Direct Access. Advantages listed were immediate delivery, annotations done directly, save paper, efficient, stores all information and years' worth of meetings at your finger tip anytime you want. President Crews asked Lori to contact the City of Winter Park to inquire what program they use for paperless agenda's and report back next meeting.

President Crews briefed the Board on plans for the 75th Anniversary Celebration

for the commissioning of Naval Air Station Sanford on November 3: kickoff meeting was held July 10th, next meeting scheduled for July 28th. Director Robertson attended representing the Board. The Committee is planning an evening reception which will recognize the anniversary as well as the kick-off for the Terminal Expansion Project. She advised that the determination was made not to have a community celebration at this time. Director Robertson stated retired Board member John Williams with Wayne Densch Charities has offered his assistance. Chairman Ioppolo suggested having a "hall of fame" to properly mark the evolution of the airport, recognize those people who have made substantial contributions in our history to move the airport from a naval air station to civilian airport to now the fastest growing small hub airport in the country for two of the last three years.

The kickoff meeting for NAI Realvest was held June 20th. Sadly NAI Realvest founder, George Livingston, passed unexpectedly last Sunday, and condolences were expressed to the team. This created a great loss to NAI Realvest and the Airport, tremendous amount of confidence placed in NAI Realvest and attributed to George Livingston. President Crews stated she is confident his team can continue, and has been assured no negative impact on the Airport, working through some of those details. Chairman Ioppolo offered condolences on behalf of the entire Board. President Crews stated written formal reports will be distributed in future meetings, but Tom Miller was present today to update the Board.

Tom Miller, NAI Realvest, thanked the Board and President Crews for their condolences, George Livingston's sudden loss was of great impact. Mr. Miller thanked President Crews, Don Poore, Jackie, Rachel, Michelle and Al for the tremendous amount of help and communication since the contract started on July 1, and cited reviewing accurate financial and lease information, quick responses from staff obtaining any information needed. Main deliverables for this month include information gathering of data which is now complete. Jackie and Al helped them personally visit all the tenants. A personalized introduction letter was provided to the tenants with all contact information and payment instructions. August billing statements mailed July 20; more formal report will be delivered to Board next month.

A reception was held July 20 to introduce the new President of the Orlando Economic Partnership (OEP), Tim Guiliani, to local officials and dignitaries. President Crews thanked Kevin Dillon with Constant Aviation for hosting the event and Lori Hunt for facilitating. A luncheon was held at the Airport for Mr. Guiliani and Casey Barnes with the OEP, and several airport tenants prior to reception, followed by a tour of the Airport facility and outlying parcels.

President Crews distributed a letter of commendation to the Police Department from Spolski Construction. A grand theft occurred at the Airports Worldwide office buildout site. The police apprehended the suspect in less than 30 minutes. Kevin Spolski, Spolski Construction, commended the Police Department, noting the quality and attitude as well as equipment available to

use; it's not just an airport police department, it's a full-fledged police force. President Crews gave kudos to Police Chief Tom Fuehrer.

President Crews informed the Board she and the Port Director for Customs and Border Patrol (CBP) met recently with representatives of the Defense Intelligence Agency from Washington DC. The agency had requested permission to use our FIS facility for training in the Attaché Program. She was present Sunday to witness the training, where our customs area became another country "the Republic of Florida". Rigorous testing was done of attaché trainees who came in from airside to the FIS; the trainees are going to be representing the 5 different branches of the military. President Crews' staff and the CBP were all commended by one of the Colonels as being extremely cooperative, and she was presented with a challenge coin. President Crews asked Chief Shippell to explain the meaning of challenge coins, and she presented each of the Board Directors with a challenge coin from SAA ARFF and Police Departments.

President Crews distributed a copy of the Florida Business Journal in which the Orlando Sanford International Airport received a mention.

The kickoff meeting for Zyscovich was held June 28, and Staff has been working with them to help assemble information. Zyscovich will be conducting stakeholder meetings with each of the Board Directors within the next couple of weeks, to be scheduled by Lori Hunt. Zyscovich will present first deliverable and debriefing session at the October 3 Board meeting.

Lauren Rowe, Communications Director, updated the Board on media coverage of the Airport. Alaina Chiappone, intern from University of Florida, presented the Allegiant destination trivia video she created to be displayed on the two monitors located outside the Global Entry office in the waiting area; the video will also be featuring our other air carriers in the future. Chairman Ioppolo and the Board thanked Alaina.

President Crews advised the Board that Congresswoman Stephanie Murphy will be touring the Airport on August 31.

7. COUNSEL'S REPORT

Brett Renton updated the Board on the trademarks.

8. AIRPORTS WORLDWIDE REPORT

Larry Gouldthorpe briefed the Board on the following: Allegiant has made a strategic shift in their fleet basing plans starting 2018, desire to get MD80's out of the fleet quicker than planned which will change the way they set their bases in the future. This will result in a permanent change in basing with the Sanford base in 2018 having fewer airplanes. As Airbuses come into the fleet and MD80's go out, the Airbuses will be installed at mid continental bases up-line and our flying to those bases will be done in reverse pattern. This will result in flights

originating up-line come in for the turn throughout the day. This will help with spacing of flights and congestion at SFB long term, resulting in a smoothing effect on the use of the airport and traffic in terms of passenger peaking. 2018 will be a flat traffic year for us; we won't have aircraft capacity with MD80's going out, won't have available aircraft for growth. Discussion ensued regarding maintenance noise overnight of aircraft run-ups and the future possibility of a "quiet room".

He noted that the replacement general manager for AWW, Elizabeth Brown, will be attending the joint FAC dinner Sunday and will be introduced to everyone.

9. CHAIRMAN'S REPORT

Chairman Ioppolo commended Kevin Spolski, Spolski Construction, on the completion of the new Allegiant Training Facility and noted he is looking forward to the grand opening which had been postponed. Chairman Ioppolo thanked Board Directors Miller and Robertson for attending the Orlando Economic Partnership Reception, as representatives of the Board, and thanked Lori for setting up the reception. He recognized Dan Ping regarding article he wrote on a recent trip to the Asheville NC breweries. That conversation originated in a meeting held in the SAA Boardroom to discuss opportunities for local businesses in Sanford and Asheville and to encourage travel between the two cities. Mr. Ping replied they would be giving a presentation to the City of Sanford on Monday at the Commission meeting and would like to share that take away with the SAA Board.

Chairman Ioppolo stated they were expecting to have the completion of the AWW contract in time for the meeting; however, the contract is not in a position to recommend approval by the Board, working through issues and he hopes to have it by the next meeting, and apologized for the delay.

10. CONSENT AGENDA

- A. Consider ratification of Lease No. 2017-015 with VERTICAL AVIATION TECHNOLOGIES, Inc. for Building No. 413, located at 1910 E. Airport Blvd. and Bldg. No. 421 located at 1910 E. Airport Blvd. (Hangar).
- B. Consider approval of Interlocal Agreement between Seminole County and Sanford Airport Authority for Installation and Maintenance of 800 MHz, P25 Communications Equipment and Accessories.
- C. Consider ratification of Lease No. 2017-006 with WIN 4 AUTISM, Inc. for Building No. 138 N/S, located at 2764 Navigator Ave. (Commercial Building).
- D. Consider and approve (1) Transportation Network Companies (TNC) Amendment to the 2017 Ground Transportation Agreement and (2) Transportation Security Clearinghouse Agreement.

- E. Consider approval of Lessor's Consent to Leasehold Mortgage for Lease Nos 2000-06 and 2000-08; and Second Amendment to Lease No. 2000-08, with Constant Aviation LLC.
- F. Consider ratification of Lease No. 2017-025 with MIKILANA PHURROUGH, for Building No. 300N, located at 3104 Rudder Cr., Sanford, FL 32773.
- G. Consider and approve an update to the portion of the Airport rules and Regulations that governs Self-fueling with Mogas.
- H. **ADD-ON:** Consider approval of Banking Resolution No. 2017-004 to authorize signatory for SAA financial accounts at Valley National Bank.
- I. **ADD-ON:** Consider approval of Addendum H to Lease No. 1995-043 with HILL DERMACEUTICALS, INC., for Bldg. 454 (Commercial/Hangar).
- J. **ADD-ON:** Consider ratification of Lease No. 2017-022 with CONSTANT AVIATION, LLC. For Building No. 333, located at 1604 Hangar Rd. (Hangar).

Board Director Green requested to move Consent Agenda **ADD-ON:** I to Discussion Agenda.

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

11. DISCUSSION AGENDA

- I. **ADD-ON:** Consider approval of Addendum H to Lease No. 1995-043 with HILL DERMACEUTICALS, INC., for Bldg. 454 (Commercial/Hangar).

Board Director Green requested more clarification on this item.

President Crews responded Hill Dermaceuticals is a long term tenant. They just built a new building; this isn't the ground lease for the new building, rather the existing long time Mellonville Avenue facility which is airside. The lease stipulates increases every five years, with this particular lease the Board had indicated they didn't want anything less than 3% increases; she proposed 15% and Hill Dermaceuticals agreed.

Board Director Green responded 15% is 3% per year which is normal. President Crews replied it is 27 cents. Board Director Green inquired if they had an existing lease. President Crews responded yes. Board Director Green inquired with the existing lease, is there already escalation, how can we change an existing lease. President Crews responded because the lease has a provision to escalate every five years to be increased according to fair market rate.

Board Director Green inquired basis of fair market rate figure. President Crews responded, based on the appraisals that were used as the identifier for their other lease, this rate is accurate, and it does also fall into the 3% increase per year.

Board Director Green stated he would like NAI Realvest to get involved with new leases that's what they were hired to do, also discuss values reports and appraisals, in terms of values. He thanked President Crews for the explanation, requested going forward it is important to get our consultant involved that's why we brought them in.

Motion by Board Director Smith, seconded by Board Director Bowlin to approve Discussion Agenda **ADD-ON**: I. Vote taken, none opposed. Motion passed.

A. Approval of FY 2017-2018 Proposed Operating and Capital Budget for Transmittal to the City of Sanford.

President Crews stated that Don Poore had prepared two changes to the Budget which she discussed with each of the Board Directors after the Work Session. First change added 3.1 million dollars these are monies we will be re-paying ourselves for past projects from the PFC collection. This puts us in a much better position to address our non-grant funded capital and to meet our other obligations under grant projects, leaving a healthy profit.

Secondly, after talking to Counsel and auditors, she would like to add an executive contingency line item in the budget, subject to Board approval. This would allow us to have a pool of money available for unanticipated expenses without having to go back for a budget amendment. President Crews stated she was told this is an appropriate action; have a separate line item named contingency with an asterisk further explaining unless it's an emergency, it is subject to Board approval. After she discussed this with the Board Directors, she felt their reaction was favorable, although amount needs to be decided before adding it to the budget. She and Don Poore agreed to suggest minimum amount of \$250,000, inquired of the Board should it be more and did it warrant further discussion.

Chairman Ioppolo inquired the amount in dollars of budget amendments done in the last 1-2 years, to get an idea of unanticipated charges. Don Poore replied typically between \$100,000 and \$200,000. There was one possibly two last year, depending on the particular category.

President Crews referenced an issue with security cameras, a \$120,000 expenditure which would have required a budget amendment; instead she was able to work thru Airport District Office. The terminal expansion project encompasses the replacement of the security cameras, so she called and asked if they would allow us to move forward with that now and reimburse ourselves later from the PFC once that project starts. That request was approved. We will be proceeding, and noted that money wasn't the problem; it's making sure

everything is done appropriately within the budget guidelines. Doing it this way we don't have to seek a budget adjustment.

President Crews stated with our concerted effort to manage the budget a little differently she felt \$250,000 at minimum for contingency, no more than \$500,000 would be appropriate. Board Director Smith inquired the unexpected cost for the replacement radios in prior years. President Crews responded \$500,000. Board Director Smith stated that was an exception to what we are talking about, we weren't prepared, might want to look at \$500,000 based on that one incident. President Crews replied when budgeted the contingency line item will come off the bottom line, and that we still retain the budget amendment process. Board Director Green suggested \$250,000 opposed to \$500,000; personally felt \$250,000 was a good number.

Chairman Ioppolo inquired of Don Poore as to how number, whatever it happens to be in the budget, would impact us as we speak with banks regarding financing the terminal expansion. Would it reduce our access to capital? Don Poore responded it might be a factor to a certain extent but it shows some forethought on our part. Chairman Ioppolo felt \$250,000 is a good hedge, \$500,000 might hurt us.

[Board Director Bowlin left the meeting at 10:03]

Board Director Miller stated personally he is so proud of Diane taking on this reserve and the Board's response. For years he has pressed for discipline and we didn't have it, now we do. In speaking with the County Manager, their goal is 16% that staff and Commission work toward for reserves.

Chairman Ioppolo requested of Don Poore the percentage contributed to reserves on an annual basis. Don Poore responded \$230,000 a year into a sinking fund, not a percentage, based upon how much money is needed at a certain point and time. He also stated the contingency fund best set on dollar, but felt going forward we should be looking at a percentage of our budget so we can say we need a contingency of this level. President Crews stated in unrestricted reserves we have \$2.8 million today which represents 140 days of operation. Don Poore responded it costs us \$20,000 a day in operations. President Crews replied ideally we were told we should have a two month contingency. Don Poore concurred. President Crews stated the Board has not set a policy. Board Director Miller reiterated businesses or organizations require two to six months of daily or monthly operating in reserves, we've talked about lack of policy; it's something we need to look at. Chairman Ioppolo stated the reserve is different from the contingency under discussion, but agreed it is important.

Chairman Ioppolo requested that Don Poore and President Crews work together and come back with a target percentage we should try to reserve and discuss in the future. Board Director Slattery stated he truly appreciated finding this facility for us to manage our own airport without having to ask for permission for an

overage. He suggested using a percentage of overall operating expenses, for instance use 3% this year, and carry that 3% into future years which results in \$330,000 this year and we know why we would dip in to that, it would be for overages only, nothing else, a benchmark to use opposed to pulling a number out of the sky. President Crews agreed using a percentage makes sense. Board Director Smith and Don Poore concurred.

Chairman Ioppolo reminded the Board regarding the budget going forward we need to keep in mind as we continue our discussions with AWW things coming in will be a little different, and therefore this budget may be different in terms of its execution than we've had recently.

Motion by Board Director Slattery, seconded by Board Director Smith to approve the budget as presented including a 3% of overall operating expenses as a contingency only; and the contingency is to be authorized by Board action, in addition to the \$11 million. Vote taken, none opposed. Motion passed.

12. COMMENTS FROM THE PUBLIC

None.

13. OTHER BUSINESS

Chairman Ioppolo reminded the Board it is time to evaluate President Crews' performance, and he encouraged the Board to address traditional metrics used and submit their evaluations to George Speake by July 28.

Board Director Robinson requested to keep moving forward with meetings regarding the Aviation Career Program and Hospitality Program with Seminole State College. Lauren Rowe responded she wants to include the media on future meetings for both of those programs as they are hugely popular stories. President Crews replied that Dr. Ann McGee stated at the Orlando Economic Partnership reception that she was unable to attend the kickoff meetings but received a great report from her staff that attended.

14. REMINDER OF NEXT BOARD MEETING (AUGUST 1, 2017) AND JOINT MEETING AUGUST 28, 2017 4:00 P.M.

Chairman Ioppolo stated when following the regular schedule for Board meetings the next meeting would be August 1, he suggested skipping the August 1st meeting and he would come back to the Board to schedule a meeting if a meeting was needed. The AWW contract still has to be discussed although more clarity is needed. The September meeting was already changed to September 12th because of the Labor Day holiday. George Speake stated the Enterprise Fleet Leasing contract needs to be discussed in August also.

15. ADJOURNMENT

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

Respectfully submitted,



Diane H. Crews, President & CEO
/lh