

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
JULY 10, 2018
8:30 A.M.**

PRESENT: Tim M. Slattery, Chairman
Jennifer T. Dane, Vice Chairman
William R. Miller, Secretary/Treasurer
U. Henry Bowlin
Tom Green (appeared via telephone)
Frank S. Ioppolo, Jr.
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel
Commissioner Art Woodruff, City Liaison

ABSENT: Commissioner Brenda Carey, County Liaison
Mayor Jeff Triplett, City Liaison

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive V.P. & COO
Don Poore, Chief Financial Officer
Jerry Crocker, IT Manager
Thomas Fuehrer, SAPD Chief
Lori Hunt, Executive Assistant
Jacqueline Lauterbach, Leasing Manager
Al Nygren, Property Manager
Jason Shippell, SAFD Chief

OTHERS PRESENT: Elizabeth Brown, AWW
Dave Cattell
Jonathan Hand, ATKINS
Todd Knuckey, Mead & Hunt
Carlos Maeda, Kimley Horn
Geoff Lane, Constant Aviation
Zack Nelson, MacFarland Johnson
Paul Partyka, NAI Realvest
Chris Reynolds
Rachel Saunders, NAI Realvest
Tim Shea, AVCON
Greg Smith, MillionAir
Kevin Spolski, Spolski Construction
Bob Turk, City of Sanford Economic Development Director
Paul Vermast, CE Avionics

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

The meeting was called to order at 8 a.m. followed by the Pledge of Allegiance and welcomed Board Director Green who was appearing telephonically.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON JUNE 5, 2018 AND THE BUDGET WORKSESSION HELD ON JUNE 5, 2018

Motion by Board Director Smith, seconded by Board Director Dane, to approve the Minutes of the Regular Meeting held on June 5, 2018 and Budget Worksession held on June 5, 2018. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. Seminole County

Commissioner Carey was absent.

B. City of Sanford

Commissioner Woodruff updated the Board: 1) Mayfair Hotel remodel - expected opening in 2020; 2) Heritage Park - the developer to begin construction the first of 2019; 3) Industrial expansion with L3 and Avocet; 4) proposed large scale distribution center; 4) the City of Sanford is full swing in election season. Commissioner Woodruff requested clarification regarding the information booth kiosk at the Airport. He inquired if the Chamber is no longer allowed to place items for Sanford businesses there, explaining that he had been asked. Elizabeth Brown responded there has been no limitation nor change. Commissioner Woodruff stated he will verify that with the person who made the inquiry.

5. COMMENTS FROM THE PUBLIC

None.

6. PRESIDENT'S REPORT

President Crews updated the Board on the Terminal Expansion; a wall has been constructed around baggage carousel 3 for restroom construction, project is 2% complete, working on loading dock and passenger screening

area, working with the contractor to procure materials per owner direct purchase. Project is on schedule and pleased to have Board Director Smith's input and his attendance at the progress meetings.

Gate Needs Study: Meeting with the FAA prior to the July 4th holiday went well. Comments were positive, they asked for a few days to go back and do an internal review themselves but looks like it's going to be a good scenario when the comments come back.

Runway Incursion Mitigation Project (RIM): substantial completion date is anticipated to be September 19, 2018.

Taxiway Romeo Rehab and Ramp Expansion Project: Incurred substantial impacts from rain, but contractor assures us they expect to finish by October 5, 2018.

Cell phone lot: Will be paved in two weeks, but we went ahead and placed millings yesterday because it had gotten so bad due to rain. Millings will be rolled today and re-opened by the end of day.

Lauren Rowe is on vacation, she is working on re-branding. A meeting on Friday has been scheduled with Big Vision for presentation of final results.

NAI Realvest: Paul Partyka updated the Board on Gator Dock & Marine and Synergy Wood. Aviation Loop tenants Mahoney Parts and American Environmental are looking into expansion. Renewals are coming along nicely with 3% increases. Mr. Partyka stated that he and Rachel Saunders have a marketing plan to present to 25 targeted global companies speaking with their director of real estate about what they need strategically, regionally and locally.

Chairman Slattery stated the Board appreciates the hard work NAI Realvest is doing with existing clients but certainly we should be focused and are more interested in new opportunities for the vacant land. He hoped they are spending more time in that area other than shuffle existing tenants.

Board Director Ioppolo inquired of Mr. Partyka was he finding the materials that we have created over the last year with Zyscovich helpful to the prospective tenants in analyzing the opportunities that are here. Mr. Partyka responded general comment has been positive, they like the information, love the shortened form, like the total complete package. It's more information than we've had on the Airport since the beginning and it's current, more strategic than we have had in the past. That's what you need when you talk to the global companies.

Board Director Robertson, inquired of the roll over analysis and referenced 2020 and wondered if none of the leases are renewing during that year. Mr. Partyka clarified he copied the leases and nothing is coming up during

that period. President Crews stated next month the property management report will be coming from SAA Finance staff. She stated we are continuing to work with Gator Dock & Marine and she would be requesting an EDAC meeting. Several other projects need to be discussed also.

Thursday July 19, 2018 at 10:30 a.m. was determined for the EDAC meeting.

President Crews referenced the Police and Fire reports, updated the Board on Calendar events and distributed the aerials.

Board Director Ioppolo inquired of Jason Shippell, ARFF Chief, with regards to Seminole County Fire Department's upcoming contract renewal and the adjustment SAA made to firefighter pay last budget year, how that would affect pay rates in the future. Chief Shippell responded we would have to wait and see how it pans out at the County. Usually when they do their contracts, since it is a union, they do what's referred to as front loading. The first year of the three-year contract is usually a pretty big percentage increase and the next two are lower. Board Director Ioppolo responded for our team then it looks like we addressed the issue. Chief Shippell responded yes for right now. President Crews stated the results of the salary survey which just concluded showed us to be in excellent position for the firefighter position.

Chairman Slattery inquired of the Board if they appreciate seeing the aerials at every meeting because they are costly. Discussion ensued regarding having the aerials at the monthly meeting for circulation, quarterly review or project digital images on the screen.

President Crews mentioned the Community of Sanford lost a very dear resident on Saturday, Thelma Mike, who was the founder of the Good Samaritan Home and was the closest thing this community will ever have to a Mother Theresa. Commissioner Woodruff responded Ms. Mike was the calming influence at the City Commission meetings and will be dearly missed.

Chairman Slattery requested the attorney's bill be shared with the Board. Discussion ensued it was determined the attorney's bill would be distributed at the Board meeting.

Chairman Slattery inquired of President Crews are we on track this year to bid out attorney's services. President Crews replied it hasn't been scheduled yet but at the Board's request she is going to move forward. Chairman Slattery noted no offense to counsel, just wanting to be fair.

Board Director Robertson noted in last month's minutes the reference to Enterprise Florida and Orlando Economic Partnership being presented the Zyscovich Visioning Plan. He inquired are we working on that. President

Crews replied she just got the final plan from Zyscovich and she hasn't sent it to print yet due to some belated comments from Seminole County. Once she knows the report is completely done she will send it to print and meet with Enterprise Florida and Orlando Economic Partnership.

Discussion ensued regarding RFP for legal services. Discussion ensued with Commissioner Woodruff regarding City of Sanford's procedure for bidding out legal services. Discussion ensued regarding a requirement of the RFP be that the law firm have experts that pertain to airport business. Discussion ensued regarding Florida Statutes don't require the Authority to bid out legal services. Board Director Simmons as a former Judge was asked to provide his expertise on the topic. Discussion ensued regarding the benefit of the RFP for insurance services and how much money was saved, good business practice to see what the competition does and would allow us the opportunity to negotiate with our current counsel.

7. COUNSEL'S REPORT

Brett Renton updated the Board on Gator Dock & Marine site, that he is expecting a RBCA Closing and Resolution in September or October for the Board to vote on. Brett Renton updated the Board on GOAA, preliminary meeting scheduled for the end of this month for both sides to meet. Brett Renton updated the Board on Collage; no lawsuit has been filed, therefore no Shade Session will be conducted today. There is no agreement, we are in dispute and Mr. Renton requested a Shade Session per the Florida Statutes following the August meeting should it become necessary.

8. AIRPORTS WORLDWIDE REPORT

Elizabeth Brown updated the Board on June results: traffic was up 9% over June 2017, bringing us to 1.6 million passengers who have utilized the airport this year. Elizabeth Brown reminded everyone about Via Air, small local grown airline that is flying a lot of services, flying to Baton Rouge, Charlotte, Jackson, Mobil and Montgomery and connect to Austin Texas through Baton Rouge. Ms. Brown asked the Board to encourage their friends to fly Via Air and support them.

Elizabeth Brown updated the Board regarding meetings with targeted airlines, recently she was invited to London to try and attract some new air services in the future. Ms. Brown presented facility operations update and Allegiant airbus transition.

Elizabeth Brown updated the Board regarding recent news about Allegiant pilot dispute. Allegiant has advised us that any discussion about a strike is not pending simply because they don't believe the pilots are in legal condition to strike. We are not expecting any negative impact to operations and continue to work closely with Allegiant as this situation develops.

Elizabeth Brown thanked everyone who attended Larry Gouldthorpe's retirement. With the retirement of Larry, there have been some changes internally at AWW, responsibilities of Larry are now distributed among three people. Elizabeth Brown serving as interim president of OSI. John Green remains as Vice President of Business Development. Keith Robinson, CFO is also serving as interim president of AWW and the three of them report directly to the Board.

Elizabeth Brown updated the Board that Michael Caires, Director of Air Service Development/Marketing has accepted a position to join their TBI AM Group in overseeing Atlantic City, he will depart in the next month or so. She stated she is working to recruit a new Director of Air Service Development/Marketing. Elizabeth Brown stated Stephanie Griffin, Jason Terreri, Keith Robinson and herself will be attending the FAC Conference.

9. CHAIRMAN'S REPORT

Chairman Slattery thanked everyone for carving time out to attend the FAC Conference, and he looks forward to hearing some of the speakers.

10. CONSENT AGENDA

- A. Consider approval of Automatic Aid/First Response Interlocal Cooperation Agreement between Seminole County and Sanford Airport Authority.
- B. Consider approval of Annual Funding Agreement between Sanford Airport Authority and Metroplan Orlando FY 2018/2019.
- C. Consider approval of Addendum I to Lease No. 2009-12 with AIR ESSENTIALS INC., d/b/a FLORIDA CLAY ART for Building No. 256, located at 1645 Hangar Rd., Sanford, FL 32773. (Commercial).
- D. Consider approval of Addendum A to Lease No. 2017-20 with MICHAEL and BARBARA JO RIVERA for Building NO. 302, located at 2836 Aileron Cr., Sanford, FL 32773. (Residential).
- E. Consider approval of Addendum E to Lease No. 2009-28 with GATOR DOCK & MARINE ACQUISITION, LLC for Building No's. 16A-C and 425, located at 2880 S. Mellonville Ave., Sanford, FL 32773. (Commercial).
- F. Consider approval of and authorize President to execute assignments/ amendments of agreements between the Sanford Airport Authority, Orlando Sanford International, Inc. and Clear Channel Outdoors, Inc.
- G. Consider ratification of Lease No. 2018-013 with CONCURRENT GROUP, LLC for Building No. 141, located at 2774 Carrier Ave., Sanford, FL 32773. (Commercial).
- H. Consider approval of Addendum A to Lease No. 2017-006 with WIN-4-AUTISM, INC. for Building No. 138 N/S, located at 2754-2764 Navigator Ave., Sanford, FL 32773.
- I. Consider approval of Addendum A to Lease No. 2017-25 with MIKILANA PHURROUGH for Building No. 300-N, located at 3104 Rudder Cr., Sanford, FL 32773. (Residential).
- J. [Moved to Discussion Agenda] Consider approval of amendment A to the Listing Agreement between Sanford Airport Authority and Realvest

Equity Partners, LLC d/b/a NAI Realvest.

Chairman Slattery requested moving Consent Agenda item J to the Discussion Agenda.

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

11. DISCUSSION AGENDA

A. Approval of FY 2018-2019 Proposed Operating and Capital Budget for Transmittal to the City of Sanford.

President Crews updated the Board that the total estimated projected revenue budget remains the same, showing 10.6% projected increase in revenue for next year. Expenses revised from 3.01% to 5.77%.

Don Poore referenced a spreadsheet that shows changes made to budget presented in June.

Additional Personnel: Operations Supervisor and a number two position at the Fire Department.

Salary adjustments: all departments salaries aligned to at least the minimum level as a result of the salary survey.

Insurance adjustments: addition of buildings not covered by previous tenants. Automobile insurance adjustments: rate increase.

Sign at Red Cleveland: directional sign at Lake Mary Boulevard indicating left turn to beaches, SR 415, SR 46, and Geneva.

Management Reserves: 3% plus an employee bonus at the end of the year should the Board decide in favor of a bonus.

Capital: light bars on the new vehicles, advanced accounting package, two laptop computers one each for President Crews and George Speake, renovations of the Boardroom, bathrooms and elevator. These changes from the Budget that was submitted to the Board in June leaves slightly over \$1million dollar surplus which is needed for our debt service ratio requirement by the lender.

Discussion ensued regarding the sinking fund for the Commerce Park.

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

J. [**Moved from Consent Agenda**] Consider approval of amendment A to the Listing Agreement between Sanford Airport Authority and Realvest

Equity Partners, LLC d/b/a NAI Realvest.

Chairman Slattery stated he requested moving this item to Discussion Agenda to allow staff to present an overview. He and President Crews spoke at length regarding this item and it was his thought that we are moving away from allowing Realvest to do some of the smaller jobs that our own staff can handle. Realvest could go get us new clients as we have plenty of land out there and help us when we get into larger negotiations or options for extensions.

President Crews clarified this isn't pulling a lot away from Realvest, they requested the change. We really want to take advantage of their expertise for the negotiations of new leases and re-negotiation of existing leases. For the existing leases that have defined options built in to the lease, they felt that was something that could be just as easily handled inhouse by staff and she agreed. Presently Realvest handles the option periods and they receive zero percent commission. They are asking that be taken out and be done inhouse. If they are utilized for that process with the tenants, we would pay them a small commission of 3 percent.

Realvest is a commercial service real estate agency and they don't typically deal in residential, and yet the residential was part of their scope. She felt this was a good suggestion as she wants their time and expertise to be spent on more important matters. We just spent a lot of money on our real estate master plan, it's ready to be implemented. When we take the real estate master plan to market, that's what she wants Paul & Rachel to be focused on.

Motion by Board Director Smith, seconded by Board Director Dane to approve Discussion Agenda Item J. Vote taken, Board Directors Ioppolo, Miller and Chairman Slattery opposed. Motion Passed.

12. COMMENTS FROM THE PUBLIC

None.

13. OTHER BUSINESS

Board Director Robertson requested additional discussion regarding the RFP/RFQ for legal services. Board Director Robertson made a motion that we don't put our legal services out for bid. Seconded by Board Director Smith.

Board Director Simmons clarified the motion should be that we continue to use the firm Shutts & Bowen for our legal counsel and that we not do an RFQ or RFP for legal services at this time.

Board Director Ioppolo stated he was not sure there's much to say that we didn't say in the first discussion. He has no problem with Shutts, thinks they do a good job but also, we have an obligation to look at our services from time to time and make sure we're doing what we should. We've done that with our accountants,

and insurance, and he felt we should do that with legal services. It has nothing to do with the quality of service or the people that provide the service, they'll provide it the same.

Board Director Simmons noted one way to get that information is task staff to go out to other airports and survey other airports to see what they are paying for legal services as far as litigation services, general counsel services. Break it down to different categories to see whether Shutts is in line with the fee structure out in the community. He said he's confident without even doing a survey that they are because it's a very competitive world. Having represented local governments for 22 years before going on the bench, they are always very concerned that your fee structure be compatible, because they know you're only one board meeting away from having to compete with the rest of the community out there. Shutts knows what other attorneys charge for these services and they would be fools to charge us something that's out of line because they're ultimately risking it coming back and he didn't think they're doing that, but that's just his 22 years of experience.

President Crews stated she would appreciate the opportunity to compile that information and provide it to the Board between now and the next Board Meeting. She knows that Shutts & Bowen hasn't raised their fees to us in all the years they've been with us, since 2005/2006, and in fact they reduced the rates several years into the process. As far as comparing them with other airports, she has not done that but would be happy to get that information for the Board.

Chairman Slattery thought it's always healthy to see what the market bears. He believed we must handle it correctly. In business we always want to pay less for more and thought we're not doing the Airport a favor by just saying yes to the same established firm who has been here for now ten years. That's his thoughts and he called the question.

Motion by Board Director Robertson, seconded by Board Director Smith that we continue to use the firm Shutts & Bowen for our legal counsel and that we not do an RFQ or RFP for legal services at this time. Vote taken, Chairman Slattery, Board Director Ioppolo and Board Director Miller voting in opposition. Motion Passed.

14. REMINDER OF NEXT BOARD MEETING (AUGUST 7, 2018)

15. ADJOURNMENT

There being no further business, the meeting adjourned at 10:15 a.m.

Respectfully submitted,



Diane H. Crews, President & CEO

/lh