

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
OCTOBER 9, 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
Frank S. Ioppolo, Jr.
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel

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

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Jerry Crocker, IT Director
Tommy Gentry, IT Supervisor
Marc Gilotti, Sergeant SAAPD
Lori Hunt, Executive Assistant
Jacqueline Lauterbach, Leasing Manager
Al Nygren, Property Manager
Lauren Rowe, Communications Director
Jennifer Taylor, Project Coordinator
Rachel Walker, Finance Manager

OTHERS PRESENT: Oscar Anderson, Southern Strategy
Sonya Brauer, Southeast Ramp
Elizabeth Brown, AWW
Spencer Carey
Krysty Carr, Sanford Chamber of Commerce
Tracy Forrest, South East Ramp
Luke Frey, Walbridge
Pam Hargis, Focal Point Coaching
Eric Johannessen, Beacon Bay
Geoff Lane, Constant Aviation
Brady Lessard, CPH
Dave Logan, AWW
Genean McKinnon, EHI

Hilary Maull, Avcon
Dani Meyering, Beacon Bay
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Keith Robinson, AWW
Rachel Saunders, NAI Realvest
Greg Smith, MillionAir
Kevin Spolski, Spolski Construction
Craig Sucich, AVCON
Paul Vermast, CE Avionics

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

The meeting was called to order at 8:30 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 SEPTEMBER 11

Motion by Board Director Dane, seconded by Board Director Smith, to approve the Minutes of the Regular Meeting held on September 11, 2018 and the Special Meeting held on September 21, 2018. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. Seminole County

Commissioner Carey was absent.

B. City of Sanford

Mayor Triplett was absent.

5. COMMITTEE REPORTS

A. EDAC – Update on Gator Dock and Marine

Chairman Slattery thanked Board Director Green, Board Director Ioppolo and the Committee for all the time they have dedicated to EDAC. Board Director Green updated the Board regarding Gator Dock and Marine: Two

EDAC meetings have been held in the last month. The Committee recommended to the Board on a set of terms. After that there have been conversations with Gator Dock and Marine where Gator has come back with different suggestions. Gator wants to stay long term, they are a long-term tenant and we want to keep them. Gator is requesting a long-term renewal at the existing location as well as a build to suit at a new location as an alternative. Board Director Green requested scheduling an EDAC meeting prior to the November Board meeting. Thursday November 1, 2018 at 11:30 a.m. in the Executive Boardroom was agreed upon by the Board.

6. COMMENTS FROM THE PUBLIC

None.

7. PRESIDENT'S REPORT

President Crews updated the Board regarding: Terminal Expansion weekly construction meetings, RIM project and Taxiway Romeo.

George Speake updated the Board regarding enplanements and noted we are ranked by the FAA as 78th the 17th largest small hub airport out of 550.

George Speake updated the Board regarding the Air Show, that staff is continuing to work with Brian Lilly Productions on coordinating the air show, that they had anticipated March 2020 for the air show and have received a commitment from Thunder Birds, but Thunder Birds can't be here until November 2020. Mr. Lilly suggested doing something in November 2019, without jets. Mr. Speake explained that it is initially a two-year agreement, and in July 2019, Mr. Lilly would have to reach out to the Blue Angels for 2021 show. If we are interested in doing something in 2019, we'd need a three-year agreement. We have started working with our attorney and insurance broker regarding the agreement. The Board agreed to wait until November 2020 for the Air Show.

George Speake played a training video on FOD "foreign object debris" filmed by AWW's ramp agents as part of a contest promoted by Allegiant.

Don Poore distributed the Auditor's communication letter. Discussion ensued regarding an RFP for auditing services. Don Poore distributed the printed Budget FY 2018/2019 and presented an update of the financials.

Lauren Rowe updated the Board regarding: Crisis Communication Conference, using social media to promote and market the Airport, Allegiant's 40 millionth passenger event, Via Air new routes announcement,

website development and tweet regarding veteran acknowledgement at the Airport.

Paul Partyka, NAI Realvest, updated the Board regarding: Gator Dock and Marine, marketing of developable properties, marketing the Airport and quarterly press releases.

Oscar Anderson, Southern Strategy, updated the Board regarding: August 1st is the effective date of the Trespass Bill and status of the proposed slip ramp off State Road 417 onto Airport Boulevard.

President Crews referenced the property report for August, prepared by Rachel Walker, Finance Manager.

President Crews referenced Police and ARFF reports.

President Crews referenced community outreach events and thanked Lauren Rowe who was the guest speaker at the Professional Women's Luncheon, noting that she represented the Airport very well. President Crews updated the Board regarding her and George Speake's participation at the Winter Springs High School Career Fair.

8. COUNSEL'S REPORT

Brett Renton thanked the Board, President Crews and staff for throwing a surprise baby shower for he and his wife Liz and noted that baby Charlotte's arrival is expected any day now.

9. AIRPORTS WORLDWIDE REPORT

Elizabeth Brown updated the Board on September statistics: up 18% year over year, 2.4 M passengers, tracking 8% over last year.

Via Air update: basing more aircraft here, new routes to Tallahassee and Columbia SC. She encouraged everyone to support Via Air.

Vinci update: Elizabeth Brown recently attended the Vinci conference in Paris, France. Vinci has over 3,000 business units which include: energy companies, toll roads, real estate, construction. Vinci finance team was here last week, and they were able to attend the Allegiant 40 millionth passenger event. Vinci Chief Commercial Officer will be here next week and will meet with President Crews.

John Gallahan, General Manager of Ground Handling, updated the Board regarding the recent performance of AWW's ground handling team, in achieving top performer for Allegiant in August.

10. CHAIRMAN'S REPORT

Chairman Slattery welcomed Board Director Dane back. Chairman Slattery requested removing Consent Agenda Item F from the Agenda as this item is not ready.

11. CONSENT AGENDA

- A. Consider approval of Addendum A to Lease No. 2014-27 with RICHARD and KRISTY MEEKS for Building No. 527, located at 3880 Moore's Station Rd., (Residential).
- B. Consider ratification of Lease No. 2018-021 with CARYN SIMPKINS and STEPHEN THERRE for Grazing Land 2000-001-L and 2000-002-L consisting of 14.74 acres located on east side of Beardall Ave., Sanford (Grazing Land).
- C. Consider approval of Addendum L to Lease No. 2001-44 with VERTICAL AVIATION TECHNOLOGIES, INC. for Building No. 332, located at 1609 Hangar Rd. (Commercial Bldg.).
- D. Consider approval of Addendum F to Lease No. 2013-01 with VERTICAL AVIATION TECHNOLOGIES, INC. for Building 424, located at 1600 Hangar Rd., Sanford FL (Hangar).
- E. Consider approval of Addendum K to Lease No. 2007-27 with KATCO DISTRIBUTORS, INC. for Bldg. 515-1, located at 2848 S. Mellonville Ave., Sanford, FL 32773. (Commercial Building).
- F. Consider approval of Amendment to NAI Realvest Listing Agreement.
- G. Consider Sanford Aviation Noise Abatement Committee (SANAC) Appointment.

Motion by Board Director Ioppolo, seconded by Board Director Smith to approve Consent Agenda Items A – E and G. Vote taken, none opposed. Motion passed.

12. DISCUSSION AGENDA

- A. Consider approval of Grant Anticipation Loan in the amount of \$2,253,150 for design of taxiway Bravo and Charlie rehabilitation project.

President Crews briefed the Board the Taxiway Bravo, Charlie and Lima Rehabilitation Project, and the FAA's \$1 billion supplemental grant funding program. There will be two rounds of awards and the FAA is looking for shovel ready projects. President Crews noted that we don't know if we will get the

supplemental funding, but feel we stand a great chance. The project is to rehabilitate airfield pavement, which is not yet failing but needs to be addressed before it does fail. We need to move forward with the design, using entitlement funding, to submit for the supplemental funding for construction. We've identified 90% funding through entitlement funds but will not receive the funding until next year between July and September. To move ahead with the design is a cost of \$2.5M, with the FAA entitlement portion of t \$2.253M/90%. The FDOT would match our portion of the remaining 10%, with the FDOT and the SAA each paying \$125,175. We are asking to do a grant anticipation loan where we pay interest only and reimburse ourselves when we get the grant next year.

Discussion ensued regarding RFQ for engineering services, three engineering firms selected: CPH, AVCON, Atkins. Discussion regarding competitive bid process, and the Competitive Consultant Negotiation Act (CCNA). Discussion ensued regarding holding a workshop for the Board Directors regarding the RFP process. Counsel was asked to facilitate a workshop after a future Board meeting, to which he agreed.

Motion by Board Director Dane, seconded by Board Director Smith to approve Discussion Agenda Item A. Vote taken, none opposed. Motion passed. (Attached Discussion Agenda Memo for this item to be entered in to the Public Record).

B. Consider EDAC Committee recommendation to approve L3 Technology Letter of Intent in accordance with staff recommendation.

President Crews stated this item has gone to EDAC several times, and Counsel has reviewed the Letter of Intent. L3 has four different agreements and President Crews presented an overview of the leases. L3 is looking to amend, restate and consolidate the primary lease, the use agreement and the lease for the dormitory as well as two buildings. They are looking to amend and restate the ground lease. The LOI discusses the terms of the newly stated leases, and with approval today, those agreements will be brought back to the Board at the November meeting. Serious discussions will take place with L3 going forward to finalize those agreements for Board approval. President Crews referenced pros and cons presented at the EDAC meeting and stated in her memo.

Discussion ensued regarding 10-year deal, lower than market, renewal in 10 years at market rate, corporate guarantee, historic rates reviewed, two attempts of tenant to leave facility, and tenant's significant economic impact on community.

Motion by Board Director Smith, seconded by Board Director Bowlin to approve Discussion Agenda Item B. Vote taken, none opposed. Motion passed. (Attached Discussion Agenda Memo for this item to be entered in to the Public Record).

- C. Consider EDAC Committee recommendation to approve South East Ramp Letter of Intent in accordance with staff recommendation.

President Crews stated Tracy Forrest is present today. This item has gone to the EDAC Committee, letter of intent was reviewed. Background: excellent tenant, since 2004, 30-year lease with four 5-year options, 37 years left on existing lease, they have asked to add additional land, 3 phases of construction. President Crews stated pros and cons as listed in her memo. Rates were determined based on GA Airport Summary rates in Florida, long term tenant, recommended rate of .20 per square foot and Mr. Forrest was amenable to that. That is the rate recommended to EDAC, and it was EDAC's recommendation to the Board to approve this letter of intent for the addition of three phases of construction.

Discussion ensued regarding rental commencement date. Discussion ensued this item will not return to EDAC, staff will negotiate, and this item will come before the Board at the November 7, 2018 meeting.

Tracy Forrest addressed the Board and gave a history of how he came to be at the Airport, what's he's done and where he is going with this three-phase addition.

Discussion ensued regarding 30-year ground lease precedent, operational lease conversion at renewal. Mr. Forrest explained that the economics of a 30-year or 37-year lease versus a 50-year lease won't work as it would significantly increase what he has to charge his tenant. Board Director Green asked if Mr. Forrest would be willing to share the economics, and Mr. Forrest agreed to do so.

Chairman Slattery instructed staff to listen to Mr. Forrest and look at his math, there is no reason to sign anything that doesn't economically work for him. Mr. Forrest inquired of Chairman Slattery would a commercial bank finance a building at a 30-year ground lease. Chairman Slattery responded it would be tough, you have to have a very highly profitable use for a bank. He would like to see staff continue to work with Tracy and look at the 30-year versus 50-year lease.

Motion by Board Director Dane, seconded by Board Director Robertson to approve Discussion Agenda Item C. Vote taken, none opposed. Motion passed. (Attached Discussion Agenda Memo for this item to be entered in to the Public Record).

- D. Consider EDAC Committee recommendation to approve Shaner Hotel Group, Inc. Letter of Intent and move forward with drafting the lease agreement for the proposed hotel.

President Crews referenced background information she provided in her memo. This is the third time a hotel has been brought forward. The other two times were from a more traditional approach and didn't work, using a straight ground lease and percentage of profit gross sales. Over the last year, we've worked very closely with Beacon Bay and talked to a number of interested parties. We also looked at the best way to structure the deal to work for everyone. There is definitely a need here for a hotel, we have a number of onsite tenants that need this amenity. Seminole County is also in need of this amenity to service attendees of the sports complex, as well as our flight crews, and local residents who are increasing in huge numbers. Shaner was brought to us through Eric Johannessen with Beacon Bay. President Crews invited Eric Johannessen to update the Board on how Shaner came to be in the picture and where we go from this point on.

Eric Johannessen, Beacon Bay, briefed the Board. He stated Beacon Bay Project Management is a hotel renovation, new build company. In the last ten years of business they have worked with several different brands across the U.S. Shaner Hotel Group is one of the groups they have worked with, and Shaner has their own inhouse construction management company. Representing the Authority, Beacon Bay has gone through 4-5 developers and Shaner was one of the ones contacted. Shaner is located in State College, PA., owns or has ownership interest in 51 hotel assets, of which 80% bear the Marriott flag. Shaner is a hotel developer, builder and operator. He approached Shaner when he noticed on their website they were just bringing online a Fairfield Inn at the Harrisburg Airport and asked if they would be interested in looking at a hotel deal here at Orlando Sanford.

Mr. Johannessen stated Shaner brings the Marriott flag, they have a verbal approval from Marriott for a Fairfield Inn on the property if they are the developer, builder and operator. Shaner is finishing two hotels at Daytona Speedway, a Fairfield Inn that just opened and an Autograph Hotel.

President Crews noted the primary difference with the proposal today, which has gone to EDAC, is that this involves both a ground lease at a discounted rate and contribution of \$1M which is matched by Shaner. The discounted value of the land is then applied to the total cost of the project. This project is being looked at as a \$16.4M total project cost; over \$2M of that is the discount that we are giving them on the land, and above that we're still getting ground rent of .32 per square foot. She referenced the Shaner's proforma which has been shared with the Board, and noted we share equally in the profit after all the expenses have been deducted. That was compared against our rate of return for a traditional ground lease.

Don Poore updated the Board regarding the letter of intent and two scenarios based on the proformas from Shaner versus Brush & Company who was used for the first hotel feasibility study one year ago.

Discussion ensued regarding incentives, payment structure for rent, exposure, and worst-case scenario. Discussion regarding Beacon Bay representing only the Airport's interest during the process, refinancing, and ROI without any cash out on this deal versus paying out and the associated risk. Discussion ensued regarding management agreement at 3.5%, average daily room rate and occupancy. Further discussion ensued regarding this being a great opportunity, not approving a deal today but broad parameters in a letter of intent to refine, negotiate and bring back to the Board.

Motion by Board Director Dane, seconded by Board Director Smith to approve staff recommendation Discussion Agenda Item D. Vote taken, none opposed. Motion passed. (Attached Discussion Agenda Memo for this item to be entered in to the Public Record).

13. COMMENTS FROM THE PUBLIC

None.

14. OTHER BUSINESS

None.

15. REMINDER OF NEXT BOARD MEETING (NOVEMBER 6, 2018)

16. ADJOURNMENT

There being no further business, the meeting was adjourned at 11:07 a.m.

Respectfully submitted,



Diane H. Crews, President & CEO

/lh