

**MINUTES OF THE  
SANFORD AIRPORT AUTHORITY  
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING  
MONDAY MARCH 6, 2017**

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**PRESENT:** William R. Miller, Chairman  
U. Henry Bowlin  
Tom Green  
Tim M. Slattery

**ABSENT:** Jennifer T. Dane

**STAFF PRESENT:** Diane Crews, President & CEO  
George Speake, Executive Vice President of Operations & COO  
Don Poore, Chief Financial Officer  
Thomas Fuehrer, SAPD  
Lori Hunt, Administrative Assistant  
Jacqueline Lauterbach, Leasing Manager  
Al Nygren, Property Manager

**OTHERS PRESENT:** Frank S. Ioppolo, Jr., SAA Board Chairman (3:05 p.m. via telephone)  
Dave Cattell, NAI Realvest  
Ben Laube, NAI Realvest  
Bob Turk, City of Sanford Economic Development

1. CALL TO ORDER

The meeting was called to order at 2:05 p.m. by Chairman Miller.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. COMMENTS FROM THE PUBLIC

None

4. APPROVAL OF MINUTES OF THE MEETING HELD ON FEBRUARY 7, 2017

Motion by Board Director Slattery, seconded by Board Director Bowlin to approve the minutes of the meeting held on February 7, 2017. Vote taken, none opposed. Motion Passed.

5. CONTINUED DISCUSSION REGARDING REQUEST FOR PROPOSAL (RFP)  
FOR PROPERTY LEASING AND MANAGEMENT

Chairman Miller invited Mr. Cattell and Mr. Laube to join the Committee members at the conference table.

President Crews notified the Committee that she and Chairman Ioppolo had met with Zyscovich to discuss a draft contract that counsel is currently reviewing. During the course of that conversation she was made aware that there appeared to be an overlap; possibly two brokers of record. Chairman Ioppolo will be attending today's meeting via phone and this will be further discussed.

Board Director Green inquired in what context would there be an overlap. President Crews responded Zyscovich is looking at the Business Plan for the Commerce Park and part of that business plan will be looking at what businesses and buildings might need to come out. Zyscovich wants to identify potential tenants to come in to the Commerce Park as well; there was an overlap in what we are looking to do in the Commerce Park versus what they are looking to do in the Commerce Park for the overall Business Plan. Board Director Green felt it could be separated in scope discussion with Zyscovich.

President Crews presented an overview of documents requested by the Committee, historic cost in revenue for the last three years and positions with labor cost. President Crews noted with outsourcing of property management would be the elimination of the Property Management position Al Nygren but keeping the positions of Jackie Lauterbach, Leasing Manager, and Accounts Receivable position, Michelle Gioielli. Jackie Lauterbach would be handling aviation properties and act as primary liaison with the outsourced company if that option is chosen.

Chairman Miller inquired about President's Crews' statement regarding aviation properties versus non-aviation and inquired the history of that determination. President Crews stated her preference to separate aviation versus non-aviation and noted that wording in the RFP which was specific to the separation.

Chairman Miller inquired gross dollars aviation versus non-aviation. Board Director Slattery responded 2.1 million dollars non-aviation. President Crews clarified we have a number of tenants who are aviation but they also have non-aviation buildings as well, and stated she didn't want to have her aviation tenants answer to two different entities.



Board Director Green stated benefits for outsourcing as better job of reporting, accounting and reduced costs. Staffing-wise, outsourcing would save money. President Crews stated her goal is to remain objective, make the decision that is best for the Airport.

President Crews inquired of the Committee if everything had been presented they requested? She also stated Mr. Cattell has worked closely with Jackie Lauterbach for requested information. The authority doesn't have the Yardi Systems software but it could be purchased.

Board Director Slattery stated the 'pro' of outsourcing is you have professionals with resources to produce reports requested by the Board.

Board Director Bowlin stated we are looking at several different issues not just property management; a marketing arm with national and global reach that was to bring us more attention to better clientele and better revenue for the properties we have available, not just property management.

President Crews stated during meetings with Zyscovich that is part of what they are planning on, the commerce park business plan its part of their scope for that project.

Board Director Green reiterated with Zyscovich we were more focused on visionary for them; at the \$400,000 number we were going to scale back the scope and move that scope around and bring the management leasing alongside of them. Zyscovich should be told this is what we want to do. Part of it is the marketing knowledge reach for people to look at your lease form and standardize it more in line with market to capture the cost. Regarding cost below the line, he was not sure if you see that anywhere. Property management could do a better job indicating that to you. It's leasing, better understanding of market rents. Benefits of considering outsourcing; costs are higher, higher cost to outsource something but benefit on the other side may outweigh it.

President Crews responded it will only cost less at the beginning; they will save us money the first year. Board Director Green inquired of Mr. Cattell if that was true in this analysis. Mr. Cattell responded he hadn't seen the latest analysis. Board Director Green inquired of Mr. Cattell if in the proposal there is any reimbursable amount under the property side in terms of property management, or is the fee going to pay for that. Board Director Green stated higher cost because you are getting some of these things for a higher benefit. Mr. Cattell responded it was his understanding talking internally with NAI Realvest we've shaved it a quarter percent to build a relationship with the Airport.

Chairman Miller spoke of internal versus external outsourcing; there have been discussions over many months and today the attempt is to reach a conclusion or send a recommendation to the Board.



President Crews referenced her analysis which sums up her conclusion that we operate on a lean budget. She saw that we would save money the first year with NAI Realvest because we wouldn't have to pay out commissions as there would be very few renewals and new leases the first year, and there would be \$50,000 slashed out of the budget plus other costs associated with property manager's position. However, the remaining two years will see NAI Realvest generate revenue beyond the 2 ¼ percent in the form of new leases and renewals, then it starts to cost us more and our revenue is less.

Board Director Green noted pros to outsourcing: the company will be able to do a better job of capturing closer to market rate, look at existing leases and restructure some of those, and you get efficiencies of monthly reporting. If property management is a significant cost, you need to weigh the additional benefits against those costs. The reason you consider outsourcing is because you give the credit to the company that does it all the time, the deliverable will be a little bit better, doesn't have to be that much better to get the 3% commission.

President Crews requested Board Director Green define deliverables.

Board Director Green responded at the end of the day it comes back to monetary for the most part, leasing people who are more tuned to what the market is. Seminole County is high growth; they can land just one deal that they can bring to the airport that will pay for a lot of things. Operating side, it's giving you the information to make better decisions, with monthly reporting and renewals that are coming up, roll those things out, make sure you fix increases, renewal options and rights in leases making sure if you have to give someone a notice you give it to them so you don't get caught, and having the comfort level as an executive.

Dave Cattell distributed typical type of monthly reporting package and possible transition timeline. He stated he realizes it's a difficult process and appreciates the time and effort everyone has put in to the analysis. In his opinion he didn't think it was a practical idea for staff to purchase Yardi software and incorporate it in-house. Yardi is a big deal requiring a lot of training and ongoing support; if you have a turnover of one person you are back on the learning curve scale again. NAI Realvest has an internal staff in that department, you're not likely to lose 5 people at one time, and they have redundancy. They have many years of experience of doing it the way the Authority is doing it and he believed because of the expansive network of NAI Realvest there's an opportunity for them to more widely market the property and try to turn the Commerce Center with existing properties into an economic driver.

Board Director Slattery stated his bank has outsourced a few components of their institution; they wrote parameters that showed what their expense was gave it to the firms for them to do the work to show us the benefit to the bank. He



requested to have the outsourced firm show him how they're going to save the Airport money but increase the quality of the product.

President Crews stated the lease manager and the property manager look at each property four months in advance, reporting system kicks out those reports which are gone over monthly with her. They seek her input and she advises on questions regarding properties and renewals that are coming up, although the negotiations we have with existing tenants doesn't involve her on daily basis. She realizes lease documents need to be updated, need to come up with new lease templates. We haven't done that yet because we are engaging our legal budget for something else and we need to hold off on doing that until we know where we are going with the budget. She will have to come back with a budget amendment because of unanticipated cost.

In summary Chairman Miller stated we have an opportunity and he has been challenged to try to get the committee to work through it, come up with a recommendation that the Board can understand and can either reject or accept. President Crews is committed to go whichever direction the Board does, because once the Board makes a decision they are committed to it and have to support it and President Crews.

George Speake inquired of the Committee what happens with the maintenance because the current RFP response includes NAI Realvest doing maintenance.

Board Director Green responded that doesn't have to be the case. Mr. Cattell stated in conversations he's had with staff, process is to open a help desk ticket regarding the issue, for instance someone calls from Commerce Park with a roof leak, they would communicate that with maintenance, open the ticket and track it so at the end of the year we can discuss how many roof leaks there have been and where. If down the road the Airport Board came and said we want you to handle maintenance, we would entertain that but we're not suggesting that, the Yardi software is developed to handle maintenance requests and track the follow up and completion and closing of the ticket.

Chairman Miller stated prior to contract negotiations, Mr. Speake should bring to the attention of President Crews any concerns that she could address with NAI Realvest and likewise the badging issue, there are significant points to be handled there.

Recommendation by Board Director Slattery, seconded by Board Director Bowlin, to recommend to the Board to outsource leasing and property management of all properties other than aviation properties, provided that NAI Realvest is able to demonstrate in writing that there is no net loss of revenue to the Airport.

Chairman Ioppolo entered the meeting at 3:05 via phone.



Board Director Slattery briefed Chairman Ioppolo on Committee discussion.

Executive Vice President Speake stated in the Recommendation that Board Director Slattery said commercial properties and asked if that included residential. Board Director Green responded non-aviation. Board Director Slattery amended his recommendation to include residential.

Motion by Board Director Slattery, seconded by Board Director Bowlin to recommend to the Board to outsource leasing and property management of all properties other than aviation provided that NAI Realvest is able to demonstrate in writing that there is no net loss of revenue to the Airport. Vote taken, none opposed. Motion Passed.

The Committee concurred to further discuss at the Board meeting the possibility of adding aviation properties to the scope of responsibility if property management is outsourced.

## 6. OTHER BUSINESS

President Crews stated she and Chairman Ioppolo met with Zyscovich reviewing their timeline in detail, there was an overlap, she voiced concern they were addressing specifics in the Commerce Park that would step on what the Property Management company would be doing. Zyscovich talked about bringing in new tenants, targeting specific types of tenants to bring in. At that point Chairman Ioppolo had said we might have to hold off on that, it needed to be discussed. President Crews stated she shared part of that concern with the Committee at the beginning of this meeting and that it looked like it might be an overlap in the scope Zyscovich has worked on.

Chairman Ioppolo responded it sounds like the Committee decided that wasn't a problem, he felt we'll have to choose which one is going to proceed first in some of these respects; we don't want to have an overlap.

Board Director Green inquired if Zyscovich has a proposed scope yet?  
Chairman Ioppolo inquired of President Crews if she received the update or have they broken it down to 3-4 pages as we asked.

President Crews responded they've given us a draft contract with breakdown and what they brought us but then they've given us another draft, which was distributed to Chairman Ioppolo, Board Director Green and Counsel.

Chairman Ioppolo stated he didn't want to burden the Committee because a lot has been asked of this committee. They've been charged with the property management piece, hadn't delegated Zyscovich to the Committee. Other than updating the Committee and getting whatever input they would like to share with us, it's not something the committee needs to take action on.

Board Director Green commented it was his recollection when we selected them to move forward we were going to reduce the scope of their assignment to a manageable cost, when the contract comes out what's the number and what's the scope to our budget.

Chairman Ioppolo replied part of it is stretching the scope it straddles because of the timing fiscal years and what is and isn't within the scope. The scope of the project and the cost of the scope of the project rather than being a single year are going to be spread over two years. Chairman Ioppolo assured the Committee that once they finish going through it and have more finality it will be shared with the Committee to approve it or not.

7. ADJOURNMENT

There being no further business, the meeting adjourned at 3:17 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Diane H. Crews".

Diane H. Crews, A.A.E.  
President & CEO

/lh