

**MINUTES OF THE
SANFORD AIRPORT AUTHORITY
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING
MONDAY DECEMBER 11, 2017**

PRESENT: William R. Miller, Chairman
Jennifer T. Dane
Tom Green
Frank Ioppolo Jr.
Steve Smith

**OTHER BOARD:
DIRECTORS** U. Henry Bowlin
Clay Simmons
Tim M. Slattery

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

OTHERS PRESENT: Brett Renton, Counsel
Dave Cattell, NAI Realvest
Kevin Dillon, Constant Aviation
Megan Minter, NAI Realvest
Tim Shea, AVCON

1. CALL TO ORDER

The meeting was called to order at 11:30 a.m. by Chairman Slattery.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. ELECTION OF CHAIRMAN

Motion by Board Director Ioppolo, seconded by Board Director Smith, to elect Tom Green Chairman of the EDAC Committee. Vote taken, none opposed. Motion passed.

4. COMMENTS FROM THE PUBLIC

None.

5. APPROVAL OF MINUTES OF THE MEETING HELD ON MARCH 6, 2017

Motion by Board Director Smith, seconded by Board Director Green to approve the minutes of the meeting held on March 6, 2017. Vote taken, none opposed. Motion Passed.

6. REVIEW OF ZYSCOVICH PROGRESS/PRESENTATION

President Crews referenced the agreement with Zyscovich and scope of work which lists two tasks and the deliverables. Grace Perdomo, Zyscovich had provided a chart showing a revised timeline along with the deliverables and dates that have been delivered. President Crews explained we changed their scope when the idea of the hotel was introduced by asking them to do the feasibility piece.

President Crews asked the Committee when reviewing the presentation to look specifically at the deliverables to make sure everyone is satisfied Zyscovich is on task and meeting what they set out to do.

Discussion ensued regarding the overall budget for the project. After discussion, it was determined President Crews will contact Zyscovich to see why they have not billed us to date for any work performed, and to discuss timeline adjustment due to hotel project.

Chairman Green stated the purpose of today's meeting is to incorporate comments which will be provided to Zyscovich. Discussion ensued, the Committee members requested a hard copy of the presentation and it was determined President Crews would contact Grace Perdomo to request an extension on Phase I. It was determined all comments are due to President Crews by December 22nd and she would be incorporating them for a scheduled January 5th EDAC meeting. President Crew and Tom Green will also phone Grace Perdomo to further discuss incorporated comments.

Discussion ensued about contacting St. John's River Water Management regarding a possible exemption for storm water retention. Discussion ensued regarding Commerce Park and AVCON's input in the Zyscovich plan.

7. REQUEST FROM CONSTANT AVIATION FOR EXTENSION OF GROUND LEASE

President Crews gave a brief overview of the project: the construction of a new \$5.5 million dollar hangar with 35,000 square feet of ramp and additional parking. Constant has invested \$3 million dollars into the facility since they purchased it over a year ago. The proposed plans for the new hangar will be reviewed through DRC. President Crews stated Kevin Dillon was present from Constant Aviation for questions.

Discussion ensued regarding the terms of the current lease, market rate and the "ask" from Constant. President Crews proposed two options:

Option 1. Deny the request, and in 2030, convert both ground leases to facility leases per the current leases, for either Constant to exercise the first 5-year option period, or to lease to another tenant. The rental rate is projected to be \$8.64 per square foot. This is based on assuming a \$5.50 per square foot rental value now, with a 2% escalator each year for 13 years. The current total square footage, as identified in the 2014 appraisal, is 116,367 square feet, and at \$8.64 per square foot, the total annual income would be \$1,005,410. Total income for the 5 year option period would be \$5,027,050.

Option 2. Grant the request, and at term expiration in 2030, the ground lease would continue for another 5 years. The ground lease income is projected to be approximately \$316,256 annually in 2030. This is based on 20% increases to Lease No. 2000-06 every 5 years; Lease No. 2000-08 remains fixed through the term of the lease. Therefore, the total income for the 5 years would be \$1,581,280.

The difference in rental income between the two options (for the first 5-year period) is \$3,445,770. The investment proposed to be made by Constant Aviation is \$5,500,000, which in addition to the \$3,000,000 already spent on improvements, is a total of \$8,500,000 in investment in the Airport's infrastructure. This exceeds the gain in rental income by \$5,054,230 (60%).

President Crews recommended approval of the extension of Ground Lease Nos. 2000-06 and 2000-08 for 5 years, from April 1, 2030 to March 31, 2035, contingent upon Constant Aviation LLC constructing the new 35,000 square foot hangar at a cost of approximately \$5.5 Million, and with both leases to be increased to market ground lease rate as part of the lease extension.

Chairman Green requested more analysis.

8. PROPOSAL FOR NEW BUILDING FOR GATOR DOCK & MARINE

President Crews stated she, Paul Partyka, Jackie Lauterbach, and Al Nygren have been working on this proposal for a while. Gator Dock & Marine is currently located in the Commerce Park in an old building. The new site proposed is on Aviation Loop on a parcel that is 16.9 acres; Gator is looking for a 6-acre site. The parcel is just off SR 46. She stated she hasn't discussed the site with Gator but felt it would be a great site. Copies of the current proposal were distributed to the Committee members.

President Crews provided a brief history of Gator Dock & Marine and their need for a new building. Discussion ensued regarding the proposed site, access, lease terms, and build to suit versus financing, developing or leasing the property. Chairman Green stated his preference to keep the ball rolling.

9. OTHER BUSINESS

10. ADJOURNMENT

There being no further business, the meeting adjourned at 1:45 p.m.

Respectfully submitted,



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