

**MINUTES OF THE  
SANFORD AIRPORT AUTHORITY  
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING  
WEDNESDAY, MARCH 21, 2018 8:00 A.M.**

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**PRESENT:** Tom Green, Chairman  
Jennifer T. Dane (arrived 8:30)  
William R. Miller  
Steve Smith

**ABSENT:** Frank Ioppolo, Jr.

**OTHER BOARD:  
DIRECTORS** Henry Bowlin  
Tim M. Slattery

**STAFF PRESENT:** Diane Crews, President & CEO  
George Speake, Executive Vice President of Operations & COO  
Don Poore, Chief Financial Officer  
Jerry Crocker, IT Director  
Lori Hunt, Executive Assistant  
Jacqueline Lauterbach, Leasing Manager  
Al Nygren, Property Manager  
Rachel Walker, Finance Manager

**OTHERS PRESENT:** John Fleishman, Gator Dock and Marine  
Paul Partyka, NAI Realvest  
Tim Shea, AVCON  
Bob Turk, City of Sanford Economic Development

1. CALL TO ORDER

The meeting was called to order at 8:02 a.m. by Chairman Green.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. COMMENTS FROM THE PUBLIC

None.

4. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JANUARY 30, 2018

Motion by Board Director Smith, seconded by Board Director Miller to approve the minutes of the meeting held on January 30, 2018. Vote taken, none opposed. Motion Passed.

5. PROPOSED NEW FACILITY FOR GATOR DOCK & MARINE

President Crews updated the Committee regarding Gator Dock and Marine's request for a new facility and specifications they have requested: one aluminum building with a steel crane running down the middle for the production of docks. Current design 29,270 square feet and of that, 2,215 square feet will be used as office space.

Paul Partyka, NAI Realvest presented an overview on the project with Gator Dock and Marine's initial size requirements for the building, pricing and monthly payment. Mr. Partyka expressed the difficulty in estimating building cost based on Gator's specifications to get to a number they want as the monthly payment. Mr. Partyka stated four options: 1) private developer at market rate, 2) a rate which may be slightly less than market rate or 3) they hire an outside developer to build the building and we just get the ground lease, or 4) the possibility they move.

Chairman Green referenced information distributed to the Board; he stated this process began January 2016 and since then construction prices have increased considerably. Discussion ensued regarding development expertise, development pro forma, yields, and further analysis. Further discussion ensued regarding risk, borrowing impact, revenue, and unknowns. Chairman Green inquired if there was an appetite at the Airport level to take on the debt. Discussion ensued regarding need for a more realistic cost estimate, debt level, bond financing, third party developer and leasehold revenue. Chairman Green stated the Airport has a need for development expertise and inquired of Paul Partyka can NAI Realvest provide that. Mr. Partyka responded industrial development is their area of expertise.

Chairman Green stated that Kevin Spolski, Spolski Construction, should be contacted to provide Gator Dock and Marine an idea of a hard cost compared to the one he did four years ago.

Discussion ensued regarding a site the Airport was considering for Gator Dock and Marine. President Crews read Gator Dock and Marine's specs: 6 acre site, must allow outside storage, existing or to be built, need to be in the new facility within 18 months, need to be located within 10-15 miles of the Sanford Airport because they don't want to lose their employees, 28,000-30,000 square foot metal building with 8' concrete masonry perimeter walls, 2,500-3,000 air conditioned office space, the balance of the building open space for product



fabrication, multi-ribbed metal panels with 4" vinyl back insulation, eave height of 24-28' above grade, overhead doors (4) need to be 40' in width with 2 on each end of the building for pass through system, grade level entrance ways to facility (do not want elevated dock), 15-18 ton crane weigh system operating 75'-200' area, assuming a 200' x 150' wide building, 16,000 square feet of concrete for outside storage load bearing capacity 40,000 pounds, concrete driveways load bearing capacity 80,000 pounds, and facility entrance and exits must allow room for bridge spans above 150' in length.

Chairman Green felt that is enough information to put a number around. Board Director Bowlin stated the square footage has changed so many times, this is a moving target. Chairman Green stated he was comfortable with it, and inquired if we actually sent that out to a contractor to obtain a number.

Board Director Miller inquired if Spolski Construction did the initial scope. John Fleishman, Gator Dock and Marine, responded yes. Board Director Miller felt logic would dictate Gator would go back to Spolski to either update or change the scope. Chairman Green agreed it would give you a range. President Crews asked Board Director Smith to work with her on updating the scope.

President Crews clarified; Gator is currently paying \$10,000 a month, and are trying to keep their cost at \$27,000 per month. They've even looked at putting money into it to try to keep it at that. Paul Partyka stated that NAI Realvest is going to develop this; he had talked to Kevin Spolski on this initially in terms of getting some updated numbers. They have struggled trying to get the monthly versus total budget number; he planned to work on the total construction budget allowing for 25% down payment.

Chairman Green stated he expects NAI Realvest to put this into a pro-forma with a cost that's something believable, with the numbers, debt component and an out. He felt then the Airport can make a decision if we agree with those numbers, if the rent works for both sides and whether we want to proceed forward on that, or if it makes sense to say no, it's too much risk, to push off.

## 6. L3 (AEROSIM FLIGHT ACADEMY)

[Presented out of order before Gator Dock & Marine]

### a. Letter of Intent

President Crews presented an overview and history on L3. L3 has a number of properties at the Airport; President Crews referenced a property diagram. She explained the Airport derives \$350,000 annual income per year without buildings 543, 517 and 450 (that are under consideration as additional properties for L3 to lease). L3 is our largest tenant; she has been working with them for a couple of



months to facilitate their growth because they are growing exponentially. Growth is wonderful for L3, the Airport, tower operation and fuel flowage. President Crews referenced Lease 5-89 that went into effect in 1989 and covers a number of their properties and their land and ramp. L3 is expanding their fleet to 130 aircraft; we have been working with them to provide the necessary ramp space for that increase. The primary Lease 5-89 includes buildings 131, 455 and ramp. Lease 2010-32 is the dormitory which was put in place at a reduced rate \$2.50 per square foot and building 545 which they built themselves and is the ground lease referenced in her memo. At some point, building 516 was added into Lease 5-89. There are two small buildings adjacent to their campus which are under a use agreement; there is no charge for those. Going forward there will be a charge, but they'll only be using building 41 and they are giving up 131.

Discussion ensued regarding specific buildings being considered for the consolidated restated amended lease and returning building 131 to the Airport.

Discussion ensued regarding Building 450 and L3's request to lease the building, current use, ramp space. Discussion ensued regarding buildings 543 and 517, and the need for an LOI. Discussion ensued regarding the last time L3 met with EDAC. Discussion ensued regarding restoration of PV-1 Ventura and length of time it will need to be housed in building 517. Discussion ensued regarding existing fleet size, increased fleet, and type of aircraft.

Discussion ensued regarding how many planes the ramp could accommodate, access to taxi-ways, and future ramp access to the Commerce Park. Discussion ensued regarding future aviation development, the runway protection zone. Discussion ensued regarding terms of restructured proposed leases, market rates relative to importance of retaining L3 as an airport tenant, as well as constructing new spec buildings for prospective or existing tenants.

President Crews advised the Committee there have been several revisions to the L3 Letter of Intent; she has been working with Counsel Brett Renton and Mark Thompson. Discussion ensued regarding future access to the airfield, protected surfaces, and taxiways with regards to the Zyscovich plan. Discussion ensued regarding the underground fuel tanks at the L3 dormitory. The Committee members requested the estimated cost to replace the heating system in the dormitory. Discussion ensued regarding air conditioning repairs to all buildings with the exception of building 545.

Chairman Green recommended he would be happy to continue working with President Crews on the Letter of Intent because this is a big complicated deal. His big items would be: L3 Corporate Guarantee, market rates at renewal, tenant pays everything but structural, gut check against market price today, cost estimate on landlord repairs, and simplify everything into one document.



Discussion ensued regarding the guarantee, relationship between Aerosim and L3, and corporate guarantee.

Chairman Green requested an overall summary with pros and cons, relative points with a recommendation for the Board, also update the diagram shading reflecting type of lease and that all information is provided to the Board well in advance of the Board meeting.

Discussion ensued regarding the guarantee, waiving guarantee, renewal rights at market, ten-year lease with two five-year options.

[Presented out of order, following Hotel Update]

#### b. Student Housing

President Crews stated the other element of L3 that she wanted to discuss today is their student housing. Right now, they have over 500 students; the dormitory houses 131 and they need 300 more beds. Presently they are getting those rooms in several different apartment complexes which means they're having to shuttle from multiple locations. She informed the Committee she met with L3 because they are looking for options in extended stay hotels as a possibility to house their students. There have been conversations with them about looking at the City of Sanford as a potential site downtown. The City has a site right on the lakefront that they are using for Public Works, but they want to move Public Works away from the lakefront and have come to the Airport asking for a site. We have identified a potential site for them and those conversations are ongoing, as well as a potential site for L3 in downtown Sanford. The idea is we want to do whatever we can to keep L3 here. They put a lot of money into this community, and having 300 young people in that location would be huge to the downtown area and keep L3 here at the Airport. To enroll 300 more students on campus here, we don't have a lot of amenities and they'd still have to be shuttled out. L3 likes having the 130 here at the Airport as they are predominantly Chinese and it keeps them in a good position under the shelter of the flight school. It was noted that the other entity that is looking at building a hotel near the Airport has talked to L3 about developing something to assist with student housing.

### 7. HOTEL UPDATE

President Crews updated the Committee that we are working with Beacon Bay, who is continuing to bring opportunities to us. She had spoken with several of the Committee members regarding a very strong opportunity with a specific chain hotel but that chain came back and said no, the dollars wouldn't work, even with reducing the scope, removing rooftop bar and taking out some of the meeting space. Beacon Bay brought forth the idea again of a Holiday Inn and they are bringing in others. Beacon Bay has been working with one of the companies that



are developing in downtown Sanford, and she and George will be meeting with them tomorrow.

President Crews stated Board Director Ioppolo is engaged in many of the conversations and he is not at today's meeting. We keep hearing there's a lot of interest, even last night she was provided with information on a woman out of Iceland who has a company that develops hotels and is very interested in this particular area. She sent her all of the information that we have including both Zyscovich Visioning Plan as well as the Hotel Feasibility Study.

Board Director Miller expressed his frustration with the process. He stated a hotel has been on the agenda for years. If this was such a valuable entity, we should have proposal after proposal coming in wanting to build a hotel here. It hasn't happened, we've had nothing but lip service, we've gone through one deal where we spent time and money and had to tell them to go away and obviously on one hand, we have nothing to lose to keep exploring but there's something not right in this. Either money is a problem or we don't have what they need in terms of heads in beds to turn over to get the volume to substantiate it.

Board Director Miller said it's his understanding that there is an entity that is going through the City approval process to build a hotel, a private entity. President Crews clarified that they've gone to the City and talked about a hotel, had the property annexed into the City, but there hasn't been any re-zoning and is not sure where they are right now in that process. Board Director Miller felt it would be interesting to find that out more information about this entity.

President Crews responded the proposed hotel is located just off of Red Cleveland Boulevard, it's Nash Hooda's property, that it hasn't been purchased yet as he's still the owner of the property. She stated she is concerned about where access (to the property) will be granted.

Discussion ensued regarding location of proposed hotel, access easement, ownership of the right of way by the County, Use Agreement with County to maintain the right of way including the pond and landscaping.

President Crews discussed the three options for access to the proposed hotel 1) Marquette Avenue 2) obtain an access easement off Red Cleveland Boulevard or 3) go in through the cul-de-sac. She felt coming off of E. Lake Mary Boulevard would be preferable versus access off of Red Cleveland Boulevard. She said as the Airport we need to be concerned because we're going to be doing our own development along there and we only want so many curb cuts. Also, any curb cut is going to affect our traffic pattern.

Board Director Dane inquired why do we keep getting beat to the punch, are we more difficult to work with. She wondered why they would be looking at doing a hotel on that site and can't figure out of our 15 different potential sites why we



don't have one. President Crews responded the entity that is interested in building the hotel there came to us first and chose the site on Lake Golden as their preferred site [for SOIA Hospitality].

Discussion ensued regarding borrowing to build a hotel in relation to financing the terminal expansion and other potential opportunities, ownership of land versus leasing, ground lease, and third-party developers.

## 8. OTHER BUSINESS

### NAI Realvest

President Crews updated the Committee regarding a meeting held yesterday with staff, Chairman Green, and Paul Partyka and Patrick Mahoney from NAI Realvest to discuss the property management and real estate agreements. President Crews discussed the commitment of all parties in making this a success in every way. After discussion yesterday and looking at both positives and negatives, they concluded not all aspects are beneficial to either side. Reporting initially was a big issue; now that is in place inhouse. President Crews discussed audits on the commercial properties which reinforced her belief that the staff was doing a good job. They discussed redundancy in effort that is not beneficial to either side. The redundancy of the accounting is necessary on our side, there's always going to be that duplication, and bottom line, this is taking far more time than NAI Realvest had envisioned. NAI Realvest noted that we retain maintenance, that isn't their typical property management scenario what we have here, and it wouldn't benefit anyone for it to be the same way.

In looking at the whole process, the greatest value was in the leasing and negotiating our renewals and the work that's coming forward with Zyscovich when we start to market the outparcels. When Paul Partyka started marketing our leases, which has been mostly lease re-negotiations, he's been able to bring up our leases to market. She discussed with Chairman Green that we exercise our 60-day written notice on the property management option and keep NAI Realvest as a consultant for when we need assistance. They'd still have the listing agreement and would continue working with renewals and new leases. We'd do the reporting and if there are questions or more in-depth analysis that we need assistance with, we'd go to NAI Realvest. Chairman Green had mentioned a few things he thought might be beneficial, and requested to keep their listing agreement intact.

Board Director Miller stated in one way he wasn't surprised and in another way, he was disappointed and concerned. He referenced the RFP to develop the business plan we knew that from the details they gave us that they were in a business world that was different than what our airport had in the size and scope.



He questioned if nine months was a fair time to determine success and inquired of Chairman Green his thoughts since he sat in on the meeting.

Chairman Green discussed property management as two big issues, the existing staff and that NAI Realvest wasn't given aviation side. He felt from day one going in it was set up for property management side, but that's ok because at the end of the day he felt the airport got better. We understand the reporting a lot better and we get the reports the same way. One thing that did come out of yesterday's meeting, there needs to be a real estate facilities program the Airport uses and integrates with. The problem was they are on an accounting system; the Airport was trying to integrate their accounting system so that means the dollars we were spending on management fees may be better spent on the accounting system to make us more efficient and more connected. From the management side, he wasn't surprised the outsourcing wasn't a good transition but the end deliverable was the right decision given everything he heard yesterday.

On the leasing side, he thought we got better, that Paul Partyka's done a really good job getting rates up and NAI Realvest has done a good job. Chairman Green discussed a couple of things that have become glaringly obvious: the need for development expertise, someone experienced to negotiate complicated deals. He didn't think it's a bad move at this point, given what was said yesterday to terminate the property management portion, we've got the people in place because they never changed, do better accounting and reporting. Two preliminary things we don't have are the leasing consulting aspect, and development expertise.

Discussion ensued regarding the need for NAI Realvest signage on available properties.

Board Director Dane expressed her concern in losing NAI Realvest for development, in her opinion they have been very valuable regarding property. She agreed with Chairman Green we don't have a level of expertise negotiating complicated matters. She reiterated to President Crews that she thinks staff is spread too thin, that she has told her this before, that she needs more help.

Board Director Dane stated she gets concerned when she hears the word consultant, because that's sort of how she's been envisioning NAI Realvest now. We didn't really transition, it wasn't really a smooth transition, it didn't allow for them actually to come in outsourcing because we literally did keep everything the same in our house. And she felt if we use them as a consultant, will we actually use them the best way for the Airport and she wasn't sure we know how to do that. In her opinion it makes her a little uncomfortable to think that we're losing somebody as valuable as NAI Realvest.



President Crews responded there are things that we found value in with NAI Realvest and those things are not going away. They will still be a consultant and broker for us and they will be there for other things we need. Patrick [NAI Realvest] and I have said the same thing, that staff has done a good job, it was just the reporting that various people wanted to see that we'd never done before that was not part of anyone's scope here before. Now we understand what you're asking for, we know we can produce it. Rachel went ahead and produced everything yesterday except the rent roll which she's working on. We know we have a 60-day transition period to work with Realvest to make sure that it's a smooth transition. President Crews stated she believes initially we fully transitioned.

Board Director Dane clarified she understood the point was to outsource. She felt we didn't really outsource, that we've been using NAI Realvest as a consultant for the last nine months. They've consulted us on how to do reporting, bringing rents up to market, so we really didn't truly outsource this role to them, now we've learned for the last 9 months. She thinks it's great but is still concerned because we're getting complicated contracts and inquired are we going to pay our attorneys to go over all this or do we have a development sort of person like a Tom that's in house and has other roles because obviously this type of stuff doesn't come up every day. In the past 12 months we've had at least 3-4 big deals, that we've leaned heavily on our Board, and some deals we didn't even have our attorneys look at until after we had huge discussions about it. She understands and doesn't doubt that our staff does an amazing job, they do too much, that's why she's expressing her concerns that we're losing something she views as very valuable and hopes we can replace it. She isn't saying that it's a bad decision, just felt that to act as if we're going to 60-day transition, we're good to go for the next ten years, that this makes her nervous. L3, Gator Dock and Marine, there's a lot of stuff that are big dollar items here that have an impact for a long period of time but she appreciated the outside perspective.

Board Director Bowlin was encouraged it was a mutual conversation and decision. Working in a big corporation that's what you have to do - re-evaluate, re-group and move forward. He thought we're at a point of doing that and maybe in six months we re-group again after the evaluation, totally re-design what we're doing. That's what we do, we evolve and move forward and if something's not working or beneficial financially, that's not beneficial as growth to the corporation, you have to re-analyze. He looks at this as a time of taking a break and analyze where we're at, what we've done, what we've accomplished and where we need to go, and then we can sit down again. He noted that we at least established a rapport and confidence with this company and thought we can look down the road.

Board Director Smith stated he felt the same way; he was very tentative on the whole thing in the beginning even going forward but has seen the established



relationship with Realvest evolve over the last nine months. He thought it's been beneficial to both parties and hopefully we'll have a good relationship moving forward on the larger projects, and out-parcels. There is plenty of land to be developed; hopefully they'll be good quality.

Board Director Slattery inquired of President Crews if she intends to increase staff since we didn't reduce the staff. President Crews responded no and noted that a lot of time was spent by staff going over the reports and related matters, plus staff was still engaged with Jackie as the primary liaison with NAI Realvest. Board Director Slattery stated we never realized any real savings and probably were a little less efficient in maintenance, and cautioned to just make sure you don't add expense to our existing staff by bringing this back to us.

George Speake stated he didn't think we were less efficient in maintenance but there is no reason to increase staff, we maintained the same thing we were maintaining before throughout the nine months.

President Crews responded it will actually reduce the amount of staff time.

Discussion ensued regarding the need for a senior real estate executive to be responsible for development opportunities that will be coming forward.

Discussion ensued regarding the Business Plan.

Paul Partyka, summarized NAI Realvest is not going away, he's not going away. Even from the Property Management side, they are merely changing the way things have been done. They are going to be more advisory. He felt they have made staff a little more efficient with the new software and will constantly update the software for Property Management. From the Real Estate side, they will be even more aggressive now. They had been holding off placing signs and marketing of vacant properties, all that will change today. They will be putting out new flyers and new marketing program. He stated he told President Crews, he is here to get involved in any lease whether it's aviation or otherwise, development programs, they can do all of that. He is here now in the true capacity of real estate, real estate advisory, and to help with all the leases.

Chairman Green requested Paul Partyka do a development pro-forma.

## 9. ADJOURNMENT

There being no further business, the meeting adjourned at 10:24 a.m.



Respectfully submitted,

*Diane H. Crews*

Diane H. Crews, A.A.E.

President & CEO

/lh