

**MINUTES OF THE
SANFORD AIRPORT AUTHORITY
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING
THURSDAY, APRIL 26, 2018 Noon 12:00 P.M.**

PRESENT: Tom Green, Chairman
Jennifer T. Dane
Frank Ioppolo, Jr. (arrived 12:12)
William R. Miller
Steve Smith
Brett Renton, Counsel

ABSENT:

OTHER BOARD: Henry Bowlin
DIRECTORS Clyde Robertson, Jr.

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President of Operations & COO
Don Poore, Chief Financial Officer
Jerry Crocker, IT Director
Thomas Fuehrer, Chief Sanford Airport Police Dept.
Lori Hunt, Executive Assistant
Jacqueline Lauterbach, Leasing Manager
Al Nygren, Property Manager

OTHERS PRESENT: Rick Baldocchi, AVCON
Elizabeth Brown, General Manager, AWW
Rich Crotty, Crotty Group
Paul Lambert, Lambert Advisory
Jeremy Owens, CPH Engineers
Paul Partyka, NAI Realvest
Grace Perdomo, Zyscovich Architects
Tim Shea, AVCON
Bob Turk, City of Sanford Economic Development

1. CALL TO ORDER

The meeting was called to order at 12:01 p.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 MARCH 21, 2018

Motion by Board Director Miller, seconded by Board Director Dane to approve the minutes of the meeting held on March 21, 2018. Vote taken, none opposed. Motion Passed.

5. ZYSCOVICH ARCHITECTS PRESENTATION OF DRAFT TASK II

President Crews distributed the Zyscovich timeline and stated Grace Perdomo, Zyscovich, Rich Crotty, Crotty Associates, Paul Lambert, Lambert Advisory and Rich Baldocchi, AVCON were present.

President Crews explained that the Draft Task II includes: new development, infill development framework as well as the financial component for implementation; the deliverable for development standards and CC&R's is actually moving to be included in the final presentation that we should have before May 31st. That is something that shifted as part of the development of our task.

President Crews noted Zyscovich has stated the final presentation will be no later than May 31st, and inquired if EDAC would want to meet and go over the presentation before it goes to the full board as today is more of a workshop.

Grace Perdomo stated the focus of the presentation today is regarding Task II work in terms of defining the development framework, looking at the financial analysis, and land valuation for the development framework which includes the broad infrastructure cost. Ms. Perdomo highlighted Task I items for context and progressed to specifics of Task II. Ms. Perdomo referenced a brochure distributed to the Committee that was prepared by Zyscovich to include in collateral materials presented at the recent MRO's America conference. She stated Zyscovich would be building upon this document for the final deliverable to be distributed to SAA on May 31st.

President Crews informed the Committee the booklet for the MRO conference was an excellent piece. President Crews stated she appreciated the hard work that went into the brochure and referenced the large backdrop prepared by Zyscovich for the MRO's conference highlighting areas of development, noting that airplane thumb drives with the presentation were distributed to interested attendees.

Grace Perdomo continued her overview explaining that the goals under Task I focused on the strategies that build value for SAA in terms of their non-aviation

property holdings. This particular task is having you drive development implementation based on having identified what your goals and objectives are. Four strategies were identified under driving development implementation and how SAA can go about doing that. They have started to identify the various components for development guidelines in terms of attracting development that is high quality, and ensuring that development that is built adds value to SAA; it's about place making and branding.

Ms. Perdomo further briefed the Board on recommendations made in Task I: identified 4 strategies for building value, enhancing access, elements regarding place making and branding, how to leverage non-aviation site development opportunities and expanding existing recreational opportunities. Ms. Perdomo stated Zyscovich will work with SAA to identify potential funding sources, potential partners and timeline for implementation. This particular component is important and is part in parcel of this plan, but more important than that, it starts to identify priorities for ranking each of the strategies, establishing a road map moving forward. They will be categorized as critical, important or strategic.

Critical are the ones that take place that are ranked as those improvements or investments in the near term, that will have immediate impact on SAA's financial position or operations. Other strategies will be categorized or ranked as being important, that will set the foundation for the Airport to realize investment and revenues in middle, long term; or strategic, those improvements for investments that provide a basis to grow and thrive over the long term.

Paul Lambert added they have actually set up a very simple matrix as a tool for the Board or the EDAC allowing you to rank all of these investments or strategies in terms by these categories. On top of that list after ranking them, how do we pay for them, what are some of the methodologies to fund some of these improvements and eventually a column providing cost for achievement. It allows you to prioritize and determine where the funding may come from, and in 2018 dollars, understand the cost, realizing not everything will get done this year.

Chairman Green requested the matrix be distributed to the Board.

Grace Perdomo referenced slides highlighting various strategies that enhance access to the Airport, creating new access to Commerce Park, and place making, and reiterated the focus of Task II: components of building value, four key strategies identified, how do we drive development and how do we guide implementation. Ms. Perdomo discussed the City of Sanford Community Redevelopment Plan and potential to build on that. She discussed growth downtown Sanford, the I-4 expansion, Seminole State College, and the Zoo as items that build on the tourism industry, as well as the logistical advantage of the FTZ zone designation and incentives. She stressed the importance again of outreach that will follow the creation of the plan, presenting it to organizations, looking for ways to partner with them particularly with specifics of identifying

potential opportunities of funding infrastructure. Work force and education listing of 23 nearby local and major universities will be part of final marketing plan deliverable.

Paul Lambert, Lambert Advisory discussed the airport's need for partnerships. Several areas based on market analysis fit quite well for the Airport: corporate headquarters regional offices, a big target of the Orlando Partnership, advanced manufacturing with Hill, life sciences healthcare potential, aviation aerospace defense, and innovation and innovative technology.

Grace Perdomo discussed development framework and conceptual land use maps and potential opportunities suited to the sites. Ms. Perdomo stated they worked with AVCON regarding cost for infrastructure by identifying new streets, streets that are to remain that are to be refurbished, and new construction for infrastructure storm water, drainage, water, lighting, communications and streetscape improvements in the Commerce Park.

Rich Baldocchi discussed the market analysis in Phase I and annualized detailed model.

Ms. Perdomo discussed the importance of landscaping, street scape along Mellonville Boulevard which becomes the gateway into the Commerce Park, cost of improvements along Mellonville Avenue and ways to enhance that entryway. She also discussed CC&R design guidelines to define types of buildings and construction types, uses, color, materials for roofing other components, landscaping and signage.

Ms. Perdomo discussed the North lots along SR46 which were divided into two zones: Zone I on west end of this area and Zone II on the eastern portion.

Discussion ensued regarding 208 acres notated as future acquisition, that the Airport has no intention of purchasing the properties, resulting in a request for clarification in the presentation to reflect and make it clear, private development would be fantastic in that area. Clarify with future acquisition/private development opportunities, add a disclaimer: this is meant for private development opportunities available to individuals for private land owners, no implication that the airport would come in and eminent domain or acquire this property.

Discussion ensued regarding a reference that there are joint development opportunities or public private partnerships. Counsel to work with Zyscovich on disclaimer language, and to eliminate wording future acquisition.

Ms. Perdomo discussed the properties fronting Lake Mary Boulevard near the sports complex and noted that they had done a hotel development study. She also discussed retention, Gateway lots, existing hangars along Marquette and Skyway

Drive, airport master plan, retail component, field house and expansion of the sports complex.

President Crews referenced an additional 9 acres of land that has been identified for development on Marquette.

Discussion ensued regarding making major improvements, Master Plan and Five-Year Plan with the State, funding sources.

Discussion ensued regarding airside and non-airside, advantages of aviation use versus non-aviation use. Discussion ensued regarding site development cost.

Discussion ensued regarding infrastructure cost, tax increment funding, the Authority's Special District status, definition of slum versus blight.

Ms. Perdomo stated with these components identified the opportunity is to sell the plan moving forward, meet with the City/County, and Enterprise Florida.

Board Director Ioppolo noted one of the points of this exercise was to have a strategic plan and now we have an overall plan that will allow the maximization of a return on the asset that is the Airport on different plans.

Discussion ensued regarding: economic impact if the land goes into production over time, revenue from a ground lease if you have to shoulder all the cost of infrastructure or private partner to shoulder the cost, TIF or other funding sources.

Discussion ensued regarding numbers if a private individual helps fund costs and deferment of payment over time.

Discussion ensued regarding economic development benefits and job creation, rolling the plan out in a formal way with the City, County and Orlando Partnership, develop our own CRA.

Paul Partyka discussed their separate model with marketing which is similar to Zyscovich although a smaller format: a brochure and pricing up the land based on the potential usage of the land

Discussion ensued regarding the 417 exit.

Rich Crotty, Crotty Group emphasized the importance of taking this to the next level in terms of economic development with the County and the City as soon as possible. He stated this airport has changed over the years you see reference with the shift from airlines that used to make money and terminals that didn't make money. Today terminals look like shopping malls, your asset here is what's going to be the rising tide if it's handled properly recruiting those relevant types of activities.

Grace Perdomo discussed the outline of the final deliverable which was summarized and broken down. She stated the final presentation would be shared with Lori to distribute to the Board Directors and requested they continue reviewing it and send Zyscovich the final comments and they'll start preparing the book.

Ms. Perdomo stated in terms of outreach to County and others, a presentation to those particular stakeholders might be the easiest format, and she would discuss that with President Crews.

The Committee members commented they liked the MRO book and were looking forward to the updated Zyscovich presentation.

Discussion ensued regarding a presentation of Task II to the Committee or the Board, final deliverable at the June Board meeting.

6. REVIEW OF DRAFT LEASE TEMPLATES

Discussion ensued regarding the lease templates, three of the five templates were distributed to the Board: Residential, Commercial and the t-hangar lease. The ground leases both aviation and non-aviation components and regular airside facility lease which has more security requirements are being reviewed by Counsel.

Board Director Ioppolo left the meeting at 1:26 p.m.

Brett Renton presented a quick high-level overview of the leases.

Discussion ensued regarding: termination rights, zones, renewal rights, optional rider, relocation and redevelopment of parcels.

Discussion ensued regarding fire loss, tenants with ground leases for both aviation and non-aviation and the hangar lease, and insurance coverage. Counsel stated he would review further.

Discussion ensued regarding residential leases, tenants and statutory rites to terminate. Counsel stated he would review further.

Brett Renton discussed final language regarding Commercial Leases with regards to air conditioning units, CAM, storefront: doors windows including plate glass, roof damage due to air conditioning maintenance activities, air conditioning unit placement on the ground versus roof, tenant relocation.

Brett Renton stated Paul Partyka has had a chance to review the lease templates, and the insurance broker had a chance to look at the insurance language and

make necessary changes across the board in all three to make the SAA more in line with what is market over your previous leases.

President Crews inquired if the Committee wanted to make a recommendation today on the three lease templates so they could go to the Board for the June meeting, or is EDAC going to want to review them one more time.

Discussion ensued regarding air conditioning units' maintenance responsibilities.

Brett Renton commented just so the Committee members are aware the rules and regulations for the Airport are incorporated into each of these leases, they will have to be revised substantially, that process is set for October.

Chairman Green stated with the exception of the air conditioning issues he requested the Committee members submit any comments to President Crews. He felt the Board just wants the Committee to approve the templates and he didn't feel they were ready to approve or make a recommendation to the Board yet.

7. UPDATE ON GATOR DOCK & MARINE, AND L3 (AEROSIM ACADEMY)

President Crews updated the Committee; we are continuing to talk to L3, and to Gator Dock & Marine. With regards to Gator Dock & Marine we had asked Paul Partyka to get more updated construction estimates. Without fully developed specs these are just ballpark estimates, he got 3: one was a little over \$6 million, one was \$4 million, and one was \$3.8 million. All three were substantially higher as we were still using \$3.2 million which was an updated figure from Kevin Spolski. She and Paul talked they felt based on those figures we're probably looking at \$4.5 million and there is no way even if they did it their selves that they'd stay at the \$30,000 a month that they were seeking. She has requested a meeting with them, and hasn't gotten that yet. Gator was not very happy when she explained to them that the pro forma given to them was not realistic at all because it was based on a figure that wasn't reliable and that the new estimate showed it would be substantially higher. The only other scenarios would be third party or look at Industrial Revenue Bonds; we've looked at bonds and that's not going to work, and with third party, she felt they're going to find their selves in the same situation.

President Crews stated if she just did a ground lease, the best situation is they build the building and we get our \$7000 per month in ground lease which will increase every year. It's just not worth it for us to try to still maintain that \$10,000 a month cash flow we're getting now, the risk wouldn't be worth it. She stated she's really not sure where this is going to go, they may come back and ask us to make improvements to their existing site which is something we need to look at closely, she would not want to put a lot in, but we might have to do something.

Board Director Smith inquired about the possibility of putting in a metal building on the site and tear down the Quonset hut? President Crews replied they'd have to be able to continue to operate.

Paul Partyka explained the issue with them it's been like this for six months and all three contractors said the same thing. Gator has to sit down and give us some real specs, these are like fantasy numbers at the end of the day. One general contractor did 12" concrete base, the other two did a 6" concrete base, that's the biggest differential on concrete. One option put in a crane structure complete without a crane, the other did not put the structure with the crane and the other one did. Until you go and sit down and do everything consistently the same, based on these numbers and what they want specifically, the number of \$30,000 will not happen.

Board Director Miller inquired of President Crews when she had in mind to bring this to a conclusion. President Crews replied August. Paul Partyka responded August 31st is the end of their lease, they need to make a decision over the next few weeks to sit down with a general contractor with specs with a real number to make a decision but the fact of the matter is if they want their theoretical budget figure which is \$30,000 a month, they won't make it.

President Crews stated that she, Paul Partyka along with Al Nygren need to meet with Duane Bryant, President of Gator.

President Crews updated the Committee regarding the hotel; we have been meeting literally every week with hoteliers, a lot of interest but no one has come forward with a proposal. Board Director Smith inquired if the consensus seems to be they want us to be partners. President Crews replied it seems a lot more favorable to us to have some equity in the project, not just supply the land but maybe put a little bit of equity into it like \$1 million.

Board Director Smith inquired had there been any more updates on the other possible developer.

President Crews updated the Committee, the developer went to planning & zoning and got approved for re-zoning, and Monday it went to City Commission for the first reading it was approved. She clarified that's to rezone from AG to PD, but remember the access that they have to get is through the County and not the City so we need to meet with the County and we've not had that discussion.

George Speake addressed Board Director Smith's question and replied we've met with 6-7 groups now.

Board Director Dane inquired the status of our relationship with the County? President Crews stated she has met with John Horan and we have another meeting on the agenda.

8. OTHER BUSINESS

None.

9. ADJOURNMENT

Chairman Green entertained a motion to adjourn.

Motion by Board Director Miller, seconded by Board Director Dane, to adjourn the meeting. Vote was taken, none opposed. Motion passed.

There being no further business, the meeting adjourned at 2:09 p.m.

Respectfully submitted,

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

Diane H. Crews, A.A.E.

President & CEO

/lh