

**MINUTES OF THE
SANFORD AIRPORT AUTHORITY
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING
FRIDAY, SEPTEMBER 21, 2018 7:30 A.M.**

PRESENT: Tom Green, Chairman
Jennifer T. Dane (appeared via telephone)
Frank Ioppolo, Jr.
William R. Miller
Stephen P. Smith
Brett Renton, Counsel

ABSENT:

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

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Al Nygren, Property Manager
Julie Sawyer, Executive Assistant

OTHERS PRESENT: Dave Cattell
Tracy Forrest, Southeast Ramp
Mark Galvin, Hilltop Securities
Jonathan Hand, ATKINS
Zach Nelson, McFarland Johnson
Paul Partyka, NAI Realvest
Shari Ridell, L3
Rachel Saunders, NAI Realvest
Angela Singleton, Hilltop Securities
Kevin Spolski, Spolski Construction
Bob Turk, City of Sanford

1. CALL TO ORDER

The meeting was called to order at 7:30 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 JULY 19, 2018

Motion by Board Director Miller, seconded by Board Director Ioppolo to approve the minutes of the meeting held on July 19, 2018. Vote taken, none opposed. Motion Passed.

5. GATOR DOCK & MARINE PROPOSAL

Chairman Green updated the committee that an updated packet was distributed with small changes that were made late last night and President Crews would go over those with them.

President Crews presented an overview:

- Cash flow analysis revised.
- Commission structure was 3% for 30 years.
- Agreed modified commission of 3% for the first ten years, this is a 30-year lease. Second ten years 1.5% capped at 20 years.
- Recommended addendum to the listing agreement that caps future deals at 10 years, except ground leases.
- Ground leases would go through the entire term.
- Existing tenant a good long-term tenant.
- Commission payable at lease execution half the commission, the other half would be paid upon issuance of the CO.
- Addendum language in the event a tenant defaults on the lease it goes back to NAI Realvest to market again.
- Suggestion made commission gets paid after three months of payment.

Discussion ensued regarding development cost, hard cost, soft cost, market rate, tenant contribution.

Discussion ensued regarding current site being oldest infrastructure on Airport, and the #1 site targeted for demolition by Zyscovich in redevelopment plan. Site has 5 buildings and is terribly inefficient; new site has one building. With regards to the cost for demolition, President Crews advised that Casey Barnes with the Orlando Economic Partnership (OEP) has indicated we might be able to get the funding for demolition from the Florida Growth Program.

Cash flow analysis presented by Don Poore:

- Two options: 5% interest and 5.25% interest.

- \$4.6 M maximum total development cost assumption; tenant contributing \$600,000; the Airport to take out a loan for \$4 mil dollars to fund construction cost development cost; and Gator Dock & Marine will sign a 30-year lease.
- 5th /3rd Bank term sheet 4%
- Debt ratio.
- Requiring assignment of lease in rent on the building and then beyond that the Airport is responsible.

Discussion ensued regarding term sheet, assignment of lease, fixed rate, reset. Requested contingency from the Committee is that deal is subject to the ultimate financing.

Motion by Board Director Ioppolo, seconded by Board Director Smith to accept the staff recommendation to move forward with the Gator Dock & Marine deal subject to a review of the final financing arrangement. Vote was taken, none opposed. Motion passed. [attached staff memo incorporated into the minutes]

6. L3 TECHNOLOGY LETTER OF INTENT

President Crews introduced Sheri Riddell, L3 HR Director.

Chairman Green referenced updated L3 memo.

President Crews updated the Committee the intent is to amend, restate and consolidate L3's primary lease, a use agreement for a small building and incorporating another lease which is for their dormitory as well as adding two additional hangars, No. 450 and No. 517, which is needed primarily for the ramp space due to their growth and increased fleet. President Crews noted that the proposed annual rent is \$474,471, an increase of \$121,747. She noted that L3 had mistakenly put 10,000 sf into their budget for Building 517, instead of 20,000 sf. At present, the hangar is occupied temporarily by the Memorial Committee for the final stages of the PV1 Restoration, and Allegiant for temporary storage of MD80 parts. There is language added to the LOI that specifies when the entire hangar becomes available, L3 must either lease the entire hangar or vacate the premises. In addition, they wish to amend and restate a ground lease on which they built a building in 2007.

- Complicated deal, historic rental rates.
- Biggest tenant, economic development in the community, number of landings.
- Lack of corporate guarantee.
- 10-year deal.

Discussion ensued regarding the complexities of the deal, and that historic rental rates for L3/Aerosim (formerly Comair, then Delta Connection) shows that some of

the rates today are lower than they were at lease inception as the result of negotiation and renegotiation over the years. Discussion continued regarding the details of the LOI, including upgrades made by tenant, and responsibilities for the underground fuel tank. Discussion ensued regarding landscaping with the Committee advising that the landscaping maintenance needs to be further stipulated in the ensuing lease documents.

Motion by Board Director Smith, seconded by Board Director Ioppolo to recommend approval in accordance with the staff recommendation. Vote was taken, none opposed. Motion passed. [attached staff memo incorporated into the minutes]

President Crews informed Sheri Riddell, L3 this item would be on the Board Agenda October 9, 2018.

7. SOUTHEAST RAMP LETTER OF INTENT

President Crews updated the Committee the last item to be discussed is the letter of intent from Tracy Forrest at the Southeast Ramp. The hotel item is being removed and Chairman Green is going to ask for an EDAC meeting to be held within the next two weeks, to discuss the hotel in detail. We will also be looking at the Southeast Ramp LOI in greater detail at the EDAC meeting. She noted that the owner of SE Ramp, Tracy Forrest, was present today, and gave a brief overview of the LOI.

- Long time tenant.
- Currently leasing over 766,000 square feet of space.
- 14 businesses, over 120 aircraft based at the SE Ramp in its 112 hangars, contributing to the Airport's number of operations as well as revenue for fuel flowage fees and telephone/internet service.
- Level of flight activity generated by the SE Ramp was a significant portion of the Airport's justification to the FAA for the grant-funded extension of Runway 9R-27L in 2008.
- 250,000 square feet of additional space to lease.
- President Crews and Tracy Forrest will be discussing proposed layout, size of all three (3) phases, and looking at lease rates.
- Phase I is the GSA building, Phase II will be the most southern of the phases.
- Tracy has invested over \$18 M in private capital investment.
- Excellent facility, credit to the Airport.

Discussion ensued regarding pros and cons. Discussion ensued regarding construction timeline. Chairman Green requested tightening down time frame with actual dates, get rent around it, a diagram of other parcels how we will access them.

Motion by Board Director Miller, seconded by Board Director Smith to approve the letter of intent of additional land leasing. Board Director Ioppolo offered a friendly amendment

that we authorize the staff to meet with our tenant and work out a final proposal that they can bring back to the Board for approval. Board Director Miller accepted the friendly amendment, Board Director Smith seconded the friendly amendment. Vote was taken, none opposed. Motion passed.

8. PROPOSED HOTEL

This item was removed from the Agenda and will be discussed at next EDAC meeting. The Committee agreed to schedule the next EDAC meeting on Wednesday October 3, 2018 at 8 a.m. President Crews stated she would try to meet with each EDAC member ahead of time.

9. OTHER BUSINESS

None.

10. ADJOURNMENT

Chairman Green entertained a motion to adjourn.

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

There being no further business, the meeting adjourned at 9:00 a.m.

Respectfully submitted,

Diane H. Crews

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