

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, SEPTEMBER 13, 2016**

PRESENT: Frank S. Ioppolo, Jr., Chairman (arrived 8:40 a.m.)
Tim M. Slattery, Vice Chairman
Jennifer T. Dane, Secretary/Treasurer (arrived 8:43 a.m.)
U. Henry Bowlin
Tom Green
William R. Miller
Clayton D. Simmons
Stephen P. Smith
Clyde H. Robertson, Jr.
Comm. Art Woodruff, City Liaison
Brett Renton, Airport Counsel

ABSENT: Commissioner Brenda Carey

STAFF PRESENT: Diane H. Crews, President & CEO
George D. Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Jerry Crocker, Director of IT
Thomas Fuehrer, SAPD Chief
Lori Hunt, Administrative Assistant
Bill Stack, IT Manager

OTHERS PRESENT: Krysty Carr, AFA Flying Services
Larry Gouldthorpe, Airports Worldwide
Geoff Lane, Starport
Kevin J. Spolski, Spolski Construction
Joe Doubleday, Starport
Tim Shea, AVCON
Bill Capehart, GLF
Genean McKinnen, EHI
Joy Watson, AED

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND INTRODUCTION OF GUESTS

The meeting was called to order at 8:30 a.m. by Vice Chairman Slattery, followed by the Pledge of Allegiance, and introduction of guests.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON AUGUST 2, 2016.

Motion by Board Director Smith, seconded by Board Director Green, to accept the minutes of the regular meeting held on Tuesday, August 2, 2016. Board Director Green requested a friendly amendment. For clarification Board Director Green requested changing the wording for Consent Agenda item 12C to reflect: Board Director Green proposed amending the motion to include staff supplementing the minutes with their recommendation including the benefits and costs to the SAA in return for the easement. Board Director Smith amended his motion to accept the friendly amendment, seconded by Board Director Green. Vote taken, none opposed. Motion passed.

4. APPROVAL OF MINUTES OF THE JOINT MEETING HELD ON AUGUST 22, 2016.

Motion by Board Director Robertson, seconded by Board Director Miller, to accept the minutes of the Joint Meeting between the SAA and the City of Sanford held on Monday August 22, 2016. Vote taken, none opposed. Motion passed.

5. LIASON REPORTS

A. Seminole County

Commissioner Carey was not in attendance.

B. City of Sanford

Commissioner Woodruff expressed his appreciation regarding the completion of the entrance sign at Airport Boulevard and Sanford Avenue.

C. MetroPlan Orlando

Board Director Smith advised that no meeting was held for MetroPlan last month.

D. Orlando Economic Development Commission

6. COMMENTS FROM THE PUBLIC

7. COMMITTEE REPORTS

Board Director Miller updated the Board regarding the last EDAC meeting on August 9, 2016: presentation by McFarland Johnson, engineering consultants who have developed a software program that could potentially be applicable to Real Estate Property Development; and discussion on Commerce Park Business

Plan, RFQ for Development Consultant, and property on NE corner of Lake Mary Boulevard and Red Cleveland Boulevard.

8. PRESIDENT'S REPORT

President Crews noted that the President's Report had been previously distributed to the Board and updated the Board on several items. The Flight to the North Pole event will be sponsored by the Airport on December 3, 2016. Instead of benefitting homeless children in Seminole County, this year's event will be for children who are patients in the Florida Hospital cancer program. With regards to the budget amendment request from last month, the fountains have been ordered and should be installed within a couple of weeks. The computers for the ALCS (Airfield Lighting Control System) have been ordered, with a six week lead time. The repair for Taxiway Bravo 7 is completed. The work on the curb repair in front of the terminal is happening today and tomorrow. The part for the air conditioners at the ARFF department has been ordered, due for installation September 19, 2016.

President Crews updated the Board on the two RFQ's. RFQ for Professional Engineering Services is due on Friday September 16, 2016. Proposals will be distributed to Staff and Board Director Miller who is the Board Liaison on the selection committee. The RFQ for Commercial Real Estate and Land Development Services was posted online Friday September 9, 2016 and published in the Orlando Sentinel Sunday September 11, 2016. A Pre-Submittal Conference is scheduled for September 23, 2016. The Committee to evaluate the proposals will be comprised of the EDAC Committee and President Crews. President Crews encouraged Board Directors to attend the pre-submittal meeting and advised that the meeting would be noticed as a public meeting.

President Crews reminded the Board of the 2016 Industry Recognition Awards Dinner for the Sanford Chamber of Commerce to be held September 14, 2016. Allegiant Air will be honored, and Sheriff Don Eslinger will be awarded the Lifetime Achievement Award.

Don Poore, CFO presented the Financials to the Board.

9. COUNSEL'S REPORT

Brett Renton updated the Board regarding the RBCA (Risk-Based Correction Action) closing.

10. AIRPORTS WORLD WIDE REPORT

Airports Worldwide President Larry Gouldthorpe reported on the following:

A. Monthly Statistics For August 2016

- i. UK Traffic Total
27,097
- ii. International Traffic Total
38,775
- iii. Domestic Traffic Total
184,845
- iv. Total Traffic
224,862
- v. Year-to-Date Traffic
1,918,144

Mr. Gouldthorpe stated AWW is competing for European business, scheduled service three times per week out of Cologne Germany. AWW has been re-fostering a relationship with the Port Canaveral cruise industry. Interjet is doing very well, with a dip noted in August deplaning due to normal seasonality. Mr. Gouldthorpe noted that AWW will be meeting October 13, 2016 in Mexico City with Interjet to discuss more Mexico City frequency and possible new markets to consider.

AWW has purchased licenses for Sabre, new market data tool that allows individual airports to access data base information on airline performance metrics.

On September 20, 2016, meeting with Hudson and World Duty Free, a precursor to implementing commercial space recommendations proposed by Unison to go hand in hand with the terminal expansion to make better use of commercial space.

East Coast Training Facility update: lot cleared and expected completion date is the middle of March. The first full motion simulator arrived and is being stored at Southeast Hangar. With regards to the hotel project, phase II of the feasibility study conducted by David Pearl has been completed, and will be discussed at the AWW Board meeting.

John Redmond has been announced as the new president of Allegiant Airlines.

11. CHAIRMAN'S REPORT

Chairman Ioppolo stated he has met on two occasions with members of the Heathrow community who have expressed concerns over air traffic, noise and flight pattern of incoming flights. Chairman Ioppolo conveyed to the residents they could direct their concerns to the Noise Abatement Committee and that the direction the planes take is not controlled by the

SAA but by the ATC Tower. He recommended they discuss this with their Congressman and the FAA.

Chairman Ioppolo stated inquiries have been made regarding insurance contracts at the airport and discussion has ensued regarding a RFQ for next year.

Brett Renton reminded the Board that insurance is a matter that must go thru an RFQ.

Chairman Ioppolo discussed the proposal of scheduling a half day Board Retreat and inquired of the Board items they would be interested in focusing on during this event. The Board Directors requested: terminal expansion, a list of grants received and available, discussion of the relationship between AWW and SAA, and economic real estate opportunity.

Chairman Ioppolo updated the Board on President Crew's evaluation. The comments and input from all the Board Directors were compiled and discussed. The summary was 3.75 out of 5 or roughly 75%, areas of additional attention were discussed. The maximum available bonus would have been 15% and Chairman Ioppolo recommended 80% of that 15% which equates to \$22,200 as a bonus in the first year. At the next Board meeting, the Strategic Plan will be discussed to identify performance criteria/goals for the coming year.

Chairman Ioppolo made a recommendation to award President Crews a bonus in the amount of \$22,200 for the Fiscal 2015/2016 year.

Board Director Smith made a motion seconded by Board Director Green. Vote taken, none opposed. Motion passed.

12. CONSENT AGENDA

President Crews stated that Agenda item I had been removed.

Board Director Dane requested clarification on the lease increases and requested a policy be determined for handling rent increases. Chairman Ioppolo stated this would best be discussed under Discussion Agenda. Board Director Green requested Agenda Item B be placed under Discussion Agenda. Board Director Slattery requested agenda item A be moved to Discussion Agenda due to a conflict of interest.

Chairman Ioppolo stated items C,D,E,F,G,H,J,K,L will be addressed under Consent Agenda and items A,B will be heard under the Discussion Agenda.

- C. Consider approval of Amended Addendum E to Lease No. 2011-33 with MICHAEL LOADER for Building No. 302 located at 2836 Aileron Circle (Residential).
- D. Consider approval of Consent to Assign Lease No. 2008-26 from NEWMAN VETERINARY CENTERS, INC. d/b/a VAL-U-VET ANIMAL HEALTH, INC. to PET PARTNERS, LLC. for Building No. 440-B located at 1701 E. Airport Blvd. (Commercial-Office).
- E. Consider approval of Addendum C to Lease No. 2013-34 with ORLANDO SANFORD AIRCRAFT SERVICES, INC. for Building Nos. 413 and 421 located at 1910 Airport Blvd. and 1920 Airport Blvd. respectively (Hangars).
- F. Consider approval of Addendum B to Lease No. 2012-34 with JET STAR, INC. for Building No. 409 located at 1160 30th Street (Commercial-Warehouse).
- G. Consider approval of Addendum B to Lease No. 2012-25 with THE LITE HOUSE, LLC for Building No. 126 located at 2854 Flightline Ave. (Commercial-Warehouse/Office).
- H. Consider approval of Addendum H to Lease No. 2001-19 with AVIS RENT A CAR SYSTEM, LLC. for Building No. 518 located at 1751 Airport Blvd. (Ground lease).
- I. Consider approval of official bid tabulation and authorization to award contract for Outbound Baggage Improvement Project. (Withdrawn)
- J. Consider approval of FAA AIP Grant No. 3-12-0069-076-2016 for the Design to Reconstruct/Widen a portion of Taxiway "R" (+/- 1,600 ft x 75 ft), and Construct Remote Air Carrier Apron (+/- 20,000 square yards); Runway Incursion Mitigation (RIM) program.
- K. Consider approval of Task Order Nos. 2016-01 and 2016-02 for AVCON, Inc. for professional engineering services for airfield improvements.
- L. Consider approval of Addendum C to Lease No. 2013-29 with GLF CONSTRUCTION, CORP. for Building No. 439 located at 3026 Carrier Ave. (Commercial – Warehouse/office).

Motion by Board Director Smith, seconded by Board Director Simmons, to approve Consent Agenda items C,D,E,F,G,H,J,K,L. Vote taken, none voting in opposition. Motion passed.

13. DISCUSSION AGENDA

- A. [moved from Consent] Consider approval of Addendum A to Lease No. 2015-17 with AIRLINE TRAINING & LEASING USA CORP. for Building No. 148 located at 1711 Hangar Rd. (Commercial-Warehouse). (Moved to Discussion Agenda)

Board Director Slattery disclosed that he has a pecuniary interest in the potential outcome and disclosed to the Board and the Public that he is abstaining from voting on this item.

Motion by Board Director Smith, seconded by Board Director Simmons, to approve the request. Vote taken, none voting in opposition. Motion passed 8-1 with Board Director Slattery abstaining.

- B. [moved from Consent] Consider ratification of Lease No. 2016-20 with ARCHITECTURAL EFFECTS, LLC for Building No. 142E located at 1143 E. 30th St. Sanford, FL (Commercial-Warehouse). (Moved to Discussion Agenda)

Board Director Green requested further clarification on this item related to the rental rate versus market rate and term of lease.

President Crews introduced Al Nygren, Property Manager and licensed real estate broker, and Jackie Lauterbach, Leasing Assistant and licensed property manager. Architectural Effects is a company that is being relocated to the Airport Commerce Park from a location on Moore Station Road that is being demolished. The proposed lease payment is significantly greater than the amount he has had to pay at the previous location, and the rate structure was designed to ease him into the first couple of years. She noted that the tenant has had to make some improvements for storage of his product at the new site. The Commerce Park location is a very old warehouse building, few amenities are included. Mr. Nygren was very creative in structuring the lease to enable the tenant to lease a property that is difficult to lease. The lease was structured to provide a fair market rate and increases in the subsequent years are based on cumulative CPI of each preceding year, with one 5 year option period at the end of the lease.

Board Director Green stated his preference that rate increases be based on market rate rather than the CPI.

Motion by Board Director Slattery, seconded by Board Director Smith. Kevin Spolski, Spolski Construction referenced his familiarity with the building in question and stated that given the overall view of what the product is, this is exceptional value. Vote taken,

Board Director Dane and Board Director Green voting in opposition. Motion passed 7-2.

Chairman Ioppolo stated that five of the nine Board Directors during the President's review had expressed a need for policies and directives on leasing.

Board Director Dane requested that lease items in the Consent Agenda contain more detailed information regarding increases and that percentages be provided.

Chairman Ioppolo inquired if there was set policy regarding leases ad hoc or is each one reviewed individually. President Crews explained that unless increases are embedded in the lease, each one is reviewed and negotiated individually. Many of the buildings in the Commerce Park have old infrastructure that has been maintained to keep them viable for leasing, and in most of those, you won't find long term leases. When possible, we negotiate a better deal for longer term to keep the buildings leased, while trying to get fair market rate. A brand new building doesn't lease for the same as an older building with less amenities. Leases are evaluated on their own merit; it's a negotiation between the SAA and the tenant. President Crews stated more information can be provided in the agenda memo along with the reasoning for making these decisions. Currently properties are at a 98% occupancy rate, and have never been below 90%.

Board Director Dane requested at the retreat identifying and evaluating the buildings that are bad and having a plan not only to rent, but changes to the Commerce Park.

Board Director Green requested detailed information on a higher level be provided on the buildings.

President Crews informed the Board that a process is in place where she meets with staff 4-5 months in advance of the upcoming renewals. During budget preparation, staff looks at the next two years and at projections for the future, and bases decisions on that information.

Board Director Miller requested the Board review the outline for the Business Plan at the Commerce Park.

- A. Consider authorization to issue an RFQ for Marketing and Public Relation Services.

Motion by Board Director Smith, seconded by Board Director Dane, to approve Discussion Agenda item A. Vote taken, none voting in opposition. Motion passed 9-0.

- B. Consider authorization to issue an RFQ for outsourcing management and operation of the Airport Commerce Park.

President Crews stated this item was a request from the last EDAC meeting. President Crews advised the Board that funding had not been allocated specifically for this line item; \$300,000 is budgeted for Professional Contractual Services, of which \$200,000 was slated for Professional Real Estate Development Services and the other \$100,000 for Professional Marketing and Public Relations. Chairman Ioppolo replied that Commerce Park could come under the same line item.

President Crews expressed her concern that a contractual relationship with a property management firm receiving either percentage of the rental received from Commerce Park or a fee, however it is determined, will take away from Commerce Park revenue. President Crews stated she believes the rent currently received from the Commerce Park is market rate, and the chances of increasing revenue on the existing properties are not as likely as believed. If the Commerce Park is outsourced, President Crews expressed concerns over existing staff and what their roles would be. President Crews added that feedback from the professional property managers can be obtained with the issuance of this RFQ, and the Authority is not committed, per a disclaimer.

Chairman Ioppolo expressed concern over doing things the way they've always been done. This has resulted in no plan for taking a dilapidated resource that continues to dwindle and having a plan for improvement, raze buildings, and put new buildings in. He felt it is time for a strategic plan, and staff to focus on doing the job of taking care of the airport.

Board Director Bowlin recommended with regard to the buildings and their conditions to start a sinking fund or a percentage of all funds going in a redevelopment fund as done with the T hangars. Or he suggested take the percentage of revenues formula and have someone evaluate the condition of the building, talk to the tenants. Then we could improve the condition of the existing buildings and generate enough revenue to market the building ourselves.

President Crews reminded the Board that we have a very low debt ratio.

Motion by Board Director Smith, seconded by Board Director Green, to approve Discussion Agenda Item B. Vote taken, none opposed. Motion passed

14. COMMENTS FROM THE PUBLIC

None.

15. OTHER BUSINESS

16. REMINDER OF NEXT BOARD MEETING (October 4, 2016)

17. ADJOURNMENT

There being no further business, the meeting adjourned at 10:12 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Diane H. Crews". The signature is written in black ink and is positioned above the printed name and title.

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

/lh