

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
TUESDAY, NOVEMBER 8, 2016**

PRESENT:

Frank S. Ioppolo, Jr., Chairman
Tim M. Slattery, Vice Chairman
Jennifer T. Dane, Secretary/Treasurer
Tom Green
William R. Miller
Clayton D. Simmons
Stephen P. Smith
Clyde H. Robertson, Jr.
Commissioner Art Woodruff, City Liaison
Brett Renton, Airport Counsel

ABSENT:

Henry Bowlin, Board Director
Commissioner Brenda Carey, County Liaison

STAFF PRESENT:

Diane H. Crews, President & CEO
George D. Speake, Executive Vice-President & COO
Don Poore, Chief Financial Officer
Jerry Crocker, IT Director
Thomas Fuehrer, SAPD
Lori Hunt, Administrative Assistant
Jacquelyn Lauterbach, Leasing Manager
Al Nygren, Property Manager
Julie Sawyer, Administrative Assistant
Bill Stack, IT Manager

OTHERS PRESENT:

Krysty Carr, AFA Flying Services
David Cattell
Christina Crotty, Crotty Group
John Cunningham, Zyscovich
Tracy Forrest, Winter Park Construction
Dave Logan, Airports Worldwide
Ed Miranda, Zyscovich
Jeremiah Owens, CPH Engineers, Inc.
Tricia Setzer, Economic Development Director, Seminole County
Tim Shea, AVCON
Greg Smith, Million Air
Kevin J. Spolski, Spolski Construction

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

The meeting was called to order at 8:32 a.m., 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 OCTOBER 4, 2016

Motion by Board Director Smith, seconded by Board Director Robertson, to accept the minutes of the regular meeting held on Tuesday, October 4, 2016. Vote taken, none opposed. Motion passed.

4. LIASON REPORTS

A. Tourist Development Council – Presentation by Tricia Setzer, Economic Development Director for Seminole County

Tricia Setzer, Economic Development Director, Seminole County presented a sports tourism update. Ms. Setzer reported in Fiscal Year 2015-2016, Sports Tourism in Seminole County, including the Sports Complex, hosted 50 events which generated \$30 million in economic impact. Since its opening in May, the Sports Complex has hosted 20 events, primarily on weekends, which generated \$15 million in economic impact and almost 11,000 Seminole County hotel room nights. During the first five months of operation, May thru September, the Sports Complex hosted tournaments almost every weekend, and during the week is primarily open for Seminole County Public Schools, Orlando City Youth league, and use for adult/children leagues. During the weekend the goal is to bring in room nights as top priority for the Sports Complex and to reserve weekends for out of town tournaments. Average tournament hosts 80-100 teams which generally bring in 2000-2500 people; many of those are going to spend the night in a hotel. Ms. Setzer reiterated this is the first year of operation and a learning process; the relationship with the Sports Commission needs to be ironed out, and they need to determine exactly which tournaments are the right fit for the Sports Complex.

Seminole County is also doing a \$6 million renovation at the Soldiers Creek complex which is set to open June 2017. Ms. Setzer noted the focus for that complex will be girls fast pitch softball and youth softball, to bring in out of town teams. Seminole State College has been asked to partner and they are looking for other opportunities to partner. USSSA brought in 630 room nights, and 3800

visitors for a \$700,000 economic impact. The best tournament was Prospect Wire which is a new relationship. Prospect Wire brought 1500 room nights and 127 teams, 15 of those from out of state. They are working with Central Florida Sports Commission to focus on tournaments bringing people from outside the state of Florida which brings higher economic impact for the County. Ms. Setzer informed the Board that Seminole County is also working with spring training groups encouraging them to move to Seminole County next spring.

The underperformance of the Sports Complex was then discussed, with Ms. Setzer noting that the projections for a new event did not materialize and they have learned that expectations for new events must be managed. Ms. Setzer noted the County is excited about 2017; a lot of new faces and established tournaments will help with steady room night growth. She noted that Vice President Speake sits on the TDC (Tourist Development Council) and is aware on a monthly basis of the upcoming events; she can supply additional information or provide tours of the Sports Complex to anyone interested.

Board Director Slattery inquired if the County had received any feedback from organizers as to what is missing, what people need. Ms. Setzer responded the feedback is positive on the Sports Complex, and the needs include closer hotels, restaurants and a gas station. Ms. Setzer stated The Wing House is the closest restaurant to the complex and the owner has come to the complex several times and thanked them for providing him a steady customer base. Ms. Setzer stated she also had conversations with Airports Worldwide as well, who also stated when looking at restaurants; there is a need for good family restaurants, nothing too fancy.

Board Director Robertson inquired of Ms. Setzer if all fields are artificial turf, to which Ms. Setzer replied that nine (9) are artificial and the rest are natural grass; if they had the budget, all fields would be turf due to maintenance, rain delays, and versatility. The artificial turf fields can be converted in to rectangular fields as well for soccer and lacrosse, and size can be adjusted with temporary fencing so younger teams can play up to Division 2 Collegiate.

Chairman Ioppolo recognized the Central Florida Sports Commission has gone through recent leadership change; Jason Segal, who is now heading it up, helped bring Solar Bears to Orlando, and we are fortunate to keep him in the community to fix some of the things the Sports Commission was struggling with. He noted that the Sports Complex is actually exceeding the original expectations by 100%. Ms. Setzer agreed, stating the pro-forma for the Sports Complex that was put together by the County in 2014, estimated a \$9 million impact and we are now looking at \$30 million.

Commissioner Woodruff stated the City of Sanford is struggling with the facility because they are providing all the law enforcement to the facility, anxious to see the other development which will bring them revenue. Commissioner Woodruff

stated they hear about great revenue brought in but none of that revenue goes to the City.

Chairman Ioppolo clarified, although the Sports Complex sits within the city limits of Sanford, the property is owned by Seminole County which means no tax revenue from the City's perspective. Economic impact is from ancillary heads in beds, people in restaurants. Commissioner Woodruff restated until they start seeing that economic impact, it's a financial drain on the City.

Kevin Spolski, Spolski Construction, inquired about any issues with the artificial turf. Ms. Setzer responded there have been no issues with the heat, and explained that turf gets warmer than grass so the challenge with the heat is kids need to wear a specific type of cleat for artificial turf which helps keep them cooler. Most kids travel with 2-3 pairs of shoes for this reason. The heat is a respiratory issue, but by the time the heat rises it's not overly heating a child at a respiratory level. They haven't had significant complaints. The SCPS utilizes artificial turf, it is very common, and they are not overly concerned.

George Speake referenced an adult kick ball league he has seen at the Sports Complex. Ms. Setzer noted that adult kickball leagues are the new phenomena.

B. City of Sanford

Commissioner Woodruff reported staff has been directed to start negotiating details with DOT in Seminole County on 17/92 along the lakefront in order to take it over to extend the Riverwalk. He noted concerns over the I-4 interchange design where it crosses the bridge, trying to add that to the negotiations, so it becomes less expensive, and creates a more inviting way to enter Sanford.

C. Orlando Economic Development Commission

Chairman Ioppolo stated the Orlando Economic Development Commission presentation will be done at the December 6, 2016 Board Meeting.

5. COMMENTS FROM THE PUBLIC

6. COMMITTEE REPORTS

Board Director Miller stated EDAC met October 20, 2016 regarding the RFQ Real Estate and Land Development previously submitted; after extensive review at the meeting, it was determined that more information was needed. President Crews requested the additional information and it has been received. The RFP for Property Leasing and Management Services has gone out and EDAC will also be reviewing the response today. Time spent by staff and the committee so far has been substantial and they look forward to bringing this to a conclusion hopefully by December.

Chairman Ioppolo thanked Board Director Miller the entire committee and members of staff and especially Board Director Miller.

7. PRESIDENT'S REPORT

President Crews stated President's Report was distributed prior to the meeting and briefly reviewed a few of the items. The 3-year, \$30 mil Southwest Apron Rehabilitation Project is completed. The contractor, GLF, finished the job ahead of schedule and did a great job on clean-up. The Terminal Expansion 90% plans are completed, thank you to Jeremy Owens, CPH. President Crews stated she is looking forward to bringing the Terminal Expansion plan to the Board in greater detail at the upcoming Board Retreat. PFC application still under review and staff is in continued communication with the FAA. Hill Labs' new facility is well underway and expecting completion within 8-10 weeks.

President Crews stated she attended the FAC Specialty Conference in St. Augustine. Vice President Speake also attended the conference to conduct interviews for the Scholarship Committee on which he serves. The President of FAC asked if SAA would be interested in hosting next year's Specialty Conference, and we agreed, although it still has to go to their Board in the spring for approval.

President Crews reminded everyone of the Rotary Chili Cook-Off to be held on November 19 at Cranes Roost Park in Altamonte Springs; the Airport team is the Flying Chili's. President Crews reported she is having a traffic count conducted at 10 different locations around the Airport, Lake Mary Blvd. and Airport Blvd., Red Cleveland Blvd. President Crews stated she and staff have been talking for some time with a national chain that does gas stations and convenience stores, and they are excited about bringing that to the Airport; however, they needed to see higher traffic counts than last January. Scheduled dates for the traffic count are November 16-22nd. This time period was chosen because we have pulled out of the fall doldrums.

President Crews stated normally the election of officers occurs in November, and last year in November the actual motion was to have the slate of officers serve until November 2016. Due to the fact we are still in the middle of an audit process, President Crews requested forbearance in pushing back the election until the finalization of the audit and resolution of any issues. President Crews asked for a motion to extend the current slate of officer's terms until the audit is complete and resolve any issues that are present or February whichever comes first. Motion by Board Director Miller, seconded by Board Director Smith. Vote taken none opposed. Motion passed.

Don Poore, CFO, presented the Financials to the Board.

Chairman Ioppolo thanked the Police, Fire, and Maintenance Departments, President Crews, Vice President Speake and staff for their hard work during the

Election and Hurricane Matthew. Board Director Miller complemented President Crews, Vice President Speake and Chief Fuehrer on the handling of the Trump Rally that was held at Million Air.

President Crews, thanked Greg Smith, Millionaire who hosted the Trump Rally. Mr. Smith responded the Airport did tremendous work in supporting the event.

8. COUNSEL'S REPORT

Brett Renton reminded the Board that required Ethics Training is being conducted by the City of Sanford November 29, 2016 or Board Directors can take an online course. Mr. Renton updated the Board on the McDonnell matter, still awaiting trial date. Mr. Renton stated the McDonnell's proposed a settlement of \$20,000 which President Crews rejected. Mr. Renton inquired of the Board their preference to purchase the property, which is in foreclosure, at below market value, and stated there is the possibility the Airport could obtain a 50/50 grant to assist with funding. President Crews stated her preference in obtaining the property although it is not contiguous. Discussion ensued and the Board concurred with Counsel performing due diligence and returning with a settlement offer at the Board Retreat.

9. AIRPORTS WORLD WIDE REPORT

Airports Worldwide Director of Operations, Dave Logan reported on the following:

A. Monthly Statistics For October 2016

- i. UK Traffic Total
21,397
- ii. International Traffic Total
32,378
- iii. Domestic Traffic Total
178,339
- iv. Total Traffic
210,717
- v. Year-to-Date Traffic
2,304,189

Mr. Logan informed the Board that Mr. Gouldthorpe was attending an AWW Board Meeting in Burbank Ca. Mr. Logan reported traffic performance in October was up 4%, 68 flights canceled due to Hurricane Matthew a loss of 20,000 passengers. Allegiant commenced service to Ogdensburg, NY the third Canadian market for Allegiant in the northeast. Allegiant begins San Juan

service December 15, 2016 four times a week, and Trenton, NJ began November 3, 2016. National Airlines announced cancelation of commercial flight service. Interjet saw a very healthy 7% increase in October and is adding additional flights over the Christmas holiday. President Crews reminded the Board that National still has a presence at the Airport for their Department of Defense work through their maintenance facility and parking space they rent on the international ramp. A new air carrier, Via Air begins operations in December on Tuesdays and Saturdays, flying a 50 seat regional aircraft. Mr. Logan stated the Allegiant Training facility is on schedule for March opening. Mr. Logan stated the AWW marketing team is continuing discussion with Port Canaveral regarding possible opportunities to generate third party sales on Allegiant's website to serve as a driver for additional air bookings to SFB to service to the cruise port. With regards to the AWW/OSI office relocation, permits expected by the end of November.

10. CHAIRMAN'S REPORT

Chairman Ioppolo thanked all staff and employees who worked thru Hurricane Matthew. A letter was prepared and signed by Chairman Ioppolo representing the Board thanking the 22 employees, President Crews and management for working throughout Hurricane Matthew. Chairman Ioppolo stated in addition to the letter they would be receiving \$100 (net after taxes) for the extra time and effort. Chairman Ioppolo noted the great financial performance of the airport and in anticipation of December the concept of bonus for staff was discussed with President Crews; it was determined a shared success bonus of \$125,000 be allocated with President Crews determining the breakdown. These monies will also be used towards the upcoming Christmas Party.

Motion by Board Director Smith, seconded by Board Director Green, to allocate \$125,000 for the shared success bonus. Vote taken, none opposed. Motion passed.

Chairman Ioppolo thanked the members of the Board for the opportunity over the last couple of years to serve as the Chairman and looked forward to sharing that great honor with someone else in the near future.

11. CONSENT AGENDA

- A. Consider approval of Addendum B to Lease No. 2014-27 with RICHARD AND KRISTY MEEKS for Building No. 527, located at 3880 Moores Station Rd., Sanford (Residential).
- B. Consider approval of Addendum H to Lease No. 2008-39 with STEPHEN AND MARY SMITH for Building No. 300-S located at 3106 Rudder Circle, Sanford (Residential).

- C. Consider approval of Addendum B to Lease No. 2002-13 with THE TORO COMPANY d/b/a TORO AG for Buildings No. 422 and 438, located at 3000 S Mellonville Avenue, Sanford (Warehouse).
- D. Consider approval of Addendum B to Lease No. 2013-03 with THE TORO COMPANY d/b/a TORO AG for Building No. 437, located at 1210 E 29th Street, Sanford (Warehouse).
- E. Consider approval of Addendum N to Lease No. 2003-01 with DONALD AND LAURA NOLETTE for Building No. 299 located at 3114 Rudder Circle, Sanford (Residential).
- F. Sanford Aviation Noise Abatement Committee (SANAC) Appointment Confirmations.
- G. **ADD-ON** Consider ratification of Lease No. 2016-30 with AMERICAN ENVIRONMENTAL AVIATION, INC. for Building No. 566 and concrete pad, located at 3977 Aviation Loop, Sanford (Warehouse).

Chairman Ioppolo requested clarification for item G Add-On. President Crews stated American Environmental Aviation, Inc. designs and builds fuel storage tanks, an aviation related company. They have expanded their operation and also lease a concrete pad. Al Nygren worked with the tenant and there was a delay in receiving the signed documents. The President of the company is in New York; therefore this is an Add-On item. The lease was negotiated before the Board stated their preference for not using the CPI as the basis for increases.

Board Director Robertson thanked the individuals who serve on the SANAC Committee and recognized Krysty Carr who was in attendance. Board Director Robertson stated he is grateful to any individual willing to serve the Airport.

Chairman Ioppolo noted that the SAA's enabling legislation requires the Chairman to appoint a Chair for SANAC. Chairman Ioppolo stated he had recently spoken with Andrew Van Gaale the current Chairman of SANAC who expressed his desire to continue to serve as Chairman.

Motion by Board Director Smith, seconded by Board Director Robertson to approve Consent Agenda items A thru G. Vote taken, none voting in opposition. Motion passed 8-0.

12. DISCUSSION AGENDA

- A. Consider approval of increase in Customer Facility Charges (CFCs), and resolution 2016-10 authorizing same, effective January 1, 2017.

President Crews referenced her memo outlining the history of why the CFC's were implemented and addressed over the years, and noted that the last increase was in 2011. The CFC's were initially implemented to fund the Police Department due to the crime the rental car facilities were experiencing. It has been a very successful program, and CFC's are used primarily for the purpose for which they were established. President Crews stated the SAA also pledged a certain amount of money for ongoing projects. She has been reviewing rates and charges, and looked closely at CFC's. She explained that in the midst of terminal expansion project being funded primarily by PFC's in excess of 80% leaving a gap in funding of \$3 - \$10 million that the Airport will have to fund, looking at revenue sources to help fund that. In part the CFC's will be used for that, but other rates and charges will be looked at as well. The increase from \$2 a day to \$2.25 is modest and keeps us competitive. If the increase is approved, goes up, the maximum remains at five days, while a number of airports don't have a maximum. OIA fee is \$2.50 per day, maximum of 5 days, for a total of \$12.50, while ours will go from a maximum of \$10 to \$11.25. President Crews stated she is asking the Board to approve the request effective January 1, 2017 and wishes to continue discussion in greater detail of all rates and charges and CFC's at the Board Retreat.

Board Director Simmons inquired as to the logic in putting a cap on the number of days. Board Director Simmons stated if a rental car agent rents a car for five days they collect the CFC for five days; if they rent for ten days, they don't reduce the rate for the last five days and yet we don't receive revenue. President Crews replied they aren't charging the CFC's for over five days. This went from a transaction fee that was \$5.50 to \$6.60, and then changed to \$2 per day/maximum five days because most of the rental car transactions ended up being for five days. This generated \$10, not \$6.60. President Crews stated further analysis could be done again. The analysis from 2011 when this was implemented was that we would actually receive a greater benefit by doing this because more people were leasing for longer than four days.

Board Director Robertson stated they didn't want to micromanage President Crews, but felt increases should occur steadily instead of every five to ten years. His theory, he didn't see capping it at all for the day limit.

Chairman Ioppolo stated when President Crews evaluated this she was concerned with making sure the Airport was competitive with the rates and charges put out. Because this is a niche airport, we tend to appeal to more of a budget traveler; if we charge the \$2.25 without a cap how that would put us in the competitive landscape? Chairman Ioppolo asked for Board thoughts. President Crews felt it would lessen our competitive edge, not all airports have CFC's. She addressed Director Robertson's comment about reviewing fee's every five years or more, from this point forward she will be bringing rates and charges forth once a year. President Crews stated she would have done it this year, but felt more education was needed to fully explore all the rates and charges, and going forward will evaluate them annually. President Crews stated not all airports

charge CFC's; she's been told 97% of airports who do have them use them strictly for the rental car facilities. Indirectly the terminal expansion benefits everyone; the Police Department is a direct benefit because that was the solution to the big problem. She further noted that a number of airports use the CFC's for a particular project and when the particular project is done, the CFC goes away. President Crews stated a recent survey indicated most airports are implementing a CFC but they vary and she will bring the survey to the Board Retreat. It involves other rates and charges not just the CFC's. President Crews had looked at OIA our immediate neighbor who has a similar rate structure. She stressed that she is not looking to charge our rental car customers for the whole terminal expansion shortfall, just looking at taking from our different revenue sources to make up that shortfall.

Board Director Green stated it would be helpful to see the OIA figures and a regional airport to compare. Board Director Green inquired if President Crews held a meeting with the car rental companies, what was their general feeling. President Crews responded she hadn't met with the RACs, merely had discussion with one. A meeting was conducted previously regarding use of CFC's. She explained that the rental car agencies would like to see the CFC benefit only the rental car companies; however, the CFC's exist for the benefit of the airport facility. The RAC's have enjoyed a tremendous focus over the last 5-7 years, with money to address specific needs, but as an airport, our facility is beyond the rental cars. We value them as partners and the investment they make, but they generate a lot of money here at the Airport.

Board Director Miller stated he didn't feel the Authority has any concern in the area of revenue requiring immediate action on this item. Board Director Miller felt it appears a budgetary type item looked at in each year's budget and concurred with Board Director Green to move further discussion of this item to the Board Retreat November 29th.

Chairman Ioppolo inquired for clarification of what information the Board wants to hear at the Retreat in addition to an education on the CFC's and a competitive analysis against the major airports and regional airports. Board Director Dane requested clarification of capping fee's per five days. President Crews stated in doing her review of this process she read the resolution from 2011 which stated "thereafter the rate will be reviewed on an annual basis by the Board with any adjustment in the rate to be set by a resolution adopted by the Board". Chairman Ioppolo clarified President Crews just completed her first year, and she is bringing to the Board a more regular business approach to overall fees and charges, she wants us the Board to look at these on an annual basis. Board Director Dane stated the fee went from transaction charge to a daily charge netted more income with the five day cap, why continue the five day cap. President Crews responded now the revenue derived from the CFC is in excess of the cost of our Police Department, and she is looking for additional revenue to offset terminal expansion but didn't want to be too greedy.

Brett Renton, clarified the CFC fee has to have a rational basis and a reasonable basis tied to it, the effort was to continue to tie the basis that we had the CFC's in place for and a minor increase and that increase will ultimately be used to fund the upcoming terminal expansion, if there is a need to do a full blown analysis on the restricting of it, there will have to be a mechanism put in place to analyze and tie it back. It can be done but felt there are additional resolution changes that would need to be made if you are going to change the structure.

Board Director Green felt if the cap were eliminated he would like to see the study of what other airports do, he's fine with the way it was presented, it's more the if you eliminate that, do you think that's too much.

President Crews replied she was not trying to belabor the point, but she felt customer focus at this Airport is that our customers love Allegiant as a low cost carrier which transcends to rental car operations as well. President Crews stated it was her understanding there is a lower rental car cost base here for the customers, even though the RAC's do tremendous business; it is a mutually beneficial operation. If we are greedy, we penalize the people we are trying to help. It's not the rental car companies, they will pass the CFC on to the customer, and we want to be reasonable.

Motion by Board Director Dane, seconded by Board Director Robertson to approve Discussion Agenda item A to increase the Customer Facility Charges from (\$2 per day with a five day maximum of \$10) to (\$2.25 per day five day maximum \$11.25) effective January 1, 2017.

Board Director Slattery stated his preference that yearly, staff comes to the Board with overall recommendation of increasing all fee's opposed to one at a time to receive a bigger picture and get a bigger picture of the revenue. Board Director Slattery stated he preferred tabling this item until the retreat to review all fees together. Board Director Miller made a motion to Table the request until all fees could be presented as requested by Board Director Slattery.

President Crews stated this was brought forward and separated because she became aware when researching the CFC's they were to be reviewed yearly and knew that the other fees would need a more prolonged conversation in preparation for the budget. Board Director Dane amended her motion, seconded by Board Director Robertson to include, authorize preparation and execution of Resolution 2016-10 for rate increase, effective January 1, 2017. Vote taken, Board Directors Slattery, Miller, Simmons, Smith, and Robertson voting in opposition. Ioppolo, Dane, Green voting in favor. Motion defeated 5-3.

13. COMMENTS FROM THE PUBLIC

Kevin Spolski, Spolski Construction, addressed the Board regarding the McDonnell case, noting that when having a second mortgage that is being

foreclosed, there is an opportunity to encourage the first and second mortgage holders to get a write-down instead of going to court. Chairman loppolo replied that option has been discussed.

14. OTHER BUSINESS

Board Director Dane inquired when the Agenda for the Retreat would be available. Chairman loppolo replied soon, they are limiting agenda items for a deep dive in to items under discussion. Chairman loppolo stated the point of the Retreat is an opportunity for the Board to discuss and take a deep dive in to the items that come back continuously, i.e. the CFC's. The Work Session will be legally advertised, scheduled for November 29, 2016.

15. REMINDER OF NEXT BOARD MEETING (December 6, 2016)

16. ADJOURNMENT

There being no further business, the meeting adjourned at 10:18 a.m.

Respectfully submitted,

Diane H. Crews

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