

**MINUTES OF THE
SANFORD AIRPORT AUTHORITY
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING
TUESDAY NOVEMBER 8, 2016**

PRESENT: William R. Miller, Chairman
Jennifer T. Dane
Tom Green
Tim M. Slattery

ABSENT: U. Henry Bowlin

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President of Operations & COO
Don Poore, Chief Financial Officer
Jacqueline Lauterbach, Leasing Manager

OTHERS PRESENT: Frank S. Ioppolo, Jr.
David Cattell
Christine Crotty, Crotty Group
John Cunningham, Zyscovich Architects
Ed Miranda, Zyscovich Architects
Clyde Robertson
Tim Shea, AVCON
Clayton Simmons

1. CALL TO ORDER

The meeting was called to order at 10:39 a.m. by Chairman Miller.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. COMMENTS FROM THE PUBLIC

None

4. APPROVAL OF MINUTES OF THE MEETING HELD ON OCTOBER 20, 2016

Motion by Board Director Slattery, seconded by Board Director Dane to approve the minutes of the meeting held on October 20, 2016. Vote taken, none opposed. Motion Passed.

5. REVIEW OF ADDITIONAL INFORMATION PROVIDED BY PROPOSERS TO REQUEST FOR QUALIFICATIONS (RFQ) FOR COMMERCIAL REAL ESTATE AND LAND DEVELOPMENT

President Crews stated at the last EDAC meeting the Selection Committee requested additional information. That request for additional information was emailed on October 26, 2016 to the contact person listed in each of the responses. With regards to NAI Realvest, the person listed as the key contact was Robin Webb; however, on the next page the point of contact is listed as David Cattell. President Crews stated she never got a response from Robin Webb of NAI Realvest, and the request for additional information was never sent to Mr. Cattell. President Crews stated when looking at the actual RFQ, it asked for name, address, email address, telephone/ fax numbers of one individual to whom all future correspondence and communications will be directed. President Crews stated she sent the request for additional information to the person she believed was the contact person, and requested that the Committee review this matter and determine how to proceed. President Crews felt there was some ambiguity because one page lists the key contact name, and on the next page they have a bullet listing the NAI Realvest point of contact as David Cattell along with his contact information.

President Crews stated the Committee has the option to review the additional information that was presented, although one of the four applicants didn't respond.

Board Director Green stated he thought they responded. President Crews responded that NAI Realvest gave a response to the RFP for property management. Board Director Green felt they probably saw that as us wanting to know the leasing property management proposal services, and in reviewing thought it answered some of the questions we had, and he wouldn't eliminate it. President Crews suggested options including delaying review of the additional information until NAI Realvest submits additional information, or if they can't they are deemed non-responsive; let them bring it in later and review what is here, although that puts them at an advantage over the others that submitted; or we can waive the required response to that part of the RFQ where we ask for additional information. President Crews noted specifically the Committee concurred to request the following additional information: proposed fee schedule, defined deliverables if not already contained in your response, and an example of a relevant completed project including deliverables. This was because the Committee wanted examples of collateral and reports. President Crews reiterated those three things are what she asked for, and the change to the interview process, asked for the incurrence and acknowledgement receipt of the email.

Board Director Dane inquired when it was realized the right person wasn't contacted. President Crews replied late last night when she responded to an

email from David Cattell. When she did not get an initial response from them, she thought they decided not to pursue this and concentrate on the property leasing management, because she saw where they had responded to that, and then she saw the email from Mr. Cattell responding to the lack of response from Robin Webb. She then spoke this morning with Mr. Cattell prior to the meeting; he showed her where he's listed as point of contact. Board Director Dane inquired if Mr. Cattell was still interested? Board Director Green and President Crews noted Mr. Cattell was present in audience.

David Cattell addressed the Committee and stated the RFQ dated September 9th included a section which refers to entity and structure. Robin Webb completed the information on that form. It also requests a key contact in section (A) including person's name, address, legal entity, name, address of individual for all future contact and that's where he was listed. He explained they were just following the RFQ format.

Board Director Slattery inquired why Mr. Webb ignored the first email and does NAI Realvest want to bid on this or not? Mr. Cattell responded he couldn't answer the first one, he wasn't aware until this morning that he hadn't answered the email and yes we wanted to respond. Board Director Slattery inquired if they could provide the information today? Mr. Cattell stated he hadn't seen the email requesting additional information. President Crews stated she would provide the information to Mr. Cattell.

Brett Renton stated the Committee has choices: 1) Postpone the discussion to provide additional time for any of the bidders to submit any additional information or supplement; they are not aware of any additional information so everyone is on the same foot; 2) Deem the response unresponsive because a key contact person was contacted and they didn't submit additional information then move on to discuss the remaining three; or 3) Simply waive it, have your discussion.

Board Director Green stated he thought we were going to go out to the groups and ask them for the fee structure, and saw that for the leasing and management fees we were talking in the context considering combining these things, get one company that conceivably does leasing and management and development. When he looked through a couple of them, they didn't even respond to that, so maybe that was miscommunication, and was surprised they didn't even respond to that.

President Crews explained that they had discussed separating or combining the requests as she knew some of the RFQ responders would probably be responding to the RFP and that's when the discussion was had about addressing them both at the same meeting. She noted that it wasn't in her notes to get a leasing and management fee schedule from them.

Board Director Miller clarified that the replies received from the original RFQ contain a fee schedule for land development/commercial real estate specific. The RFP that went out was specific to leasing and management services; discussion had ensued regarding combining or separating them, and the ultimate discussion was to separate.

Board Director Slattery inquired of counsel if NAI Realvest would now have a competitive advantage knowing what everybody else's fees are in a subsequent meeting. Mr. Renton responded there is no advantage, this hasn't been public, and that they are still considered by the Committee, in the shade. They haven't seen any of the other responses and haven't been provided or given any information unless someone on the Committee told them, that would make a big issue, per discussion there should be no communication with the respective bidders. Having had no communications, if you were to postpone the discussion, it wouldn't disadvantage any of the individuals who have responded because that information wouldn't be out to anyone else and the Committee could move forward with the decision once you get the additional information.

Board Director Slattery stated a decision needs to be made whether or not to go forward now without NAI Realvest or table this and allow them to respond.

Board Director Green respectively disagreed, felt they should go back to the other two who didn't put in a leasing management and ask them if they want to present this part.

Mr. Renton explained from a legal perspective with the RFQ/RFP process you had 4 bidders to RFQ, the way it was written if there is a change in the scope of services then you need to reject everything and resend out for a new scope of services. There are potential third party bidders who could challenge that process because they weren't included because that scope is different than what they chose not to bid on. If you do change the scope of services then process and discussion should at recommendation of counsel involve a rejection of all, rewrite RFQ to include the scope that you'd like to see and then submit that out for a response.

President Crews stated no need to revisit the decisions to not combine requests that was determined by the Board. Proposers were advised of the RFQ when they came to the mandatory meeting that we would be putting the RFP out for Leasing & Property Management. Everyone was very well aware of that. There was further discussion at the meeting that some of the applicants might respond to both, so they had the opportunity to respond to the RFP. The RFP was sent to everyone that attended the mandatory meeting. Board Director Green responded so they've had a fair shot, they chose not to apply. President Crews stated that no one other than NAI Realvest chose to respond.

Board Director Slattery made a motion to allow NAI Realvest to have until the end of the week to submit their fee structures as we requested or not, and if they don't submit we can re-meet on all four again.

Mr. Renton offered a friendly amendment, that the timeline works although he wanted to be clear, that any bidder can amend what they submitted by the end of the week. Friday is also a holiday. Board Director Slattery restated Thursday 5 p.m. as the deadline. The motion was seconded by Board Director Green for discussion. Board Director Green requested President Crews re-read what was sent out to the bidders, what specific information was requested? President Crews stated she requested 3 things: a proposed fee schedule, defined deliverables if not already contained within the response, and an example of a relevant completed project including deliverables i.e. reports, market studies, collateral material, etc.

Board Director Green inquired if when we get in to the subsequent discussion and we're responding to a firm if the committee decides to bring those things together with one firm could we be allowed to do that.

Mr. Renton responded not with the proposal done, only if there was a single bidder to both and each were awarded separately based upon their proposals. There are two separate contracts to respond to, one for the RFQ one for RFP if you combine them the scope has changed. Should you have two separate contracts with the same company and then as a matter of putting those together to make it simpler that would be a different analysis. You have two separate requests because that's what has gone out for the Public. Four responsive bidders and one response to one proposal but in the universe of those who showed up at every other item and chose not to bid for whatever reason based upon in theory scope all of which could challenge it, if none of them challenge it then no issue you can move forward.

Board Director Slattery stated he felt we got our answer on management side when only one firm responded. Board Director Slattery noted that they could reject land development all together and rewrite a combined request but didn't know that we'd get the answer we're looking for. He felt Board Director Green was looking for efficiencies, one entity to work with staff.

President Crews questioned if the committee did not select the one proposal received for the RFP, decided that's not the way we want to go and then contracted with one of the 4 who've responded to the RFQ, could they then later increase the scope to include those other things that they are capable of doing but didn't respond to the RFP for?

Mr. Renton stated assuming the intent is not by this committee to do exactly that, by rejecting any response to the RFP you could always change a scope of a contract later with the willingness of both parties with a caveat being it would

potentially be subject to challenge by somebody else he didn't recommend doing that on a RFP. RFQ much different than an RFP the RFQ gives you greater flexibility. RFQ assumes what the RFP role would be might create an issue if the person who responded isn't awarded that contract.

President Crews stated it had been her preference to consider the requests together when she saw the capabilities of a lot of the firms. However, the decision was made to separate and she made it very clear to everyone to the point that she sent it to everyone who was on the sign-in sheet for the mandatory meeting. She stated she sent a copy of the RFP so they would know in case they wanted to respond.

Board Director Green stated Foundry in the initial response addressed development and leasing management and NAI Realvest responded to development and the other two responded more to strategic planning.

President Crews replied Foundry didn't give us the depth in the RFP although like NAI Realvest, they made us aware in their initial RFQ but as far as the breakdown of information that she requested in the RFP, it is not in Foundry's response to the RFQ. Although they touch on leasing property management it doesn't provide the information requested in the RFP for leasing property management.

President Crews inquired since time is a factor did the Committee want to start over and combine the request. We would have one entity to do it all, although she questioned whether that would be fair to the people who have responded.

Board Director Slattery called the question. Mr. Renton restated the motion on the floor is to provide additional time for any responsive bidders to respond to the RFQ by Thursday 5 p.m.

Public Comment

David Cattell, representing NAI Realvest referenced where specifically his contact information was listed in the request, Robin Webb was listed as Contact Entity for Realvest. He understood where the confusion was and understood the first contact listed was Robin Webb. He stated he could provide the information being requested by the end of business Thursday.

Mr. Renton clarified the motion on the table was to provide additional time for any responsive bidders to submit additional supplemental information until Thursday 5 p.m. to the RFQ only. Vote taken, Board Director Dane voting in opposition. Motion Passed.

6. REVIEW OF RESPONSE TO REQUEST FOR PROPOSAL (RFP) FOR PROPERTY LEASING AND MANAGEMENT SERVICES

President Crew's stated one response was received from NAI Realvest, Committee was provided a copy.

Board Director Slattery brought to the Committee's attention page 6 fee structures terms, noted the commissions NAI Realvest would earn on new or renewal is (2 1/4%) of our gross rental. He requested Don Poore provide gross rentals to get an idea of dollar amount, believed you'd see \$3-3.5 mil, increased by \$80,000 in fees plus commissions.

President Crews noted the setup fee of \$5,000, and that the Airport currently employs an accounting clerk, fulltime leasing manager and part time property manager. All accounting is done through the Airport accounting department, and in-house maintenance handles all repairs.

Board Director Slattery stated once we have a number we need to understand how we make that number, how we offset that number and it has to come from one or two areas, cut expenses or see rental rates high enough to cover their fees so we at least break even.

Board Director Green responded not unusual thing to outsource properties, in corporate real estate his company does it all the time, connect internally, the reporting is not their main line of business. There is a need to justify against two things - what is our cost and if the airport is going to pay more for it then there needs to be a corresponding benefit and are those benefits in terms of having market knowledge.

President Crews explained that NAI Realvest could do a benefit cost analysis, that's what we talked about and then we would at least know. The 8% commission is higher than the Airport has ever paid.

- a. Board Director Green stated his issue has been the need to evaluate against what a good property management team could bring to the table. He needs to see a listing of all the properties, what they are paying, who the tenants are, what they are paying in rent, do they have exclusives, rights of refusal, etc. He expressed concern being in the real estate business you can't get what the market is, how often do we do a market study. We may not outsource at the end of the day but at same time we don't have a listing or aerial of all the properties or where the properties are, what the upcoming years are. Who's growing, what is the rent now, what's the market rent?

President Crews evaluated the proposal which presented some very good things and others she questioned; some things go beyond what we are asking for, and there is some overlap. The proposal lists affordable leasing rates among the strengths and later questions whether or not the rates are too low. The lack of

storm water drainage in the Commerce Park is shown as a weakness, but she questioned where there is a lack of storm water drainage in the Commerce Park. Board Director Green responded that could be addressed in the interview process. President Crews stated another noted weakness is that there is no easy access to I-4; however, we are right by the Green Way that takes you immediately to I-4. Board Director Green felt that was not immediate access, more like easy access.

President Crews further stated the report referenced that the Commerce Park does not present a modern image, nor does it have roadways, signage, lighting, or storm water drainage in place to attract upper tier desired tenants. She refuted the statement regarding storm water drainage; the retention pond with lighted fountain on Airport Boulevard was built to facilitate the storm water drainage of most of the Commerce Park.

Mr. Renton clarified that the RFP has one bidder, and the Committee needs to determine 1) whether or not it's responsive and if it's determined to be responsive, 2) are you going to award them the contract. He stated there is discussion about merits but if the ultimate conclusion is you have one bidder so maybe something is wrong with scope, you reject everything and revise or you agree to the conclusion this is your one bidder and move on to awarding the contract.

Discussion ensued regarding the need for a cost benefit analysis before the Committee could make a recommendation to the Board. Discussion ensued regarding in-house maintenance and accounting cost savings.

President Crews stated it is clear from the proposal this company is used to a property management program that's more traditional. They handle everything, contract with vendors to take care of everything from building maintenance to grounds to the fire sprinkler systems. They reference our capital improvement programs and how they can act as project manager regarding permits and licenses. However, we already have people in place to do all of those things and do them very well.

Board Director Green responded that is all negotiable

Mr. Renton clarified, because President Crews is on the selection committee regarding the RFP, if there is nothing else needed by the Committee, you can deem it responsive and pass it to the Board, now the selection committee is closed which means each Committee member can talk with President Crews, and you'd want other analysis and all this other information then you'd be allowed within the confines of the Sunshine law. Mr. Renton recommended if the Committee didn't need any other additional information from the responsive bidder that they come up with a recommendation, move forward to December 6 Board meeting because the RFQ is a different issue.

Motion by Board Director Slattery, seconded by Board Director Green to recommend the RFP to the Board for December 6, 2016 meeting. Vote taken, none opposed. Motion Passed.

Board Director Dane made inquiry as to the RFQ. President Crews responded extending the deadline to Thursday close of business for additional information which needs to be reviewed. This review could be done at the EDAC meeting 11a.m. on November 29th. Presentations have to be done by all respondents because it was advertised as the Selection Committee having the presentations and short listing the respondents and then, the Board said they wanted to interview everybody, so is the second meeting needed.

Mr. Renton responded that assuming they are all responsive you could make approval contingent upon receipt of information that all four would proceed down the path, and if nothing is submitted by that deadline then they will be rejected.

Motion by Board Director Dane, seconded by Board Director Slattery to approve all four responsive bidders subject to one of the four at least submitting additional information to make it responsive no later than the extended deadline of Thursday at 5p.m., and assuming the submission by them that all four would do their presentations to the Board at the December 6, 2016 Board meeting. Vote taken, none opposed. Motion passed.

Public Comment

David Cattell inquired is it conceivable when you have your next internal discussion about RFP for property management and review the internal cost benefit analysis prepared by staff that the decision can be made at that time to stick with the current course. Mr. Renton responded, the Board has the power to reject all bidders, simply reject and change the context.

President Crews clarified there isn't going to be any further discussion until the December 6, 2016 meeting. Mr. Renton responded since they're all Board members they can't talk, the only difference being the president who was on the selection committee can discuss with each individual Board member.

David Cattell questioned the RFP interview and points made by President Crews that he wanted to respond and if the decision is made at the next meeting based on the cost benefit analysis, they're the only one with a response but won't have a chance to be interviewed. Mr. Renton clarified at the December 6, 2016 Board meeting under discussion agenda, the RFP responsive bidder presentation would be Mr. Cattell's chance to address the Board; after that they can make their decision.

Chairman Ioppolo inquired once the vote was taken is he allowed to speak with Mr. Cattell because he had questions or is he precluded?

Mr. Renton stated that is determined by the restrictions of the RFP/ RFQ. It is up to individual Board members, although he recommended avoiding any discussions with any of applicants because at the December 6 meeting there will be a presentation for the RFP by the one responder, and either 3 or 4 presentations for the RFQ, depending on this Thursday's deadline. There will be an opportunity for questions now that this has cleared committee; the individual Board directors will each receive the proposals, and they will have all the information by that Board meeting to ask any questions.

Board Director Miller inquired of Counsel, would NAI Realvest have the opportunity to communicate with President Crews. Mr. Renton responded they could talk with her if she so chooses, as long as there is no preclusion stated in the original request.

Mr. Cattell stated he needed to obtain a copy of the additional information request that was given to the other applicants. Board Director Miller informed him he would get the information today.

Tim Shea, AVCON inquired during the interviews is there a time allotment for the presentations and for questions and is there public criteria for selections. President Crews responded that had not been established and she would be sending out information before the presentations regarding the length and criteria.

7. OTHER BUSINESS

8. REMINDER TO SCHEDULE NEXT SAA ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING

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

Respectfully submitted,

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