

**Airport Advisory Board Minutes
May 13, 2021 5:30pm
Airport Administration Building
8807 Airport Boulevard
Leesburg, Florida**

Attendance: Tweet Coleman
Byron Oldham
Alan Reisman
Bo Wroten

Call to Order

Chairman Alan Reisman called the meeting to order at 5:30pm.

Chairman Reisman gave the invocation and led the Pledge of Allegiance.

Approval of Minutes from April 8, 2021

Bo Wroten made a motion to accept the minutes from the April 8, 2021 meeting as written. Tweet Coleman seconded the motion and it was approved unanimously.

Bo Wroten asked for a clarification on the discussion from the April 8th meeting regarding the lump sum payment made by Skybolt for their lease agreement. He asked if the funds are put into the City general fund or into a specific airport fund before they are paid back to the airport in annual installments. Airport Manager (AM) Tracey Dean said the airport is an enterprise fund and advised the money will be placed in the airport's *unearned revenue* line item. Each year she will be allowed to use \$25,000 from that payment to balance the airport budget.

Review "Request for Offers" received for hangar located at 8900 Airport Boulevard

City Manager (CM) Al Minner said the City issued a *Request for Offers* for this hangar. He sent two memos to the Board about this item. The final staff recommendation is for the Airport Advisory Board to recommend to the City Commission to accept the sale option to Danforth Equipment for \$351,000 for a 25-year term and lease the land for \$.16 per square foot which generates approximately \$4,000 per year in addition to the sale price.

He noted that the very first memo the Board received was from Purchasing Manager Mike Thornton. That memo broke down the offers the City received into two categories – purchase and lease. He noted the appraisal received by the City for this hangar said the value of a lease for the building is \$26,000 per year and the value to sell it is \$242,000 plus \$.16 per square foot for the ground lease. Regardless of whether the property is leased or sold, it reverts back to the City at the end of the contract term.

The City received five offers from three different entities. First Class Aerospace submitted an offer to lease and an offer to purchase – lease for \$24,024 per year and purchase for \$242,000. Skybolt Aerospace Fasteners submitted an offer to lease for \$26,000 per year. Danforth Equipment, LLC submitted an offer to lease and an offer to purchase – lease with a lump sum lease payment amount of \$301,000 and purchase for \$351,000. Because Danforth Equipment's offers were for up-front cash amounts, a formula must be used to accurately compare their up-front cash-in-hand to an amount spread over a lease term.

The first memo he sent recommended the Danforth Equipment lease option. However, he realized he made an error in his calculations because he interpreted the chart prepared by Mike Thornton incorrectly. The logic he used in that memo was correct, but the numbers and conclusion were wrong.

The revised memo he sent simplified the comparisons. First Class Aerospace offered a lease of \$24,000 per year. Skybolt Aerospace Fasteners offered a lease of \$26,000 per year and Danforth Equipment, LLC offered a lease with a lump sum payment of \$301,000. They seem to be the same, but you must account for the time value of money. He believes the time value of money is less for the City than it is for the private sector because the City invests much more conservatively. He did two calculations and the total values using a 3% discount were First Class Aerospace \$357,416, Skybolt Aerospace Fasteners \$386,814 and Danforth Equipment, LLC \$301,000. He thinks the 3% rate is too low, so he also did calculations using a 7% discount rate and those amounts were First Class Aerospace \$254,510, Skybolt Aerospace Fasteners \$275,444 and Danforth Equipment, LLC \$301,000. He believes Danforth Equipment is still the best option of these three because the airport will receive the full \$301,000 now and minimize risks. Also, a long-term lease opens the airport up to maintenance expenses for big things like A/C, roofs, etc.

Comparing the two offers to purchase is easier and more of an apples to apples process. First Class Aerospace offered a 30-year term for \$242,000 plus \$.16 per square foot for the land. Danforth Equipment, LLC offered a 25-year term for \$351,000 plus the land rate of \$.16 per square foot. The Danforth Equipment, LLC option is a shorter term for more money and is more than the appraised value.

CM Minner said the City recommendation is to accept the Danforth Equipment, LLC purchase offer. He said it provides the most immediate money, is a reasonably shorter term and eliminates the risk of default on payments and also eliminates future maintenance issues.

CM Minner said he realized it was a circuitous route to get to this result. He apologized that he did not get this information to the Board in a better manner. He is trying to get this settled and to the City Commission in a timely fashion so it is done when the hangar actually becomes available on July 1st. He would ask that the Board recommend the sale to Danforth and then he will take the negotiated lease straight to the Commission.

Bo Wroten said he has an issue with the discount rate. Most investments are currently only making about 2%. CM Minner said you can't ignore the time value of money. It is more guaranteed cash you can put in your pocket now.

Bo Wroten said it is this Board's responsibility to ask more questions. Two of these are businesses that will replace a business that is leaving and increase employees at the airport versus putting a couple airplanes in there. That will not create jobs. The other two will have to create jobs – they're not going to spend an extra \$20,000+ per year to break even. He thought their responsibility is to do what's best for the airport. He understands money in your pocket. But he also understands these are long-term tenants and does not think there have been any problems with them. He would rather create jobs and maybe take a little less. Chairman Reisman said the offer says they *anticipate* creating jobs, there is no guarantee. Bo Wroten said to put it in the agreement like we did with Wipaire.

CM Minner said he does not disagree in principal. There is a difference because Wipaire was incentivized. We had to build the seaplane ramp to bring them here. Because we had to make that capital improvement, we required them to create jobs. The grant funding for the ramp project was also based on jobs. They defaulted and had to pay the penalty.

He does not think these two issues are comparable because the agreements being discussed today are typical sales/leases. Danforth Equipment LLC will be storing planes – they have made a cash offer. He is not very familiar with First Class Aerospace. He knows a little about Skybolt Aerospace Fasteners including that they previously defaulted. AM Dean said there was a \$750,000 CDBG grant with job creation requirements that the City had to repay. CM Minner said it took a while to come to terms on their newest agreement and it ended up being slightly under market. Bo Wroten asked if their \$500,000 payment cleared. AM Dean said it is not due yet. The first installment of \$50,000 has been paid. The second one is due on June 1st and the balance is due in August. Ned Bowers from Skybolt asked when he defaulted. AM Dean said it was 2001 when the hangar was built. Ned Bowers noted that 9-11 happened in 2001 and it had a big effect on their business. Bo Wroten said the Skybolt proposal is a triple net lease so they will handle all maintenance. The offer from First Class Aerospace is not triple net. CM Minner said that with every triple net lease he ends up arguing with the tenant over the definition of maintenance. Bo Wroten said he leases six buildings and he's never had that problem.

Byron Oldham said it goes back to the bird-in-the-hand saying. You have to think about liability and risk assessment. He looks at contracts and time value of money every day as part of his business. The events of 9-11 is a glaring example of what can go wrong with a 30-year term. He doesn't want to use that against Skybolt but it is something that has to be considered. By having money in the bank, you can make money over time.

CM Minner noted that just because the airport has \$2.5 million doesn't mean it should be spent. That needs to be used to leverage grant funds from FDOT or FAA. By doing so, \$2 million can be turned into \$8 million.

Byron Oldham said you have to look at the liability of taking on a long-term payment plan rather than having money in hand. Bo Wroten agreed, but noted that the cash

payment is not worth half of the lease amount. Byron Oldham said there is a broad spectrum of how these things are analyzed.

Chairman Reisman noted that Danforth Equipment, LLC doesn't have employees on the airport, but they employ over 200 people locally.

Ned Bowers said that in reading about offer types in the proposal, it does not show any distinguished weight between a lease and a long-term lease. If he had known the City was going to play the long-term lease game, he may have changed his strategy. That is a bad way to go into a transaction like this. It does not say more weight will be given to cash offers. If the City was going to give more weight to cash, it should have said so. It would certainly have changed his approach. Also, this doesn't show that he offered a 2% increase on the land lease rate and offered triple net. It doesn't show that they employ people at the airport. Their power bill is \$5,500-\$6,000 per month. Their intent for this building is to expand their business and that will probably double their electric bill. He put a dollar number on his minimum investment into the building. He noted there seems to be a conflict of interest and someone trying to push an agenda. He is not on the City Commission. He is just trying to employ people, make a living and build his business. He believes the benefit overall to the City is better served by what they have proposed

Dan Robuck said he is there to represent Danforth Equipment, LLC. He is a City Commissioner but will not be voting on this matter when it comes before the Commission. Ro-Mac has been in Leesburg for almost eighty years and employs about 221 people and about 60% of their workforce is in Leesburg. They spent \$1.3 million to expand their Leesburg operation in the last two years. He feels jobs in Leesburg are important whether they are on the airport or not. He said they fly all over the state to support their business. He made an all cash offer because since he has been involved with the Commission, the City has never taken a monthly lease as far as he remembers. They always accept cash offers because of the ability to leverage grants. They just accepted the \$500,000 purchase agreement from Skybolt. That averaged to \$25 per square foot. His offer for this hangar is \$54 per square foot which he thinks is very competitive. For him, the offer speaks for itself. It is 46% above appraised value. \$351,000 in cash leveraged for an 80/20 grants equals \$1.75 million in grant dollars. It is always a good idea for the City and airport to take cash.

Tweet Coleman asked for an explanation of the conflict of interest Ned Bowers mentioned. Ned Bowers said Dan Robuck is a City Commissioner and Mr. Minner works for the City Commission and taxpayers. Mr. Minner keeps referring to a bird-in-the-hand, so why was that not in the RFO document? Ned Bowers said if they cannot expand here they will need to expand somewhere else. This will force them to look elsewhere and if this is how the City is going to treat them he is not too interested in Leesburg.

Steve Purello said he is the CEO of Angel Flight and also the President of First Class Aerospace. His business brings aircraft to Leesburg. The Gulfstream that is sitting on the ramp by SunAir right now is here because of them. When he read the proposal packet he knew he needed to make the right offer that makes financial sense for the City and the airport. They are bringing traffic here. He has grown

considerably over the last few years and now has about 15 employees. They desperately need more space. When they do more business, it benefits other businesses on the field. As examples, they brought over \$100,000 in business to SunAir, purchased \$13,000 in hardware from Skybolt and have sent work to Central Florida Avionics. Those planes would not have come here without them and they are happy to share these opportunities with other businesses. They are a good tenant. He shares Ned Bower's concerns about the structure of the offers. He did not know you could prepay a lease. He tried to prepare his offers in the manner the City deemed for a lease or purchase. It seems that when considering over \$700,000 versus \$385,000, that earning 2% in a bank account is not going to make up that difference. His has six or seven airplanes coming in and out all the time and bringing in income to other businesses vs. two parked in a hangar. The airport would be better served if they had a box hangar to park planes. He would like to see this hangar that is located right next to them go to one of their businesses. He would rather see airplanes in a hangar instead of machines, but he also would prefer the space went to a business.

Byron Oldham said there is no way to mathematically compare this on an even scale. There is no way to come to terms looking at whether \$700,000 over 30 years is the same as \$350,000 upfront. He asked if it is possible to have the bids resubmitted with similar agreements so everyone has an equitable chance to take another look at this. Bo Wroten said that might be a good idea. Time is of the essence and he suggested that the Board could meet again next week and have the offers be resubmitted. Chairman Reisman said these are closed and sealed bids and that would affect it because everyone now knows what the others have offered

CM Minner said from time to time the City has cancelled bids and readvertised after everyone has seen the numbers because there was concern with details and information in the bid package. He doesn't think this a case where that is appropriate. If we reject this bid, and start from scratch, that is a significant disadvantage.

The bottom line is there are three good proposals. There are proposals that transect the philosophies of how to manage the airport – job creation or aviation. Cash is king in this case. The purchase offer is \$100,000 above the assessed value. That is the best option. If you want to deviate from that and look at job creation you have reason to do so. If want to keep Skybolt Aerospace and First Class Aerospace due to job creation that is your choice. He sticks by his recommendation that the purchase offer from Danforth that is \$100,000 over assessed value is the best option for the airport.

Ned Bowers asked CM Minner if he spoke to Dan Robuck before the bids closed. CM Minner said he did. Ned Bowers said Mr. Minner came to this meeting and said some things he didn't have to say that smeared his name, which taints the Board. CM Minner said that was not his intention. The question came up from a Board member about problems with this company. It was his recollection that there was a default. It took a long time to get the renewal done and at the end of the lease that just expired he thinks there were some missed payments. If he misspoke, he'll correct that. Ned Bowers said they have not been behind in their lease. CM Minner said there was a gap period on the renewal. AM Dean said there were two months

between the end of the old lease and start of the new lease where they paid the old rate. Ned Bowers said he inferred they did not pay. CM Minner said he inferred there was a gap of a couple months or so during the renewal where the City assisted them and he corrected his words referring to this as a default. Ned Bowers said they paid their rent during the negotiation period.

Bart Brainerd of Firehawk Helicopters said their company participated in this process twice and they bought two hangars. It can be confusing. They worked with AM Dean and other people at the City. Information was available during the due diligence period that enabled them to craft an offer very similar to the purchase offer presented today. They were clearly told that the City's preference was a ground lease and building purchase. He also noted that as the airport builds out, the FAA will start looking more closely at uses and they want to see airplanes in hangars not equipment. They are seeing this happen at another airport they utilize that is built out and manufacturing business tenants are being asked to leave. That may be a consideration here in the future.

Bo Wroten said he disagrees with the staff recommendation. He is more job oriented and both of the others create jobs. Chairman Reisman said he understands Bo Wroten's point, but he looks at jobs both on and off the airport. Bo Wroten said they are charged with doing what is best for the airport which ultimately is best for the City so he does not mix the two. Byron Oldham said they need to do the best fiscal job for the airport which is why business owners are selected for this Board. He believes it is better to have the cash in hand rather than the risk and liability of a 30-year term. He also doesn't like the fact that we seem to be discounting the fact that Ro-Mac is one of the largest employers in the City. If that business needs this hangar to help facilitate what they do, that is just as important as jobs on the airport.

Tweet Coleman made a motion to proceed with the City recommendation. Byron Oldham seconded the motion. The motion was approved 3 – 1 with Bo Wroten opposed.

Chairman Reisman noted this is only a recommendation. He asked when this item will go before the City Commission. AM Dean said they will need to finalize negotiations and draft the agreement. It could go to the Commission as early as May 24th or may wait until one of the meetings in June.

Bo Wroten asked the record to show that he does not know any of the gentlemen involved in this process.

Project Update

RW 13/31 Rehab: Wilbur Mathurin from Hoyle Tanner said this project is done. He thanked everyone for giving them the opportunity to work on this project.

Chairman Reisman asked about the area that was hydroseeded that does not seem to be taking. Wilbur Mathurin said hydroseed sometimes takes a while to grow and there is a one-year warranty period. They will wait until after the rainy season to see if they need to have the contractor come back. He also noted that the contractor will

be back in January to repaint the runway markings and correct appropriate signage reflecting the change in the runway from 3/21 to 4/22

US Customs and Border Protection Interior Remodel: Jack Thompson from GAI Consultants said the project is going well. The building looks completely different on the inside. He noted the walls all have wire mesh in them to prevent someone from breaking through from one room into another. There were six staff members from US Customs at the site today doing an inspection and they asked for a couple of small changes. He is working with the contractor to get those items done. The one issue they have run into is a four-week delay in the delivery of the HVAC system. That means the temporary trailer will have to be used for a few extra weeks and it will also extend the start of the next project (ramp resurfacing) out a few weeks. The workmanship on the project is good and the Customs staff seemed happy. They are now looking at a completion date in July.

Main Ramp Resurfacing: Jack Thompson from GAI Consultants said the plans are complete. AM Dean has been advised by FDOT that they have \$1 million of grant funding in this year's budget they will allocate to the airport for the construction portion of this project. After the project is bid and the City receives the actual cost numbers, FDOT will amend the grant to cover the difference as part of their next fiscal year. This is good news because it means they are committed to funding the construction portion of this work. He advised that, as has been discussed at previous meetings, they cannot begin work on the resurfacing until the US Customs remodel is done and the temporary office trailer is moved. At this time, the plan is to have the bidding done in July and start construction in August.

AM Dean said she should receive the grant documents from FDOT any day. They must be executed by June 30th. She plans to have this item on the June 14th City Commission agenda.

Chairman Reisman asked if they are still going to do the golf cart path to the tower using millings. AM Dean said yes, there are still plans to do that.

Public Works Lift Station Rehab: AM Dean said she does not have a lot of info on this project because it is being done by Public Works. She has asked them to keep her informed of anything that will affect operations on the airport. She knows the start date was pushed back due to a delay in receiving some pumps. They are on-site now and the contract calls for the work to be finished 120 days from commencement. She was advised they will be having a crane at the work site for about one day that will require one lane of Wilco to be blocked off.

Airport Manager Update

Bo Wroten asked if a decision has been made on how to spend the CARES grant funds. AM Dean said a decision has not been made yet. She noted they have four years to spend the funds so there is no need to rush into anything. The ATCT has requested new shades which is a good use of their portion of the funding. She also plans to get a report on the condition of the two HVAC units that are located on the roof of the tower cab to see if they need to be replaced.

AM Dean advised that the Runway 3 PAPI's are back in service. FAA did the flight check on Friday.

Chairman Reisman asked if the medical office is open and if they are paying rent. AM Dean said they are making payments. They have changed their business from an urgent care facility to a cosmetic surgery center. They did a complete interior remodel and have asked the City to some exterior work including painting the building. That is part of their lease agreement. She is working with the company the City has under continuing services contract to do that work.

Chairman Reisman asked for an update on his request to have the fire station cleaned up. AM Dean said she passed his request on to the Fire Chief. The Chief said he would talk to the facilities division.

Chairman Reisman asked if there is any way to put a wayfinding directory at the Airport Boulevard gates. AM Dean said that should not be a problem. She will try to come up with something and perhaps place it a little before the gates so people do not block the gate while they are looking at the directory.

Chairman Reisman said he noticed the ARFF truck at the Public Works department and asked if it is still in use for the airport. AM Dean said that for many years there was a firefighter assigned specifically to the ARFF truck who was always on site at the airport. For quite some time now, that has not been the case. That is why the emergency crash phone in the tower now rings to dispatch and not the ARFF station to ensure it is answered.

Bo Wroten asked for a follow up on his questions from the last meeting regarding the procedure to get more hangars built. AM Dean said that as she mentioned at the April meeting, she has three t-hangar waiting lists – one for each type of hangar we rent. Some people are on more than one list. Combined there are about 80 people signed up on the three lists; however, there are actually only about 40 individuals. She has had three hangars come available this month so there will be three less people on the wait list. Since she has been here, the vacancies per year have ranged from as low as two to as high as six.

She noted that the Master Plan includes several locations where hangars can be built. There is no funding for hangar projects in the next couple of years. She has other projects prioritized before hangars that will create additional buildable land including the reconfiguration of taxiway Bravo. If they get the stormwater issue resolved and can move Bravo in, that will create a spot where hangars can go.

Bo Wroten said there are two spots available now and the end of the hangars and the other side of the building. AM Dean said that area is about one acre in size and is bordered by the taxilanes and Airport Boulevard. By the time set backs are taken into consideration the buildable size shrinks considerably and there is not room for a two-sided building in that space. Bo Wroten said the City could build one large hangar. There are two people in this room who would probably be interested in leasing it. AM Dean said she would have to check on funding opportunities. The level of grant funding depends on the why the hangars are being built.

New Business

There was no new business.

Adjournment

Bo Wroten made a motion to adjourn. The motion was seconded by Byron Oldham and the meeting adjourned at 6:47pm.

Alan Reisman

Chairman

Pam Hester

Recorder