

**Airport Advisory Board Minutes
October 10, 2012, 5:30pm
Airport Administration Building
8807 Airport Boulevard
Leesburg, Florida**

Attendance: Lester Coggins
Allen Dunlap
David Lewis
Clive Ure

Call to Order

Chairman David Lewis called the meeting to order at 5:37pm.

Lester Coggins gave the invocation and led the Pledge of Allegiance.

Approval of Minutes from September 12, 2012 Meeting

Chairman Lewis asked if all members had read the minutes from the September 12, 2012 meeting.

Lester Coggins made a motion to approve the minutes. Chairman Lewis seconded the motion and it was approved unanimously.

Overview of Leasing Policy

Deputy City Manager (DCM) Doug Drymon said staff has spent a considerable amount of time doing research to develop the proposed Leesburg International Airport Leasing Policy. There has been concern that in the past leases were done in a haphazard manner. It is hoped this policy will address those concerns. He said the policy is being presented for consideration and comments are welcomed. He would prefer to get the comments in writing if possible and will make his e-mail available. He noted he is also at the airport several days each week so comments can be dropped off to him at the airport office.

He said this policy is attempting to address major commercial leases. It is not intended to address things such as t-hangars, corporate hangars used for storage of aircraft, tie-downs, etc. It is intended for corporate aviation tenants who plan to make long-term investments and hopefully bring jobs to the airport.

The main driver behind the policy is the desire to generate economic development and maintain the best and highest use for the limited property available at the airport. In the past some sites have been underutilized. They want to do things that will attract new tenants and in turn increase operations, fuel sales and activity to current tenants.

He said that all requests for new leases will be reviewed and evaluated. Section VI of the proposed policy describes the lease application process. The purposed of this is to establish a way to perform due diligence. This will determine that the prospective tenant is financially sound, has a good business plan and has the ability to do the things they are proposing. It is a pretty straight forward process. If approval is not

required by an outside agency it should take approximately four to eight weeks. The diagram in this section outlines the review process.

Section VIII explains the process for determining lease rates and terms. FAA and FDOT want the airport to be self-supporting. The type of operation asking for a lease will play a role in determining the lease term. Someone who wants a hangar to simply store an aircraft may be offered a five-year least term. However, someone who is making a significant investment in facilities, jobs, etc. will be offered a longer term. The goal is to optimize the use of the airport.

A matrix was developed with the assistance of the economic development offices at the City of Leesburg and Lake County to assist with the calculation of lease terms. This has been discussed at previous meetings. Using the IMPLAN software, various factors such as investment dollars, number of employees and average wages are entered into a formula. The program will then determine a lease term appropriate for these factors. Lease rates and terms need to be supportable. There has been discussion of blanket lease rates and terms. However, different types of businesses need different considerations.

DCM Drymon said the lease policy also touches on items such as maintaining property, sub-leases, utilities, etc. These items are also covered in the actual lease agreements. They are included in the lease policy so that prospective tenants are aware of these obligations before they receive the actual lease agreement.

City Manager (CM) Evans said he has already received some feedback on this proposed policy. That is what they want and they are very open to feedback. For example, with regard to the claw-back provision, a suggestion was made to change this idea from a penalty to an incentive. Rather than a punitive provision that is activated if a goal is *not* met, it could become an offer of something such as additional time added to the lease when goals for things such as number of employees hired *are* met.

Lester Coggins asked if the purchase price of an existing leasehold that is in the mid-term of the lease agreement is included in the lease model. CM Evans said that as the policy is written that is not included because it is not considered as new money to the airport. An existing hangar is not value added to the airport. Lester Coggins said it is not new money, but it does ensure the facility continues in an acceptable aviation use and can represent a considerable investment by the new tenant. He feels it should be included. CM Evans said they will look at providing some consideration for investment in an existing leasehold perhaps on a percentage basis.

Paul Soule asked if the City will consider renegotiating a lease for a new buyer if there is ten years left on a twenty year term. CM Evans said the City would be willing to renegotiate. Chairman Lewis asked what considerations can be given. CM Evans said it could be added to the investment portion of the model. The question becomes whether or not there is additional value when someone buys out a lease.

Lester Coggins said there is some language in Section VIII (B-1) that needs clarification. The first sentence says, "...the current Lessee (or potential buyer of lessee's interest in the lease) may submit a proposal to the City for a new lease agreement." The last sentence says, "The standard lease term will be not more than 5 years." He asked if this limits the renegotiated term to five years. CM Evans said if the reason for the re-negotiation includes substantial investment, it would follow the

process in step 2. Allen Dunlap said the last sentence should be clarified. CM Evans said it could be changed to read that the standard for "new" leases will be not more than 5 years.

Lester Coggins said item "e" does not seem to fit with the other items in B-1. Clive Ure said the investment noted in "e" is somewhat ambiguous. It could be referring to something as basic as painting, mowing and installing a new sign. Chairman Lewis said B-1 seems to be general information related to all leases. CM Evans said he sees where there could be a conflict with the rest of B-1. He suggested either striking "e" or moving it to B-2.

Lester Coggins noted the IMPLAN software uses jobs, investments, etc. to calculate the term. It seems to be applied differently in some instances. CM Evans introduced Housing & Economic Development Director (HED) Ken Thomas and Chris Edwards from the City's Economic Development Office. He said this program is industry accepted software. The economic impact calculations are universally accepted. DCM Drymon said after the basic information is entered, the formula calculates the total impact on your community. For example, jobs that pay higher wages allow those employees to have extra money that can be spent in the community. That overall ripple effect is part of the calculations.

Chuck Brainerd asked if an example could be run right now. Ken Thomas said if he has the data they can run the program. Chuck Brainerd asked them to run the calculation for an aviation company making a \$1 million investment with 18 jobs paying \$65,000 per year. Ken Thomas said those figures calculate to a score of 65 which is a 22 year lease. Chuck Brainerd said not too many companies would agree to that term. CM Evans said one thing the program does not do is differentiate geographic areas. It looks at the overall area and gauges the economic impact. The point section can be tweaked to better fit the Leesburg area.

Chuck Brainerd asked how the claw-back will affect the company in this example if they are given a 30 year lease and then drop to only having five employees. DCM Drymon said if something that catastrophic happens there is a question of how they will even stay in business. Chuck Brainerd said a bank may not give a loan to a company whose contract has a claw-back provision. CM Evans said the City is concerned about an operator coming in and making inflated promises. The claw-back would not reduce the lease drastically to five years. It would include a maximum and minimum such as reducing a 30 year term to 20 or 25 years.

Chuck Brainerd said the policy needs more details. CM Evans said the policy is not intended to answer every question. He reiterated the suggestion to change the claw-back to granting additional options on the lease that will be tripped when specific thresholds are reached. Lester Coggins said that does seem like a better option.

Chuck Brainerd said he thinks a workshop should be held to discuss this issue. CM Evans said that is up to the Board members. He suggested updating the policy with changes discussed at this meeting and bringing it back to the next meeting for additional review.

Lester Coggins asked what can be done for a tenant with modest ambitions who starts small and in five years has a growing business that has added employees. CM Evans said the lease could be renegotiated at that time using their new numbers in the matrix. Lester Coggins said that should be stated in the policy. Knowing that renegotiation and

an extension is possible may prevent someone from overstating their plan. CM Evans said Section VIII B-1 seems to cover that. Lester Coggins reiterated that he believes what a tenant has spent on the first part of their lease should be included in the calculation. CM Evans said they need to think that through.

Lester Coggins said that when a business builds a facility and runs through their lease term, consideration should be given to that current tenant. CM Evans said the FAA and FDOT would consider that protectionist and discriminatory. They tried to cover that by including the existing economic impact in the model. He believes that qualifies as retention. He is not even sure that FAA and FDOT will accept that.

Vidar Einarsson asked if an investment in something like a \$1 million helicopter that is added to a business will be included in the matrix. CM Evans said he believes it should be. They look at the total investment and value added to the airport. It is a tangible thing. DCM Drymon said there could be an instance where a FBO is expanding their flight school and has added aircraft and other investments as part of the expansion. A new tenant also comes to the airport to open a flight school but with only one trainer. It would not be fair to give these two businesses the same lease terms because one is making a much larger investment than the other.

Chuck Brainerd said new people come into aviation all the time with one person and one aircraft. The airport needs to make room for this type of operation. He asked what the airport will offer them. CM Evans said this policy is not intended to cover this type of business. Chairman Lewis said if an operation comes in this small and later wants to expand, they may fall under this policy. DCM Drymon said there are many ways to help a small business. HED Ken Thomas and his staff do that all this time. This policy is not intended to help a one man business. CM Evans said the incubator concept helps this type of business. Clive Ure said the airport does need hangars for one-man operations.

Lester Coggins noted there are some hangars on the airport now that are vastly underutilized. Those could be used to solve that problem. Chairman Lewis said that would have to be handled through legal means. Lester Coggins said the minimum standards could be used to enforce this. CM Evans said it might be possible to buyout a lease. But there would have to be a tenant to displace the cost of the buyout. This is really a compliance problem that needs to be addressed.

Chairman Lewis said on page 4 of 12, first paragraph, second sentence reads, "However, tenants in good standing whose property adjoins a parcel available for lease (whether vacant or developed) may be given the first opportunity to lease the adjoining parcel." He believes the word "may" should be changed to "will". DCM Drymon asked what will happen if it is changed to "will" and two or more people want the site. CM Evans said the word "will" allows no flexibility. One downside is the underutilization of airport space. CM Evans asked the airport consultants if the City could offer a first right of refusal. Michael Moon from Hanson Professional Services said he believes that would be allowed. Lester Coggins said a current tenant could possibly lease a site to try to keep a new business off the airport if they find out that a company offering a similar service is interested in leasing that parcel. Clive Ure said consideration should be given to the best use for the overall good of the airport. Chairman Lewis said if similar offers are received, the plans could be compared on the point system. CM Evans said it could be a situation where the matrix does not apply. Clive Ure said in that case the Board should advise on the issue.

Chuck Brainerd asked how the policy can include a 35-year term when it is not allowed by FDOT. CM Evans said it is very possible FDOT will not allow it. However, the City wants to see if it will go through. Chuck Brainerd said he recently met with a large developer at the Sanford airport that was able to negotiate a 55 year lease with two 25 year options. When he asked how that was allowed, the man said he had good lawyers.

DCM Drymon advised he will be leaving the meeting in a few minutes to start up the generator for the low level ramp lighting that is being tested. There are two samples of lights set up. The tower will be looking at them to provide their opinion. He invited everyone at the meeting to come and check the lights after the meeting concludes.

Project Update

Michael Moon and Lisa Waters from Hanson Professional Services were introduced to discuss the current airport projects. Lisa Waters said an update had been provided to all Board members in their packets. Chairman Lewis asked if there were any changes on the projects. Michael Moon said they are all moving forward on schedule and according to their scope.

Chairman Lewis asked for an update on utilizing vertical lift gates in place of the cantilever gates in the security project. Michael Moon said their research indicates the lift gates will add \$54,000 to \$99,000 to the cost of the project. He spoke to Jim Wikstrom at FDOT and they do not intend to offer additional funding to cover this cost. They believe the current gates are fine.

Michael Moon said a report was included in the Board's packets that showed the status of projects included in the current Master Plan.

Michael Moon said they are working on the request to relocate the beacon. Ron Ridenour is developing a scope for the project and will get it to DCM Drymon.

There were no other questions related to the on-going projects.

Discussion of ILS Options

Chairman Lewis said he is talking to Honeywell to learn more about the GBAS (ground based augmentation system) smart path precision landing system. This system utilizes a computer placed in the middle of the airport to enhance GPS. It generates a glide path to all runways. He is trying to see if Leesburg can be the beta for general aviation airports for this system. It has been approved, but not for general aviation. He has no idea of the cost. Since it is next generation technology, the FAA may allow it.

Dave Taisch asked what is required in the airplane to utilize this system. He is concerned it will require another piece of equipment. Chairman Lewis said he does not know. He thinks it may be part of the WAS but is not sure. Dave Taisch said consideration needs to be given to the equipment needed. Jim Wilburth said it is his understanding that this system installs a WAS and retransmits it. Chairman Lewis said he hopes to have more information on this system by the next meeting.

Michael Moon said their staff has looked at where Leesburg stands with regard to cost sharing in the contract tower program. There are 250 towers in the contract tower program. Of those, at this time only 16 are required to cost-share. Leesburg is

currently ranked 110 out of the 250 towers. They feel that at this time the airport is pretty safe and will not go into the cost share category.

Dave Taisch asked if the rating is affected by IFR operations. Michael Moon said it is a very complicated formula and IFR's are weighted. Dave Taisch said the airport would have more IFR's if Jacksonville and Orlando approach would work together and allow use of published approaches instead of having pilots cancel.

Michael Moon said their staff has looked into whether or not an ILS will provide more operations to the airport. They checked with many flight schools, but only received a response from FIT. The syllabus at FIT calls for 38 hours for an instrument rating. They only spend about 15% of that training on ILS which includes about four hours of actual flying time. Based on these numbers and the current rating of the tower in the cost-share program, their recommendation would be not to install an ILS.

Kai Bogen asked what happens if the GPS goes out and there is no ILS at the airport. Clive Ure said the funding currently available will only cover a localizer. Much more funding is needed to complete an ILS. Chairman Lewis said the biggest problem with an ILS is the cost. The total is estimated to be \$4.5 million. Also, even if the project could be started today, it will take three years to complete and by that time it will be an outdated system. CM Evans noted there is currently no funding available from the City to use as a match to grants.

Lester Coggins asked to go on record as saying that he is still not totally convinced that an ILS is not the way to go. Four hours of training for a student may not sound like much, but when it is multiplied by the number of aircraft involved it can be. Dave Taisch asked why he thinks an ILS is important. Lester Coggins said from the perspective of the Airport Advisory Board there is the attraction of the ILS to increase operations and the traffic count. That will help keep the tower open. Dave Taisch said he disagrees. There has been discussion of charging aircraft \$100 for contact with towers. If that happens, it may cause us to want to close this tower. Lester Coggins said no one really knows where that is going.

Chuck Brainerd said the City has \$900,000 in grant funding for the ILS but no local match. They should use that money to get the gates that are wanted. He believes these gates are very important for security and safety. CM Evans said FDOT has indicated they will not fund the additional money for the gates. The gates would have to be paid for with local funding. Chuck Brainerd asked how much the gates cost. Michael Moon said four gates are estimated to be \$54,000 to \$99,000.

Justin Edwards of Hoyle Tanner said the FAA has stopped funding ILS's. The GBAS that Chairman Lewis is talking about is a GPS augmentation. It requires a WAS enabled receiver in the aircraft. There is currently only one in the United States (Newark). It is an international standard. Due to the range of the signal, other facilities within about 30 miles could benefit from the system and perhaps could help with the cost. There will most likely still be a need for some lights to get a precision low minimum approach. Chairman Lewis said an omni-directional lighting system might serve that purpose. He said his inquiry to Honeywell included the fact that we have \$900,000 in funding and would like to partner with them to have the system installed. CM Evans said the airport does not have the matching funds budgeted at this time. He is not saying that the funding can't be found. He is not the decision maker on that, but he does know the current budget status for the City is very tight.

Brainerd Lease Discussion

Chuck Brainerd said he was informed by CM Evans that he needed to present his lease proposal to this Board and receive a recommendation before taking it to the City Commission. If the City is interested in retaining people at the airport they need to offer longer term leases. His proposal is based on the number of years remaining in a tenant's lease term and a lease rate multiplier. It is basically as follows:

- 1 to 4 years remaining (not including 4) = current rate multiplied by 4
- 4 to 8 years remaining (not including 8) = current rate multiplied by 3
- 8 to 15 years remaining = current rate multiplied by 1.5

The increase would be effective immediately. It will provide more money to the City right now. He has about six tenants who have agreed to this. He knows FAA and FDOT want the airport to be self-sustaining. He would like the Airport Advisory Board to vote on whether he can show this to the Commission.

Chairman Lewis noted that at a previous meeting the Board voted to recommend that the City Commission allow the maximum term possible on leases. Chuck Brainerd asked if it is possible to write a lease agreement with language that allows a lease term of 35 years, provided FDOT approves longer lease terms at a later date. CM Evans said he thinks that could be done.

Chuck Brainerd said that he is meeting with a representative from a large helicopter company tomorrow. They are looking at possible locations for an A&P school.

Chairman Lewis asked what recommendation he wants. Chuck Brainerd said he wants to present this option to the City Commission. He needs a Board recommendation to do that. He has spoken to four of the Commissioners. Chairman Lewis said it seems the next step is for the City to get with this group and refine the matrix.

CM Evans said Mr. Brainerd's proposal has nothing to do with the matrix or the policy presented by staff. It is an independent idea. Mr. Brainerd's proposal specifies rates that are based on current lease rates. It has no ties to the economy or market value. In most of these cases, the current leases are for land only. The market rate will include the land and buildings. He ran the numbers for Mr. Brainerd's leases based on the proposal he originally submitted in August, which is different than what he has said today, and the City's policy. Over the first twenty years there is a loss of \$700,000 in lease revenue based on Mr. Brainerd's proposal. Over 50 years the loss is \$3.8 million. He can provide that spreadsheet to the Board and Mr. Brainerd.

Chuck Brainerd said he thinks those numbers are skewed. The spreadsheet he saw mixed up the leases and used the wrong information. With the current lease agreements there is a period of time when the City would only get a CPI increase. His plan starts now. If the City is interested in retaining current businesses, they need to consider the current value. When the City takes a hangar back it will require a lot of work to bring them up to code. He asked how the City will afford that when they can't even buy gates for the security system now. The lease policy needs a lot work. We need to figure out what the policies are going to be.

Chairman Lewis said he is unsure what motion should be made. The Board can recommend various things to the Commission, but it should not get involved with

specific lease items such as rates. The Board could request for City staff to look at Mr. Brainerd's plan and see if it can be revised to a workable plan. He does not know if staff is amenable to that.

CM Evans said this is getting into an area that is difficult to navigate with an advisory board. Negotiating rates is a business area that is typically between the City and tenants. City staff is very uncomfortable with his proposal. There is no business analysis to determine how this would affect the airport other than what staff has come up with. He noted that Mr. Brainerd was correct in his earlier statement that the initial calculation on the leases was wrong; he had crossed the information on two of the leases. He then reran the numbers using all three leases and the result are the numbers he discussed a few minutes ago. The spreadsheet is very detailed and includes the CPI and change from just a ground lease to a ground and building lease. Mr. Brainerd's proposal will not be found at any other airport. He does not believe the airport's best interests are served by this proposal. He believes any lease policy needs to work from market rates. Staff is very reticent to embrace something that does not seem to be grounded in past practice from any other airport or in some methodology that is objective.

Chairman Lewis said there seems to be a difference in the philosophy as to how the future and growth of the airport are sustained. He thinks that the City's black and white accounting approach is different from the philosophical approach and there should be something in the middle. He thinks that the people who are here and have invested in the airport need to be given some consideration.

CM Evans said staff agrees that current tenants should be given consideration. That is why the plan was developed to include economic output of current existing businesses in regards to the lease term and, depending on the size of the operation, potentially a lower ROI on the lease rate. Staff believes the policy needs to be defensible, rooted in practice in at least some other airports and in the best interest of this airport from a financial point of view. He wants to create an environment that makes people want to come here. He noted that the airport is 100% occupied.

Kai Bogen said the reason the airport is 100% occupied is because there are good tenants. If rent is increased, it may no longer be at 100%.

Allen Dunlap asked if he is correct in his understanding that the situation with the leases has not been completed. He asked for the reason for the hold up and if there is any projection on when they will be completed. He understands from Mr. Brainerd that we have already lost person that wanted to come here/stay here and we may be potentially losing the helicopter company he is meeting with tomorrow because of leases.

Chuck Brainerd asked what the airport can offer the helicopter company right now. He is meeting with them tomorrow. The company contacted him and asked to talk to him about the possibility of opening an A&P school here. They are also looking at other airports. There is a great need for this type of business. As of tomorrow he has to tell them this airport does not have any type of lease policy other than they can run him through a computer program. Allen Dunlap said he thought he heard there is no lease policy. Chuck Brainerd said the airport has a chance to make news with a good positive lease program. But if the policy is convoluted and has claw-back policies business owners will not be interested. Allen Dunlap asked what the delay is in getting it approved.

CM Evans said at this meeting the Board reviewed the draft of the lease policy. It took a while to get to this point. He believes the Board needs additional time to review it. Along with Mr. Brainerd he is aware of one other person who has expressed interest in negotiating a lease. That other person would not put their request in writing. He must have a request in writing in order to prepare a lease proposal. At this point the City is still working from past practice because a lease policy has not been adopted. He can sit down and talk to someone who is interested in bringing a business to the airport. Based on that meeting he could develop an agreement, but it will be based on current practice until a policy is adopted. He is prepared to negotiate today with anyone who will submit a proposal in writing. However, in some form or fashion there must be a claw-back provision. The City was burned several years by a business at the airport and had to pay back a \$750,000 CDBG grant when the business did not live up to their employment numbers.

Chairman Lewis said the thing that jumped out at him when he read the draft lease policy is "over control". That is from the point of view of someone wanting to come in and set up a business. When you get a mortgage on a home they don't care about what goals you may have for your family. They only care if you make your payments on time. CM Evans said as an airport we also have to be concerned with how the property is used. Chairman Lewis said he understands the policy from a business point of view, but from the psychological point of view of the business it seems the City is trying to tell them how to run their operation. CM Evans said he understands that point and that is why the idea discussed earlier tonight of using incentives for thresholds being met rather than a claw-back may work better.

Chairman Lewis said there are things that happen that cannot be controlled that could put a company in a bind. Then if a claw-back is exercised, it creates more problems. CM Evans said that if there is not a claw-back, and the business builds its model and receives all of its financing based for example on a 20-year lease that includes additional years added for goals being met, there would not be a claw-back provision. If the business has a problem, they would still have the original 20-year term, they may just not receive the additional years that were offered based on specific thresholds being met. A business plan needs to be developed around a worst case scenario. A mechanism needs to be developed to bridge the gap between the person who promises the world and doesn't deliver with the result of a long-term lease on property that is now underutilized and the person who is worried about opening a business because of the rules in the lease policy. He is not interested in offering the same lease term to everyone at the airport. He is more interested in what they intend to do with the property than he is with the lease payment.

Chairman Lewis said a proper vetting up front will tell if someone is a legitimate business. He understands the City's position but sees the other side as well. It is a difficult position. Lester Coggins said how the claw-back provision is written will be very important to making the policy acceptable to the Board, tenants and prospective tenants. Clive Ure said what he seems to be hearing is that the policy is about 95% acceptable and just needs a few pieces to be changed. Chuck Brainerd says he does not feel that way. There needs to be a workshop and there needs to be more details. Right now it is not a good policy. It may be a good start, but the initial lease term needs to start higher than twenty years. When someone wants to come to the airport, there should be a way to get them enthused about being here. He has been asking about this policy since June. Some businesses can't wait that long.

Dave Taisch asked Chuck Brainerd if CM Evans or DCM Drymon can join his meeting tomorrow with the helicopter company. Chuck Brainerd said they cannot join the meeting tomorrow. Dave Taisch said it would be good to get the company together with the City. Chuck Brainerd said he is sure they will contact the City, however, tomorrow is his meeting.

Kai Bogen said he has not been impressed by the City. He would not recommend that a business speak to CM Evans. CM Evans said that he requests the same from everyone – that they submit a written proposal. Kim Joynt said they gave him their information and the result that came back proposed a fifteen year term. CM Evans said the policy will not make everyone happy.

Chairman Lewis again said he is not sure exactly what Mr. Brainerd wants from the Board. Chuck Brainerd said CM Evans told him he needed to talk to this Board. CM Evans said Mr. Brainerd had made a request to be a standalone item on a City Commission agenda. The Commissioners told him they did not want this issue placed on the agenda as a separate item. If Mr. Brainerd wants to speak to the Commission under the *Public Comment* section of the agenda, he can do that. He believes the Commission wants vetting and guidance from this Board with regard to Mr. Brainerd's proposal. Chuck Brainerd said one commissioner told him he wants to see him on an agenda.

Chairman Lewis moved to recommend that Chuck Brainerd go on the City Commission agenda. This motion died for lack of a second.

CM Evans said that recommendation can be made. However, there is no feedback from the Board on his proposal.

Chuck Brainerd said he gave the written request to be placed on the agenda to the City Clerk's Office two weeks ago.

Lester Coggins said he believes the City Commission will approach this with the knowledge that a policy is already in the process of being developed. They will probably say that needs to be resolved. Perhaps Mr. Brainerd can draft a written policy as an alternative that can be reviewed by this Board. It is possible that could then be incorporated with the current proposal from the City. The details of Mr. Brainerd's policy need to be worked out. Chuck Brainerd said the policy that has been submitted by the City should not be a final version. There is some neutral ground that needs to be found. A policy should be agreed on that is not convoluted and threatening to someone who wants to come to the airport. Lester Coggins said the devil is in the details. Several issues such as the matrix and how the numbers work at the end are a huge part. Whether the lease term comes out to 20 years or 30 years is significant. How the claw-back provision works is significant. To him it is just working out the details to make an acceptable policy. This seems to be a good framework to start with; it just needs to be fine tuned.

Chairman Lewis made a motion to allow Mr. Brainerd to go before the City Commission with the recommendation from the Airport Advisory Board to consider the maximum length term so that he can explain his case to the Commission. This basically recommends that he be heard by the City Commission. The motion died for lack of second.

Lester Coggins said this goes back to what CM Evans said earlier. This is sending him before the Commission with no recommendation from this Board. Mr. Brainerd will get further if he has his plan laid out in detail. It will be better if he puts his plan in writing and provides it to this Board so the members can review it and then make a recommendation.

Chuck Brainerd asked CM Evans and DCM Drymon if he can meet with one of them. Chairman Lewis said if there is no recommendation tonight, this will go to the November meeting. He does not know if that is a problem for Mr. Brainerd. The Board can move for the two parties to meet in the next week to ten days. Chuck Brainerd said Mr. Evans just told him he needed to present this to the Airport Advisory Board first. He asked if he must have a recommendation from them. If he has one City councilman willing to put it on the agenda he can do it anyway. CM Evans said that is correct. It does not have to have a recommendation. He is just advising of what guidance he believes the Commission is looking for in a situation like this.

Chairman Lewis said when Mr. Brainerd goes before the Commission he can tell them that this Board has already recommended the maximum term as applicable for what he has proposed. Chuck Brainerd said he and Mr. Drymon can hammer something out and take it before the Commission. CM Evans said anything that comes from staff must come to the Airport Advisory Board first to be vetted and receive a recommendation for the Commission. He is not able to reconcile the two proposals, especially when Mr. Brainerd's proposal is vague on details and will cost the City of Leesburg millions of dollars. Chairman Lewis said he is trying to reach a point where they can be reconciled. That is the struggle. He is trying to meet the desires of one of the airport operators and get input from the City so the Board can reach a recommendation. CM Evans said there needs to be a formally prepared document that says what Mr. Brainerd's lease policy will be, not just a verbal description. It needs to be vetted and a staff analysis needs to be prepared.

Chuck Brainerd said he made a written request to CM Evans on June 7th. CM Evans asked him if it was a written copy of this proposal. Chuck Brainerd said it was written request regarding extending their leases and what they are willing to pay. CM Evans asked if it was for the 1 to 7, 7 to 14, etc. Chuck Brainerd said yes. CM Evans asked him to resubmit that. Chuck Brainerd said it may not have all the clauses that the City's proposal has, but he did submit it. He said he had spoken to seven lease holders that were willing to pay more to get more time. One of them may no longer be interested because so much time has passed. The City needs to decide if they are willing to do something for lease holders now or if tenants must wait until the end of their lease term.

Chuck Brainerd asked who actually wrote the City's proposal. He said DCM Drymon told him he had written it. He asked CM Evans if that is correct. CM Evans said he and DCM Drymon work together on everything. Chuck Brainerd said DCM Drymon's name is all over it. He assumes that anything he works on with DCM Drymon will be shown to CM Evans.

Kim Joynt asked how long the process to get a lease policy will take. CM Evans said that is up to the Board. It depends on how many meetings, workshops, etc. it takes to finish the review process.

Chairman Lewis said it is up to Mr. Brainerd to develop a formal written presentation on his policy and talk to one of the Commissioners. CM Evans asked if his policy needs to

come to this Board. Chairman Lewis said it was his understanding it does not need to come to this Board. CM Evans said if a Commissioner asks to formally hear the issue, it can go straight to the Commission. Chairman Lewis advised Mr. Brainerd it is his choice as to whether he wants to work through a Commissioner and go straight to their agenda or bring it before the AAB first. Chuck Brainerd asked if he has to wait another month in order to bring it to this Board. Chairman Lewis said a special meeting could be called. Lester Coggins said that once they have everything in writing – Mr. Brainerd's policy and the changes to the City's proposal – a meeting can be held. Chairman Lewis said a meeting will be called when the formal proposals are ready.

Clive Ure told Mr. Brainerd he needs to review the City's proposal and then meet with CM Evans to discuss the things he does not like and try to reach an agreement. Chuck Brainerd said that has been done. There needs to be more than two people in on the discussion. A workshop needs to be held.

Clive Ure said he has not seen the numbers yet; but CM Evans has indicated that the difference between Mr. Brainerd's numbers and the City's numbers work out to millions of dollars of deficit for the City. Chuck Brainerd said he has not seen the worksheet yet but when he gets it from Mr. Evans he will look it over and compare it to his proposal. Perhaps there will be a way to compromise between them. Clive Ure said without seeing actual numbers, the Board has no way to know what two or three times a tenant's lease payment means on an annual basis based upon a comparison with what the market rate would be for that size facility. Clive Ure said they need to know how Brainerd's numbers actually work in the matrix the City is proposing. If the formula returns a term of only ten years, he will absolutely support the idea that the matrix is flawed. If the numbers return a lease term of 30 years, he will have to support it. He has to care about the airport.

Chairman Lewis asked CM Evans to modify the proposal based on the input received at this meeting and e-mail it to Mr. Brainerd, Ms. Joynt and the Board. In the meantime he asked Mr. Brainerd to formalize his proposal into a written document. Chuck Brainerd asked for confirmation that CM Evans will send him the spreadsheet showing his calculation of Mr. Brainerd's lease payments. CM Evans said he will e-mail it tomorrow.

Chairman Lewis made a formal request that at each Board meeting a cash flow expense report on the airport be given to the Board. CM Evans said he will honor the request. However, he will hold it in abeyance until the workshop is held between the City Commission and the Airport Advisory Board to discuss the role of the AAB. To resolve people's curiosity about operations and capital, a spreadsheet was provided to all interested parties that showed the net deficit every year. When capital expenses are included, the airport is losing money. No other advisory board in the City receives financial statements. That role is for the City Commission and City management. He believes this is overstepping and leads to micromanaging of the airport. He will provide the information if directed to do so by the Commission. Chairman Lewis said the request is based on the idea that he does want the Board to approve items such as the lease policy if it is going to result in a 20% profit or, on the other hand, a 20% loss for the airport. They need to have an idea of airport finances when making recommendations to the Commission. It is for knowledge purposes only.

Vidar Einarsson noted that an example on the lease matrix includes a company with 20 employees at a salary of approx. \$61,360 annually. With additional employment expenses each employee would cost the company about \$70,834 per year. Employing

twenty employees for thirty years commits a company to \$42,500,400. He noted there are no places at the airport with enough parking to support 20 employees. He also said that by signing a lease based on this matrix, the company is committing to payroll of \$42 million. If they can't make that commitment, they're out. CM Evans said this is merely an example. The claw-back provisions will allow for a lease to be reduced proportionately to the level of underperformance. There would be a reduction but not below a minimum specified in the lease. For example it might be a 30 or 35 year lease with a guarantee to not drop below 25 years. The policy recognizes that there needs to be certain things in order for a company to get financing. As an alternate, as has been discussed tonight, the approach could be an initial 25 year term and if specific levels are achieved one or two additional five-year extensions could be added to the term. Vidar Einarsson said most hangars at this airport only have five or six parking spaces so why is this even being discussed. Chuck Brainerd said this is just an example.

Vidar Einarsson said his point is that if he needs to borrow money or do anything he would like to have a plan that he can stay here 30 years, not 10 or 15 or 20. CM Evans said depending on what he is planning to do, he may or may not qualify for that. Kim Joynt said that it is just better for them to go to another airport. CM Evans said that the City will not simply give out 30 years leases to every tenant with no assurances. Kim Joynt said they are not asking for anyone to be unrealistic. They would like to see something used that is realistic for an airport of this size instead of a larger airport. CM Evans said the end result of the formula in the matrix is flexible. Vidar Einarsson said they were told at the last meeting that this is based on Spokane, Washington. That is a very large airport with many terminals. CM Evans said it is not based on another airport. It is customized for this airport. That is why he asked Chuck Brainerd for data. He wanted to see how the numbers would work for an actual airport business. Kim Joynt said that is why they provided information to CM Evans several months ago. The result was a 15 year term. DCM Drymon said the City will not be able to please everyone. He noted that the plan does provide some flexibility.

Chairman Lewis said at this point the discussion is going in circles. He said Chuck Brainerd and the City need to get together to discuss their two proposals. If a special meeting is requested, the Board will try to accommodate it.

Chuck Brainerd asked how many Board members he is allowed to talk to at the same time under the Sunshine Law. CM Evans said one.

Chairman Lewis moved to adjourn the meeting. Lester Coggins seconded the motion and the meeting adjourned at 8:41pm.

Chairman

Secretary