

**Airport Advisory Board Minutes
June 10, 2015 5:30pm
Airport Administration Building
8807 Airport Boulevard
Leesburg, Florida**

Attendance: Chuck Brainerd
Mark Crawford
Byron Oldham

Call to Order

Chairman Chuck Brainerd called the meeting to order at 5:30pm.

Alan Reisman gave the invocation, followed by the Pledge of Allegiance.

Approval of Minutes from May 13, 2015 Meeting

Chairman Brainerd asked for a motion regarding the minutes from the May 13th meeting. Mark Crawford made a motion to approve the meeting minutes. Byron Oldham seconded the motion and it was approved unanimously.

C-Wings, Inc. Lease Amendment and Wipaire, Inc. Lease Agreement

Airport Manager (AM) Tracey Dean stated these two agreements go hand in hand with regards to approval. There are currently two separate properties under lease with C-Wings until April of 2018. The owner of C-Wings owner has requested a 15 year extension on one of the properties in exchange for giving the second property back to the City. Wipaire is interested in leasing the second property which is located directly across from their current hangar. If the extension is not granted to C-Wings, the owner of C-Wings will continue to lease both sites until 2018. Wipaire needs more space and would immediately start using the hangar beginning August 1, 2015 If both of the agreements are approved.

Chairman Brainerd asked if the terms on the proposed Wipaire lease are negotiable. AM Dean explained the reason the Board has unexecuted copies of both leases to review is that the commencement dates needed to be changed due to a change in the meeting date when the leases can be scheduled for review by the City Commission. Chairman Brainerd asked if Wipaire would be buying the property or leasing. AM Dean stated the lease is land only, with the same terms as their current lease at a market value rate of \$0.15 per square foot. She explained the Wipaire agreement is missing Exhibit B (Improvements that will be made to the hangar). Wipaire has not yet provided that because the end use of the hangar has not been completely finalized. The immediate use will be for storage. Wipaire has said the doors will be reskinned or

replaced and the landscaping will be improved. In the future, a brand new hangar might be built.

Chairman Brainerd asked what C-Wings will do if extension is granted and also asked if there will be a brand new lease agreement. AM Dean responded that this is an amendment extending the term of the current agreement and the use is essentially storage. Chairman Brainerd asked if the C-Wings hangar would also be improved. AM Dean stated that has not been discussed.

Bill Pike, General Manager of Wipaire commented that they have already improved their current hangar to accommodate the Twin Otter. They have three customers who are very interested in coming to Leesburg, which would fill the current hangar for three years. Chairman Brainerd asked how they would use the new hangar. Bill Pike stated although he has not been inside the hangar yet, he thinks it is viable for use as a machine shop and parts. The long term plan is that Wipaire, Inc. will become the central maintenance center for Twin Otter maintenance. The Twin Otters need overhaul maintenance every five years and a 60 month corrosion inspection. There is a facility in Georgia but customers are not happy with that company. Wipaire stores one Twin Otter right now. They are making a \$50,000 investment in equipment alone for the Twin Otter maintenance.

Chairman Brainerd said Wipaire has done a good job at the airport. Byron Oldham asked if Chairman Brainerd saw any negative impact from the agreement. Chairman Brainerd responded that his only thought is that the C-Wings hangar needs improvement. All tenants are required to bring their buildings up to a certain standard. He is not worried about the Wipaire part of that, but does have some concern about the C-Wings hangar and the 15 year extension. AM Dean responded to Chairman Brainerd that she is uncertain of the condition of the hangar because she has never been inside it. Byron Oldham asked those in attendance if the hangar is in bad shape.

Chuck Bondar stated it has been entirely neglected by the owner and he refuses to improve it. The facility could be improved but the building is original. There is a lot of old machinery in the hangar. Chairman Brainerd asked if the hangar is active at all anymore. Chuck Bondar says the business has struggled. He said he has been in the hangar and is very familiar with it. There is junk in it. Just cleaning it out could give you a tremendous amount of space.

AM Dean stated for clarification that the hangar that Wipaire is interested in is located at 32720 Echo Drive. It has been cleaned out and is almost empty. The other hangar is located at 32740 Echo Drive. Chairman Brainerd asked if the hangar C-Wings will keep is the one located behind the old Tropical hangar. AM Dean responded yes. Chairman Brainerd asked if it is used for storing aircraft and AM Dean responded yes. Chairman Brainerd said that that hangar doesn't look too bad, but the landscaping could be updated. He went on to say it would be a good thing to help Wipaire get the facilities they need to expand. He does not want to hold up anything with C-Wings.

AM Dean commented on the concerns regarding the landscaping. She stated that the airport lost the staff member who maintains the City property. As soon as she is able to maintain acceptable standards she will police those who do not. However, for now she cannot hold others to standards that the City is also not keeping. For most leases, the maintenance of grounds is the Lessee's responsibility.

Chuck Brainerd asked if the C-Wings lease rate will be brought up to \$0.15 per square foot for the extension. AM Dean responded that the proposal is for the extension of 15 years only, all other terms remain unchanged. Byron Oldham asked if the C-Wings lease is an antiquated cost. AM Dean responded yes. She explained the short term revenue benefit to the City and the long term. The long term is hard to determine due to variables of length of lease. When the C-Wings extension ends in 2033, the term on Wipaire continues until 2045. In 2033, when the C-Wings extension expires, the fair market rate may be different and an appraisal of the building will be the likely next step. There is also the question of the value of Wipaire expansion which is another unknown.

Chairman Brainerd asked Tim Shea from AvCon how often ground leases prices should be reviewed. Tim Shea responded typically airports do it in a three to five year period. The FAA requires a regular review of the rent to make sure you are getting a fair return on the rent. That can be handled by an appraisal, which is expensive. Chairman Brainerd said that is what the airport did a few years ago to come up with the current rate. Tim Shea said a market study can be done to establish the rent in the area. That can be done every five years. Some places do a CPI increase. Using that calculation, you are forecasting but you don't know if you are getting market value for the property. AM Dean commented that the leases she has reviewed to date all include CPI increases. The CPI typically falls between 1 to 2%. Chairman Brainerd said they have a minimum on their lease of 2%.

Chairman Brainerd said if the C-Wings lease is left at a rate set thirty years ago, and new leases are paying \$0.15 per square foot, it seems there is some discrimination that the FAA could question. He personally feels it is a good deal to get Wipaire the facilities they need, but at the same time he thinks C-Wings should be paying the new market rate for a ground lease. Byron Oldham asked if the consensus was that the C-Wings building is somewhat neglected. Chairman Brainerd said he has not looked at closely. It is a bad hangar. It is not directly on the ramp. It would be nice to see the outside be improved.

Byron Oldham said he has reservations about the C-Wings lease but he is not sure what the right answer is. Chairman Brainerd stated his recommendation is approval on the new lease for Wipaire but believes it might be a better idea to negotiate a new lease for C-Wings. The new lease agreements have a lot more protection for both the City and the lease holders. AM Dean asked for confirmation that Chairman Brainerd was recommending a new lease for C-Wings. Chairman Brainerd responded yes. When the current lease expires the City should give C-Wings the additional years they want but have a new lease written, not just give an extension of the existing lease. AM Dean commented that if the extension is not approved this evening, an alternative for C-Wings

is to keep both hangars until 2018. The value in C-Wings being willing to relinquish the one hangar now is to obtain an extension on the other site. Chairman Brainerd stated that is a strong point, but it is also a strong point that in a few years C-Wings will relinquish both and that doesn't help what Wipaire needs now.

AM Dean stated that C-Wings can choose to keep both sites and make his own arrangements with Wipaire or any other interested party to sublease for the remainder of the lease and the City will not get additional revenue in the short term. Byron Oldham asked for confirmation that C-Wings is able to sublease. AM Dean stated that sublease agreements can be made but the agreements need City Commission approval. If that is done, C-Wings would receive the revenue as opposed to the City.

Chairman Brainerd brought up the former Triangle Aviation that Arnold Holmes is interested in leasing. This is the hangar at 8900 Airport Blvd. He said this is a nice building that was sold at auction for about \$75,000. He noted that the buildings being discussed today would not go for a very high amount. AM Dean responded that she had asked for the bank appraisal but was unable to acquire it and she is aware that BB&T Bank purchased it for approximately \$75,500.

Byron Oldham asked Bill Pike if he has had any discussion regarding subleasing the property with the current tenant. Bill Pike responded no. Byron Oldham asked if that was a feasible alternative. Bill Pike said that the CEO, Bob Wiplinger, has done the negotiating on this site and he did not know if the Mr. Wiplinger had ever talked to the owner of C-Wings. Bill Pike said he will contact Mr. Wiplinger and talk about it. Byron Oldham said he does not want to stymie Wipaire's growth. The Board members are all on board to promote and enable that, but he has reservations with the way these agreements are structured.

Chairman Brainerd said \$0.15 per square foot is a good deal. He asked AM Dean what the square footage is for the C-Wings hangars. AM stated she is uncertain of the building, but the ground leases are very similar in size; one is approximately 25,500 and the other is 24,600. Chairman Brainerd asked if ramp area was part of that. AM Dean referred to the legal sketch, which the Board had in their meeting packet and identified for the Chairman the two properties.

Byron Oldham asked if \$0.15 per square foot rate was the rate in 1998 on the original C-Wings lease and what will be the extension rate. AM Dean responded that the C-Wings lease is based on \$0.03 cents and includes a CPI increase per year. Byron Oldham said that he understands there are benefits to this arrangement, especially for Wipaire, but the rate seems ridiculous

Chuck Bondar said this is a situation where a particular individual is in a position to gain an advantage. The Board has to understand and believe what is good for the airport overall. The bottom line is what is best for the airport because that is what we are here for. Everyone is looking for a little advantage and this tenant, fortunately or for us unfortunately, is in this position. In the long run, this one particular individual is not going

to make that much difference. Hopefully, if Wipaire moves into this facility and they find it is not as nice as they thought it would be, they will improve the building. Eventually that hangar will probably come down because it has not been taken care of in a very long time. Chairman Brainerd stated it is a steel structure and is probably still sound. AM Dean again tried to clear up confusion of the hangar's conditions. She said Wipaire will be acquiring the hangar that is in worse condition.

Bill Pike commented on the significant improvements they have made to the current hangar and that the FAA was impressed while visiting. He noted that if they get this off the ground and are successful, the added tax revenue that will be brought in will probably more than make up for what will be lost on that side (other hangar). He understands the unfairness of one tenant paying a very low rate and was unaware of how low the lease rate was for C-Wings. However, he believes that in the first three years they will make that up.

Chuck Brainerd asked AvCon if they felt this could affect the airport grant assurances. Tim Shea said the airport has established a new threshold and all leases need to meet that threshold. If they do not the airport is in violation of its grant assurances. There are ways to give a tenant a better ground lease, such as by way of improvements.

Chairman Brainerd said the purpose of the Board is to advise what they think is best for the airport. We have responsibility to make sure we are not discriminating. Fifteen cents is the new rate that has been set. Chairman Brainerd confirmed that the lease to Wipaire was for a term of 30 years with two 10 year options. He noted that when a lease is long term, the lessee can invest which is an economic benefit to the area.

Byron Oldham asked if we face liability reasons for allowing someone to stay at an antiquated rate. Tim Shea stated it does jeopardize grants. Chairman Brainerd asked how many grants the airport has received. Tim Shea responded that there have been 23 under the current AIP, but he is not certain of the grand total.

Byron Oldham made a motion to reject renewing the lease for the time being at the antiquated rate. It could put grants in jeopardy. Mark Crawford seconded the motion and it was approved unanimously.

Chairman Brainerd asked to put it this item on the next agenda to revisit. AM Dean said it will depend on whether C-Wings wants to change the proposed terms. If they do not, C-Wings and Wipaire are free to discuss options and the Board will only review it if arrangements are made to for a sublease.

Airport Project Update AvCon Engineers & Planners

Tim Shea from AvCon said the focused environmental assessment for the seaplane ramp project that was required by FAA has been completed and sent out to all agencies. We are waiting on a formal finding of no significant impact (FONSI) from the FAA at the end of thirty day comment period. There is about ten days to go on that timeframe. So far one comment has been received from a tribe regarding archeology. AvCon does not think it will have an impact, but will not know for sure until the end of the comment

period. A public meeting may have to be held to deal with that worst case scenario. The design will not start until after the FONSI. The contract is still in the process of getting approved and hopefully will go to the Commission on July 13th. Chairman Brainerd asked if positive comments would benefit. AM Dean said the report can be reviewed at the Airport Manager's Office and comments can be mailed to the post office box noted in the report.

Tim Shea said AvCon has also done a conceptual drawing of an apron to support the new hangar under construction. A cost estimate has been delivered to the City and FDOT has given a green light on funding but the exact amount is not known yet. They are working on the scope and fee proposal for engineering.

Airport Manager Update

Decommissioning of Non-Directional Beacon (NDB)

Chairman Brainerd said he spoke to The Villages this morning and they do not feel there would be any problems with decommissioning the NDB. He said it is an expense to the airport that we do not need. AM Dean stated the maintenance contract is \$4,500 to have an inspection twice a year. If the NDB is kept, the maintenance contact must be kept as well. There is some contradiction of whether or not the NDB works. It does go out at times due to lightning. AM Dean stated it has not been put in the budget for FY 2016. There is no cost to decommission it. It is paperwork only as long as the airport has adequate approaches. AM Dean also referenced a FAA circular which proposes the decommissioning of 736 NDB's around the country. She is checking to make sure the NDB is owned by the City. The state has confirmed they do not own it. She is waiting to hear back from the FAA. If the City owns it, it can be decommissioned. There is no timeframe for dismantling it and it can be sold if someone wants it.

Mark Crawford made a motion to decommission the non-directional beacon. Byron Oldham seconded the motion and it was approved unanimously.

Relocation of Rotating Beacon

AM Dean advised the shield was removed on May 27th with the help of Fire Station 1. The shield was more than five feet tall. This resolved the problem in the short term. She said the light we have was installed in 2011 so it is pretty new. It is up to FAA specs and weighs 150 lbs. It may not cause too much vibration if relocated to the tower roof, but she is still trying to determine if there is a cheaper solution. She contacted a lighting company who stated our model light is current. They do not have an LED light and do not see one in the future. The Tower Manager believes a smaller shield may possibly resolve the issue.

Chairman Brainerd wants to make sure the beam of light/light value is sufficient. He asked if anyone has suggested just a pole extension. AM Dean stated that a pole extension would have to be engineered. Tim Shea confirmed this. Chairman Brainerd asked what AvCon would recommend. Tim Shea said he would suggest relocating the beacon further up the hill. That project would be eligible for FDOT funding. AM Dean

said she still looking at options for a long term solution. She will contact a gentleman who has experience with lights shining into residential property. Byron Oldham asked for confirmation that the light is not antiquated. AM Dean responded that is correct.

Chuck Bondar asked if the biggest objection is that of the tower staff who have the light shine on them. AM responded that there are two problems – the pilots need to see the light and the tower operators do not want it to shine in the into the tower windows. Chuck Bondar said the tower visibility to the east should not be a concern. Chairman Brainerd commented that the operators need full visibility. It could be a problem if they miss some traffic and there could be a collision. Chairman Brainerd said he talked to Lester Coggins from the Villages and when it is working it is hard to see sometimes. Relocation to a higher area might be better. Tim Shea said the elevation towards 441 is higher and by moving it the same size pole could be used. Chuck Bondar said the pole could possibly be extended. Chairman Brainerd suggested conducting a test to see how high it should go. The light can be shined into the tower when it is closed and to see how far it needs to be raised. Raising it would require engineering but the wiring would be minimal. Chuck Bondar suggested angling the light only. AM Dean said she is concerned that all of the options being offered incur what could be a substantial expense to the airport. There was no further discussion on this issue.

New Business

Sandy Bondar asked what ever happened to the duty free zone that was approved. She asked if anything is happening with it and has any information been put out to the public. AM Dean responded that no information has been sent out yet on the Foreign Trade Zone (FTZ). There is one possible user at this time. AM Dean explained the zones and how they work for proposed users within and outside of the magnet sites. She also explained that the airport can market the zone, but that the FTZ is not for the purpose of making a profit but rather for getting foreign trade to the state of Florida. The airport is not in competition with other Florida based trade zones. It is not allowed to profit from the FTZ. The charges are to recoup the administration and marketing costs only.

Chairman Brainerd asked Brian Sapp of SunAir Aviation about the status of the new facility. Brian Sapp responded that they have broken ground and in a few weeks the slab will be poured. The building will here on July 14th. Chairman Brainerd said everyone is excited about new development.

Adjournment

Byron Oldham motioned to adjourn the meeting. Mark Crawford seconded the motion. The meeting adjourned at 6:45pm.

Chairman

Recorder