



CITY OF FORT LAUDERDALE

**AVIATION ADVISORY BOARD
 FORT LAUDERDALE EXECUTIVE AIRPORT
 ADMINISTRATIVE OFFICE – MULTIPURPOSE ROOM
 6000 NW 21 AVENUE, FORT LAUDERDALE, FLORIDA
 THURSDAY, MAY 24, 2018 1:30 P.M.**

	Attendance	Cumulative Attendance 7/17 through 6/18	
		Present	Absent
Ed Kwoka, Chair	P	8	0
Edward Rebholz, Vice Chair	P	8	0
Louis Gavin	P	5	3
Joshua Kroon	A	3	5
Vacant			
Tom Moody	P	7	1
Stephen O'Malley	P	7	1
Dana Pollitt	A	6	2
Duke Siotkas	A	4	4
John Watt	P	8	0
Commissioner Marlon Bolton, City of Tamarac [non-voting]	P	7	1
Jeff Helyer, City of Oakland Park [non-voting]	P	7	1

Airport Staff

Rufus A. James, Airport Manager
 Carlton M. Harrison, Assistant Airport Manager
 Spencer A. Thornton, Assistant Airport Manager
 Florence Straugh, Noise Abatement Officer
 Karen Reese, Business Outreach and FTZ Administrator
 Fernando Blanco, Airport Engineer/Project Manager II
 Diana McDowell, Administrative Assistant II
 Diana Alarcon, Transportation and Mobility Director
 Julie Leonard, Transportation and Mobility Deputy Director
 Angelia Basto, Administrative Assistant I
 Mickaelle Bouchereau, Administrative Aide
 Michael Mitchel, Recording Secretary, Prototype, Inc.

CALL TO ORDER

Chair Kwoka called the meeting to order at 1:35 p.m.

1. Roll Call

The Board and Staff members present introduced themselves at this time.

VOTING ITEMS

1. Approve Minutes of April 26, 2018 Meeting

Motion made by Mr. Moody, seconded by Vice Chair Rebholz, to approve with the following correction:

- Pg. 3, delete the final sentence because Mr. James did not make the statement: "Mr. James requested that the extension be granted until the next Board meeting."

In a voice vote, the **motion** passed unanimously.

2. Parcel 8AB Third Amendment to Lease Agreement with KC FXE Aviation Investments, LLC

Mr. James reviewed that staff recommended termination of a lease agreement with Parcel 8 AB KC FXE Aviation Investments, LLC, for failure to complete the Phase 2 construction improvements. KC FXE requested that the termination be deferred for one month so that they can fully understand and respond to the issues, meet with airport staff, and come to a resolution. The Board provided KC FXE with the opportunity to prepare an outline of the remaining work by this meeting.

Mr. James reported that airport staff met with KC FXE on Wednesday, May 9, 2018, when KC FXE requested an additional 180 days to complete Phase 2 construction. Staff requested the outline in writing with backup information and was advised that the packet would be available by Friday, May 11, 2018. The packet was received on Friday, May 18, 2018; an updated exhibit was received on Wednesday, May 23, 2018.

Mr. James stated that multiple changes have been made to the site plan since February, 2013, which resulted in extreme delays for KC FXE in completing the project. In the past, the Board has accommodated requests for extensions. If the lease is extended again, staff recommends an increase of 5% for the current rent if KC FXE, at a minimum, fails to perform the following:

- Provide a record of ownership of other aviation businesses, affiliations, and any other associates of KC FXE
- Provide documentation of the issues involving litigation which resulted in the delay of Phase 2 construction requirement
- Provide evidence of capital financing sources and documents demonstrating ability to complete Phase 2 as well as Phase 3 construction requirements
- Agree to establishment of a performance bond for Phase 2 and Phase 3 improvements
- Provide list of all companies and contracts who perform work in completion of this project

- Provide six months' project schedule timeline to complete improvements
- Provide documentation of permits received from the Building Department
- Provide written monthly updates to the Board on progress report and certification of pay applications
- Maintain on-time monthly payments of fuel flowage fees and monthly lease rental payment fees
- Provide receipt of Certificate of Occupancy within six months of the approved lease amendment

Mr. James stated that at this time staff believes that KC FXE has ample opportunity to make the necessary improvements to Parcel 8AB; future requests contemplating any airport leasehold shall require KC FXE to fulfill the Phase 3 construction improvements on Parcel 8AB. Staff recommends the lease amendment with KC FXE for Parcel 8AB to address the issues associated with failure to complete the Phase 2 construction issues. This will be presented at the June 28, 2018, Board meeting.

Mr. Watt questioned if KC FXE would comply with all the measures. Mr. James said the airport is willing to work with every tenant who makes an effort. If they do not fulfill the requirements in six months, there would be a requirement of termination to the Third Amendment. At least, the airport has not been unfair and has given them the opportunity to fulfill their obligation.

Mr. Moody commended the spirit of cooperation; however, he did not know if the tenant had sufficient control over receiving the Certificate of Occupancy in six months due to possible delays within the Building Department. Mr. James replied that the tenant was the one who stipulated the six-month time. If a delay occurred that was out of their control, they could address it at the time.

Chair Kwoka reviewed that the tenant has been in arrears; they presented a check on Wednesday in the amount of \$6,000, which they retracted. They then replaced it with a cashier's check a few days later. He also cited that they had to patriate monies from other places and had another multimillion dollar arrangement with another tenant that will not be fulfilled. He questioned their ability to make the commitment.

Chair Kwoka said he still favored the extension, noting that if they terminate the lease at this time, it will take approximately six months and could cost several hundred thousand dollars in external counsel fees. However, he said that other airports have increased the provision of the deposit upwards to three months or even one year (Boca and Naples). He believed that merited discussion, considering the costs involved, and wanted the City Commission to consider an additional provision that if KC FXE could come up with \$9 million in six months, they can come up with the difference between \$180,000 and what the current deposit is.

Mr. Watt was amenable to the idea and said they should have recourse to terminate the lease if it is not fulfilled.

Mr. Moody pointed out that other tenants have had problems with projects as well, and hoped they could continue the relationship. He said they have spent money in improvements and shown some progress. He was not sure terminating the agreement was a victory, considering some past experience. Mr. Moody also did not want to take exposure from legal fees and wanted an agreement that would hold them accountable.

In response to a question by Mr. Gavin, Mr. James said that at this time they have to tell other potential tenants that nothing is available since the airport is full. If KC FXE defaults, they would put it out to market and look for proposals. If litigation were involved, the property would sit until resolution.

Mr. Gavin expressed concern about weekly reports proposed by the law firm and cautioned against them creating a legal obligation on the airport's part. Chair Kwoka recommended that they be monthly reports to coincide with the AAB packet. Mr. James pointed out that they get weekly status reports from project contractors in order to see that progress is being made. Chair Kwoka then said the timeframe should be whatever maintains consistency between tenants.

Steven Wherry, from Greenspoon Marder LLC on behalf of KC FXE, reported they have been gathering information, conducting analyses as to where they stand in terms of the construction project, and meeting with Mr. James and other airport staff. He appreciated the transparency of the airport staff.

Mr. Wherry stated that the idea of the weekly report came from meetings with Mr. James and Mr. Harrison. He believed that the financial challenges experienced by KC FXE are "behind us." He referred to "confidential exhibits" – but Chair Kwoka advised him that the exhibits were entered into public record. However, Mr. Wherry informed the Board that there were additional exhibits that we wished to distribute for review purposes only and not be entered into the record.

Mr. Wherry offered to share the additional confidential exhibits with Board members, but Chair Kwoka believed it was unnecessary and inappropriate at this time since it is an advisory board, unless some Board members felt otherwise.

Mr. Wherry stated they are coming to the Board in a collaborative mindset; he said they are not in financial trouble.

Chair Kwoka asked how he and the client would respond to extending the security that has been mentioned. Mr. Wherry said he would have to talk to his client, but he thought three months was a substantial security for renting. He did not think a one-year extension was the norm for commercial entities and thought it would worsen the situation for KC FXE. He asked for the chance to prove themselves. He added that the weekly reports would be coming from his consultant, Kimley-Horn, to Mr. James.

Mr. Wherry continued, noting he is pleased with the permit review time period. He thought that might provide an opportunity to Mr. James to be helpful in contacting the Building Department to inquire after the process.

Chair Kwoka stated that Fort Lauderdale is thorough about processing applications and did not think anyone on the Board would negatively perceive his client's progress as long as they would be making the required applications.

Mr. Wherry expressed concern about potential delays arising from storms, hurricanes, etc. He said they drafted a lease amendment (Exhibit M), which has been preliminarily submitted to the City in the hope that it may be the base to move forward to amend the lease. The draft includes reference to factors such as states of emergency.

Chair Kwoka asked to hear from the client about his commitment to the project.

Ignacio Martinez, Principal of KC FXE, stated he has been a tenant for the last eight and a half years. He said they have an Air Charter Certificate in the south side of the field. They started in early 2010 and have grown substantially – they are called Windsor Jet Management. Mr. Martinez commented that it is a family business and most of the invested funds have come from family and friends.

Mr. Martinez said that about five years ago, his company tried to get involved with a project on parcel 8AB. They requested \$4 million approval to transfer the stocks from that company to his. There were many challenges with the economy. They have been paying full rent along the way.

Chair Kwoka asked if they had been paying rent throughout the time they were developing while others typically do not. Mr. James explained that those terms were settled in negotiation. Once a lease is approved by the City Commission and signed, rent commences. He said that there was an oversight with a different parcel where they did not pay rent (which has since been corrected).

Addressing Mr. Martinez, Chair Kwoka said they are very pro-business, but his greatest area of concern is the lack of communication. He encouraged Mr. Martinez to communicate frequently and thoroughly with staff.

Mr. Martinez apologized for his lack of communication. He said they have over \$5.2 million invested and have completed over 90% of Phase 2. The lease stipulated they were only required to invest \$1.8 million. They have another private aviation operation in Aruba, and an operation in Venezuela. Their progress here has not resulted from lack of effort.

Mr. Martinez explained that the replaced check incident occurred from an error in his accounting department. He emphasized that they respect the airport and have a commitment with Mr. James, who has been a great manager.

Mr. Wherry brought up the 5% increase in the amendment, hoping that was not necessary. He also mentioned the performance bond issue; normally that relates to the contractor, who has the bonding capacity. Lastly, he said they are planning to acquire parcel 8G for expansion in Phase 3, and did not want to see anything in the lease amendment that might eliminate that possibility.

Chair Kwoka asked Mr. James if a lease increase has been customary in this circumstance. Mr. James replied in the affirmative, but said it would only happen if they failed to perform one or all of the stipulations. Chair Kwoka confirmed that the matter would come before the Board if that happened, and the provision could be added in at a later date.

Chair Kwoka thought that normally the performance bond would be required of the contractor, not the tenant. Mr. James said there is still Phase 3 work left to be done and he wanted to ensure that they are not left with unfinished work in 2022.

Chair Kwoka recalled that Mr. Martinez said they were required to spend less than \$2 million, but he has spent \$5 million. Chair Kwoka asked if they were obligated for Phase 3, and Mr. James explained that the requirement to spend less than \$2 million was made in 2010, when construction rates were much lower than they are now (\$90 per square foot versus \$150-\$175). Two hangars at 40,000 square feet at \$175 per square foot comes to about \$7 million in hangar development.

Mr. Moody thought the \$150-\$175 per square foot for hangar construction was too high. He thought the airport would have locked in the number in his obligation, rather than using a sliding scale.

Chair Kwoka wanted to approve the extension with the reasonable items, such as documentation, timely payments, but did not agree with using adjusted rates, and holding them accountable for a phase that has not begun.

Chair Kwoka asked Mr. Wherry for his feedback on the terms. Mr. Wherry disliked the fourth bullet point (performance bond).

Mr. Watt suggested the tenant and his lawyer need time to create a revised document. Chair Kwoka preferred to make the amended motion at this meeting and start the clock ticking.

Mr. Wherry commented that the language following bullet point #4 refers to the lease on 8G. It said the 8G lease has not been executed yet and thought it was premature to mention it in the amendment. Chair Kwoka suggested striking that paragraph beginning with "at this point" and concluding with "parcel 8AB."

Mr. Wherry asked that the bullet point about the Certificate of Occupancy be conditioned to things under the tenant's control. Chair Kwoka said they could amend it that the tenant has met all of the tenant's requirements to apply for a Certificate of Occupancy, not that the City has issued a Certificate of Occupancy – the tenant has made every effort within their control. Mr. Wherry stated they will take the recommendation of the Board and share that with the City Manager.

Motion made by Mr. Moody, seconded by Mr. Gavin, to approve the changes with respect to the bond, reference to the Phase 3 project, and the Certificate of Occupancy, and provide the extension for the tenant. In a voice vote, the **motion** passed unanimously.

3. Parcel 7A Hangar Lease Agreement with Florida Jet Center, Inc.

Mr. James noted that "A.O.G. Aircraft Service Inc." should be "Florida Jet Center, Inc."

Mr. James said they were approached by Terry Robertson of Florida Jet Center to lease the airport hangar associated with the facilities in Parcel 7A. He gave a brief history of the tenants in that hangar. For the past five years, Mr. James said that Ken Fick of A.O.G. Aircraft Service Inc. has occupied the hangar.

The hangar lease consists of approximately 4,500 square feet of hangar space, 600 square feet of office space, approximately 6,200 square feet of ramp space in front of the hangar, and 10 vehicle parking spaces to the east of the building. Based on surveys of comparable space at other airports, Mr. James said that they negotiated a rental rate of \$6,300 per month with annual CPI adjustments for a five-year term.

Florida Jet Center has been on the airfield since 1976 and began renting airspace at Executive Airport in 1986. Mr. Robertson now has 38 employees. The company is an FAA approved repair station, providing services to the flying public such as maintenance and inspections, and they operate several aircraft under the Air Charter Certificate.

Mr. James reported that Mr. Robertson needs additional space for his growing business, and the location is ideal for him. Staff recommends entering into the lease agreement.

Motion made by Mr. O'Malley, and seconded by Vice Chair Rebholz to approve. In a voice vote, the **motion** passed unanimously.

4. Contract Award to Stanford Construction, Co for West Perimeter Loop Road Project

Fernando Blanco, Airport Engineer, reported that aircraft and vehicles on the west side of the airport are required to cross runway 9 in order to relocate aircraft and equipment to the north or the south side. An asphalt perimeter road of approximately 4,200 feet in length will be constructed along the western end to eliminate crossings and enhance

safety. The work will include millings, subgrade, limerock and asphalt paving, paving striping, and sodding.

The design was completed by HR Engineering and advertised on February 4, 2018. Bids were opened on April 4, 2018. The low bid was submitted by Stone Concept of Miami Incorporated, but they did not provide satisfactory references at the time of bid opening. Several attempts were made to contact them to provide proper references, but they were not the primary contractor on any projects of a similar nature.

The Procurement Department and staff recommend rejecting the low bidder and awarding the contract to the second low bidder, Stanford Construction Co. in the amount of \$864,215.29.

Mr. Kwoka asked how the cost compared to the other perimeter road they had built, and Mr. Blanco answered that the east road was a smaller road (about 2,500 linear feet) and cost about \$454,000. The south road was around \$360,000.

Vice Chair Rebholz pointed out a typographical error: the bid for DP Development should have been \$928,804 not \$428,804.

Mr. Blanco stated that Stanford Construction has done work before for the City and also some projects at the Airport.

Motion made by Vice Chair Rebholz, seconded by Mr. Moody, to approve. In a voice vote, the **motion** passed unanimously.

5. Approval of Contract Negotiations for General Aviation Consultant Services with HDR, INC. and Kimley-Horn and Associates, Inc.

Mr. Blanco stated that the current contract to provide General Aviation Consultant Services with HDR Engineering expires in August of this year. The Airport developed an RFQ to select a consulting firm to provide services for the upcoming Airport Capital Improvement Program. He enumerated the projects involved in the program.

The RFQ was issued on March 7, 2018, and four responses were received on April 2, 2018. After consideration, the Evaluation Committee selected the two top-ranked firms, HDR, Inc. and Kimley-Horn and Associates, to enter into contracts pending approval of their negotiated rate. Staff recommends proceeding with the Evaluation Committee's recommendation.

Motion made by Mr. Watt, seconded by Mr. O'Malley, to approve. In a voice vote, the **motion** passed unanimously.

6. Parcel 16 Master Utility License Agreement

Carlton Harrison, Assistant Airport Manager, reported that Sheltair leases Parcel 16 and has improved the property with four large hangars totaling approximately 76,000 square feet, approximately 21,000 square feet of office space, and associated aircraft and automobile parking. Sheltair seeks to further improve the property with the additional construction of one large hangar totaling approximately 16,500 square feet with apron, vehicle, and office space.

A license agreement with the City of Fort Lauderdale and FP&L is necessary to bring necessary utilities into the site and provide for infrastructure. The agreement is standard and has been approved by the City Attorney's office. Staff recommends entering into a Master Utility License Agreement with FP&L for the installation of utility lines and facilities for Parcel 16.

Motion made by Mr. Moody, seconded by Mr. Gavin, to approve. In a voice vote, the **motion** passed unanimously.

UPDATE ITEMS

A. Noise Compatibility Program

Florence Straugh, Noise Abatement Officer, reported that over the last four months they have had decreased noise calls every month even though there are increased operations. She referred to attached statistics for the month of April.

B. Development and Construction

Spencer Thornton, Assistant Airport Manager, reported that the Taxiway Foxtrot pavement rehabilitation project is ongoing, nearing 65% completion. Milling and paving is being done in phases. Tenants are kept informed and are on board with the paving. The project should be complete in July, 2018, on budget. The increase in operations for April 2017 to 2018 was 11% total.

Chair Kwoka asked if the taxiway entrance at the 9 approach has been adjusted for incursion avoidance, and Mr. Thornton replied in the negative, but said discussion is pending per the Airport Master Plan.

Chair Kwoka asked how a vehicle ended up on the runway safety area earlier in the week. Mr. Thornton said it is being addressed with the tenants, adding that the vehicle left the field before the Police Department could arrive on the scene.

Mr. James mentioned that they improved the fencing, gates, and signage around 2004 to reduce the number of such incidents. For about 10 years, the Airport did very well, but now they are having a recurrence of these types of incidents. They are trying to find ways to educate the tenants.

Chair Kwoka confirmed that the vehicle belonged to a guest of a tenant and asked if they revoked his privileges. Mr. James replied that typically they suspend the tenant's access to the airfield for a period of several weeks, but Florida Statute allows the incident to be punishable by arrest or fine up to \$500. The tower can recognize such incursions, but by the time they call security and security arrives, the individual is gone. It does get reported to the FAA.

C. Arrearages

Mr. James stated that the arrearages (from KC FXE) have been resolved, as mentioned earlier.

D. Communications to the City Commission – None

E. FLL Update

Ms. Straugh reported that the Broward County Aviation Department, Airport Noise Abatement Committee, will meet on Monday, June 11, 2018, at 6:00 p.m.

Mr. O'Malley asked if they presented a master plan for all the development that will occur in the future, and Ms. Straugh replied they do have a master plan project underway. If more information is desired, she offered to present it at the next meeting.

Chair Kwoka did not see how they would add anything more unless they started adding more lanes to the airport entrance and exit.

Mr. James reported they had been dealing with the City of Tamarac to have the weight-bearing restriction lifted, and the City Commission for Tamarac has approved an Inter-local Agreement. Aircraft are now allowed to take on as much fuel as needed. Another benefit is the ability to take on high-end executive operators. The maximum weight is now 81,000 pounds.

Mr. James also announced that Commissioner Marlon Bolton received his Master's Degree.

Mr. James announced the following:

- The Master Plan public meeting is scheduled for June 18, 2018 between 7:00 and 9:00 p.m.
- Advisory Board training will be held Tuesday, May 29, at 6:00 p.m. at City Hall

Regarding the vacancy on the Board, Mr. James advised that they are waiting for a Commissioner to appoint an individual.

NEXT SCHEDULED MEETING DATE: Thursday, June 28, 2018 – 1:30 p.m.

Aviation Advisory Board

May 24, 2018

Page 11

There being no further business to come before the Board at this time, the meeting was adjourned at 2:50 p.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

[Minutes prepared by J. Rubin, Prototype, Inc.]