

**Boca Raton Airport Authority  
Meeting Minutes  
June 15, 2022  
Boca Raton Airport Authority Administration Building**

Mr. Nau called the meeting to order at 5:02 p.m.

**BOARD MEMBERS**

James R. Nau	Chair
Robert Tucker	Vice-Chair
Randy Nobles	Secretary/Treasurer
Cheryl Budd	Board Member – Attended Telephonically
Mitchell Fogel	Board Member
Gene Folden	Board Member – Attended Telephonically
Melvin Pollack	Board Member – ABSENT

**COUNSEL**

Amy Petrick, Esquire – Lewis Longman Walker

**STAFF**

Clara Bennett, Executive Director  
Scott Kohut, Deputy Director  
Travis Bryan, Operations Director  
Jada Stewart, Accounting Manager  
Robert Abbott, Operations and Finance Coordinator

**APPROVAL OF MINUTES**

**A MOTION to approve the minutes of the May 18, 2022 Regular Meeting was made by Mr. Tucker and seconded by Mr. Nobles. The Motion carried unanimously.**

**AGENDA CHANGES**

There were no agenda changes.

**ELECTION OF OFFICERS**

Ms. Petrick gave an overview of the Bylaws in relation to the Election of Officers.

Mr. Nobles nominated Mr. Nau for Chair and Mr. Tucker seconded the nomination. There were no other nominations. Mr. Nau was unanimously elected Chair.

Mr. Nobles nominated Mr. Tucker for Vice-Chair and Mr. Fogel seconded the nomination. There were no other nominations. Mr. Tucker was unanimously elected Vice-Chair.

Mr. Fogel nominated Mr. Nobles for Secretary/Treasurer and Mr. Tucked seconded the nomination. There were no other nominations. Mr. Nobles was unanimously elected Secretary/Treasurer.

### **PUBLIC REQUESTS**

There were no public requests.

### **CONSENT AGENDA**

There were no items on the consent agenda.

### **FEDERAL, STATE AND MUNICIPAL INPUT**

There was no Federal, State or Municipal Input.

### **FINANCIAL REPORT**

Ms. Stewart presented the Financial Report for May 2022.

**A MOTION to approve the Financial Report for May 2022 was made by Mr. Fogel and seconded by Mr. Tucker. The Motion carried unanimously.**

### **TENANT REPORTS AND REQUESTS**

Ms. Bennett advised the Board that she was notified by Premier Aviation that they did not receive the counterproposal that was sent on June 13<sup>th</sup>. Ms. Bennett provided a brief overview of what had been discussed over the past few months and the Airport's response to the most recent proposal from Premier Aviation of Boca Raton, LLC regarding Phase III.

Ms. Petrick advised the Board that at the conclusion of the counterproposal Airport Management asked Premier if they wanted to proceed with presenting their proposal to the Board, however, they have not had the opportunity to review the Airport's counterproposal.

Ms. Budd Joined the Meeting at 5:15 p.m.

Mr. Howard Dubosar, Attorney, Weiss Serota Helfman Cole Bierman, advised the Board that there were IT issues at his firm, which was the reason they did not receive the Airport's response to their proposal. Mr. Dubosar provided an update on the permitting process. Mr. Dubosar stated there is a difference of opinion as to how the percentage rent is calculated. Mr. Dubosar stated his opinion that, based on the lease terms, there would be zero percentage rent paid. Premier is of the opinion that what they are offering is more than what is required.



Mr. Hamid Hashemi, CEO, Premier Aviation of Boca Raton LLC presented their proposal and explained the process they used to calculate rent. Mr. Hashemi stated that, based on their interpretation of the lease, they would not owe any rent and Premier feels their offer justifies an additional 20-year extension for the entire leasehold.

Ms. Petrick advised the Board that they need to take into consideration everything that Mr. Hashemi is proposing, not just the percent rent issues. Ms. Petrick stated Mr. Hashemi has proposed a 2% escalation and the standard is 3% and they are asking for four additional five-year extensions. Ms. Petrick reminded the Board that in the past six years Airport Management has tried to bring the rent to fair market value for the non-aviation uses. Ms. Petrick explained how Airport Management and Legal Counsel interpret the rent calculation in the lease.

Mr. Hashemi stated that the language in the lease is very clear and he did not agree with the Airport's interpretation.

Ms. Petrick stated the way the appraisals were done for Phase II and Phase III articulated a land rent, not a percent rent for those phases. Ms. Petrick advised the Board that the counterproposal sent to Premier on June 13<sup>th</sup> had the intent to settle the interpretive dispute and cure the existing breach. Ms. Petrick added that giving Premier an additional 20 years is almost gratuitous given the amount of benefit to Premier compared to the level of consideration that is being offered to the Airport.

Ms. Bennett reminded the Board that the original lease was for 50 years, and Premier is asking for an additional 20 years, making it a 70-year lease. Presently there are 28 years remaining. Originally Premier asked for a four-month extension of the permit requirements, the Airport offered six months and now they are requesting an additional 20-year extension. The Airport advised Premier that they would entertain that discussion with similar parameters to what has been done with other leases.

A discussion ensued.

Mr. Hashemi stated that they currently have a lease and according to their interpretation of the existing lease, they do not owe anything. Mr. Hashemi stated they are offering to pay rent for Phase III in exchange for an additional 20 years. Mr. Hashemi referenced an extension given to another Airport tenant and asked for the same consideration.

Ms. Bennett explained the details of the agreement with Atlantic Aviation, which included a new 40-year term. Mr. Bennett stated that, if Premier would like to have that discussion with Airport Management, for a similar negotiation, they would be willing to entertain that discussion.

Mr. Hashemi stated that it does not make sense for him to reset the fair market rent adding that, if the Airport wants a 3% escalator, he will agree to that and commit to \$15 million in additional improvements.

Mr. Dubosar asked the Board to remember why they entered into this discussion, and to consider where the discussion started, all the issues that have been discussed, and where they are now.

Ms. Petrick stated that they did discuss the substantial investment that was the justification for the new Atlantic Aviation lease, and at that time there was not an offer of substantial investment from Premier. From a staff perspective, they want direction from the Board regarding having Airport Management and Legal Counsel pursue the development of a new lease with the offer of \$15 million in improvements or move forward with the notice of breach.

Mr. Fogel stated that the Airport Authority has a lease, there is a current default in the lease because Phase III is not completed. Once the building is done, there will be rent from that building and that rent needs to be determined. Mr. Fogel reminded the Board that if the obligation is to build, that has to be done and wondered what the Airport would be getting if they grant an extension.

Mr. Nobles stated that it is not fair to expect the Board to review all the information presented at the meeting and make a decision.

Mr. Tucker questioned the comparison of the FAU Research Park to the property at the Airport.

Ms. Petrick stated that there is some progress being made and outlined the options available to the Authority.

Ms. Budd reminded the Board that they need to be mindful of what Ms. Petrick said about the Authority's primary function to fulfill the Airport's fiduciary responsibility and Federal obligations.

A discussion ensued.

Ms. Bennett added that there are specific points that need to be addressed between Premier and the Airport Authority. Those included the decision between rent percentage and going with a flat rate. If there is an extension of time, then there needs to be a new lease that benefits the Airport Authority.

Mr. Hashemi stated that nothing would change, except instead of the percentage rent it would change to fixed rent.

Mr. Folden asked when payments would begin once an agreement was reached. Ms. Bennett advised the payments would begin on September 1, 2023

Ms. Budd reminded the Board that per Legal Counsel the presentations given so far were gratuitously beneficial to Premier. Ms. Budd asked how far away the Authority was with coming to an agreement. Ms. Bennett advised the Board they have a template they can



use as a starting point for a new lease. Premier has been advised that any discussion regarding an extension to the lease would require a new lease, which includes the resetting of the ground rent.

Ms. Petrick added that the difference between their proposal relative to Phase III and the counterproposal is not that far off. It is the 20-year extension request, the lack of investment, and the percent of escalation that were the areas in which the parties were not able to make progress. Tonight, the offer of an additional \$15 million and 3% in escalation shows there is progress.

Mr. Keith O'Donnell, Principal, Avison Young provided information on the office market in Boca Raton. He stated that there are no office buildings currently being built in the area. If the office building is delivered at the Airport, it would be successful.

Mr. Nobles asked how the counterproposal was sent out. Ms. Petrick advised the Board that the proposal and counterproposal have been sent via email. Mr. Nobles expressed frustration because they were presented with an offer that did not reflect the Airport Authority's counterproposal.

Mr. Fogel asked Mr. Hashemi if they were opposed to a new lease. Mr. Dubosar replied that they are opposed to a new lease.

Ms. Petrick stated that staff is not recommending an extension unless there is a new lease.

Mr. Fogel stated that if the Airport is going to entertain an extension and a new lease, he recommends an extension to the issuance of a notice of breach. Mr. Fogel recommended that Airport Management put together a term sheet and begin there.

Mr. Nobles reminded the Board that it is their understanding that they will not negotiate without the 20-year extension.

Mr. Fogel asked if Premier would still build the building without an extension. Mr. Hashemi replied that they will still build.

Ms. Bennett advised the Board that the FAA will want to know how the Airport will benefit if there is an extension.

Ms. Petrick stated that the FAA wants the Airport to get fair market value for non-aeronautical.

Ms. Bennett stated that the \$15 million offered today is a good start and a viable reason to extend the lease and request approval from FAA.

Mr. Fogel asked what the \$25 million in improvements will entail. Mr. Hashemi stated he will not spend the additional \$15 million until the 20-year option is exercised.

Ms. Petrick clarified that Atlantic Aviation must spend \$40 million within seven years. Mr. Hashemi stated he was not going to spend the \$15 million until years 29 – 34.

Ms. Bennett stated that it appears they need a 20-year extension to build the building that is due in 2023.

Mr. Dubosar stated they do not believe any percentage rent should be paid based on their interpretation of the Lease, and by offering \$50,000 per year that is a consideration that the Airport would not have. That is why Premier is asking for an extension.

Ms. Petrick stated that, if the \$15 million is not going to happen for at least 28 years, that will put a different perception of being able to bring a term sheet or new lease to the Board within 30 days.

Mr. Fogel recommended handling the requests as two separate requests. The first is to come to terms with the rent and, once that is settled, entertain the discussion of a new lease with an extension of time.

**A Motion granting Premier Aviation an additional 30-day extension before issuing a Notice of Breach to allow Premier Aviation of Boca Raton, LLC, Airport Management and Legal Counsel time to respond to the terms in the Lease, and Premier Aviation agrees that the 30-day extension does not waive the right to issue a notice of breach was made by Mr. Fogel and seconded by Mr. Tucker. The Motion carried unanimously.**

#### **EXECUTIVE DIRECTOR AND STAFF REPORT**

Mr. Abbott presented the Noise Abatement/Operations Summary for the Month of May.

Ms. Stewart presented the proposed amendment to the Accounting Policy and Procedure Manual.

Mr. Nobles asked what the current limits were. Ms. Bennett explained the current limits and the procedures in place for check signing.

**A MOTION to approve Resolution No. 06-14-22 of the Boca Raton Airport Authority amending the Accounting Policy and Procedure Manual was made by Mr. Nobles and seconded by Mr. Tucker. The Motion carried unanimously.**

Mr. Abbott presented the Public Transportation Grant Agreement for Financial Project No. 449588-1-94-01 with the State of Florida Department of Transportation Tower Radio, Communication, and Electronics Upgrade – Construction at the Boca Raton Airport.



Mr. Nobles asked if this is an upgrade to the latest technology. Mr. Kohut advised the Board the last project was in 2006 and the equipment has outlived its usefulness and is due for an upgrade.

**A MOTION to approve Resolution No. 06-15-22 of the Boca Raton Airport Authority accepting the Public Transportation Grant Agreement with the State of Florida Department of Transportation Tower Radio, Communication, and Electronics Upgrade – Construction at the Boca Raton Airport was made by Mr. Nobles and seconded by Mr. Tucker. The Motion carried unanimously.**

Mr. Abbott presented an Amendment to Public Transportation Grant Agreement for Financial Project No. 429710-1-94-01 with the State of Florida Department of Transportation for Security Enhancements – Phase 4 at the Boca Raton Airport.

**A MOTION to approve Resolution No. 06-16-22 of the Boca Raton Airport Authority accepting the Amended Public Transportation Grant Agreement with the State of Florida Department of Transportation for Security Enhancements – Phase 4 at the Boca Raton Airport was made by Mr. Tucker and seconded by Mr. Fogel. The Motion passed unanimously.**

Ms. Bennett provided an update on the Airport Corporate Identity and Community Engagement Program and presented the video from the Boca High School Aviation Academy visit to the Airport.

Ms. Bennett shared with the Board that Airport Management attended the George Snow Scholarship Award Ceremony. Three students received the Boca Raton Airport Scholarship this year.

Mr. Bryan provided an update on Airport projects.

Mr. Nobles asked what the funding was for the Administration Building. Ms. Bennett advised the Board they have 80% funding from FDOT and the budget for the project is \$150,000. Airport Management is asking for a list of options and costs, which will be presented to the Board at a future meeting.

#### **AUTHORITY MEMBERS REQUESTS AND REPORTS**

There were no requests or reports.

#### **PUBLIC INPUT**

There was no public input.

#### **OTHER BUSINESS**

There was no other business.

### **MISCELLANEOUS**

The next regular meeting is scheduled for July 20, 2022 at 5:00 p.m. in the main conference room at the Boca Raton Airport Authority Administration Building.

### **ADJOURNMENT**

Meeting adjourned at 7:31 p.m.

 7/20/2022  
James R. Nau, Chair                      Date