

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
MAY 7, 2019
8:30 A.M.**

PRESENT: Tim M. Slattery, Chairman
Tom Green, Vice Chairman
Jennifer T. Dane, Secretary Treasurer
Chick Gregg, Sr.
Frank S. Ioppolo, Jr.
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel
Commissioner Brenda Carey, County Liaison

ABSENT: Mayor Jeff Triplett, City Liaison

STAFF PRESENT: Diane Crews, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Tom Fuehrer, SAAPD Chief
Tommy Gentry, IT
Lori Hunt, Executive Assistant
Misty Lizarralde, HR Director
Al Nygren, Property Manager
Lauren Rowe, Communications Director
Jennifer Taylor, Project Coordinator
Rachel Walker, Finance Manager

OTHERS PRESENT: Oscar Anderson, Southern Strategy
Elizabeth Brown, AWW
Steve Cornell, Kimley-Horn
Luke Frey, Walbridge
Jonathan Hand, Atkins
Hillary Maul, AVCON
Yasmin Moreno, CERM
Tanisha Morris, AWW
Sarah Nemes, Southern Strategy
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Keith Robinson, AWW
Tim Shea, AVCON
Angela Singleton, Hill Top Securities
Kaley Slattery

Gregg Smith, MillionAir
Michelle Tatom, R & B Architects
Jason Terreri, AWW
Bob Turk, City of Sanford Economic Development Director

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND INTRODUCTION OF GUESTS

The meeting was called to order at 8:30 a.m. followed by the Pledge of Allegiance and introduction of guests.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON APRIL 2, 2019

Motion by Board Director Gregg, seconded by Board Director Dane, to approve the Minutes of the Regular Meeting held on April 2, 2019 as amended to remove the word Chairman in reference to Board Director Ioppolo from page 5. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. Seminole County

County Chairman Carey updated the Board regarding her election to County Chairman in November, and her recent election to Vice Chairman, Central Florida Expressway Authority. She noted that SR 46 has been completed, and the Kings Crossing property is set to close in a couple of weeks with new development to include a Publix Supermarket. She is looking forward to future development and the proposed hotel, a Comfort Inn, and reported that the County is conducting a small area study around Ohio Avenue, Sanford Avenue and Lake Mary Boulevard. Discussion ensued regarding the Airport access road being returned to the Airport from FDOT.

B. City of Sanford

Mayor Triplett was absent.

5. COMMENTS FROM THE PUBLIC

None.

6. PRESIDENT'S REPORT

President Crews distributed the aerials, and introduced the Board to Misty Lizarralde, new HR Director. President Crews updated the Board regarding: Terminal Expansion project 38% complete and on schedule. New consolidated passenger screening has opened, and the Welcome Center Renovation is awaiting permitting.

President Crews inquired if the Board would be interested in returning Board Meetings to the Executive Boardroom or remain in the Vigilante Room. Discussion ensued and the consensus of the Board was to keep meeting in the Vigilante Room with an upgraded telephone conference phone system. President Crews informed the Board the Executive Boardroom is being re-designed.

President Crews updated the Board regarding: RIM project and Taxiway Romeo Project and Apron Expansion project are closed out; and design of the Rehabilitation of Taxiway Bravo Charlie Lima is in design phase 30% complete.

Don Poore presented the interim financials. Discussion ensued regarding CFC's and the budget projection as relates to ongoing projects. Following discussion, President Crews noted the ongoing high-level analysis conducted by the executive staff and stated that Don would provide an overview of that ongoing budget analysis at the next board meeting.

Discussion ensued regarding the Commerce Park and Gator Dock and Marine.

Paul Partyka distributed a comp report to the Board. Paul Partyka updated the Board regarding construction of proposed Publix Supermarket, major convenience store, other national tenants (at King's Crossing property), and residential homes. Lennar Homes indicated they would like to be more of a presence in the area. He stated in the coming months he will give a report of the overall general area. Paul Partyka stated there are 3000 square feet of space available for flex use in the Commerce Park. The biggest challenge is internal tenants who want to expand, and we don't have space for them to expand. There is a need to build warehouses to accommodate growth. New construction on basic light warehouse \$7.50-\$8.00 triple net. Chairman Slattery encouraged Paul Partyka to line up some LOI's and the Board would consider building new warehouses. Board Director Green inquired about the engagement of an appraiser to assess our vacant land. President Crews reported they have provided us with preliminary results, and she will be meeting with the appraiser the following week.

Southern Strategy – Oscar Anderson informed the Board that the \$64,000 appropriation for the OSIA Surface Transportation Plan didn't make the final budget, and he will be in further discussions with FDOT administration for funding. FDOT Secretary Kevin Thibault has been confirmed. He noted that the airport lien bill passed providing for enforcement of liens without having to be in possession of an airplane, and the bill to allow concealed weapons and open carry in airports failed.

Discussion ensued regarding the FAC State Affairs Committee call yesterday that reported 5 area airports received earmarked funds, and that this Airport needs to identify a project and be involved with that (securing earmarked funding) next year.

Further discussion ensued regarding the Board's dissatisfaction with the return on investment and will be looking hard next session. Oscar Anderson stated he worked very hard with Representative Plakon and Congressman Simmons, but the consensus was we didn't ask for enough.

President Crews updated the Board that the FDOT has agreed to give us more grant money, a total of \$11M for the terminal expansion project as a 50/50 match.

Lauren Rowe updated the Board regarding media coverage: Orlando Magazine front cover photo and article featuring President Crews, Orlando Sentinel article coverage of the Airport, Facebook and Twitter. Lauren Rowe stated she asked Tanisha Morris, Social Media and Marketing Coordinator for AWW, to attend the Board meeting today.

Lauren Rowe stated Tanisha has been an amazing addition to our team. Tanisha is hard working, extremely quick, creative, has hit the ground running, and is monitoring all our social media. Lauren Rowe noted she is still receiving the alerts 24/7 although it is Tanisha who is responding to social media. Tanisha is sharing different destinations each month, and there is a blog on our website. For the summer Allegiant has announced a Nashville destination. Lauren Rowe stated President Crews appeared on Orlando Matters, the interview was posted on the Airport's Facebook page and the article will be posted also.

Tanisha Morris updated the Board regarding Explore Florida: this month we had prime real estate in the special edition of Explore Florida magazine, the back page as well as page 53 close to the centerfold. The main reason to advertise was the magazine is being distributed to some of our target areas, 20,000 to Chicago metro area and 20,000 to the New York metro area which are two of our main targets. With this package, we are going to be doing a lot of Facebook advertising on the Orlando Sentinel page which has way more followers than the Airport page. Explore Florida will use Twitter and Instagram to promote the Airport.

Lauren Rowe updated the Board we will be attending the Visit Orlando luncheon on Thursday. Visit Orlando is celebrating 35 years and doing history of tourism but unfortunately, we did not make the cut in the video.

George Speake reported that in 2017 we designed a challenge coin for the 75th Anniversary of the Airport. He presented the new 2018 coin and distributed to the Board Directors, explaining that a new coin will be issued in November 2019 and continue annually.

President Crews referenced Police and ARFF reports. President Crews brought to everyone's attention the letter of commendation Chief Fuehrer received on behalf of officer George Small. The letter was from a captain with the Melbourne International Airport commending Officer Small for the way he handled a sensitive situation.

President Crews updated the Board regarding the City of Sanford's request several years ago to build a fire station on airport property on the north side of Marquette Avenue, east of the Vigilante. The FAA has agreed to meet her again this week to discuss the fire station. Discussion ensued regarding the need for another fire station due to the additional development along the Lake Mary Boulevard corridor. Board Director Robertson stated he has been contacted by several City Commissioners regarding the need for a new station. Chairman Slattery stated he and President Crews have both been contacted by Mayor Triplett to pursue the request.

President Crews announced the 2019 FAC Conference will be held August 4-7 in Fort Lauderdale. Lori will be reaching out to the Board Directors regarding their attendance. President Crews referenced community outreach events and noted she will be a panelist at the May 17th OBJ Doing Business in Seminole County luncheon.

7. COUNSEL'S REPORT

Brett Renton updated the Board regarding: Gator Dock and Marine FDEP item and the Restrictive Covenant which will have to be approved by the Board and City of Sanford. He referenced receipt of a new letter from the FDEP regarding Avocet and a syphon valve that is no longer approved. Brett Renton congratulated President Crews for her Orlando Magazine cover story.

8. AIRPORTS WORLDWIDE REPORT

Elizabeth Brown updated the Board regarding April results: passenger traffic up 9% over last year, 25,000 passengers, which is down from projected budget by 19,000 passengers. A few things are pointing to that: still seeing results year over year comparison loss of Interjet that happened last year, couple less operations from TUI and a softening in load factors from Allegiant. Nationally trending in the USA is a slight softening of domestic traffic, could be reflective of the time of year. Looking forward, the industry is indicating summer bookings are looking strong. The price of oil is starting to climb, which puts pressure on airlines' ability to launch new routes.

Allegiant is launching a new service to Nashville twice a week starting May 17th. Operations is starting a new terminal lighting replacement project in areas not being touched by the terminal expansion. With the new security check point opening, we've experienced growing pains. We are working together and have formed a security working group of which George is a part of, and Diane has attended.

Elizabeth Brown noted regarding air service development, that ongoing meetings have been scheduled with herself, Jason Terreri, President Crews and the individual Board Directors. Still to be scheduled are Board Directors Dane, Robertson and Smith. Air carriers have been affected by the grounding of the 737 Max; there are less planes, and there is a lot of pressure on our partner airline to be able to acquire more aircraft.

Social media report: April 5th was a Vinci Airport initiative for the first time implemented here called Smiling Day, a customer service project. There were over 500,000 impressions across the network of Vinci airports across the world. Photographs of happy customers were distributed in the Board packets.

Chairman Slattery noted he learned a lot meeting with Elizabeth Brown and Jason Terreri regarding air service development. He appreciated the presentation.

Discussion regarding A320 & A319 number of seats. Discussion regarding the reason for decline in passengers. Discussion regarding passenger numbers have not declined but have grown, although lower than AWW's expected growth projection. Allegiant load factors are softer; as they expand their network, they aren't adding more cities, they are adding more frequencies. Resulting in an existing passenger base being split over more flights.

President Crews referenced the decline in international when trying to determine why some of our revenue streams are lower than what was anticipated, despite the fact we've had some growth. Allegiant is a participating air carrier and have greatly reduced landing fees.

International isn't a participating carrier because they don't have the frequency or numbers to support that right now. We are getting higher landing fees and public safety fees from international.

Discussion regarding landing fee. Discussion regarding TUI having four less flights in April. Easter date odd this year. International passengers spend more in the terminal building, buying more souvenirs, buying food to take on the plane, eating before they go on the plane. Trending in the USA decline of international travel in the USA, especially out of the UK. Possible reasons: Brexit having a huge impact on people from the UK wanting to travel, currency crash as a result, political climate in the US, additional competitive destinations, flights destinations where airlines cruise ships are. TUI Amsterdam flight is the only one considered to be a scheduled flight where people from this area can book a flight. TUI flights out of the UK are categorized as charter flights and every seat is attached to a hotel room and vacation package. The first flights flown in six months come in full and return empty, and this happens in reverse at the end of the season.

Discussion regarding transportation program. Numbers are increasing, supporting service for continuance. Allegiant now sending out drift emails and drift messages to all their customer base to advise them of the ground transportation link that is available.

9. CHAIRMAN'S REPORT

Chairman Slattery apologized to Board Director Gregg because he was interviewed for the Orlando Sentinel article regarding the search firm; he tried to deflect to Board Director Gregg and yet they were both quoted in the article. Chairman Slattery requested Board Director Gregg give an update on the search firm for the Executive search.

Board Director Gregg stated four firms have responded, they are looking through the proposals, will short list them and come back to the Board with a recommendation. Board Director Dane requested to know who the firms were. Board Director Gregg replied: ADK Consulting & Executive Search, Lincoln Leadership Advisors, S. Renee Narloch & Associates and Total Employee Sourcing.

Chairman Slattery said it is his thought that Board Director Gregg will narrow this down and we would like to have the firm chosen by September of this year and engage them. Chairman Slattery inquired how the Board felt about that. Board Director Smith felt we need to do due diligence on the firm we choose unlike last time. Chairman Slattery suggested that Board Director Gregg speak with either Board Director Smith or President Crews to make sure those questions are on the table. Brett Renton

clarified Board Director Gregg could speak to Board Director Smith during a publicly noticed meeting.

Chairman Slattery noted the carrier fleet with the USS Abraham Lincoln is headed to Iran, and after meeting all those young servicemen when he and President Crews were on the carrier, he asked everyone to pray for the servicemen.

10. CONSENT AGENDA

- A. Consider approval of Addendum C to Lease No. 2015-014 with AVOCET PARTS TRADING, LLC for Bldg. 415 (Aviation).
- B. Consider approval of Addendum F to Lease No. 1998-08 with TBI US OPERATIONS, INC. for Bldg. 502. (Aviation).
- C. Consider approval of Addendum C to Lease No. 2003-12 with POWERTEQ, LLC for Bldgs. 532 and 532A. (Commercial).
- D. Consider approval of Addendum G to Lease No. 2012-19 with CANDACE ROZZO for Bldg. 303 located at 2850 Aileron Cr. (Residential).
- E. Consider approval of Addendum E to Lease No. 2014-012 with JEYZA MANSO for Bldg. 301 located at 2822 Aileron Cr. (Residential).
- F. Consider approval of Mobile Charging Service Agreement with Tricopian, Inc.

Motion by Board Director Robertson, seconded by Board Director Smith to approve Consent Agenda items A through F. Vote taken, none opposed. Motion passed.

11. DISCUSSION AGENDA

- A. Consider approval of revised lease templates.

President Crews stated the Board is being asked to consider approval of the lease templates that Counsel has been working on for many months. This is for commercial, residential, t-hangar, aviation and ground leases. The EDAC has reviewed these a couple of times and at the last meeting, the final versions were reviewed again. There were some suggested changes, and Counsel has incorporated those in the documents that were sent to the Board. The Board received red-line versions noting the changes.

Board Director Smith made a motion, seconded by Board Director Green to approve all five revised lease templates. Vote taken. None opposed. Motion passed.

- B. Consider approval of L3 Technologies lease.

President Crews stated this item is the approval of L3 Technologies Lease No. 2019-15, to amend, restate and consolidate Lease 5-89, User Agreement dated 10/4/12 and Lease 2010-32, and to amend and restate Ground Lease No. 2007-02.

President Crews referenced the recap provided to the Board in her memo. The LOI was established, it went to EDAC and then to the Board, and was approved on October 9, 2018. In the intervening months, we have worked to finalize the actual lease from the LOI. A summary of the new lease from Counsel was attached to the agenda memo, including a table of all the leases and the new rental rates, total annually \$481,946.38. The increase is \$132,222.34 and that is not only the increase in the rental amounts, but also the addition of two buildings, 450 and 517. The lease is retroactive to September 1, 2018.

President Crews commended everyone involved including Counsel, staff and EDAC for all the work that has gone into this lease. Many items out of the new template were encompassed along with negotiations, and some revisions resulted out of the last EDAC meeting. President Crews requested Brett Renton present an overview of the changes that came out of the EDAC review.

Brett Renton updated the Board and referenced page 2 of the memo, three bullet points: 1) Section 14 Environmental Laws. The LOI (Section 20. Hazardous Materials) was written without the knowledge of asbestos, present and currently managed in place by Tenant. Once Staff and Counsel were made aware of this fact, the representations made in the LOI were changed to reflect this knowledge. 2) Inclusion of the Right of First Refusal for Building 517 to accurately reflect the LOI. 3) Changes to the assignment language and guaranty to ensure continued liability on the part of the Tenant/Guarantor.

Brett Renton stated L3 has agreed to all three of the changes. They have signed off on everything verbally, although have not signed off on the written document. President Crews replied L3 is circulating the final lease through their agency which includes multiple states. Brett Renton updated the Board that L3 has committed to us that all the necessary people have approved the changes. Currently, we are at the point of approving and moving on.

Board Director Green noted he doesn't understand why they wouldn't approve the lease. Board Director Green inquired of Counsel on the permitted transfer where is the language that if they assign it to a wholly owned entity the assignment and guarantee will stay in place.

Brett Renton responded section 7.3 is specific to everything, any transfers, there is additional language. The default of law is unless you specifically put a provision here that says you are releasing them. The defaulted law is that you remain obligated. This language we believe legally protects to what you are concerned with, that there is no distinction between permitted transferee and a regular transferee, that it's a transfer of the lease to any third party. Brett Renton further advised it was built into the guarantee with a sentence that they have also agreed to.

Board Director Smith made a motion, seconded by Board Director Dane to approve the L3 Technologies Lease as amended. Vote taken. None opposed. Motion passed.

- C. (Add-On) Consider approval of Amendments to Amended and Restated Concession Agreements for on-airport rental car concessions The Hertz Corporation; Vanguard Car Rental USA, LLC (f/k/a Alamo), Avis Budget Car Rental, DTG Operations, Inc., The Hertz Corporation, and Enterprise Leasing Company of Orlando LLC – under the same terms and conditions, effective June 1, 2019 and ending May 31, 2021.

President Crews noted this last item is an add-on and was placed on the Discussion Agenda because we have a policy that add-on items are placed under discussion. This is a routine item, the extension of our existing agreements with the rental car agencies for an additional two years rather than put it back out to bid. It is two-fold 1) due to the terminal expansion there is a re-configuration as to how people will get to the building; and 2) there will be changes due to our renovation. We wanted to get past the terminal expansion and this two-year extension will get us past there.

President Crews explained five of these are extensions of the existing rental car agreements for two years. The other one is for new space because Advantage d/b/a Simply Wheelz decided to leave now, although in two years they can bid again. Their leaving left an empty space in the building for another rental car company. We currently have five major rental car companies and they each have subsidiaries. AWW, with her consent, went to the rental car companies to do an internal bid on who would want that space. Alamo through Vanguard now has the space, and there is a sixth amendment adding that space to their existing agreement.

Board Director Smith made a motion, seconded by Board Director Gregg to approve add-on Discussion Agenda item C approval of amendments to amended and restated concession agreements. Vote taken. None opposed. Motion passed.

12. COMMENTS FROM THE PUBLIC

13. OTHER BUSINESS

Board Director Dane inquired about the computers the Airport purchased for the Board Directors use and asked if they could be re-purposed, sold or donated to the schools. President Crews responded the Chairman has voiced his concern of the existing program being used, although our IT stated this program will do everything that he is looking for. The Chairman will be meeting with IT staff to determine if the program can indeed do everything, he wants it to do. If that isn't the case, we will look at another program. President Crews stated she didn't want to get rid of the computers if there is a potential the Board can use them. If not, we will look in to possibly donating them to the schools.

Board Director Robertson stated he was approached by someone who is a citizen of the City of Sanford inquiring why our police department wouldn't be part of the Sanford Police Department where we have a chief whose area is the Airport. He requested next month this inquiry be addressed.

Board Director Robertson stated he also met with an individual from the Ford Motor Company, and they discussed why the Airport said they didn't need a new parking garage with a nice restaurant on top because cars are going to soon drive themselves. This individual replied to him "whoever is feeding you that is out of their mind, that won't happen until 2050 at the earliest" and then he spoke about Tesla cars. The Duke power people noted they don't even have the infrastructure or grid to build any of these places to do 3-4 Tesla cars at one time. He requested in six months a re-address of the topic of a parking garage.

Elizabeth Brown responded we also need to look at demand. Our parking demand has been declining. George Speake referenced Uber and Lyft. Elizabeth Brown stated we always exceed existing parking demand during certain peak times during the year, and if you add a parking garage, it will increase O & M cost. There may be other ways to add parking without having to build a new garage. Both teams are obtaining information and looking at demand with all the changes happening in the industry. Board Director Smith replied to Board Director Robertson that he thought we have additional land next to the surface lot we already put in, we could expand that if need be. George Speake replied extremely minimal because we built the new ramp there. Elizabeth Brown added we lost a few of our grass positions in that location.

Board Director Dane requested an update on parking. President Crews stated we can add that to the June Agenda. Board Director Ioppolo requested an update on Uber, Lyft and Mears. Board Director Green requested an update

on the parking pricing structure. President Crews noted it is time to update our comparison chart. Board Director Smith requested information regarding off-site personal vehicle rentals, TURO. Brett Renton updated the Board Tampa and their general counsel are leading the charge against TURO. Brett Renton stated he is participating in the FAC conference call next week and it is a topic of discussion with the lawyers representing airports.

President Crews noted that Jason Terreri, who has been serving as the interim Air Service Development Director, is taking a position as the Airport Director at Syracuse Airport. This will leave AWW without an air service development director, and they are actively looking for a replacement. President Crews encouraged the Board to wish Jason well, his last day is May 10th.

14. REMINDER OF NEXT BOARD MEETING (JUNE 4, 2019)

15. ADJOURNMENT

There being no further business, the meeting was adjourned at a.m.

Respectfully submitted,



Diane H. Crews, President & CEO

/lh