

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
SEPTEMBER 10, 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. (arrived 8:40 a.m.)
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel
Mayor Jeff Triplett, City Liaison (arrived 8:43 a.m.)
- ABSENT:** Commissioner Brenda Carey, County Liaison
- STAFF PRESENT:** Diane Crews, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Tom Fuehrer, SAPD Chief
Tommy Gentry, IT Director
Michelle Gioielli, Leasing Manager
Kristina Gilmore, Records Manager
Lori Hunt, Executive Assistant
Danette Maybin, HR Manager
Al Nygren, Property Manager
Jennifer Taylor, Project Coordinator
- OTHERS PRESENT:** Oscar Anderson, Southern Strategy
Sonya Brauer, South East Ramp
Elizabeth Brown, AWW
Kevin Dillon, Constant Aviation
Luke Frey, Walbridge
Jonathan Hand, Atkins
Karen McKinnon, CE Avionics
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Tim Shea, Atkins
Bob Turk, City of Sanford Economic Dev. Director

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

Chairman Slattery called the meeting to order at 8:30 a.m. and referenced hurricane damage in the Bahamas. Chairman Slattery thanked President Crews for reaching out to Allegiant who has planes delivering relief items. Chick Gregg has volunteered his business Air Unlimited and Chairman Slattery asked Board Director Gregg to let us know how we can assist. Board Director Gregg updated the Board on hurricane relief efforts his company is facilitating. President Crews stated Lauren Rowe and Tanisha Morris are at Air Unlimited today assisting with relief efforts.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON AUGUST 13, 2019 AND MINUTES OF THE JOINT MEETING HELD ON AUGUST 26, 2019

Motion by Board Director Smith, seconded by Board Director Gregg to approve the Minutes of the Regular Meeting held on August 13, 2019 and the Minutes of the Joint Meeting held on August 26, 2019. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. City of Sanford

Mayor Triplett provided a list of development projects around Sanford, 50 projects in process or the application phase. The largest developments are around the Airport, primarily residential. Mayor Triplett informed the Board that the City is in the process of changing their Residential Development Order to increase standards and they are working with the School Board. Mayor Triplett noted Sanford is 50/50 on residential versus commercial development and is fortunate to be one of the few cities that still has open, available land. Regulations have been done for urban infill. He referenced Seminole County with regards to the Rural Boundary Line trying to move development into the cities.

Chairman Slattery requested an update on the City of Sanford Fire Station to be built on Airport property. Mayor Triplett replied funding and a new 3-year agreement with fire and police union are considerations. Additionally, the City is working with Seminole County regarding shared cost.

President Crews updated the Board on the upcoming aviation conference in October and next year's Air Show, events that will drive patrons and additional income into Sanford.

Mayor Triplett noted next year is the 100th Anniversary of the Chamber and that combined with the Air Show, the City and the Airport are working

hand in hand to promote Sanford. Mayor Triplett stated at next month's Board meeting he and Bob Turk will make a presentation on all the exciting things happening downtown on which to focus marketing.

George Speake informed the Board there are people that fly into the Airport that specifically stop downtown each trip. He felt that the more people advertise and get the word out about downtown, this will drive traffic. Mayor Triplett stated the City was presented with a program by the downtown business owners to do a shared contract for marketing. Mayor Triplett referenced the shuttle that runs downtown which is paid for through the CRA and questioned why the shuttle can't make a loop to the Airport.

Chairman Slattery inquired of Mayor Triplett when his replacement would be selected. Mayor Triplett responded a vote will be taken September 23rd at the Commission meeting.

5. COMMENTS FROM THE PUBLIC

None.

6. PRESIDENT'S REPORT

President Crews updated the Board regarding ongoing construction projects:

- Terminal Expansion project: 55% complete – project on schedule
- Welcome Center Renovation: 37% complete, estimated completion end of December 2019.
- Taxiway Bravo, Charlie, Lima Rehabilitation: Receive FAA Grant – September 30, 2019 (or sooner), construction TBD (tentatively November 2019).
- CBP Repair Replacement Project: reduced scope of 900 pax per hour throughput change request was approved late yesterday. Continuing design process. Elizabeth Brown updated the Board regarding Biometric Exit Technology.

Don Poore presented the interim financials.

Chairman Slattery advised the Authority to go out for an RFP Permanent Loan after the first of the year. He stated we are healthy, and rates are good.

NAI Realvest, Paul Partyka: Ace Aviation has support from L3 Harris, working on a proposal for housing for 180 pilots, parcel selected, and ground lease proposal will be discussed with SAA staff prior to submittal.

Paul Partyka stated at the October Board meeting he will provide a report on activity for each of the parcels relative to Costar.

President Crews updated the Board regarding 2020 FAC Conference.

President Crews referenced community activity in the Presidents Report.

Oscar Anderson of Southern Strategy updated the Board regarding: follow up with FDOT & Turnpike, that he believes the PD&E will be in the next budget request. He referenced the kickoff conference call yesterday with FAC regarding Legislative Fly-in to be held in October. Appropriations follow up meeting today after the Board meeting, and noted that next year, looking at water/drainage projects.

George Speake updated the Board regarding PFAS (per-and polyfluoroalkyl substances) in AFFF (aqueous film-forming foam) used by the Airport Aircraft Rescue and Firefighting Department (ARFF).

President Crews referenced the property, police and fire reports.

President Crews distributed the aerials.

7. COUNSEL'S REPORT

Brett Renton thanked Board Director Gregg, Air Unlimited, the Airport staff and all the tenants for all the help assisting relief efforts in the Bahamas. Brett Renton updated the Board regarding the Greater Orlando Aviation Authority (GOAA) trademark litigation and the Gator Dock and Marine environmental matter.

Board Director Green requested an update on L3. President Crews noted that she has been in communication with L3, and they are waiting to get comments from the new company L3 Harris Technologies. It was the consensus of the Board that President Crews request a meeting with the individuals who are involved in the decision making.

8. AIRPORTS WORLDWIDE REPORT

Elizabeth Brown updated the Board: August results saw 5% increase in passengers year over year. Sun Country has been doing a lot of casino charters. Surinam Airways is back in the market with weekly service. TUI up 2% due to a couple of additional operations. Year to date up 7% in passenger count.

Elizabeth Brown updated the Board regarding industry standards: Brexit will be affecting TUI, value of the pound, Parliament shut down, strength of the US dollar, prediction of a recession in the US within the next twelve months making airlines cautious, 737 Max continues to be a distraction and is still grounded.

Elizabeth Brown discussed the upcoming TakeOff North America 2019 air service development conference being hosted by the Airport October 26-28.

Elizabeth Brown gave an Operations update. Vinci is continuing to visit the Airport, working on a strategic plan. Vinci has requested to speak with senior management team of the SAA to demonstrate some things deployed at their other airports, particularly London/Gatwick. Elizabeth Brown stated they have discussed a trip for President Crews and George Speake to London/Gatwick.

Board Director Robertson inquired of Elizabeth Brown if anyone can purchase a ticket for TUI. Elizabeth Brown replied TUI UK is charter, every seat is tied to a hotel and package. You can buy a ticket on ArkeFly to Amsterdam going outbound, but sometimes it's challenging to get a return flight.

Board Director Robertson inquired of Elizabeth Brown if we are trying to get a Canadian airline? Elizabeth Brown responded that had been discussed with Vinci, we have encountered some challenges in that market. Canada is well served in eastern Canada into Orlando by several airlines. She referenced two new startup airlines and two other airlines that are evolving into scheduled service we are already in dialog with. Discussion ensued regarding Dominican Republic.

9. CHAIRMAN'S REPORT

Chairman Slattery updated the Board that we lost our HR person who was going to be conducting the search for our new President and requested that Board Director Gregg give an update. Board Director Gregg stated there was interest shown from four firms. Two of the firms have located people that used to work for him, and he knows them well, he will be checking references. Chairman Slattery inquired if there would be another formal RFP. Board Director Gregg replied he would work with these four and see what kind of response we get. One firm said they didn't want to waste their time. Board Director Ioppolo inquired of Board Director Gregg if he was happier with the response this time. Board Director Gregg replied one of them is a huge firm and he didn't know if they were in the game. A couple are very well qualified, one focused entirely on aviation. Chairman Slattery encouraged the committee to decide on the firm by the end of the year. President Crews noted the Board wanted her replacement process to start by March. Discussion ensued regarding firms' costs and length of time new person would be job shadowing.

Chairman Slattery informed the Board that President Crews, George and Don spent a lot of time at the Airport during Hurricane Dorian. On behalf of the Board he thanked them all. President Crews thanked Chief Fuehrer and Chief Shippell who were at the Airport the entire time. George Speake responded that he was sick and had remained home.

Chairman Slattery referenced the potential land exchange and requested this go before EDAC Committee to get solid on what the Board is looking for in this exchange. What risks are out there that we can try to mitigate before committing to any type of deal? We have appraisals, soil borings, a lot of material to be analyzed in order to make a solid recommendation to the Board. September 19th at 3:30 p.m. was determined for the EDAC meeting.

Chairman Slattery stated it was time to discuss the President's evaluation and distributed a summary of everyone's assessment scores to the Board. Chairman Slattery appreciated everyone who spent some time on this, gave him some good input. He and President Crews met yesterday face to face and talked about a lot of different areas where she is strong or could possibly work a little harder. Chairman Slattery noted she is one heck of a President for us, and in the two years he's worked side by side with her, there is nobody that is more dedicated to this job, nobody that will work harder and she is training George to follow in those footsteps well. Chairman Slattery recommended the same as last year, he felt it is fair and indicates how her performance was based on 100%. The 4.28 would correlate to .86% of her maximum bonus. His recommendation is that we deliver a bonus to our President of \$30,500.

Board Director Smith made a motion, seconded by Board Director Dane to approve Chairman Slattery's recommendation. Vote taken. None opposed. Motion passed.

Discussion ensued regarding the use of the numbering system and points on the President's review. Chairman Slattery suggested for the next contract there needs to be criteria that they are graded upon. A lot of this is subjective, he tried to introduce a little of this and it didn't stick. On this next contract he suggested discarding the bonus all together. A bonus for the CEO and President doesn't correlate to what the staff is getting and there should be correlation as far the performance of the overall organization especially with the top 3-4 people. He suggested when you negotiate the new contract, throw the bonus out and based on how the Airport does overall, you put a pot of money in, the President gives herself 10% and 10% to George etc. He stated that this is how most of corporate America does it, instead of a contract that dictates how much you give the CEO. Then you can also put in these drivers to indicate how much bonus you will get. Board Director Green suggested to Board Director Gregg the consultant firm give us some information regarding this.

10. CONSENT AGENDA

- A. Consider approval of "Amended and Restated License and Concession Agreement to Manage Advertising Program" between SAA, OSI Inc. and In-Ter-Space Services, Inc., d/b/a Clear Channel Airports.
- B. Consider approval of "Parking Equipment Purchase and Service Agreement" between Orlando Sanford International, Inc. and ParkJockey Miami, LLC; a separate Side Letter Agreement providing for assignment to the SAA.
- C. Consider approval of Lease No. 2019-014 with AVOCET CAPITAL, LLC for Bldg. 515-2. Located at 2842 S. Mellonville Avenue, Sanford, FL (Aviation)
- D. Consider approval of Addendum E to Lease No. 2003-32 with FUTURE HEALTH CONCEPTS, INC. for Buildings 24 and 418, located at 1211 E. 29th St. and 1211 E. 30th St., Sanford, FL 32773. (Warehouse).

Chairman Slattery noted that Consent Agenda item B was being pulled from the Agenda. Board Director Ioppolo requested Consent Agenda item A be moved to Discussion Agenda.

Board Director made a motion Smith, seconded by Board Director Dane to approve Consent Agenda items C and D. Vote taken. None opposed. Motion passed.

11. DISCUSSION AGENDA

- A. Consider approval of "Amended and Restated License and Concession Agreement to Manage Advertising Program" between SAA, OSI Inc. and In-Ter-Space Services, Inc., d/b/a Clear Channel Airports [moved from Consent Agenda]

Board Director Ioppolo stated he knew historically we've had Clear Channel for a while and there was a period where we were not pleased with their attention to detail, and when they were moving forward. He has seen much better responsiveness and better results. He inquired of President Crews and Elizabeth how Clear Channel is doing. This was important in our discussion with AWW.

President Crews responded Elizabeth Brown had a conversation with them 1.5 years ago at a conference. She saw marked improvement after that, and in working with Universal they were able to deliver, we've seen the proof of that in our terminal with more to come. At this point she felt they are performing, and the revenue share is still at a good rate, so yes, we are pleased.

Elizabeth Brown noted they increased their minimum, the percentage remains the same. They are exceeding the minimum and have improved tremendously. It is an evolving business and has changed a lot since they first started, we

worked with them to try to identify better clients to make sure they're getting the local market opposed to big national brands, that seems to be getting success for them. We are looking at an extension which only takes them to the end of next year basically because they know that we will RFP the opportunity for advertising and will also give us a chance to have a fulsome discussion with Vinci to see what's the best approach in order to maximize revenue in this regard. And do they have some other suggestions and ideas how we might do that or what structure the contract will have. We also felt that it would be better not to RFP this opportunity during an expansion project, because so many things are moving. Lets' get everything settled down then we have something of value to put into the market.

Board Director Ioppolo made a motion, seconded by Board Director Smith to approve Consent Agenda A. Vote taken. None opposed. Motion passed.

A. Review of NAI Realvest Performance.

Board Director Simmons stated when we voted over a year ago for NAI Realvest to market our properties and manage our rental properties, we had a consensus that we would review them a year or so down the road and see whether we were getting a return on investment. There were concerns we'd at least break even by hiring them. He had asked President Crews and Don Poore to do an analysis which was distributed to the Board.

President Crews stated data was captured which included total increase of the leases that NAI Realvest has brought forward, commission rate, return on commission. President Crews noted this was not a long list, yet when we first went into this, she did stress that we stay leased up pretty much most of the time and had provided the rollover year to year to show when opportunity arises. The bottom line is we had one completely new lease to date and that was a residential tenant and NAI doesn't do residential anymore. Paul Partyka corrected Davis Customs in the incubator was the other new lease which is not included on the list. President Crews thanked him and stated the commission paid to date is a little over \$30,000.

She further stated that Paul Partyka (NAI Realvest) has brought value to us and as time goes on there will become more opportunities for him. She felt there is tremendous value in his ability to bring in longer termed leases, he's already done it with longer term renewals as shown in the spreadsheet. And there is great value in Paul being our boots on the ground and there is value for the commission that was paid.

Board Director Green noted when we made this decision a year ago, you're really transitioning to an evolution process. We talked about internally what we have resources wise and getting someone outside that also has the benefit of Costar which would cost the Airport so much and these other programs which aren't an analysis. He stated Paul has done a good job obtaining exposure,

making us feel like we're at the market level, we never had a barometer, a third-party independent market source. With regards to land comps, there is still a lot going on and he only sees this as one piece of the overall partnership for lack of a better description. But one part of it also was when you outsource, you internally move somebody out, and we talked about that in our conversations. When you outsource something that means somebody internally you either redirect them to do something else or you eliminate that position, that's the whole function why you outsource. He had the conversation a few months later with Diane, we've got Paul onboard now and what's going on, and she said we didn't eliminate a position we re-allocated that position. He said that's fine, but the reality is you must pay a person plus benefits. On the overall analysis there are quantitative things.

Board Director Smith noted we still have an internal need for our residential and airside properties which is not part of Realvest responsibility. We still have the need for that internal leasing and management person to take care of all that property.

Board Director Dane inquired if we eliminate a position. President Crews clarified that we didn't eliminate a position. We had to transition and wanted to take a good look at how we would be using our people and that involved a lot of coordination. We still need the staff. We had an audit by the FAA for Title VI program, and it found there was a lot of things that needed to be in place that were not. She took the lease manager and assigned that to her and now our lease manager is also handling the DBE (Disadvantaged Business Enterprise) and ACDBE (Airport Concession DBE) components. We are required to have a liaison for those programs; it is becoming more challenging with more reporting requirements.

Board Director Simmons stated his purpose in doing this wasn't to question what Paul was doing but when you make decisions, it's incumbent on the Board in our oversight function to make sure that from time to time the decisions we make, make sense. He stated he's convinced from the staff's report and the Board's comments that we are getting a return on our investment. Paul certainly brings a lot of energy and enthusiasm to his function, so he's satisfied.

Chairman Slattery thanked Paul Partyka from the Board for working so hard with not a lot of pay yet. He stated we'd really like to see more opportunities and know you won't let up.

Paul Partyka distributed a handout that summarizes his time representing the Airport. He referenced Toro, where he split the commission with Toro's agent, and stated in the spirit of long-term relationships, you do these types of things. He also explained in each of these deals, it's not a simple here's the commission. This is not literal return on investment; your return on investment is zero. He works on a contingency plan, if he doesn't win, he doesn't get paid. Everything in the summary is based on work being done by him and not

somebody else. From return on investment, the Airport is way ahead. Some things reports don't say: Mahoney Parts - we fought for years to keep them here and expand but because Dignoti would not move, we had to get rid of Dignoti. Toro, he spent a year with them working on a seven-year plan with two seven-year options and thought he had it, then they changed it back to three years. With an airport which is like a business, you want to get longer term leases, not short term in and out, that's what he's been trying to do. Even for a simple renewal, he has to prepare the addendums and leases. With regards to Davis Custom, he prepared the lease that was the first ever with the new template. The Board was presented with all the things that NAI has done for the Airport, including studies and individualized reports, which are over and above everything else NAI must do. With Gator Dock alone, there were 75 proformas with different variations and NAI got zero out of that. He discussed the value of long-term planning and noted that they are working with Synergy and Real Deal Steel who need additional space. He noted that there is no more space at the Airport because any space that comes up, the aviation side takes it over. NAI is looking towards big projects, those big deals to keep on marketing; NAI is investing in the Airport's return and want to do that because it's good for the Airport, County, City, State, and good for Central Florida and he wants to be a part of that and that's the reason he's here.

President Crews thanked Paul Partyka for always being available to her whether he's in town or not, no matter what time of day, and always in a good mood.

12. COMMENTS FROM THE PUBLIC

None.

13. OTHER BUSINESS

14. REMINDER OF REGULAR BOARD MEETING ON (OCTOBER 1, 2019)

15. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:48 a.m.

Respectfully submitted,

Diane H. Crews

Diane H. Crews, President & CEO

/lh