

**MINUTES OF THE EMERGENCY MEETING OF THE
SANFORD AIRPORT AUTHORITY
APRIL 17, 2020
9:00 A.M.**

PRESENT: Tom Green, Chairman
Jennifer T. Dane, Vice Chairman
Chick Gregg, Sr., Secretary/Treasurer (joined the call 9:04a.m.)
Kenneth Bentley
Frank S. Ioppolo, Jr. (joined the call 9:10a.m.)
William R. Miller
Clyde H. Robertson, Jr.
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel
Ken Wright, Airport Counsel
Commissioner Brenda Carey, County Liaison
Commissioner Art Woodruff, City 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, SAPD Chief
Tommy Gentry, IT Director
Kristina Gilmore, Records Manager/Asst. Lease Manager
Lori Hunt, Executive Assistant
Radhika Jablonski, Finance Manager
Danette Maybin, Human Resources Director
Al Nygren, Property Manager
Lauren Rowe, Communications Director
Julie Sawyer, Executive Assistant
Rick Shea, Operations Director
Jason Shippell, ARFF Chief
Jennifer Taylor, Project Coordinator
Michelle Telfair, Leasing Manager/ACDBE Liaison Officer

OTHERS PRESENT: Sonya Brauer, South East Ramp
Elizabeth Brown, OSI, Inc.
Krysty Carr
Commissioner Lee Constantine
Gavin Fahnstok
Tracy Forrest, South East Ramp
Stephanie Griffin, OSI, Inc.
Jonathan Hand, ATKINS
Barb Kirby
Hilary Maul, AVCON

**Genean McKinnon, McKinnon Assoc.
Karen McKinnon, CE Avionics
Zach Nelson, McFarland Johnson
Brad Overby
Paul Partyka, NAI Realvest
Keith Robinson, OSI, Inc.
Greg Smith, Million Air
Craig Sucich, ATKINS
Bob Turk, City of Sanford Economic Development Dir.
Victor White**

1. CALL TO ORDER, CONFIRMATION OF QUORUM, PLEDGE OF ALLEGIANCE

The meeting was called to order at 9 a.m. followed by the Pledge of Allegiance. The meeting was conducted through the UberConference platform, and Chairman Green presented an Overview of the Meeting Format. Chairman Green noted for the public record that no public comment regarding today's meeting had been received by Lori Hunt. Chairman Green stated roll call attendance of the Board and roll call for all motions would be conducted under this format. Lori Hunt polled the Board members for attendance. All members present except for Board Director Gregg and Board Director Ioppolo who joined the call at 9:04 a.m. and 9:10 a.m. respectively.

2. VOTE ON EMERGENCY NATURE OF MEETING AND WAIVER OF NEWSPAPER ADVERTISEMENT

Chairman Green requested Brett Renton present an overview of this item for the Board. Brett Renton stated the current COVID-19 global pandemic has caused unprecedented disruption and near total curtailment of all domestic and international commercial air travel, which in turn has resulted in a substantial decrease in revenues of airports and airport businesses that serve the commercial air passengers. The foregoing conditions have severely and negatively impacted the financial revenues of the airport businesses operating at the airport. Considering those foregoing conditions, OSI & SAA staff have been in discussions to come up with a plan to implement immediately to lessen the adverse economic impact of the pandemic on these businesses. While the SAA & OSI are not able to predict with any level of certainty when such commercial air travel will return to more historically normal levels, the need for this meeting is emergent and severe as businesses need assistance in managing their current cash flow to continue to serve the members of the traveling public. Unfortunately, the implementation of a plan of assistance could not wait until the May 2020 regular meeting as the meeting occurs after May 2020 rents are due. There are several tenants that have advised that they could not make their April payments under their current agreements.

In advance of today's meeting, the Agenda was posted on the Airport website on April 15th and was emailed to a list that contains all those regularly receiving meeting Agenda's. It has been sent to tenants, the media and other community partners. Further, all information was provided to the Board and near simultaneously was sent to the list posted on the website. This meeting is titled as an Emergency Board meeting and these notices have complied with the Florida Sunshine law. That said in order to comply with the enabling Legislative and other Florida Statutes this Board must vote to approve the emergent need for the meeting and vote to waive any requirements that this meeting be advertised in the newspaper of circulation in Seminole County. To that end he requested that a member of the Board make the following motion: motion to approve the need for this meeting as an emergency as documented by counsel and to waive the requirements to publish this meeting by publication.

Motion by Board Director Smith, seconded by Board Director Simmons to approve. Roll call vote was taken, none opposed. Board Director Ioppolo had not yet joined the call. Counsel noted motion passes with two thirds vote which is accepted under the enabling legislation.

3. COMMENTS FROM THE PUBLIC

Chairman Green inquired of Lori Hunt had she received any comments from the public at this time. Lori responded none.

4. DISCUSSION AGENDA

A. Update on FAA Interpretation of CARES Act

President Crews updated the Board we have been waiting very patiently to get the results of how the CARES Act would affect airports and we received that in a briefing this week from the FAA and Department of Transportation. It was a very good briefing Secretary Chow was on the line as others from the agencies. That culminated with their announcement of the appropriations of the individual airports. We were fortunate to receive an allocation of over \$22.7M and in the coming weeks we are putting together a plan for how those funds will best be utilized for the future. Right now it seems like a lot of money but we've already seen that we are going to have to shift our projections from one year for possible recovery to about three years and we will be bringing you an updated forecast at the May meeting. We are working on that now as well as a plan for how those monies coming forth from the federal government will be best utilized. Right now, they are not even sure how the money will get to us, we were told we would need an application, we sent our application in right away, then they said no applications were needed. We know it is their intent to release all those grants by April 21st.

Chairman Green stated we have a decent sense of the timing and I will say this from our perspective having been in a couple of conversations, we're going to look at a three-year recovery time frame. There are a lot of income implications across the board on this so while that seems like a lot of money it may or may not be as we look at the implications coming back to a full recovery. The goal is to get something out to the Board members prior to the May meeting for review, then we can have a discussion at the May board meeting.

B. Proposal of Emergency Cash Flow Relief to Airport Tenants.

Proposal is to provide Two (2) Month Deferral of all Terminal Payments and Aviation Facilities Lease rent to be deferred and reincorporated in the rent over a six month period from July 2020 through December 2020 and for reassessment of the economic conditions by OSI and staff in 45 days for a discussion at the May and June Board Meetings.

Chairman Green referenced the summary that was sent to the Board.

President Crews stated this item is for the Board to consider approval and implementation of our proposal for emergency cash relief for our airport tenants. As counsel noted at the very beginning of the meeting, the pandemic has impacted the airports and our tenants significantly. We have had several requests for relief. Like other airports, we have been reviewing the situation waiting to see how all of this would unfold and right now we have put together a plan which is a very initial short term solution until we have more of an idea of the long term projection of the impact of COVID-19 on our Airport.

Requests were divided into four categories: food/beverage/retail concessions, rental car concessions, OSI Inc. and the SAA commercial aviation tenants. One thing we really must concentrate on is consistency. There can be deviations between the categories, but we need to be consistent within the categories as much as we are able to be consistent across all the categories. Given the lack of a crystal ball that can tell us what the future holds, in this situation we are taking a very conservative approach and we are proposing a two-month deferment of rents and other revenue streams as outlined in our memo per category.

The two months is defined as April and May 2020 and this would incorporate a repayment period of 6 months beginning July 2020 culminating on Dec 1, 2020, It would be the sum divided into 6 equal payments to be reincorporated into their monthly payments for July thru December 2020.

Food/Beverage/Retail: a deferment of the minimum annual guarantee (MAG) and rent. Rental Car concession: a deferment of rent, a deferment of the MAG and a deferment of the Customer Facility Charges (CFCs). OSI Inc.: a deferment of the Authority's share of terminal revenues, it

would a deferment of the guaranteed minimum annual payment and a deferment of parking revenues and ground-handling revenues. SAA Commercial Aviation tenants: a deferment of rent and sales tax. For clarification, the SAA Commercial Aviation tenant category also includes several leases with the rental car companies as well as OSI.

Chairman Green updated the Board we've had a handful of meetings regarding this and a pretty healthy discussion. We are getting requests to put it on a stop gap or pause for 60 days for the deferment. As we get a lot more clarity and a better picture going forward over time, we wanted to give the concessionaires and all the affected parties here some immediate relief retroactive to April 1st thru the end of May, as we work thru hopefully a longer strategy in conjunction with OSI, to come back to the Board in a further meeting, May or more likely June, with an overall game plan when we have better information.

President Crews clarified the fourth category, the SAA Commercial Aviation tenants, would have to be current on payments thru March 2020 T before we would consider a deferment of subsequent months April and May.

Her recommendation is approval and implementation of this proposal of emergency cash relief to airport tenants as needed with related documents to be executed by the Airport President & CEO. To clarify, all deferments would be embodied in written addendums to existing agreements.

Brett Renton clarified one last issue on that last category, for those leases because we are past the April rent payment, there are some companies who may have paid April rent so the intent would be that the SAA won't be refunding rental payments but rather would present an option to those tenants to either accept a rent credit for the April payment against their June rent that would be coming due or they could choose to simply defer only the May rent over the period of time. It's either of the two options and only if those tenants had paid the April rents so they can take advantage of the full two months of the deferment.

President Crews responded counsel has worked with OSI counsel on the templates for these agreements.

Board Director Smith inquired regarding food/beverage/retail concessions and on the commercial aviation tenants, do we know how many have applied for and will receive the payroll protection which incorporates two months free rent plus utilities plus payroll? President Crews responded no, we do not, and we debated having a questionnaire for these requests for our tenants to fill out. The final consensus was that since we are not waiving anything, simply deferring, that it was best not to do that for this initial step.

Discussion regarding CFC's, President Crews clarified she asked the FAA if she could defer CFC's to make sure we were not crossing any lines with revenue diversion and was told that the only thing that can't be deferred are PFC's. PFCs cannot be deferred but everything else can be. Again, it is deferment, not a waiver, we are not proposing to waive anything.

Commissioner Carey updated the Board that she has an application which provides most of the information provided for the PPE relief funding and she is happy to share it with the Authority.

Chairman Green inquired regarding the rental cars, are we charging them extra for parking vehicles or anything else right now. President Crews responded they are leasing parcels on a very short-term lease agreement in the Commerce Park, and those rents would also be deferred.

Elizabeth Brown stated she wanted to make sure the Board realizes the case of our commercial tenants, not the ones in the fourth category, but the rental cars and large commercial tenants in the terminal building, that they wouldn't be eligible for the FCA PPE payroll protection because they all exceed 500 employees and the government would look at the parent company as a whole, not the local business at the airport.

Board Director Miller inquired are there any temporary budget implications especially through these two months? Don Poore replied that no, there isn't a cash flow issue at this point. We continue to book all the revenues we've been booking; we don't see a downturn in any case at this point. Chairman Green stated from a cash point you won't get cash, what is the impact? Don Poore replied that it is probably no more than \$2M at the most, that's not for two months, that's until the end of the fiscal year. He further noted that we're still projecting to run a profit out to the end of September, and regarding cash flow impact over a two-month period of time, we're expecting \$600,000.

Board Director Miller referenced how the news has presented this very situation and the variations throughout the country and what so many of them were doing was interesting as it varies from airport to airport. He felt credit needs to be given to staff for the overall coverage that they brought to us today to handle this situation as it has evolved and becomes very apparent when you read or listen to the information that he got nationwide. He thought our staff is at the brink of this, didn't know what else we as board members can share with them or suggest other than move on it and let them do their job.

Motion by Board Director Gregg, seconded by Board Director Dane to approve. Roll call vote was taken, none opposed, motion passed unanimously.

C. Any Other COVID-19 Related Item

Consider approval of the Ninth Addendum to Snack Bar Concession Agreement by and among Orlando Sanford International,

Inc., Sanford Airport Authority, and SSP America, Inc.

President Crews stated she just presented the four primary categories of relief that we were looking at, the first was the food/beverage/retail concessions. One of those is being handled a little differently and that is Discussion Agenda item C-1 regarding SSP America, which is one of our food and beverage concessionaires in terminal A and terminal B. They have two contracts, one in terminal B that is a long-term contract that expired December 31, 2019. Their other contract is for service in terminal A and is still valid. The reason the Terminal B contract expired and went to month-to-month status is that Elizabeth Brown, OSI, had been working in conjunction with SAA to combine these two agreements into one contract to be extended, with SSP America making a larger capital investment. This is typically the way this works; however that got put on hold because we're in the middle of a terminal expansion and trying to identify locations for concessions, and VINCI was working with OSI on the strategic plan in which a significant feature of that was to look at our commercial concession plan and come up with a recommendation. That presentation was given to you a couple of months ago. This has all been on hold pending those things as well as putting out an RFP for the additional concession locations that are being identified. Now with the COVID-19 issue we don't want to extend a deferment to them unless we extend their contract. We are proposing to extend their contract from December 31, 2019 to the end of the year so we can defer the April and May 2020 payments for repayment through December 2020. Their addendum would be the 9th addendum to their contract, and it would extend it to the end of the year, as well as deferring their rent payment and MAG. President Crews is recommending that we approve this as presented.

Motion by Board Director Smith, seconded by Board Director Gregg to approve Discussion agenda item C-1 as noted. Roll call vote was taken, none opposed, motion passed unanimously.

5. OTHER BUSINESS

6. REMINDER OF THE NEXT BOARD MEETING (MAY 5, 2020)

7. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 9:38 a.m.

Respectfully submitted,

Diane H. Crews

Diane H. Crews, President & CEO

/lh