

ADDENDUM 2 - March 12, 2018

**SANFORD AIRPORT AUTHORITY (FLORIDA)
Orlando Sanford International Airport
Request for Proposal – Issue Date March 5, 2018**

Addendum 2 includes the following items or attachments.

Answers to Questions posed by prospective respondents

1. Can you speak to the approx. \$1.1MM decline in reported “General Airport Revenues” which occurred year-over-year from fiscal 2016 – 2017?
The Authority utilizes a contra-revenue account presentation of the CFC. This account was included in the General Airport Revenue for FY17 only. That amount has been removed to assure consistency within the Historical Revenues, Expenses and Airport Statistics chart (which has been revised at the end of this Addendum. In addition the new agreement with the terminal management company called for an elimination of International Land rents, which totaled \$426,109. This amount was included in general airport revenues in FY16 and is now part of domestic terminal revenues in FY17. Although General Airport Revenues dropped in FY17 all other categories in General Operating Revenues increased by a total of \$336,889 and Revenues from the Management Agreement increased by \$1,412,270.
2. Can you provide any updates on the status of the second FAA application for additional PFC funding related to the Project in the amount of \$24,197,464?
An updated terminal/gate study is underway to provide up-to-date passenger traffic analysis. Once the study is completed then the application process will commence. We intend to have this application submitted to the FAA by the conclusion of CY2018.
3. Could you provide a summary of the percentage of total enplanements, by airline, over the last three fiscal years?

Airline	% of Total Enplanements CY15 thru CY17
Allegiant	88.9378%
Iceland Air	0.2614%
JetAirFly	0.6242%
Orange Air	0.0276%
Republic Airlines	0.0253%
Sun Country	0.1376%
Swift Air	0.0107%
Thomson Airways	6.4042%
Arkefly	1.7369%
Interjet	0.8763%
Via Air	0.1103%
Miami Air Intl	0.1351%
Global Airlines	0.0037%

Surinam Airways	0.1637%
Xtra Airways	0.0291%
Jet Blue Airways	0.0241%
National Airlines	0.4676%
Nolinor	0.0010%
Swift Air	0.0054%
World Atlantic Airlines	0.0037%
Eastern Airlines	0.0108%

4. Could a summary be compiled of the terms (or maturity dates) of the leases/agreements the Authority has entered into with each airline at the airport?

Agreement with TUI Airlines:

Purpose: Economic Incentive

Parties to Agreement: Seminole County, Sanford Airport Authority, TUI Airlines (Thomson Airlines, Arkefly & JetAirFly).

Term: Calendar year 2016 thru 2020

Consideration: Airline – Maintain at least 150,000 annual passengers

Seminole County - \$100,000

Sanford Airport Authority – at least \$50,000 in incentives and secure incentive from Airport

Worldwide of at least \$100,000

Agreement with Allegiant: This agreement, along with two MOUs has been placed on our website. The MOUs (which are summaries) contain points that are discussed in items 22 through 25 below.

All other agreements are held by our Terminal Management Company (i.e. not in the public domain) and contain proprietary information.

5. Can you comment on the source of “settlement proceeds” received in fiscal 2017?
A settlement was reached with the terminal management company while negotiating a new agreement.

6. Can you explain why international terminal revenues have declined to zero in fiscal 2017?
The new agreement with the terminal management company calls for a new methodology of determining revenues due to the Authority. Part of the new methodology called for an elimination of international terminal rents which were only due from the terminal management company. In addition, the terminal expansion will replace the designation of domestic/international terminals with arrival/departures. After the comparative financial statements no longer show international terminal revenues, the category will be eliminated going forward and will be only referenced retrospectively.

7. Has it been announced which airlines will utilize the four new proposed gates? Which ones are being targeted?

The Authority and the Terminal Management Company are always looking for prospective airlines that can benefit from our strengths and opportunities. We are a common use airport and as such no gates are designated to a specific airline. Numerous prospects are underway however until a public announcement is made this information is kept out of the public domain.

8. Are there plans to renew the MOU with Allegiant prior to 2021?

It is our intention to renew and we hope that Allegiant finds that this would be to their advantage also. It should be noted that Allegiant just constructed a \$24,000,000 East Coast Training Center on land adjacent to the Airport, which would seem to indicate a long-term commitment. Their only other training center is located in Las Vegas to service the west coast.

9. Is SFB charging any fees for ride-share companies in lieu of CFCs?

CFCs are related to rental car agencies and not ground transportation companies which include ride-share, taxicabs, buses, etc. Yes, SFB does collect from ride-share companies; the revenues are the same as we collect from the taxi companies. The amounts collected can be found on our financial statements as ground transportation revenues.

10. What is the budgeted/projected number of passenger enplanements for FY 2018?

Approximately 1,517,339.

11. What amount of money do you estimate, on average, is required to maintain the existing facilities?

The maintenance of the facility is not our responsibility. The terminal management company is responsible for all terminal maintenance for the first ten (10) years of the current contract, until January 2027, at which time, the Terminal Management Company's responsibility for maintenance will decline by 10% per year until the end of the contract.

12. Can you provide a projected cash-flow schedule for the project, showing anticipated construction draws, together with estimated LOC fundings and pay downs, PFC collections, etc?

A schedule of projected draws has been provided at, <http://www.osaa.net/documents/bids/03-12-2018-074432.pdf>

A cash flow schedule utilizing the contractors draws, PFC collections, FDOT draws etc. is available at; <http://www.osaa.net/documents/bids/03-11-2018-165335.xlsx>

13. What initiatives is the Authority currently undertaking to enhance non-airport revenues?

The Authority is currently engaged in several modernization projects that if brought to fruition will provide additional revenues and upgrading of commercial properties. In addition, during FY17, the Authority engaged a consortium of entities to evaluate current conditions of its properties and to develop a strategic vision and methodology to maximize the property potential both financially and functionally.

14. What is the status of the planned hotel?

The hotel is under study. The Authority has engaged several experts to advise in regard to feasibility and risk. No decision has been made as of this date.

15. How much in PFC #3 funding still needs to be collected?

Funds necessary for PFC #3 have been collected. PFC#3 is being finalized and #PFC #4 will commence once PFC #3 is closed out.

16. What are the planned uses of the proceeds of the bond issuance outside of the project costs? There is a \$1,550,000 difference between the revolver and FDOT grant versus the known project costs.

There are no planned uses outside of the project costs. Any difference has been added to account for interest rate fluctuations and unforeseen overruns.

17. When is the FDOT grant forecasted to be obtained?

The grant has been obtained and FY funding is in place.

18. A copy of the 2005 Allegiant Agreement

The document has been placed on our website at; <http://www.osaa.net/documents/bids/03-12-2018-104100.pdf>

19. Proforma SAA Net Revenues for FY18–FY21

	FY 2018	FY 2019	FY 2020
Gross Operating Revenues			
SAA Operating Revenues			
Commerce Park Revenues	\$ 2,224,073.00	\$ 2,335,276.65	\$ 2,452,040.48
Other Leases	1,317,300.00	\$ 1,383,165.00	\$ 1,452,323.25
General Airport Revenues	2,687,448.00	\$ 2,821,820.40	\$ 2,962,911.42
Unrestricted Investment Income	20,000.00	\$ 21,000.00	\$ 22,050.00
SAA Operating Revenues	\$ 6,248,821.00	\$ 6,561,262.05	\$ 6,889,325.15
Operating Revenues from the Management Agreement			
Fuel Flowage	760,010.00	\$ 798,010.50	\$ 837,911.03
Domestic Terminal Revenues	2,018,615.00	\$ 2,119,545.75	\$ 2,225,523.04
Parking Revenues	1,401,835.00	\$ 1,471,926.75	\$ 1,545,523.09
Domestic Landing Fees	737,586.00	\$ 774,465.30	\$ 813,188.57
International Landing Fees	81,954.00	\$ 86,051.70	\$ 90,354.29
Public Safety Fees	175,000.00	\$ 183,750.00	\$ 192,937.50
CFC	2,159,050.00	\$ 2,267,002.50	\$ 2,380,352.63
Total	7,334,050.00	7,700,752.50	8,085,790.13
Total Operating Revenues	\$13,582,871.00	\$14,262,014.55	\$14,975,115.28
Operating Expenses	\$11,307,359.00	\$ 11,872,726.95	\$ 12,466,363.30
Net Revenues	\$2,275,512.00	\$2,389,287.60	\$2,508,751.98

20. Has the Authority ever been publicly rated in the past? Are there any plans to be publicly rated in the future or as part of this proposal process?

Not that I am aware of and there are no plans to get one for the line.

21. To confirm, will Shutts / BMO draft the documents with the Bank's Counsel primarily responsible for reviewing and providing feedback or is the intent for Bank's Counsel to draft documents? BMO will draft the documents.

22. Status of MOU Bullet Point: SAA will pursue making RWY 18-36 available for AAY VFR arrivals as soon as possible. In addition, SAA will pursue the extension of RWY 18-36 to 8,000' with ILS as soon as possible.

Status: After the MOU, SFB conducted the necessary studies to attain this goal. The FAA has determined that this objective is not justified and as such this cannot be justified or funded.

23. Status of MOU Bullet Point: AAY currently has the right to install its own fuel storage facility, but would need to negotiate a ground lease with SAA.

Status: AAY has not approached the Authority for this.

24. Status of MOU Bullet Point: Cost of AAY employee badges is \$45 if a ten (10) year background check is required and \$21 per badge if it not required.

Status: These rates are current.

25. Status of MOU Bullet Point: SAA will waive its Landing Fee for six (6) months for each specific new market that results in net growth in the total scheduled service markets served by AAY from SFB. Currently, 32nd market served by AAY from SFB would be the first route to qualify.

Status: This marketing initiative currently is in effect.

Appendix A
Historical Revenues, Expenses and Airport Statistics

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Gross Operating Revenues						
SAA Operating Revenues						
Commerce Park Revenues	\$ 1,672,814.00	\$ 1,905,095.00	\$ 2,158,265.00	\$ 2,047,089.00	\$ 2,196,434.00	\$ 2,221,098.00
Other Leases	668,557.00	305,307.00	468,929.00	536,055.00	544,874.00	835,988.00
General Airport Revenues	3,564,593.67	3,464,939.10	3,327,929.38	3,413,782.48	3,699,631.82	2,983,406.00
Unrestricted Investment Income	<u>3,765.29</u>	<u>4,401.39</u>	<u>27,546.89</u>	<u>16,364.46</u>	<u>20,220.30</u>	<u>78,027.95</u>
SAA Operating Revenues	<u>\$ 5,909,729.96</u>	<u>\$ 5,679,742.49</u>	<u>\$ 5,982,670.27</u>	<u>\$ 6,013,290.94</u>	<u>\$ 6,461,160.12</u>	<u>\$ 6,118,519.95</u>
Operating Revenues from the Management Agreement						
Fuel Flowage	\$ 390,333.99	429,970.77	446,487.33	533,887.35	628,953.40	726,424.00
Domestic Terminal Revenues	250,000.00	518,292.16	720,519.08	782,093.48	847,289.95	1,807,111.00
Parking Revenues	552,910.00	759,218.00	922,831.00	1,104,330.00	1,255,192.00	1,371,714.00
Domestic Landing Fees	347,490.37	386,807.44	405,674.21	549,762.33	613,138.78	642,236.00
International Landing Fees	389,385.01	387,104.80	275,047.52	267,661.69	148,923.76	147,572.00
Public Safety Fees	189,037.67	200,747.34	215,309.59	193,279.21	175,989.99	174,225.00
CFC	<u>1,369,833.00</u>	<u>1,507,962.00</u>	<u>1,529,545.00</u>	<u>1,626,127.00</u>	<u>1,801,312.00</u>	<u>2,013,788.00</u>
Total	<u>\$ 3,488,990.04</u>	<u>\$ 4,190,102.51</u>	<u>\$ 4,515,413.73</u>	<u>\$ 5,057,141.06</u>	<u>\$ 5,470,799.88</u>	<u>\$ 6,883,070.00</u>
 Total Operating Revenues	 \$ 9,398,720.00	 \$ 9,869,845.00	 \$ 10,498,084.00	 \$ 11,070,432.00	 \$ 11,931,960.00	 \$13,001,589.95
Operating Expenses	\$ 6,772,648.00	\$ 7,049,402.00	\$ 7,616,412.00	\$ 7,482,824.00	\$ 8,292,538.00	\$ 9,561,802.00
Net Revenues	\$ 2,626,072.00	\$ 2,820,443.00	\$ 2,881,672.00	\$ 3,587,608.00	\$ 3,639,422.00	\$ 3,439,787.95

* Increase in Operating expenses is due to one-time expenses associated with; negotiation OSI agreement (\$359,000) and land development contract (\$200,000), marketing initiative (\$175,000), GASB 68 non-cash disclosure (\$338,000).

