

**MINUTES OF THE WORKSHOP MEETING OF THE
SANFORD AIRPORT AUTHORITY
FEBRUARY 2, 2021**

PRESENT: Tom Green, Chairman
Jennifer T. Dane, Vice Chair
Clyde H. Robertson, Jr., Secretary/Treasurer
Kenneth Bentley
Chick Gregg, Sr.
Frank S. Ioppolo, Jr.
William R. Miller
Clayton D. Simmons
Stephen P. Smith
Brett Renton, Airport Counsel

STAFF PRESENT: Tom Nolan, President & CEO
George Speake, Executive Vice President & COO
Don Poore, Chief Financial Officer
Tom Fuehrer, SAPD Chief
Tommy Gentry, IT Director
Lori Hunt, Executive Assistant
Al Nygren, Property Manager
Lauren Rowe, Communications Director

STAFF APPEARED TELEPHONICALLY: Kristina Gilmore, Records Specialist
Radhika Jablonski, Finance Manager
Katee Mathis, Staff Accountant
Danette Maybin, Human Resources Director
Angel Nieves, Receptionist
Julie Sawyer, Executive Assistant
Jennifer Taylor, Project Coordinator
Michelle Telfair, Leasing Manager
Tiffany Vincent, Communications Manager

OTHERS PRESENT: Javier Amaya, NAI Realvest
Elizabeth Brown, OSI
Jonathan Hand, Atkins
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Keith Robinson, OSI
Tim Shea, Avcon
Sandeep Singh, Avcon

OTHERS APPEARED TELEPHONICALLY: Sonya Brauer, South East Ramp
Karen McKinnon, CE Avionics

John Spolski, Spolski Construction
Grice Whitley, Grice Group

The Workshop convened at 9:49 a.m.

President Nolan referenced the power point presentation shown on the wall screen for everyone in attendance to view and visible to those joining the meeting virtually.

1. BOARD LEVEL POLICIES/PROCEDURES

- a. Mission Statement
- b. Payroll

The Chairman led the discussion regarding budget approval, explaining whereby two new positions were created with designated salary levels. After the Board approved the 2021 budget there were subsequent changes made at the staff level. Chairman felt this should have come back to the Board it did not.

Policy:

Discussion on this topic created a policy that will be put in place if the Board approves it so that there is a process outline. Discussion in the future if the President of the Airport Authority wants to change the authorized salary ranges, Board approval will be required to do that.

Discussion about new or amended employment contracts come to the Board. Board wants to know terms of employment contracts: severance, paid time off. Employment contract positions: President & CEO, Executive Vice President, Chief Financial Officer, and future Real Estate Executive. Employee handbook to be updated with policy.

President Nolan recommended any employment contract that exists should be brought before the Board when it obligates the Authority fiscally for years to come, particularly that and any other terms that do the same.

Brett Renton updated the Board, Danette Maybin Human Resources Director and Mary Ruth Houston Shutts Employment Counsel will update Employee Manual which will be brought to the Board for approval.

Discussion Board Workshop for Budget policy needed to address any changes made to proposed budget. Discussion President & CEO's annual review and bonus.

Brett Renton clarified for the Board in the Budget process regarding salaries, House Bill 915 requires one sheet with the salary listed for every single employee. As part of your budget you approve it you will have a link where salaries are dictated. Any written employment contracts if there are any amendments whatsoever or any new contracts those would come back before the Board for review period no matter what the terms or

changes are. As to bonuses, generally the Board has left other than the President's bonus the discretion up to the President to determine what is going to be paid out to the individual employees. That has never come back before review by this Board what so ever. The question is do you as Board Members want to see the recommendation from the President and vote on the bonuses. Or are you looking to nominate or have a policy to have the Chairman look it over and then if there some issue or maybe somebody is getting something completely out of line, they will flag it and bring it back to the Board.

Discussion bonuses usually a lump sum determined upon in the overall Salary & Wage Budget and President's discretion to disperse among the employees. Discussion Board preference to have Chair or the Chair's designee approve final payment amounts.

Danette Maybin referenced the salary survey the Airport participated in be used during Budget preparation. She felt the position and the salary range need to be approved.

In conclusion Chairman Green requested the three items discussed be documented and brought back to the Board for formal approval at the next meeting:

- 1) New or amended employment contracts be brought to the Board to review terms.
- 2) Changes made to the salary/wages Budget before final approval be brought back to the Board.
- 3) Employee (bonus) incentive be approved.

c. Budget Adjustment's

2. NEXT AIR SHOW PLANNING

- a. Contractual Arrangement
- b. SAA Venue

George Speake, noted initial contract for our air show was for two years, we are in the second year of that contract. The contract will expire after the show October 16-17, 2021. Thunderbirds have already committed to come back. Furthermore, outside the contract The Thunderbirds have already committed to November 29-30, 2022. A future contract is anticipated to be brought to the March Board meeting. The 2021 draft logo was presented for discussion and it was determined changes need to be made.

Discussion:

Suggested sponsors ideas: Universal, FPL, Verizon, Allegiant
Seminole County: focal point for advertisement
Board Level Liaison: Board Director Robertson
Night Show over Lake Monroe: wait until 2022

Board Involvement: wine & dine corporate partners, invitees (include all elected officials), determine which dates Board Directors are attending, additional venue air-conditioned space suggested (new pier), location of SAA chalet, bartender, real food, partnership of tent OSI/SAA

3. REAL ESTATE UPDATE

a. Landside/Airside Appraisals

Paul Partyka, NAI Realvest introduced intern Javier Amaya and referenced the power point presentation shown on the wall screen and discussed Landside Appraisals: Airport Land uses, Area for Comps, Time Frame/Source, Sold Market and Listing Market.

Discussion regarding sold market average per acre versus listing market land value. Discussion prime land is anything around the SR 415/46 intersection.

Paul Partyka discussed Real Estate Valuation: Valuation Criteria, Industrial Value, Commercial Value and Hospitality Value. Anticipated COVID recovery 2nd half of 2021, vaccine vital element.

Discussion how to change perception from commercial purchase and build to lease and build. Paul Partyka referenced businesses that want to be on Airport property for Foreign Trade Zone opportunities, to be near or complimentary to the services. He suggested marketing the opportunities at OSI property is cheaper, long term leases build to suit warehouses.

Discussion our 4-5 out parcels in the Lake Mary Boulevard corridor.

Paul Partyka stated investor market is a strong market, you need somebody who has the vision to build spec projects 100,000 sq. ft. 200,000 of various kind of projects multi-tenant projects.

Al Nygren, Property Manager referenced the power point presentation shown on the wall screen and discussed Airside Appraisals. President Nolan noted we use Andy Magenheimer with the appraisal firm of Slack, Johnson and Magenheimer. Al Nygren updated the Board the appraisal firm conducts a survey of all the airports in Florida and compared five airports with similar attributes to SFB. Reported rental rates ranged from \$.28/sq.ft to \$.45/sq.ft. Orlando Sanford fair market value airside rental rate value estimate \$.35/sq.ft. Brett Renton, Counsel clarified the FAA says you can't discriminate on pricing, so you need set pricing, and it must be based on fair market values.

Discussion appraisals are conducted every three years. Board directive to have yearly appraisals.

b. Infrastructure Investment

President Nolan explained how consultant AVCON has been engaged to conduct commerce park design improvements. Sandeep Singh, AVCON representative noted the key was to develop a comprehensive plan for the site and do the work in three phases to get the best value for the first piece of work and proceed thru the phases. Work would include an evaluation of all existing conditions: utilities, drainage, overhead powerlines convert to underground and more.

President Nolan went on to explain a strategy for the development of a higher caliber of commerce park and how that what is involved to achieve that.

Discussion about how some buildings and other facilities are not conducive to creating a new Commerce Park environment.

Discussion regarding long term leases in Commerce Park and the need to evaluate each lease as it arises to see if that particular facility is compatible with upgrade plan for new Commerce Park.

Paul Partyka explained 1-year lease renewals to control growth or desire to develop Commerce Park. Discussion regarding relocation clause in leases. Discussion regarding freight railroad spur.

President Nolan noted various lease termination expiration dates years: 2045, 2028, 2025, 2033, systematically when the leases come up for renewal, they are analyzing how the property can be re-utilized. The goal is to remove tenants or relocate tenants that aren't conducive to a high-tech park commercial park.

Discussion regarding sinking fund, monies budgeted for Commerce Park, \$900,000 per year is spent maintaining the Commerce Park.

President Nolan explained how the issue is with old buildings and when we are responsible for maintenance, we can't sustain it from an operating budget standpoint. Several examples given of how unbudgeted tenant building expenses are growing and fiscally burdensome.

Tommy Gentry, IT Director updated the Board regarding need to upgrade our IT infrastructure soon as possible. He has been in the process of that but budgetarily hasn't been given the latitude in the past.

Tommy Gentry and President Nolan presented a brief history on infrastructure needs. In the 1990's SAA purchased a phone switch to serve in terminal tenants. Starting 2001 the phone switch was expanded to serve our tenants at the Commerce Park, SE Ramp and north side of the Airport. And with the expansion of the phone switch we were able to provide internet. The services provided to our customers generated \$383,000 in income for the SAA in 2020.

President Nolan indicated that to compete in a global market, we must provide a fiber optics redundancy ring, a self-healing network. Estimated investment to accomplish the IT infrastructure \$400,000-\$600,000.

Discussion IT staff of five, that SAA doesn't pay phone or internet bill. Discussion of 48 existing switches, in the process of upgrading to a newer model, 38 have been updated. Budgetarily next year we will have the total amount to replace the existing switches.

President Nolan updated the Board that AVCON will be asked to include design of the network in their scope.

Board Director Ioppolo inquired if there are any other infrastructure needs at this time. President Nolan replied he hasn't had enough time in his five months because of other diverted needs at this point. AVCON is going to focus on the Commerce Park. The Real Estate Executive position that we eventually hire will be an expert and able to spend nothing but 100% of their time on this.

c. Development Strategies

President Nolan made a presentation to the Board about development initiatives of local Commerce Parks using a Lake Nona video on what they offer. He explained how this is our competition in the metro area and we should strategically bring a portion of our property to this caliber if we are going to be successful in attracting high paying jobs. SFB has 2400 acres and want to make sure a section of the airport is carved out.

President Nolan felt we must eventually trend out of the home rental business.

d. Hotel Opportunities

President Nolan discussed several hotel opportunities that have been discussed, the County had a lead on a hotel, Red Cleveland group mentioned a private party looking at a hotel. OSI owns 55 acres of land right in the heart of our Airport which he started talking possibly Vinci entertain a hotel or maybe we assume that land. The hotel opportunity coupled with the residences going up along with the other development is a very important facet of that overall attractiveness of this area.

Chairman Green stated this goes back to within the Budget we have a Real Estate Executive position from a corporate standpoint. President Nolan noted we are recruiting a CFO position and the same firm handling the CFO will be recruiting this development position.

Chairman Green updated the Board in early June the CFO comes on Board, Don who is retiring will transition and then the Real Estate Executive comes on Board.

4. AIR SERVICE

- a. Domestic Airline Service
- b. International Airline Service

Elizabeth Brown, OSI presented a brief history regarding international traffic. Elizabeth referenced slide show on the wall screen, evolution of passenger traffic since 1996 when the terminal was opened. There was a particular need identified in Central Florida area to serve international charter companies. In 1996 SFB started to see a lot of tour operators with package tours particularly coming from the UK. These were airlines that either were not able to operate at MCO due to some constraints and moved here to take advantage of this Airport. Ultimately international declined over time as these charter firms stopped doing business.

In 2008-2009 rescission and the bottom fell out of the tour operator/charter market.

- 1996 – 514,836 total international passengers, 9 predominate tour operators, 6-8 mostly flying from the UK operating into this Airport.
- 2005- 1,082,442 total international passengers, 12 tour operators some consolidation.
- all package sales airfare, hotels
- 2009 – 446,050 total international passengers

Travelers are no longer buying package tours; they are flying on regular commercial carriers. Low cost airlines Easy Jet and Ryanair in Europe started flying to a lot of overseas destinations that weren't long haul. Decline of inbound tourism into the US over the last many years. Most of OSI market is domestic not international, as well as MCO where international traffic represents only 6-10% of their total market. Package holidays have declined which demonstrates how leisure travel has declined, it is considered a low yield market.

Discussion how cruise travel has impacted vacation flying. Cruises up until last year were quadruple what they were five years ago. A lot of competition in destinations now, tourism destinations evolve and change.

Elizabeth discussed the challenges with alliances where airlines feed traffic, align flights and share ground handling services.

Elizabeth updated the Board, this year OSI will have a Director of Air Service Development on board and a new analyst coming in two weeks who previously worked with Vinci. Routes America Conference taking place in Orlando May 2021. Elizabeth updated the Board the business travel survey needs to get done and out, this will help us understand what our outbound market it and how it has changed. We need to understand our outbound business traffic in order to be able to have the great business case needed for domestic.

5. MASTER PLAN UPDATE

a. Status/Update

Jonathan Hand of Atkins presented the status regarding the Master Plan Update and referenced the power point on the wall screen.

- What does the Airport Have: he briefly described some of SFB's assets.
- What are the needs: Aircraft & enplanement numbers used to produce forecast.
- How to meet the identified needs: Draft terminal area forecast, done every year for every airport in the country.
- Airport Master Plan.

Discussion regarding runway 18/36 which is utilized only 2% of the time, Master Plan will evaluate, weigh cost & benefits of decommissioning this runway which opens a huge area for development in the midfield of the Airport.

Jonathan stated once the ALP (Airport Layout Plan) is completed there will be a Community Public Meeting to present all the findings from the forecast, facility requirements alternatives and get public comment back as well. Following public comment period and all comments are addressed, final document preparation. FAA & FDOT have a chance to review all documentation and the ALP, once Atkins gets comments back it goes back to FAA & FDOT for final approval.

Jonathan Hand explained because of Covid and unforeseen events the FAA allows you to use Planning Activity Levels (PAL) normally in master planning you look at things in 5, 10, 15, 20 year increments, but with the PAL it allows you to set thresholds for operations, and passengers and base your needs on once you meet those thresholds versus a calendar date. In essence with Covid it's taken this master plan and given it a much longer shelf life.

6. GOALS FOR 2021

As presented by the President:

a. Airport Administration

- Focus has been on transitioning in and out changes in staff including the President, new CFO, Real Estate Development.
- That an in-house Engineer is necessary to help oversee capital improvement projects and maintain our infrastructure. It would be the first one ever for the SAA.

b. Airport Operations

- Police, ARFF, Operations, we are constantly evaluating other ways to utilize those resources to better suit our demands and anticipated needs.
- Human Resources focusing on creating the airports professional training program.

c. Airport Marketing & Development

- OSI announced the advent of air service personnel coming onboard.
- Air Service Development the focus and emphasis.
- Maintenance, in process of hiring new Maintenance Director with solid airport experience to automate the department, anticipate maintenance needs.
- Public Safety initiatives always continuing.

Chairman Green encouraged during budget season to define the numbers in the budget for specific goals for next year.

Board Director Dane inquired when is our next audit. Don Poore responded there are three in progress currently.

7. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:36 p.m.

Submitted by:



Thomas Nolan, A.A.E.
President & CEO
/lh