

**MINUTES OF THE BUDGET WORK SHOP MEETING OF THE  
SANFORD AIRPORT AUTHORITY  
JUNE 9, 2021  
8:30 A.M.**

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**PRESENT:** Tom Green, Chairman  
Jennifer T. Dane, Vice Chairman  
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, Counsel

**STAFF PRESENT:** Tom Nolan, President & CEO  
George Speake, Executive Vice President & COO  
Jason Watkins, Chief Financial Officer  
Don Degraw, Maintenance Director  
Thomas Fuehrer, SAAPD Chief  
Tommy Gentry, IT Director  
Lori Hunt, Executive Assistant  
Radhika Jablonski, Finance Manager  
Danette Maybin, HR Director  
Don Poore, Controller  
Lauren Rowe, Communications Director  
Jason Shippell, ARFF Chief  
Jennifer Taylor, Contract Administrator

**OTHERS PRESENT:** Angela Adams, OSI  
Elizabeth Brown, OSI  
Jeremiah Owens, CPH  
Keith Robinson, OSI

1. CALL TO ORDER

The meeting was called to order at 8:32 a.m.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. WORK SESSION – Review of Draft SAA Budget FY 2021-2022

New CFO Jason Watkins and President Nolan presented a power point overview of the Draft SAA Budget FY 2020-2021.

Presentation Highlights:

- Current year outcomes
- 2021-2022 Major Budget Factors
- Macro Level Budget Assumptions
- 2020-2021- Year to Date (April)
- Top Ten - Operating Revenue Sources
- Operating Budget
- Vacancies and New Positions
- Operating Expense Increases vs 2020-2021 Budget
- Composition of Operating Revenues
- 2021-2022 Budgeted Operating Expenses
- 2021-2022 Budget Rollup Summary
- Capital Expenditures
- Non-Grant Funded CAPEX
- 2021-2022 Budget – Airport Funding Sources
- 2021-2022 Capex Projects

Discussion regarding Ground Transportation Revenue: has not recovered at same rate as terminal revenues have. George Speake noted SAA handles all that and the proposed budget figure is too high.

Discussion regarding Allegiant passenger load factors, pent up demand, potential increase in air fare, pandemic impacts, and outlook.

Discussion carrying budget for 7 vacant positions, not just base salary. Includes health insurance, FRS, Workers Compensation etc. additional 5% to salary, must be budgeted. Diversion between budget and where actuals are projecting out. Discussion 12% increase in health insurance, high usage 12% is conservative expected to be higher.

Discussion is healthcare focused each year on same coverage. This year's objective is looking to expand and offer different coverages to employees. Discussion process to securing insurance. Merit increases 4%. Workers' compensation coverage increased due to systemic problems in several departments, implementation of light duty. Discussion to bid out insurance brokerage services according to State Statute, dependent upon hiring of procurement assistant.

Discussion regarding marketing line item, \$200,000 earmarked for air service development and cost/share with OSI marketing line item \$300,000.

Discussion CARES Utilization, re-financing, restructure debt, financing debt service, next round of CARES funding.

Discussion regarding balanced budget.

Discussion regarding Non-grant funded CAPEX line items. IT server replacement, not moving to cloud server. Request for details infrastructure server replacement line item. Board requested analysis allocations reference server.

The balanced budget equation discussion regarding FIS project the unfunded mandate. Percentage funded under PFC's. AIP dedicated to taxiway, looking at costly runway overlay, that FAA entitlements program we get an apportionment and that apportionment after is lower since COVID.

Discussion OSI contract repair/replacement as it relates to FIS project. President Nolan noted FIS coming to the end of design. That we have been presenting it to FDOT as an active project we have \$6.1M appropriated from them. Its decision time to resolve this issue now with OSI. Or determine what options exist, put the project into abeyance or address it this next fiscal year?

Discussion about project firm deadline to complete the project. Discussion initial meeting regarding the FIS. Discussion remove FIS project from this year's budget. Discussion option for legal challenge, pursue from lobbying perspective, FIS fee collected, OSI business model.

President Nolan noted budgetarily we have a schedule and proposed removing the FIS project from the Budget until at which time FIS funding issue resolved. He encouraged OSI to give us their answer. Board Director loppolo stated this is not a direction from OSI this is a discussion on contractual responsibility.

Jason Watkins inquired if FIS remains in the Budget. Board Director loppolo suggested from the Boards perspective today, OSI must pay for this, we are going to talk about that, but for our purposes of Budget build the \$13M as something that is OSI's responsibility. We will talk about it, bring it back we will negotiate it, but we know for certain it is not 100% our responsibility. Chairman Green stated for purposes of this discussion we will move forward accordingly.

Capital Expenditure Budget was explained in detail by President Nolan and other SAA Management staff.

Maintenance: Roadway Rejuvenation Project \$613,210 – Replace seven tenant air conditioning units \$102,000 – Replace airfield crack sealing machine \$61,603

Discussion regarding current work order system versus purchasing new program, decision internal modification/upgrade to existing system.

ARFF: Station generator replacement \$322,000 – PPE Equipment \$5,800 – PPE outer layer \$35,000

IT: Self-healing fiber optic ring redundancy for SFB tenants \$590,000

Operations: AAAE IET Employee Training Courses \$50,000

Police: 3x replacement vehicles \$144,000 – Equipment \$11,000

Control: Airport Control Center room expansion \$250,000

Executive: Revenue generating digital advertising outdoors billboard \$300,000  
Tom Nolan noted in the terminal complex OSI had the 87.5% split with the old advertising company who is no longer with us. With the proposed outdoor billboard strategy SAA would receive 100% of all revenue. Jason Watkins referenced proforma investment of \$300,000 selling 6 ads at \$1500 each, these units have a useful life of ten years, over a ten-year period at present value net after Capex \$700,000. Location yet to be determined, envisioning Red Cleveland Blvd.

#### Development Initiative

President Nolan noted we are embarking with CPH on the northwest quadrant aerospace development area with \$3.5M to create an environment for the new future development. Once the bid is complete this item will be taken back to the Board. Discussion regarding Commerce Park elements in the budget, replacement of 15 tenant air conditioners and roadway infrastructure. Discussion using previously identified sinking fund \$1.5M.

Update on Avocet Lease, President Nolan stated Avocet is still in the process of evaluating their financial obligation. Inquiry should this item be put on hold. President Nolan replied no we are running parallel to Avocet fiduciary decision and CPH is working, we could bring this back to that Board at that time or do we appropriate set something aside. Board Director Smith felt until the deal is finalized with Avocet, he would not want that included in our budget. President Nolan noted the challenge is, one of the priorities of the Board was to expand our revenue generating ability even if Avocet were not to expand, we are opening the most potentially highest revenue producing aspect of our airport. Currently the airport does not have any aviation property close to turn key to market.

Chairman Green stated this is the SR46 quarter on the northwest side airside. President Nolan updated the Board we have had inquiries through OEP that we had to turn down because we do not have turnkey ready. Chairman Green suggested as he has sat in on a few of these meeting and the process, in the next 12-18 months it will be a tremendous opportunity and we should have something in the budget if we are bringing on a VP of Real Estate.

George Speake noted Lakeland Airport was leaps and bounds ahead of everybody else because they had already started development for cargo when Amazon said yes to them. Melbourne just lost Arion manufacturer the super sonic jet, they had already started to open areas of their airport for development, and that is what attracted Arion. He agreed this would take this airport forward to be ready for potential development. As the FIS sells an international carrier, this sells a potential tenant. Board Director Ioppolo stated now you see how important that revenue stream is, a non-aviation revenue

stream how resilient it makes the airport how independent it makes us for airlines, it is critical.

Chairman Green suggested civil drawings and positioning to get us ready for development and close the gap between when we start and when we can build. Board Director Smith inquired the cost of civil drawings.

Jeremy Owens, CPH updated the Board drawings for the northwest quadrant were \$198,000 which does not cover the entire property, covers portion immediately adjacent to Avocet development. Phase I four commercial lots, ramp expansion, master stormwater. President Nolan noted to get this turnkey we have got to put in taxiways.

Chairman Green suggested \$500,000 just to be safe. Board Director Smith suggested starting on civil drawings. President Nolan noted civil drawings are already underway. Discussion regarding last meeting several different scenarios, we have not decided on which scenario to develop at this point. President Nolan replied based on feedback received Jeremy is proceeding.

Jeremy Owens updated the Board they are moving forward with keeping the DOT access road in the same configuration it is. That would then extend over to Hellcat Lane. Right now, he is only approved to go forward with 60% design, once that 60% design is given to staff, he will ask for approval to move forward to final design. He is not doing any current site planning on Avocet's site parcel A until President Nolan feels that needs to come forward, right now stormwater, road extension and utilities that will fit all four parcels.

Board Director Smith inquired of Jeremy is he going to use the stormwater furthest to the west. Jeremy replied that is the goal. George Speake corrected he is talking about the big pond that was at the commerce park, that is later you're not doing that now, you're doing the ponds that meet phase I requirement. Board Director Smith said right so they will be the reduced size hopefully using pond A back in the future.

Board Director Gregg inquired is \$500,000 the preferred budget at this time? Chairman Green replied yes for the Budget and clarified with Jason Watkins that this change would be made.

#### Supplemental Discussion Topic

President Nolan stated we learned in a recent recruitment process that our program for time off for employees is behind what industries are offering and makes it difficult to recruit. Danette Maybin, HR Director stated we are proposing to give additional time off to employees. Currently you must be here ten years before you see any increase in time off. Requesting to give additional days if someone has been here 1-3 years, you would get 3 days or 3-5 years' service 5 days off and 7+ years' get 7 days. The difference in these numbers is like job basis leave, you do not accrue them, you would get them at the beginning of the year. If the employee leaves, we do not pay them out, and

they do not carry over to the next year. From an operational need making sure everything is covered, that way we do not account for them in the reserves. It is not really costing us any additional money from a budgetary standpoint yet giving relief to our employees and giving us an additional benefit to offer to potential employees because we have additional time to take off.

Board Director Ioppolo inquired is this bringing us up to speed with our competing employees? President Nolan replied just a step in the direction, it is not a cure all. Danette felt we need to look at it and we are going to look at it with Jason's experience.

Jason Watkins clarified it would be structured in a way you would not have an income statement it is an expense. We are talking about use it or lose it, some companies call it floating vacation, or job basis leave. It is not accruing, if it is accruing, I have to recognize an expense on my income statement, and I have to have a reserve on my balance sheet, I carry a balance sheet liability. When someone leaves the organization, you then draw against that balance liability and pay it out. This is not accruing which means you use it the fiscal year if you do not use it, it disappears, there is no income statement or balance sheet.

Board Director Ioppolo inquired of Danette what is the status of our employee base what is our attrition rate. Danette replied our attrition is higher than it has been in years past and higher than when she started here two years ago. The first year she was here she saw one or two employees per month at most as a turnover, right now she is carrying 6 openings a month, since about October 1<sup>st</sup>. People are leaving at all levels, early retirements, moral is not the best right now, but moving forward this will help moral. Board Director Ioppolo requested at the next meeting hearing back if there are there any other steps that we should be taking, any other tools we can give the management team to use, to address either a lack of competitiveness or to help moral because it sounds like 3x the turnover rate we need to address this.

Danette noted service awards and recognition was discussed although not put in the Budget about \$50,000.

Board Director Ioppolo requested that be brought back to the Board at the next meeting and if it is \$50,000 and we choose to we can add it to the Budget.

Jason Watkins stated in his prior experience when you do not provide employees with enough leave in their base package, that shows up as unexpected sick time, and you have foregone the opportunity to plan for that time away and that is very disruptive to operations. He expects when you introduce the program you would see less spur of the moment call ins.

Chairman Green inquired is that going to be included in the budget or part of policy. Jason replied it does not have a budgetary impact.

Chairman Green felt maybe it should be, so we do it at normal meeting and change it with Board approval. There are a couple of things that I think one of them is a policy that is for the Board to see the salaries by line item. Going forward budget positions are per statute as well as what they are projected to make next year, if we could get that we have had a thorough discussion on several items today, but at the same time, now given the actual budget details that each of the Board members if they want to look at, then if they have follow up with questions, they can call you directly regarding those questions.

Jason responded in the next 24 hours we will provide that line-item detail.

Board Director Robertson requested Danette bring back the new employee benefits number of vacation and sick days. Chairman Green responded he thought that is going to come to our meeting as policy. President Nolan replied we will put together a whole package rather than incremental, we just wanted to do a little prelude. Chairman Green noted to the Board meeting, so it becomes official policy.

Brett Renton added, when we talk about the employees and how they are dealt with you have an employee handbook that specifically lays out each section of everything that is covered with them, so when we say there is a policy change that is the policy change. You are going to have to amend the handbook, and that has been under discussion for years, that needs to be updated. Unfortunately, where your budget has worked out there has been other priorities that have taken that off legal, and you have gone down different paths and things that have been addressed over the years. Danette has been working on it for now a year in terms of trying to get holistic arms around it you could tackle it by sections or its entirety.

Board Director Ioppolo inquired the budget the cost, are we talking about \$10,000 or \$15,000. Brett Renton replied more in the \$50,000-\$75,000 range because of a real debate and discussion about some of these policies and the impacts that they have. Board Director Ioppolo felt this has been going on for years, so it is time we bring this to a head. He could not imagine we leave these issues out there for years, that has got to be part of the budget in his opinion.

Chairman Green felt the employee handbook update has needed to be tackled for several years \$75,000 and inquired if this would be a separate line item or add it to the legal fees. Brett Renton replied add it to professional contract services.

Chairman Green summarized next steps, additional feedback salaries by line item, Budget line-item breakdown detail for the Board members to absorb. Chairman Green did not feel a separate meeting unless something comes up and if we do, we can have it on the backside of the Board meeting. The Board concurred.

Board Director Ioppolo added for the purposes of our July meeting we are also going to entertain the suggestions Danette comes back with regarding employee retention.

Board Director Miller requested summary bullets points before the next meeting. Jason stated he could summarize the quick takes via an email, in addition to the minutes. The Board Directors were encouraged to contact President Nolan or Jason with any questions.

4. COMMENTS FROM THE PUBLIC

Chairman Green inquired of Lori were there any comments from the public at this time. Lori responded none.

5. OTHER BUSINESS

None.

6. REMINDER OF NEXT BOARD MEETING ON (JULY 13, 2021)

7. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 11:38 a.m.

Respectfully submitted,



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