

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
DECEMBER 7, 2021
8:30 A.M.**

PRESENT: Jennifer T. Dane, Chairman
Clyde H. Robertson, Jr., Vice Chairman
Kenneth Bentley, Secretary/Treasurer
Benny Crosby
Chick Gregg, Sr.
Frank S. Ioppolo, Jr.
William R. Miller
Clayton D. Simmons
Brett Renton, Airport Counsel
Kenneth Wright, Airport Counsel

ABSENT: Tom Green
Mayor Art Woodruff, City Liaison
Commissioner Jay Zembower, County Liaison

STAFF PRESENT: Tom Nolan, President & CEO
George Speake, Executive Vice President & COO
Jason Watkins, EVP & Chief Financial Officer
Nicole Guillet, EVP Real Estate Dev. & Legal Affairs
Marc Gilotti, Captain SAAPD
Tommy Gentry, IT Director
Lori Hunt, Executive Assistant
Gino Martinez, Finance Manager
Danette Maybin, Human Resources Director
Al Nygren, Property Manager
Jessica Porter, HR Generalist
Lauren Rowe, Communications Director
Julie Sawyer, Executive Assistant
Roberta Stanton, Procurement Agent
Jennifer Taylor, Contract Administrator

OTHERS PRESENT: Michael Damico, OSI
Stephanie Griffin, OSI
Jonathan Hand, Atkins
Genean McKinnon
Tanisha Morris, OSI
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Todd Payne, OSI
Keith Robinson, OSI

Greg Smith, Million Air
Craig Sucich, Avcon
Tom Tommerlin, City of Sanford Eco. Devo. Director

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

The meeting was called to order at 8 a.m. followed by the Pledge of Allegiance.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR MEETING HELD ON NOVEMBER 2, 2021

Motion by Board Director Ioppolo, seconded by Board Director Bentley, to approve the Minutes of the Regular Meeting held on November 2, 2021. Vote was taken, none opposed. Motion passed.

4. LIAISON REPORTS

A. Seminole County

Commissioner Zembower was absent.

B. City of Sanford

Mayor Woodruff was absent.

5. COMMENTS FROM THE PUBLIC

None

6. PRESIDENT'S REPORT

President Nolan referenced a power point presentation including the following topics:

CBP/FIS Facility Renovation: Finalizing response to CBP comments by resubmitting updated drawings.

Taxiway B, C & L Pavement & Lighting Reconstruction Project: phase 3 commences January 3rd.

SFB Northwest Area Development Project: project in abeyance remains at 60% design until meeting with the County regarding potentially diverting stormwater to the north versus the south.

Southeast Master Stormwater Pond Improvements: finalizing 90% design to improve the size of the kidney pond for stormwater management.

Orlando Sanford International Inc., Elizabeth Brown referenced power point slides providing reports: month of November YTD passengers 29% below 2019 passenger levels, fiscal year -20% against the SAA fiscal year, ATMs -18% YTD and November was -15%, rolling 12 months tracking below in passengers and air traffic movements. Forecast 2021 -15% for the month of December.

Elizabeth introduced OSI IT Director Michael Damico, who is the regional liaison for the VINCI network to explain new innovations that are being considered.

Michael Damico stated he sits on the IT steering committee for VINCI Airports 55 airports globally, which evaluates proof of concept and projects. He described a number of different IT concepts and areas VINCI is interested in. From IT to Virtual Queuing and Mobile Passenger Processing.

Elizabeth explained the announcement by Allegiant Airlines, that they are entering into a joint venture with Mexico-based airline VivaAerobus. That it is before DOT for approval. The benefit would be that Allegiant and VivaAerobus will be sharing aircraft and flights. Flights will be introduced from SFB and all of the Allegiant bases to/from Mexico. Not likely see any flights or benefit from this joint venture until early 2023. We have been speaking with VivaAerobus for quite some time, including hosting them here during Routes Americas recently.

Social Media/Marketing: Todd Payne of OSI reported he recently attended Routes Takeoff Conference (small airports air service/network) in Baton Rouge, Louisiana and ACI-NA Annual (airports) conference in Reno, Nevada.

Todd presented the marketing program focusing on SFB domestic US flying. Hub service offering connections domestic point to point flying to major markets and that is what we lack. Our strength is the secondary tourist area markets, the hometowns of America but we still need the Chicago's, New York's, Baltimore's, Philadelphia's, Las Vegas's. Also, domestic short haul flying in the Bahamas, transatlantic South America particularly with a focus more recently on Columbia, Brazil, Central America, Mexico the Caribbean and more Canadian flights, we don't have all the Canadian cities yet.

Air Service Outreach Includes: Airline headquarter meetings, Routes meetings, and Conferences. Vinci networks support initiatives that are done by corporate airline incentive programs, airport landing fees and waivers, handling discounts via VINCI or OSI Attraction Express ancillary self-connect are opportunities for the airlines to make money on their bookings, the ultra-low-cost airlines are all about ancillary, host programing for air trades, dinner lunch receptions.

Todd explained where SFB passengers live broken down by zip codes. Predominantly Seminole Orange and Volusia are our top areas. Opportunities on the northern side of Orange and the Villages. The Villages is fluent travelers that aren't yet coming here in significant numbers and we're going to target along with Daytona Beach and Ormond Beach. Target based on heat map Seminole County, northern Orange County, Volusia The Villages, UCF and as we build our portfolio of flying into Latin America the Hispanic communities in support of that.

Local market outreach media includes social networking, digital paid search, prints we are in Edible Orlando Magazine and Villages Newspaper. Contests, trips, giveaways bought television and airport internal programming, the SFBee is a spectacular opportunity for us to get to know the Community and represent the Airport, a fun way to get our youngest travelers. Also trying to recruit sports mascots and have traveler appreciation days. Inaugural celebrations have been done along with community sponsorships at events.

Discussion regarding the SFBee and Bee Keeper Marketing Concepts.
Discussion Sanford Chamber of Commerce interested in talking to Chambers of all 7 locations in Canada to line up some Sister City events.

Paul Partyka of NAI Realvest provided update regarding lease expansion opportunities with American Builders Supply, Synergy Wood, Athens Towing. Kings Crossing the shopping center with Publix past due diligence, moving towards permitting and closing this will be a major catalyst for this area.

President Nolan noted construction costs and the new reports on continued inflation effecting MillionAir, Avocet and American Builders Supply expansion timing. Discussion regarding Supervisor of Elections how they are still interested in expanding, CE Avionics as well. That there are several other potential new tenants still in discussion, but key factor is SFB shovel ready areas which we lack.

OSI Contract: Jennifer Taylor referenced the spreadsheet in the Board's packet, spreadsheet compares what was there versus now.

George Speake presented the status on the OSI/SAA required facilities plan. Discussion regarding the approved maintenance plan, lacking dividers and maps, estimated completion by February 4th Board meeting, maintenance plan is a living document, VINCI network also reviewing maintenance plan. Board Director Ioppolo to be provided document for review.

SAA In-House Maintenance program report by George Speake: currently advertising for three grounds positions and one building maintenance position. Working on identifying a landscape design plan for the Vigilante memorial, last landscaped in 2003 when it was new, it's gotten old it's time to spruce it up. Design company this year with construction in 2023 to spruce that up and put in some more appropriate landscaping.

George reported staff is preparing for our Part 139 inspection, our FAA annual inspection. Installing new signs, the terminal expansion project changed a lot of things, one of which if you go down Airline Avenue, we've routed a lot more passengers that way for parking, if parking lots are full then at the end of the road at the stop light there is nowhere to tell them where to go, we've added a sign to tell them to turn left.

Tom Tommerlin, City of Sanford Economic Development Director reported City of Sanford's sister city Rionegro, Columbia. Tom Nolan noted we hosted an entourage from Rionegro who toured the airport. Talked about Rionegro's air cargo potential, 65% of the perishables coming out of Latin America are running thru Miami we had some real serious discussions Rionegro is near main flower growers in Columbia. Tom Nolan showed the Board details about SFB's 55,000 sq.ft. cargo building, describing refrigerated cargo facility in our FTZ zone, it's a bonded warehouse. The fact that it exists, albeit being used for other purposes, puts us in a more attractive position.

President Nolan updated the Board Chairman Dane, Elizabeth Brown and he met with VINCI Chairman here at SFB recently, discussions included SFB's CBP renovation sustainability and myriad of other topics. Tom introduced Nicole Guillet, new EVP Real Estate Dev. & Legal Affairs and Jeremy Owens who has accepted the new position for Senior Engineer.

Lauren Rowe provided details and update regarding: SFBee & Bee Keeper video welcoming Flair flight passengers. Trying to bridge what is the SFBee and this mascot into a larger message the fact that we are family friendly airport, how can we continue to communicate that. Business travelers will be important to us in the future, but our staple now is a family friendly airport. Twelve days of Christmas coming up, Lauren and Tanisha are working on special activities that will begin December 13th.

7. CHIEF FINANCIAL OFFICER REPORT

CFO Jason Watkins presented the November financials. Jason referenced three-year procurement schedule in the Board packets. Chairman Dane requested this item be added to the workshop agenda.

Jason noted he was invited by Orlando Economic Partnership to participate in a Washington DC Advocacy Fly-in, met with Senator Scott, staff Representative Sam Graves ranking member of house transportation committee and Congressman Steube.

Roberta Stanton, Procurement Agent brought up SFB's new ProcureNow procurement module to demonstrate how it will enhance current procurement process and create a more streamlined and collaborative bidding experience for contractors and SAA vendors.

8. COUNSEL'S REPORT

Brett Renton updated the Board regarding GOAA and presented a power point update on PFAS.

9. CHAIRMAN'S REPORT

Chairman Dane mentioned that she had the Chairman-to-Chairman meeting with Manual from VINCI, discussion regarding green initiatives, also as part of our contract we need to schedule a Board to Board meeting and proposed meeting to be held end of March beginning of April 2022. Chairman Dane referenced the upcoming Board Workshop scheduled for January 25, 2022, after further discussion the Board determined 8:30 a.m. start time. Discussion regarding the Agenda for the Workshop, Chairman Dane requested proposed Agenda items be submitted for consideration via email to Tom Nolan and Lori Hunt by January 1, 2022. Chairman Dane welcomed Jeremy Owens, SAA Senior Engineer. Chairman Dane noted SAA yearly introduction to staff will follow after the Board meeting and invited the Board to remain after the meeting to partake in coffee and donuts with staff.

10. CONSENT AGENDA

- A. Consider and approve the renegotiated contract award for Taxicab Concession Services.
- B. Consider approval of the Ground Transportation Pre-Arranged Permit for January 1, 2022-December 31, 2022.
- C. Approval of FY 2021/22 Sanford Airport Authority Employee Bonus Plan.
- D. Approve the adjustment of vacation time for the new Senior Engineer Position Hire.

Motion by Board Director Ioppolo, seconded by Board Director Crosby to adopt Consent Agenda Items A – D as presented. Vote taken, none opposed. Motion passed.

11. DISCUSSION AGENDA

- A. Approval and authorization to execute FAA AIP American Rescue Plan Act of 2021 Grant Program Grant Offer No. 3-12-0069-087-2022.

President Nolan briefed the Board, consistent with our financial report, this is a two-prong report seeking two modes of action, primarily acceptance of the American Rescue Plan Act, \$12.5M in funding. Second, is using that amount to retire some existing new terminal debt.

Jason Watkins explained further how we have introduced this concept to the Board a couple of times there really two funding elements, if you exclude the grant dollars, kind of two airport funding elements to the terminal expansion program, the PFC charge and then the rest Authority obligation which comes directly out of our pockets. If we were to go to fixed financing on the non-PFC share, it's about \$1.5M dollars debt service that we would have to apply to our net revenues before we even thought of a dollar of capital. It is our recommendation that we take \$12.5M from the ARPA Grant apply that directly to our credit facility and essentially eliminate a \$1.5M ten-year burden on this airport. We think that is certainly the right way to go, we ran this before the FAA, and they have blessed it.

Discussion this action eats up that entire private obligation, Executive Staff is comfortable in terms of not having that money available for operations in the event we have additional slowdowns, or variants come out. Discussion regarding investing the money.

Jason clarified there is two things you can do with it, like CARES, like CRISSA you can reimburse operating expenses work very similarly in that regard. The capital side for that grant is far more restrictive then the first two rounds. Essentially if you want to use it for capital projects, you can only use it for capital projects which help prevent or take measures to help prevent the impact of the future pathogen on the Airport, rebuilding infrastructure that will help mitigate the effects of the next COVID.

Motion by Board Director Robertson, seconded by Board Director Simmons to approve acceptance and authorization to execute FAA Grant No. 3-12-0069-087-2022 for the ARPA grant and a Motion to approve and authorize management to partially defease existing, non-PFC eligible, terminal expansion debt of \$12,525,435. Vote taken, none opposed. Motion passed.

B. Approval for the Tri-Party SAA/OSI Template Air Incentive Program Agreement and the 2021 Canadian Air Service Incentive Plan.

President Nolan explained how this item updates the existing OSI/SAA tri-party agreement for Airline Incentive Program and in 2021 applying funds in specific Incentive Agreements to both new Canadian Air carriers Swoop and Flair.

Stephanie Griffin, OSI Counsel stated the incentive agreement is intended to be a form document going forward with any air incentive plan that the Board and Vinci Board approve that were identified by Todd Payne mentioned earlier. The intention behind the agreement is meant to memorialize the rights and responsibilities of OSI and the airlines to those incentives. Currently on the table for the 2021 Air Service Incentive Plan are operational and marketing incentives. The agreement itself incorporates the existing incentive plan and sets forth the obligation of the carriers to maintain those incentives and what they must do to continue to qualify throughout the incentive period which is limited to two years. The incentive agreement also reflects compliance with federal regulation on the terms and the duration of the incentive. What we are asking the Board today to approve the form incentive agreement to use going forward. It's been reviewed by SAA counsel Brett, me and our outside counsel who specializes in these type of things, Peter Kirsch with Kaplan Kirsch Rockwell. This action approves a 2021 air service incentive plan that is applicable to the operations of Flair and Swoop if they maintain their eligibility for the incentives which are again set forth in the plan.

Board Director Miller inquired who is responsible for monitoring the ongoing compliance.

President Nolan explained that every marketing dollar is being expended by the Airline has to be substantiated by proof of advertising, they have to submit the program, OSI is primarily responsible for that.

Stephanie Griffin stated the agreement itself provides that we will administer the program on behalf of the SAA, but obviously in conjunction with SAA input.

Board Director Ioppolo requested to hear how the incentives were developed.

Todd Payne explained the incentives were designed to encourage the carriers to start service in the key markets. The air service approach will be redone every year dynamic in the case 2021 today the incentive is specific to the Canadian carriers, the incentive is for two years, but there will be a new incentive created each year, the 2022 offer will be specific to transatlantic, to domestic. The design of 2022 incentive which we are finalizing will be specific to key markets, that are domestic and second markets that are

domestic, and then south America Central America, Mexico and the Caribbean. FAA allows an airport to choose who to benefit, and allow us to provide marketing funds and/or advertising support of the service. They also allow airports to provide the waivers of airline fees, landing fees, terminal operation fees and such. Outside of that, if a community entity wishes to provide some airline a revenue guarantee or per seat support that must be separate from airport incentives, usually a state or County, a Chamber of Commerce or convention or visitor's bureau. Maybe in this case the 2021 incentive both new Canadian carriers were offered \$200,000 each, it was based on \$50,00 financial support for each market, that the carriers were operating. Flair is operating in five markets, but it only offers two the first come first serve, so the case of Toronto Swoop requested Toronto before Flair did so Flair doesn't get credit for Toronto, so each carrier has 4 Canadian markets at \$50,000 per market.

Jason Watkins commented this is like the market, if you want to be in the game, this is where the game is played and every deal is structured a little bit differently, some of the strategy each model is going to look a little bit different depending on who you're trying to attract.

Todd Payne stated airline incentives are significant in the industry, that we don't have the deep pockets that a lot of airports have. MCO doesn't participate in this, in the larger advertising marketing funding that a lot of airports do, because unless it's something that they don't have because they have most carriers already. That said it's important for us to have an offer because we are also competing with other airports not just in Central Florida, the airlines look at opportunities not just at a regional basis, but they look at nationwide.

Elizabeth noted internationally when looking at a Swoop or Flair not only are we competing with other US Airports they can allocate that asset to another market entirely. In Jamaica as an example, we did seat guarantees that are more then \$16 per seat so when you look at the types of incentives that we need to put forward we aren't just competing here domestically with our obvious competitors but also internationally when you are looking at countries who are fully dependent on tourism for the economic viability.

Tom Nolan added, the amounts we are approving is somewhat peanuts in the airline competition game. Regarding \$1M from the County and how we're going to use that. Don't be surprised if I come back to the Board regarding our unrestricted cash that we may pull from to add to County \$1M to make some other air service incentive packages.

Tom Nolan clarified regarding the airline incentive form they are approving, that the FAA guidance is the driving document behind this, and it's important that we have a form that parallels that, OSI hired one of the top law firms in

the Country to ensure form is in compliance with the FAA document. That there is a high probability some future airline prospect will require a minimal revenue guarantee.

Stephanie stated regarding the form document, the Air Service Incentive plan is also a form so it can be uniform amongst airlines and that's actually geared towards compliance of regulatory requirements to treat the airlines not passengers.

Brett Renton clarified, OSI has worked with Kaplan Kirsch who is a law firm who does FAA regulatory schemes in order to provide this, you are relying on OSI and Kaplan Kirsch who put these documents together and put it out there, Shutts was not asked to give an opinion one way or another, we read the English language so we aren't offering an legal opinion on it, you've already got that from Kaplan Kirsch and you're relying on OSI who is obligated to provide these agreements to the Board under their contract and that should there be some problem you'll be looking to them to solve it.

Motion by Board Director Robertson, seconded by Board Director Miller to 1) Approve the 2021 Tri-Party SAA/OSI Template Air Service Incentive Program Agreement. 2) Approve the 2021 Canadian Air Service Incentive Plan. 3) Authorize the SAA President to execute all necessary documents. Vote taken, none opposed. Motion passed.

12. COMMENTS FROM THE PUBLIC

None

13. OTHER BUSINESS

Board Director Simmons announced that this is his last meeting, he is retiring from the Board.

14. NEXT BOARD MEETING (JANUARY 4, 2022)

15. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,



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

/lh