

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
JANUARY 4, 2022
8:30 A.M.**

PRESENT: Jennifer T. Dane, Chairman
Clyde H. Robertson, Jr., Vice Chairman
Kenneth Bentley, Secretary/Treasurer
Benny Crosby
Tom Green
Chick Gregg, Sr.
Frank S. Ioppolo, Jr. (appeared telephonically)
William R. Miller
Stephen P. Smith
Kenneth Wright, Airport Counsel
Mayor Art Woodruff, City Liaison
Commissioner Jay Zembower, County Liaison

ABSENT:

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
Roberta Stanton, Procurement Agent
Jennifer Taylor, Director of Program Administration

OTHERS PRESENT: Angela Adams, OSI
Sonja Brauer, South East Ramp
Elizabeth Brown, OSI
Kevin Dillon, Constant Aviation
Christian Drouin, Constant Aviation
Jonathan Hand, Atkins
Jeremy Owens, CPH
Paul Partyka, NAI Realvest
Todd Payne, OSI
Keith Robinson, OSI

**Clayton Simmons
Greg Smith, Million Air
Craig Sucich, Avcon**

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

The meeting was called to order at 8:30 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 DECEMBER 7, 2021

Motion by Board Director Green, seconded by Board Director Gregg, to approve the Minutes of the Regular Meeting held on December 7, 2021. Vote was taken, none opposed. Motion passed.

4. RECOGNITION OF CLAYTON SIMMONS

Chairman Dane recognized former Board Director Clayton Simmons; President Nolan read Resolution 2022-01.

Executive Vice President & COO George Speake presented a commemorative propellor to Clayton Simmons.

Motion by Board Director Smith, seconded by Board Director Green, to adopt Resolution 2022-01 as read. Vote was taken, none opposed. Motion passed

5. LIAISON REPORTS

A. Seminole County

Commissioner Zembower updated the Board regarding the following topics: Seminole Expressway/417 resurfacing roadside improvement project. Covid Omicron update, Governor announcing a second monoclonal site in Seminole County. County has no plans to enact any lock downs. Groundbreaking today at the Justice James EC Perry Annex Courthouse, ARPA, SCFD achieved Fire Rating ISO-1. Chief Drozd resigned will pursue new career with NFPA.

Discussion regarding Airport concerns about the Lake Jessup cleanup and how that may effect migratory birds coming back to the lake. County moving forward with efforts at a state and federal level to try to clean the lake up and get it back to where it should be. County looking forward to working with the Airport without impacting the Airport.

Discussion regarding 417 Connector. County Commission supports connector, CFX supports, study going out for bid. Looking forward to working with Sanford, FDOT all of our partners and the Airport as we attempt to get a direct line in to the Airport.

Board Director Smith inquired what exactly are they going to do in Lake Jessup, are they going to open the river back up in to it?

Commissioner Zembower discussed Government Cut on the table to re-open lake to original flow rate. Working with Senator Brodeur new technology a pilot program. Senator Brodeur has pledged to find monies, working with Army Core other partners. Acknowledged Airport concerns and want to understand what concerns are and work with the biologists and the scientists so we don't impact the Airport yet get the lake cleaned back up.

Discussion regarding Courthouse expected completion date is 2023 first quarter will be moving everything over then we start to remodel the old one. Next phase new County services building money and bonding capabilities permitting. Goal to move the whole County Service center over to Five Points, so it's centrally located for all services. Discussion regarding the County Services Building future use, auction it off to the highest bidder, put it on the tax roll.

Commissioner Zembower noted he received a call this morning that Ontario is going to shut down due to omicron increase.

B. City of Sanford

Mayor Woodruff updated the Board at the December City Commission meeting they voted to reserve the funding to build the Fire Station at the Airport, once the FAA approves the lease they will proceed with design contract, money is set aside for construction and operation. Commission voted several million dollars to start renovations on the marina, a couple million dollars to build a new clubhouse at the golf course, all cash in reserve on hand.

Fire Chief Craig Radzak has been appointed as Deputy City Manager replacing Tom George upon retirement.

6. COMMENTS FROM THE PUBLIC

None

7. CONSENT AGENDA

- A. Consider approval of the renegotiated contract for Taxicab Concession Services.
- B. Consider approval of a partial Rent Abatement for Constant Aviation, building #333 located at 1604 Hangar Road Sanford, FL 32772.
- C. Consider approval of Lease 2021-035 for Jet Star, Inc. building #409 and land for parking located at 1160 30th Street Sanford, FL 32773.
- D. Consider approval of the Second Amendment to Lease #2016-02 between Sanford Airport Authority tenant RP Sales and Leasing Inc and Consent to Assignment to Mr. Harold Slauson d/b/a First Flight Aviary, Inc.

Motion by Board Director Smith, seconded by Board Director Gregg to approve Consent Agenda items A-D. Vote taken, none opposed. Motion passed.

8. PRESIDENT'S REPORT

President Nolan referenced a power point presentation shown on the screen and provided a narrative of information for the following topics:

CBP/FIS Facility Renovation Update: Project has been a dynamic one from a design standpoint with the \$1.2M that was authorized for the design phase. In the fall submitted full set of plans to the CBP, at that time CBP advised us of mandatory guidance changes resulting in needed revisions. Board Director Ioppolo gave an update on the negotiations with OSI partners about funding participation. Jeremy Owens commented on the impact of the new guidance from the government. Board Director Ioppolo requested George Speake and Elizabeth schedule meeting in the next week or so for the purposes of more negotiations.

President Nolan explained how it is important to proceed directly into bid phase to determine the strategy.

Taxiway B, C & L Reconstruction Project: George Speake noted phase 2 near completion, had contractor hold off a little bit explaining some details related then close out on phase. Phase 3 started yesterday expected to complete in July.

Northwest Apron Development Improvement Project: 60% drawings complete have taken a pause to discuss with Seminole County Engineering possible joint use infrastructure for stormwater management.

Chairman Dane inquired of President Nolan had staff met with the County yet regarding this project. Nicole Guillet explained meeting has been held with the Chairman of the County Commission as well as residents from Midway to discuss issues. The Airport is in the Jessup basin and not the Midway basin. It's going to get down to an engineering level and cost to actually engineer it versus what we might recoup from the property value standpoint. County is on board.

Discussion regarding timeframe, County at their meeting next week is going to approve the procurement for the design group for design engineering and timing on that.

Master Stormwater Pond Improvements: under grant and progressing towards 90% design. Taking water from north and making the pond to the southeast larger so it can accommodate and avoid some of the flooding dynamics that are associated with the southeast apron. A lot of the water is materializing on the north end with the slope down thru the grade and the pond itself needs to be enlarged to accommodate that stormwater because there has been flooding, history of flooding there, we've been successful with the grant.

George Speake explained how pond accommodates about half of the water that comes off the airport, that pond can go out of its banks and Southeast Ramp floods. Discussion regarding outfall out of that lake, it hops off into a ditch that runs south of the Airport in between the sports complex and the airport and continues west then south to Jessup.

Orlando Sanford International Inc., Elizabeth Brown referenced power point slides on the wall screen and provided a report to the Board: December 253,046 passengers 10% below 2019. YTD 2,394,000 passengers 27% below 2019. ATM's 1,910 aircraft movements December 11% below 2019 very similar to our passenger levels YTD was about 17% below.

Industry Update: We're not out of this pandemic saw over the Christmas holiday 29,000 cancellations in the US over two-week holiday period, airlines flew 91% of their filed schedules that were expected. Omicron variant taking up a lot of crews and huge pilot shortage. Pilot shortage started prior to the pandemic and was exasperated as a result of the pandemic, saw a lot of early retirements and voluntary departures of the pilots. As a result, there are a lot of airlines that aren't able to add new routes and they are also stealing pilots from the regional carriers. Elizabeth discussed legacy carriers have parked aircraft due to lack of pilots and crew, however Allegiant is still performing really well, they've been able to manage their crews, we are seeing some cancellations, but not seeing many. Increased operational cost is putting continued pressure on airlines, increased cost of fuel, supply chain

issues their ability to get their supplies but also their ability to buy those supplies and those increased costs.

Elizabeth explained what airlines in bankruptcy or just coming out of bankruptcy, supply issues with new aircraft being delivered, not being able to supply aircraft fast enough because they don't have the labor to make those aircraft. Slow recovery, airlines are only at 90% of 2019 levels generally throughout the industry and we don't expect to see recovery until the 2nd and 3rd quarter due to the high spread of Omicron.

Air Service Commercial Marketing: Todd attended Future Travel Experience Conference for the first time, focuses on passenger experiences and how we can use technology to improve the movement of passengers in the terminal building. Continue our efforts working with airlines on air services as we look towards the future hopefully add in some new routes in the next 12-24 months.

Social Media/Marketing: Todd Payne portrayed Santa Claus in the terminal and George Speake was the SFBee during the holiday giving away coloring books crayons and ornaments to passengers.

Elizabeth updated the Board as of today a new Health Safety & Environment Manager joining the team, Eric Allen. Tanisha Morris, Social Media has resigned. Keith Robinson tendered his resignation for his retirement July/August 2022. Hiring a parking supervisor, challenges with parking during high demand periods need to address. Discussion regarding scheduling Board to Board meeting, tentatively scheduled for March 24th. Vinci Board comprised of Elizabeth Brown, Keith Robinson, Remi Maumon De Longevialle – VINCI Airports CFO, Emmanuel Menetou – VINCI Airports Regional Director (US, Northern and Eastern Europe, Asia) Pierre Hugues – Schmit – VINCI Airports COO and CCO.

Board Director Miller referenced Orlando Sentinel article featuring SFB cell phone lot lack of lighting, Board Director Miller inquired what is planned.

George Speake noted there is already a project budgeted for that, we are waiting until our engineer comes onboard to save us funding money on design. The expectation by the end of this year for completion of added lights.

Board Director Green thanked Elizabeth Brown especially for the industry trends and inquired regarding 2022 projections did she think we were going to come back to 2019 levels are you budgeting that way. Elizabeth replied budgeting slightly under 7-8% below 2019 levels. Looking at 2019 levels, we had TUI and we no longer have TUI, Canadian flights are projected to more than expected to exceed what TUI flew, they are having a very rough start.

Canada is locking down again, and kids are being held back from school and that's going to effect demand. We think it's going to be really bumpy the first quarter, so we don't think we'll get 2019 levels for 2022.

Tenant Lease Update: President Nolan stated as he's been reporting we continue dialogue with several tenants interested in expansion from the airside, Million Air and Avocet the biggest holdup is the cost of construction. Introduced Kevin Dillon, Constant Aviation present, and the new COO Christian Drouin. President Nolan welcomed Mr. Drouin and noted we want to see Constant Aviation expand. Explanation on lack of pilots and shortage of skilled labor to repair aircraft, also air traffic control and pilots. That SFB tenant CE Avionics one of our oldest tenants on this airport, and discussions continue about potential expansion here as well.

Paul Partyka, NAI Realvest provided update regarding: December was quiet, we had a good meeting our initial meeting which included Nicole and management. Discussions continue with American Builders Supply, Synergy Wood Products and Athens Towing for expansion. Outside of the Airport we still have the shopping center, hopefully we can close on that shopping plaza with Publix on SR46 which is the focal point of development hoping to close 2nd quarter of this year.

OSI Contract: Jason referenced the report card distributed to the Board and updated the Board.

Jennifer Taylor updated the Board should have the SSP contract/agreement back today which will push SSP to move forward with Zaza within the next 3-6 months upstairs.

SAA Maintenance: George Speake updated the Board maintenance plan same as it was last month, one additional meeting since the last Board meeting. As he indicated last month there are some maps, we're going to include in the plan that will be done after our FAA inspection by Rick Shea Director of Operations. Discussed with Steve Smith and Frank Ioppolo the status of that plan to the best of his knowledge should satisfy with where we are.

Steve Smith reported he was at the December meeting they came along in three months both OSI and our staff and felt the document is almost there other then a few little things like George said, look forward to getting it adopted by OSI.

Chairman Dane requested a copy of the maintenance plan be presented to the entire Board prior to the upcoming workshop, then if any questions come up it can be discussed at the workshop. Chairman Dane also requested going

forward, she would like every member of the Board to get everything all the time.

SAA Maintenance: George Speake updated the Board currently advertising for three grounds positions, one building maintenance position. Big push is getting ready for the part 139 inspection which begins next Monday. Recently completed a taxi marking on Taxiway Bravo 10 following the runway safety action team's suggestion this is a safety issue that hopefully help pilots distinguish the taxiway from a runway. Repaired reels on runway 18 navigation instrument, some lights and completed a flight check path and navigation on runway 36, also recently completed emergency exit door installation on Global One which fire inspector issued for that building and ongoing maintenance tenant facilities and the airfield.

Chairman Dane referenced Maintenance Expense Report in the Board packet and inquired is this what was done for the last month as far as repairs or is there additional. George replied those are the repairs done on properties that are owned by SAA it also includes outside vendor's not just internal staff.

Miscellaneous items: President Nolan noted FDOT initiating a new economic development study for the entire state of airports we participated in a couple years back, 6–8-month process over the ensuing months very important to identify how important our aviation structure is to the state. Advertising program strategy, the prior company had essentially walked away, being a small hub airport advertisers walked away because with the advent of Covid they just didn't want to spend on advertising. In a meeting Friday we are going to walk the entire terminal and collectively discuss best approach with maybe expanding the program.

Food & Beverage Concessions strategy as well, at a recent conference President Nolan, OSI's Todd and Elizabeth met with the FAA, and concessionaire SSP to discuss condition of the industry and how SFB program can move forward.

FAA & FDOT meeting regarding annual Airport capital improvement program done every year a five-year outlook. Now that the Master Plan is done a lot of important dialogue in that plan regarding major airfield work. Our two runways the north south and east west are going to eventually be decommissioned because it's used less than 2% of the time. East runway identified to become an air carrier runway. That we are starting to elevate that discussion within the FAA.

9. CHIEF FINANCIAL OFFICER REPORT

CFO Jason Watkins presented an overview of the December Financials, discussion regarding Revenues other leases & miscellaneous FAA forced account. Aviation revenue, fuel flowage, trends, ground transportation, Commerce Park, expense side is \$602,000 below the budget, underspend in marketing.

Jason referenced the budget workshop, how terminal revenues set at 75% of 2019 passenger levels is where we're coming in right now, parking has outperformed, everything else has basically held to that level it was probably smart of us to hold debt to 75%.

Discussion regarding Utilities fees going way up, utilities also include other items in that category, uniforms and supplies

Discussion professional contract services \$123,000, that consists of IT licenses and some of the spend we had for the maintenance facility \$100,000 there is a task order pending but the project has not started.

Jason reminded that last month he introduced a very favorable avenue with existing lender to re-finance our credit facility. This board approved utilization of the ARPS grant \$12.5M to pay down the credit line. Some numbers were put on the table informally about a month ago that were attractive and would recommend that we consider re-financing with our existing lender going from a variable rate structure to a fixed rate structure. In conversation with the bank yesterday he no longer believes that is the case, instead now presenting alternative structures what they call swaps interest rate tabs, looking at altering the terms maybe frontloading some of the debt service. They are going back to their underwriters to sharpen their pencils.

Discussion regarding the environment right now as the airport is in a better position reserve side. That we are a better credit then we were when this loan was taken out, with \$23M of unrestricted cash. The 10-year treasury has risen about 15 basis points, but isn't the bulk of the gap. Difference of opinion as to whether the 10-year treasury is pricing in a 3rd fed rate hike, the bank said they are forecasting it and they don't think treasuries are fully accounting for that so that explains some of the increase in spread.

Discussion time frame, when does it expire, the end of July 2023. Jason felt we will want to re-engage with our financial advisor given that it's not a re-finance in place. That there's another dynamic to this as the original debt was financed as a taxable loan. Taxable debt can carry maybe a 20-30% premium over tax exempt debt so if we can declare project non-taxable A&P Debt.

Discussion timing of RFP, re-engage financial advisor to get an RFP on the street in the next 2-3 months. The alternative funding streams. Ongoing conversations with the FAA about the infrastructure funding.

Discussion Board Workshop item Rates & Charges for the full airport, rates have not moved here since 2011. Internet charges have not changed in 20 years' time, looking at PFC's as well.

Ongoing Projects – Procurement Policy draft will be sent to Board mid-February. HR Handbook still under production, likely end of summer before completion. Performance evaluations program still in development.

Bi-Partisan infrastructure for Airport terminals \$15B formula based on the AIP entitlement formula and a small portion based on the market share for Airports, five year roll out meaning they are going to appropriate one fifth of these funds over five years. The approximate number will move around a little is \$28B for this airport over five years. We know that we can allow the funds to accumulate and then spend, the question is can we advance spend and then reimburse ourselves. The reason that is important is when we talk about some of the really big airfield projects that effects the timing right so if I can't draw funds for four years that's really going to limit when you can do the project, if you can advance spend on a loan or even with cash and reimburse that changes the strategy, there is a lot to unpack there.

Another pool in February or March the FAA is \$5B we intend to pursue for the FIS project.

Jason presented a global view of all the funding streams that we anticipate over the next five years. CARES, ARPA, BILL, ROPA.

Seminole Business Expo January 26th Roberta, Jennifer and Chris metro will be hosting a booth featuring off our new procurement program.

Lauren Rowe provided details and update regarding advertising spending ads that are running in the Villages newspaper every Sunday we started off with our Canadian partners and now we've moved into Allegiant tells the Villages why they should be using our airport. Coverage of Santa Claus at the Airport WFTV put this on their website it got a lot of traffic. Showed a video montage, of all the things done thru the Holiday's Santa, SFBee, live music we gave out ornaments and to the kids coloring books.

10. COUNSEL'S REPORT

Ken Wright updated the Board regarding GOAA Trademark challenge and PFAS.

11. CHAIRMAN'S REPORT

Chairman Dane updated the Board regarding upcoming workshop starting at 8:30. Staff working on a presentation that will be effective to drive the conversation from the Board.

12. DISCUSSION AGENDA

A. Approval and authorization to execute and distribute FAA AIP Concessions Rent Relief Airport Rescue Grant Program Grant Offer No. 3-12-0069-088-2022.

Jason Watkins referenced the CRISSA Grant included \$343,000 of concessions relief. ARPA also had a share of concessions relief this one excludes rental cars \$1.4M. Action today is to accept and execute that grant and we will look at allocations down the line. This is very similar to what the Board approved on the consent last year for CRISSA.

Motion by Board Director Smith, seconded by Board Director Bentley to approve Discussion Agenda item A. Vote taken, none opposed. Motion passed.

13. OTHER BUSINESS

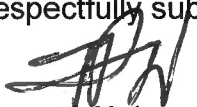
None.

14. NEXT MEETING WORKSHOP (JANUARY 25, 2022) AND REGULAR MEETING (FEBRUARY 1, 2022)

15. ADJOURNMENT

There being no further business, the meeting was adjourned at 9:56 a.m.

Respectfully submitted,


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