

**MINUTES OF THE REGULAR MEETING OF THE
SANFORD AIRPORT AUTHORITY
SEPTEMBER 13, 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. (via telephone)
William R. Miller
Stephen P. Smith
Brett Renton, Airport Counsel)
Mayor Art Woodruff, City Liaison

ABSENT: Commissioner Jay Zembower, County Liaison

STAFF PRESENT: Nicole Guillet, President & CEO
George Speake, Executive Vice President & COO
Jason Watkins, Executive Vice President & CFO
Don Degraw, Director of Maintenance
Tom Fuehrer, SAAPD Chief
Tommy Gentry, IT Director
Lori Hunt, Executive Assistant
Gino Martinez, Finance Manager
Danette Maybin, Human Resources Director
Al Nygren, Property Manager
Jeremy Owens, Senior Engineer
Lauren Rowe, Communications Director
Julie Sawyer, Executive Assistant
Jason Shippell, ARFF Chief
Roberta Stanton, Procurement Manager
Jennifer Taylor, Director of Program Administration
Danette Maybin, HR Director

OTHERS PRESENT: Angela Adams, OSI
Pierre Arnaud, VINCI
Bob Begley, CE Avionics
Sonya Brauer, SER
Elizabeth Brown, OSI
Alex Darpy, OSI
Christian Drouin, Constant Aviation
David Gierach, CPH

Jonathan Hand, CHA
Todd Knuckey, Atkins
Dave Logan, OSI
Genean McKinnon
Les Miller
Robin Neilen, Sanford Electric Company II, Inc.
Paul Partyka, NAI Realvest
Todd Payne, OSI
Doug Saunders, C&S
Matt Shelton, McKee Const.
Gregg Smith, Million Air
Scott Sturgill
Craig Sucich, Avcon
Tom Tommerlin, City of Sanford
Robert Utsey, ZHA
Raul Veizaga, OSI
Bobby VonHerbulis, McKee Const.

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

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE JOINT BOARD MEETING HELD ON AUGUST 8, 2022 AND REGULAR MEETING HELD AUGUST 9, 2022

Motion by Board Director Smith, seconded by Board Director Bentley, to approve the Minutes of the Joint Board meeting held August 8, 2022, and the Regular meeting held August 9, 2022. Vote was taken, none opposed. Motion passed unanimously.

4. LIAISON REPORTS

A. Seminole County

Commissioner Zembower was not in attendance.

B. City of Sanford

Mayor Woodruff reported that Board Director Gregg and Board Director Robertson were re-appointed to the Board for another term he congratulated them and welcomed them back. Mayor Woodruff informed the Board the City is in discussions with the Airport regarding placing advertising on the City's water tower located on Lake Mary Blvd. and he is aware of the discussions to move the proposed City of Sanford Fire Station. The

purchase of the first fire engine for that station was approved by the City Commission last evening as it takes two years to get a fire engine. The Commission's only concerns with moving the fire station are (1) avoiding any delays, and (2) that the City will not incur any additional expenses.

President Guillet informed the mayor there was a meeting with City staff on September 12, 2022, and those two issues were specifically addressed. She assured Mayor Woodruff that SAA wants the project up and off the ground as quick as possible, and that SAA staff will work with the City to keep it moving. Mayor Woodruff stated the Fire Chief is excited about the new proposed site for the Fire Station at the corner of Marquette and Skyway because it has a traffic light.

5. COMMENTS FROM THE PUBLIC

None.

6. CONSENT AGENDA

- A. Consider approval of Addendum A to Lease No. 2021-046 for Airline Training & Leasing Corporation, Building #149 located at 1673 Hangar Road, Sanford, FL 32773.
- B. Consider approval of professional services Task Order 2022-01 in the amount of \$197,125 with CPH Consulting, LLC formerly known as CPH, Inc. to provide the Stormwater Master Plan Update.
- C. **[moved to Discussion Agenda]** Consider approval of a Memorandum of Agreement to Reimburse U.S. Customs and Border Protection for the procurement and installation of data cabling and electrical components for the FIS.
- D. Approval and authorization to reallocate budget authority within existing Total appropriation in the 2021-2022 Fiscal Year Budget.

Board Director Green requested moving Consent Agenda Item C to Discussion Agenda.

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

7. PRESIDENT'S REPORT

President Guillet referenced her power point presentation, incorporated herein, and requested EVP George Speake to present, the following topics:

- Wildlife Assessment: 75% complete.
- IT redundancy loop: Work scheduled to start October 1, 2022.

- Cell phone lot lighting: Materials ordered, November/December installation.
- Airfield Electrical Upgrades: Work scheduled to start October.
- SAA Maintenance Facility Replacement: Under active procurement, short list finalized September 8th, RFP due October, anticipate bringing the recommended responder to the Board for approval December Board meeting.
- ARFF Station Building #37 Generator: bidding soon.

Paul Partyka, NAI Realvest updated the Board on Development: Mr. Partyka noted he and President Guillet met with the Vice President of Kodiak Industries the parent company of American Builders Supply, and presented him with several locations to build a new facility. Mr. Partyka noted two vacancies as - one was due to a merger, the other one former Pet Partners, declined to renew due to workforce challenge.

President Guillet informed the Board about aviation related discussions that are being held, what the possibilities are bringing leases to the Board for approval in the coming months.

OSI Contract: Jennifer Taylor reviewed the OSI Contract Score Card, distributed in the Board's packets and incorporated herein by reference: The green roof on the Welcome Center will be re-painted this month. Corridor carpeting that wasn't replaced during the Terminal Expansion project is in the process of being replaced. Last week Schindler was onsite to work on the passenger elevator that was down.

- VAV's in Terminal A
- Draft Terminal Advertising program was presented to SAA in August; SAA is awaiting implementation.
- SAA is awaiting feedback on the FIS roof report.
- SSP contract expires at the end of 2022.

Jennifer Taylor also updated the Board regarding the reporting program CMMS.

Orlando Sanford International Inc.: Elizabeth Brown introduced special guest Pierre Arnaud, VINCI Director of Aeronautical and Commercial Re-development. Ms. Brown updated the Board as follows:

- August 2022 Passengers: 208k, up 22% from the prior year; ATM's down 20% (51.4k pax) from August 2019; year over year numbers up 2% over 2021. Ms. Brown explained this is primarily due to strong performance over the summer period, and that despite aircraft crew and pilot shortages, load factors are strong, Allegiant is performing well although there is a shortage of planes.

- Industry News: waiting news on Allegiant Airlines joint venture with Viva Aerobus out of Mexico. Industry-wide, the impacts of labor shortages labor related to negotiations and labor strikes is starting to take a toll. Airlines are struggling with crews, both pilots and in-flight attendants, and this is having a big effect on airlines as they move forward in their ability to keep pilots and add new routes. Major legacy carriers have canceled routes due to pilot shortage. Allegiant is in negotiations with its pilots and they have not yet been able to agree.
- Advertising Program: The RG Media review complete, including an inventory of available space and potential new space opportunities. The program potential is estimated to be \$200,000+ in 2023. Contracts 1 expected under contract, 1 on hold, identified preferred supplier/installer with negotiated cost structure. Major Attractions focus on replacing previous major attraction for departures/arrivals lobby takeover. Advertising buys - OSI has partnered with Sanford Police Department for "National Night Out" on October 4th, and is continuing to support local events promoting the Arts in Central Florida; ad purchase with Historic Downtown Sanford's Visitors guide.
- Social Media/Marketing: social media continues to grow. OSI is seeking partnership with major sports athletes in the area, including UCF's McKenzie Milton and Isaiah Bowser who are well known in the communities that are using this Airport.

Chairman Dane inquired regarding the Airport's relationship with UCF. Raul Veizaga, OSI Marketing & Social Media Director, explained that they are working with UCF to advertise in the football stadium and the other sports on campus. Vice Chairman Robertson inquired if the Airport continued to sponsor Stetson University. Mr. Veizaga replied that it doesn't at the moment but that he and Lauren Rowe will follow up with Stetson. Chairman Dane noted Stetson University is the host university for the NCAA Tournament spring 2023 being held in Orlando.

Gregg Smith, Million Air informed the Board that UCF is flying it's football team out of Million Air this year. As well as Bethune Cookman. He added that Stetson has historically used Million Air for their basketball team.

President Guillet informed the Board that SAA recently finished open enrollment for employee benefits. Recently there was an item before the Board to hire a benefits consultant. The consultant was able to re-structure some of SAA's health insurance benefits to the point that it is now possible to offer rates for dependent coverage that are actually manageable.

Board Director Smith requested an update on the FIS project. President Guillet updated the Board multiple discussions have been held with the FAA on how to better structure the application for the BIL funding with the intentions of reapplying. With last year's program the application process rolled out before

much of the guidance was released, therefore we now know more about what is eligible. A lot of what we were seeking funding for was not eligible, but some of it is and there are some artful ways we can structure the funding application, to try to maximize the level of federal funding that we may be able to receive through that particular BIL program when the next tranche of money is released. Ms. Guillet noted SAA staff had a discussion with the new federal lobbyist last week to talk about strategies. She asked them to prioritize a plan on that and some of the other needs we might have in order to maximize grant funds. Our plan is to resubmit an application for FIS funding in the next BIL cycle; however, the notice hasn't been released yet. One of the comments from the FAA was that they weren't familiar with the project when it came to them for review. We've taken some time this go-around to get them up to speed so that they grasp the importance of the project and its components.

Discussion regarding having to re-bid the project, and additional time allowance from CBP. President Guillet stated that SAA will have to re-bid the project and that staff has spoken with CBP and updated them regarding the status. They understand that we are diligently seeking funding. They want to see that we are making a good faith effort to get it done, and they think we've done a good job in expressing that.

With respect to re-bidding the FIS project, EVP & COO George Speake informed the Board if more than a year passes since CBP last reviewed the plans, then they may require a re-design because codes and CBP regulations change.

In response to a question regarding re-locating Control Center, EVP & COO George Speake reminded the Board that the project involves relocating the Badging Department into the terminal and moving the Control Center over to Badging location. SAA staff has explored the possible areas to relocate Badging, and is looking at how we can minimize the cost. Some of that work will happen in house and some of the work will be subbed out. Jeremy Owens stated that the goal is to have badging relocated towards the end of December beginning of January, and move control no later than April.

President Guillet reminded the Board Directors to speak with Lori Hunt about business cards they requested at the last Board meeting. Additionally, Board Director SAA email addresses have been established and SAA staff will start sending correspondence to those addresses unless Board members specify otherwise.

President Guillet noted she and Chairman Dane have discussed scheduling strategic planning sessions for the Board, the first topic is capital planning & funding.

Discussion ensued regarding the intent by a Dominican Airline to start flying into SFB. Elizabeth Brown explained that the airline is called Aerojet and they are based in Santo Domingo. They have acquired a certification to fly in the Dominican Republic and the Caribbean and is working on its certification to fly in the US. It is OSI's hope that they will initialize service to OSIA in the first/second quarter next year.

Board Director Miller referenced a recent article regarding the shortage of airline pilots he didn't think the board members fully understand the status of the industry and the ramifications before us now and the years ahead.

President Guillet explained the article focuses largely on workforce challenges and she noted some of the efforts SAA has undertaken to remain competitive and attractive to the workforce. The health insurance benefits, additional leave time, and salary adjustments will continue to help SAA remain competitive.

Discussion regarding teleworking. Ms. Guillet noted that SAA staff is developing a more formalized telecommuting policy, noting that different elements of the operation are more conducive to it than others.

President Guillet acknowledged the very tragic loss in our airport family last month when Officer Andy Tedesco lost his wife. She thanked the Board, the SAA organization, and the community for the great outpouring of support during this difficult time.

EVP & COO George Speake presented an update on the Air Show:

- Saturday and Sunday the 29th & 30th of October.
- 9 a.m.-noon will be the morning event in the terminal continental breakfast, live band, terminal tours will be conducted and a new video, focusing on development & advertising will be developed.
- From noon - 3p.m. lunch on the airfield for the airshow.
- VIP guest list was emailed September 12, 2022 to the Board, please let us know if you have any comments.
- Invites to the airshow will be going out the end of September.
- Alive After 5 event on Thursday night planning to have para-jumpers, there were about 3,000 people that showed up last year.
- The Friday night event is going to be a Pilot Social and the Board will receive an invite. It will be a nice time to meet the teams and interact with them, and SAA will invite a few select others to that as well and then Saturday/Sunday is the Airshow.

Elizabeth Brown noted the Chairman of OSI's Board will be attending the first day of the Air Show, as well as the President of TBI Airport Management.

8. CHIEF FINANCIAL OFFICER REPORT

EVP & CFO Jason Watkins presented the August financial report.

- Finance/Admin Update: Migration of banking services to Truist; launch of Investment Program w/Sterling (Truist); Evaluation of replacement of payroll processing service (currently Paycor), FY22 Year End Close/Interim Audit (Oct)
- Solicitations: Generator Repair Project; Maintenance Building – Design/Build; State Lobbyist.
- RFQ (#2022-011) Maintenance Building Design-Build Short listed forms (Continue to RFP):
 - Gomez Construction
 - Mark Construction Company
 - McKee Construction Company
 - Oelrich Construction Inc.
 - Sauer Construction

9. COUNSEL'S REPORT

Brett Renton updated the Board regarding: PFAS and GOAA

10. CHAIRMAN'S REPORT

1. Chairman to appoint Sanford Aviation Noise Abatement Committee (SANAC) Chairman. Chairman Dane reappointed George Speake as *SANAC Chairman*.
2. Best of Sanford Industry Recognition Award. Chairman Dane noted the Airport was awarded Best of Sanford Industry Recognition award by My Sanford Magazine.

11. DISCUSSION AGENDA

- C. **[Pulled from Consent Agenda]** Consider approval of a Memorandum of Agreement to Reimburse U.S. Customs and Border Protection for the procurement and installation of data cabling and electrical components for the FIS.

President Guillet noted this is a request to execute a reimburse agreement with CBP relative to some computer equipment. SAA was contacted by CBP at the end of June via email indicating the CBP needed \$500,000 for computer equipment, and requested that SAA execute an agreement with CBP by the end of September. The \$500,000 was for a significant amount of computer equipment that CBP is going to need over the next few years. CBP understood the potential budget constraints, indicating in the first year they absolutely needed \$76,000 of equipment which has now been paired down to \$56,000. This first phase of the request would replace cabling and a circuit and also

involves some internet service to the facility. SAA staff has been told that the circuit is beyond its useful life and is at risk for failure which would mean we'd immediately have to shut down the FIS facility. The CBP budgeting cycle is such that we need to get this completed by the end of this month or we'll have to wait until next year. She stated her understanding was that the reimbursement request would occur much later in the year, but they need to get it into their budget. SAA staff has reviewed the OSI management agreement and staff believes this is an obligation of OSI under that agreement. OSI indicated its disagreement with this position. Because of the time constraint, SAA staff is recommending that the Board approve the reimbursement request while reserving SAA's rights to pursue performance by OSI. She noted that she did not want the execution of this reimbursement agreement to indicate that SAA is taking on that obligation contrary to the terms of the agreement.

Brett Renton explained that under the staff's recommendation, SAA would be reserving its rights to pursue whatever actions deemed necessary to enforce the contract terms. Because CBP has this deadline, SAA is moving forward with the execution of the agreement and then thereby the expenditure of the funds, and then you'll seek reimbursement from OSI for the value.

Board Director Ioppolo expressed his frustration that this issue hasn't been locked down with OSI yet, it is pretty clear in the contract, he suggested that if it's clear send them a notice of default.

Brett Renton explained it has not been resolved with OSI because their opinion is that under the contract they don't agree with our interpretation of the contract.

Board Director Ioppolo inquired of counsel is it reasonable to expect that it will be resolved by the next meeting?

Chairman Dane stated there is a level of frustration because it seems these things keep coming up and SAA does not get answers, timely from its partner on whether or not it is going to participate, and this is a small one in relation to things we've dealt with. She inquired of President Guillet how going forward she is going to manage this relationship.

Ms. Guillet felt communication is the key, and explained that we received late notice from CBP at the end of June. She noted that SAA staff have been talking to OSI but just aren't in agreement. She noted that sometimes we are just not going to be in agreement and we'll have to resolve it under the contract option. Her understanding from Ms. Brown is they are still discussing it internally, noting that SAA has not gotten a "hard no" as of yet.

Discussion ensued as to the change in the way CBP funds port facilities and there are obligations now on the airport sponsor the port sponsor that were not previously there. This is not something specific to our Airport. The FIS facility is

part of the Existing Terminal, and this is an equipment issue that SAA staff believes it is an OSI obligation under the contract.

Brett Renton informed the Board several years ago CBP changed its modeling with all airports, going to a zero-cost basis so it has zero cost to operate. If an airport wants a customs facility it has to shoulder the cost.

Elizabeth Brown informed the Board that she Ms. Guillet and the management team had the first opportunity to speak with CBP about this two weeks ago, regarding what the request was, and there was an adjustment made into the request breakdown just the circuits and cabling. OSI has some concerns that some of that circuit cabling could be lost in the FIS renovations, and that over \$50,000 is going to be spent that's just going to have to be spent a second time if the funding is awarded. CBP has indicated that it has a need for this now. In discussions with Ms. Guillet, Ms. Brown said that she indicated that OSI was prepared to partner and share in the cost. OSI is obligated to pay 100% is the point with which OSI disagree. Ms. Brown stated she just wanted it on record that OSI agreed to pay half and kick the ball down the road, so to speak, on the bigger discussion of the FIS.

Discussion ensued regarding what happens if SAA declines to approve the reimbursement agreement and believe it won't lose its international traffic. Ms. Guillet explained that there is "no penalty" so to speak from CBP standpoint, they continue to operate here. There could however be a "consequence" though in that the circuit could fail and if the circuit fails then FIS operations would have to shut down.

Motion by Board Director Smith, seconded by Board Director Gregg, to 1) Approve the Memorandum of Agreement to Reimburse U.S. Customs and Border Protection for the procurement and installation of data cabling and electrical components for the FIS; 2) Authorize the SAA President to execute the Memorandum of Agreement to reimburse U.S. Customs and Border Protection for the procurement and installation of data cabling and electrical components for the FIS and all the other associated documents. 3) Acknowledge & affirm that execution of the Reimbursement Agreement does not constitute SAA's assumption of OSI's financial and other obligations related to the matters addressed within the Reimbursement Agreement, and specifically reserve SAA's rights to enforce the terms of the Management & Operation Agreement. Vote taken, none opposed. Motion passed unanimously.

- A. Approval and authorization to establish an employee accrued vacation sell back program.

EVP & CFO Jason Watkins explained in the spirit of providing additional employee benefits which are mutually beneficial to the organization, a vacation leave sell back program has been developed.

Motion by Board Director Robertson, seconded by Board Director Smith, to 1) Approve and authorize the implementation of a Vacation/Annual Leave sell back program as described herein effective September 2022. 2) Direct staff to establish an operating procedure for the approved program. Vote taken, none opposed. Motion passed unanimously.

B. Consider adoption of Sanford Airport Authority Procurement Policy for Commodities and Services and Resolution No. 2022-07.

EVP & CFO Jason Watkins explained that, the best practice is to have a formalized procurement policy. The proposed policy has gone through many reviews, re-writes, and comparisons. In broad strokes; the proposed policy:

- Defines the approval authority thresholds as well as the internal approval limits,
- Codifies the contours of our competitive solicitation procedures and what the exceptions to those procedures would be,
- Explains the way that emergency purchases would be authorized and how those are communicated to the Board after the fact.
- Details how to handle change orders and what requires Board engagement,
- Lays the broad contours of what is expected from ethical compliance standpoint and then what the bid procedures are.

Motion by Board Director Smith, seconded by Board Director Bentley, to Adopt Resolution No. 2022-07 establishing the Sanford Airport Authority Procurement Policy for Commodities and Services. Vote taken, none opposed. Motion passed unanimously.

C. Consider approval and acceptance of the Non-Binding Letter of Intent from Blue Skies Development, LLC concerning the leasing of property.

President Guillet explained the request is for the Board to consider a letter of intent with Blue Skies Development. Over the last several months SAA staff has been in discussions with a potential developer for property that initially started off as 20 acres located to the west of South East Ramp and has evolved into a much larger project. As you will see in the letter of intent, we're now at about 110 acres of potential development. Staff is bringing a letter of intent to the Board because Blue Skies requested a more formalized memorialization of our discussions as it attempts to pursue financing and potential tenants. They intend to be the "master developer" of the property. The letter of intent lays out the generalized negotiation points that have been discussed, but it's not an exhaustive list of the issues. There are a number of things that will be addressed here that are not included in the list of negotiation points. The enumerated discussion points are still under negotiation and they may change. The letter of intent does commit SAA to

cease negotiations for six months with any other potential developers on the north and south side. There is a fee associated with that, its equivalent to an estimation of 2% of what the estimated ground lease revenues would be for the entire piece of property. If we are able to strike a deal that fee will be incorporated into the lease payments, if we don't, the fee will be paid outright at the end of the six months. Additionally Blue Skies has asked for permission to market the property as it seeks potential tenants, so there is a marketing privilege element of this, and that fee is \$500 per month. SAA would approve any marketing materials prior to distribution.

Bobby VonHerbulis, McKee Construction introduced Robin Neilen, and Les Miller of Blue Skies Development. Mr. VonHerbulis distributed a preliminary overview of what Blue Skies is trying to accomplish in this development. He referenced the arial view of property, incorporated herein, which references two development "sites".

Both sites will be developed by Blue Skies Development and both sites some of the anticipated tenants are going to be more of the smaller usage T-hangars, corporate hangars of multiple different size, and some manufacturing - as much as they can get developed in this area. Mr. VonHerbulis referenced obvious challenges with stormwater and taxiways. The first step is officially getting the fire station moved and then Blue Skies have clear access to develop the southern taxiway. Phase II is where Beardall comes in and it goes all the way to Frog Alley and over to the County Fire Station - a 55-acre quadrant.

Questions were presented as to whether Phase I and Phase II going to be done together. Ms. Guillet explained the reason that they are broken up into two pieces was because the timing of when the rent commences either at the first CO or within 18 months of the execution of the lease.

Mr. VonHerbulis explained the letter of intent allows them to get design professionals involved with surveying; to deal with stormwater management; develop an overall layout; allows the developer to advertise so that it can continue to get interested parties to consider this site. The area will be fully developed and controlled by Blue Skies, so Robin and Les will be the two that are controlling that.

Robin Neilen, Blue Skies Development stated he's excited about the project, this has been a lifetime project of his. He's been a pilot for 30+ years, owner of multiple different types of aircraft and holds multiple licenses. From his side it's a go, and he's going to move as quick as he can. He has people interested; the issue is he can't get them in quick enough. He noted that there are three guys beating on his door saying, "I want to be in within six months" and he'd be lucky to make 24 months.

President Guillet noted this is a non-binding LOI so these terms may change; this is where we are today pending other information.

Discussion ensued regarding design standards. President Guillet stated if that's something the Board wants it to discuss with Blue Skies, she is certain they want to do a quality development, that they're going to be concerned as a sub-landlord, how the development is going to look.

Motion by Board Director Smith, seconded by Board Director Bentley, to 1) Approve and Accept the proposed Non-Binding Letter of Intent as requested by Blue Skies Development, LLC concerning the leasing of the said property. 2) Authorize the SAA President and CEO to execute the Non-Binding Letter of Intent on behalf of the Authority. Vote taken, none opposed. Motion passed unanimously.

D. Consider approval of the Consent to Assignments of Concession Agreements From Hudson Sanford Joint Venture to HG Sanford Retailers JV.

President Guillet informed the Board this is a request to consider approval of two consents for assumption for Hudson Sanford Joint Venture to HG Sanford Retailers JV. This item and the next agenda item were requested by OSI to be placed on the Agenda. The concessionaire agreement contemplates assignment it just requires that it be done by writing it has historically been done by letter, we requested OSI prepare the actual consent to assignment so they would be at the same level of integrity as the actual agreement.

Elizabeth Brown explained there are no changes to the terms of the agreement, and that the agreement with Hudson expires at the end of October 2023 and this is only for that period of time. She also noted that the assignment to this organization is actually the introduction of ACDBE participation which will bring their level of participation to 15%.

Motion by Board Director Miller, seconded by Board Director Robertson, to Approve the Consent to Assignments of the following agreements by Hudson Sanford Joint Venture to HG Sanford Retailers JV: 1) Amended and Restated Retail Sales Concession Agreement for News and Gift and Specialty Retail dated October 20, 2008; 2) Amended and Restated Concession agreement OSD 2001-200; 3) Authorize the SAA President to execute necessary documents. Vote taken, none opposed. Motion passed unanimously.

E. Consent approval of the Third Amendment to Amended and Restated Retail Sales Concession Agreement for Duty-And Tax-Free Goods and Consent to Assignment.

President Guillet noted this is an amendment to the concession agreement with World Duty Free and involves some material revisions to the actual concession agreement. This is something that was negotiated by OSI; SAA

wasn't involved in these original negotiations. The changes involve a reduction in rental space as well as a reduction in the rental rate. This was initially discussed as a reaction of the impacts of Covid, and we have also seen an impact in the reduction of international traffic, those are the reciprocating issues that are related to the proposed revisions.

Elizabeth Brown explained there has been a big change in the names of this duty-free operator, World Duty Free, and that they are affiliated with Hudson. Leading up to the pandemic the Airport saw a reduction in international traffic. There was a clause in this agreement that actually required its Airport to have 350,000 international passengers which we had not had for quite some time. This operator had the right to terminate the agreement if the traffic load was not met but they chose not to. They chose to remain here and from our perspective as we look at development in the future it's important for us to have a duty-free operator, we know that we will see more international traffic, we've seen the introduction of Canadians. We expect to see Aerojet which we spoke about earlier, and a joint venture with Allegiant so there's a lot of good reasons for us to be supportive of this partner to us whose continued to operate here even though it's been a very challenging situation. This amendment allows them to introduce the ACDBE partner bringing them also up to the 15%. We feel that we are vulnerable right now if we lose duty free it will be difficult for us to gain another duty-free operator certainly in the next couple of years, so we feel its important that we work with them. The contract expires the end of March 2023, so we are only looking at a change that is effective for 6.5 months, and that gives us an opportunity to conclude the redevelopment commercial program to discuss with them what they might be doing in the future regarding duty free. The last piece is a significant reduction in space largely due to the fact that there is a reduction in international traffic, they did want to give back their large space which is close to the sky-deck. We were interested in gaining that space back because that's the area where we want to develop the new restaurant which we think will be a better revenue earner in that location for a duty-free operator that doesn't need as much space as they did back in 2006 when we had a million British passengers.

If the Board approves the request this would right size them, they have continued to pay us throughout, and have never defaulted.

Motion by Board Director Smith, seconded by Board Director Bentley, to 1) Approve the Third Amendment to Amended and Restated Retail Sales Concession Agreement for Duty-And Tax-Free Goods and Consent to Assignment. 2) Authorize the SAA President to execute necessary documents. Vote taken, none opposed. Motion passed unanimously.

- F. [withdrawn] Consider approval of the changes made to the Air Service Incentive Agreement with Swoop and Flair Airlines.

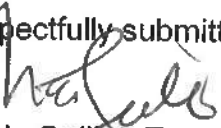
12. OTHER BUSINESS

13. NEXT MEETING REGULAR MEETING (SEPTEMBER 13, 2022)

14. ADJOURNMENT

There being no further business, the meeting was adjourned at 11:03 a.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Nicole Guillet', is written over the typed name and title.

Nicole Guillet, Esq., AICP
President & CEO
/lh