

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

PRESENT: Jennifer T. Dane, Chairman
Clyde H. Robertson, Jr., Vice Chairman
Kenneth Bentley, Secretary/Treasurer
Tom Green
Chick Gregg, Sr.
William R. Miller
Stephen P. Smith
Brett Renton, Airport Counsel
Mayor Art Woodruff, City Liaison

ABSENT: Benny Crosby
Frank S. Ioppolo, Jr.
Commissioner Jay Zembower, County Liaison

STAFF PRESENT: Nicole Guillet, President & CEO
George Speake, Executive Vice President & COO
Jason Watkins, Executive Vice President & CFO
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, VP of Engineering and Maintenance
Lauren Rowe, Communications Director
Roberta Stanton, Procurement Manager
Jennifer Taylor, Director of Program Administration
Danette Maybin, HR Director

OTHERS PRESENT: Bob Begley, CE Avionics
Elizabeth Brown, OSI
Dave Logan, OSI
Genean McKinnon
Jeremy Morton, CPH
Paul Partyka, NAI Realvest
Todd Payne, OSI
Doug Saunders, C&S
Gregg Smith, Million Air
Craig Sucich, Avcon
Raul Veizaga, OSI

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

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING HELD ON SEPTEMBER 13, 2022

Motion by Board Director Smith, seconded by Board Director Bentley, to approve the Minutes of the Regular meeting held September 13, 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 Lake Monroe continues to rise post Hurricane Ian; the Riverwalk is flooded; and crews are working tirelessly because the main drainage is completely overwhelmed. Nineteen homes reported severe flooding leaving the houses inaccessible. The residents of the Marina Isle Waterfront assisted living facility were to be evacuated on October 14 due to rising levels of Lake Monroe and Florida Power & Light issues.

Board Director Bentley thanked Mayor Woodruff, City Manager Norton Bonaparte, and all the City of Sanford employees for their response to Hurricane Ian.

5. COMMENTS FROM THE PUBLIC

None.

6. CONSENT AGENDA

- A. Consider approval of Addendum D to Lease No. 2013-003 for the Toro Company d/b/a Toro AG, building #437 located at 1210 E. 29th Street, Sanford, FL 32773.

- B. [moved to Discussion] Consider approval of Addendum G to Lease No. 2002-013 for the Toro Company d/b/a Toro AG, buildings #438 & 422 located at 3000 S Mellonville Ave., Sanford, FL 32773.

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

Motion by Board Director Smith, seconded by Board Director Bentley, to approve Consent Agenda item A. 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 present, the following topics:

- Wildlife Assessment: 80% complete.
- IT redundancy loop: Work starts this week.
- Cell phone lot lighting: Materials Ordered, Nov/Dec installation.
- Airfield Electrical Upgrades: Kickoff Meeting 10/20.
- SAA Maintenance Facility Replacement: Under active procurement.
- ARFF Station Building #37 Generator: Under active procurement.

President Guillet updated the Board regarding Hurricane Ian response at the Airport:

- Executive Team on site during the storm; the Airport assets experienced minimal damage.
- The information line was manned until 11 p.m. to update passengers.
- Some tenant facilities were impacted; insurance broker was on site evaluating damage immediately after the storm.
- Staff is tracking costs for FEMA reimbursement.

President Guillet thanked EVP & COO George Speake and EVP & CFO Jason Watkins for preparing the Airport prior to the storm and implementing recovery. She credited staff's preparedness for the lack of substantial damage. The Airport re-opened that Friday after the storm with 5 flights.

Discussion ensued regarding damage including minor road flooding; gutters blown down at the sky deck; leaks in the terminal; impacts to the retention pond located to the southeast; and damage to tenants Hill Dermaceuticals & Constant Aviation.

Elizabeth Brown, President OSI explained crisis team from operations was on site throughout the storm & that janitorial staff stayed to assist with recovery. She noted that Advanced Roofing has been asked to do a site visit & inspect the terminal facility. Allegiant pulled all assets out late Tuesday and they were focused on Punta Gorda and St. Petersburg. Punta Gorda had 9' water and

will have to replace the airfield. Allegiant's Sun Seeker development was also damaged.

Orlando Sanford International Inc.: Elizabeth Brown updated the Board as follows:

- September 2022 Passengers: 151K up 21% from the prior year and 5% below 2019; ATM's are in line with last year, but YTD is still above previous year by 2%.
- Industry News: Canada has dropped all Covid requirements.
- Air Service/Commercial/Marketing: Attended the Florida Governor's Conference (the Visit Florida Annual Meeting) in Boca Raton, August 31- September 2; Attended the ACI-NA Conference in Minneapolis, September 16-20; Held concession meetings with commercial partners SSP and Hudson during the ACI-NA Annual Conference; VINCI executives, Pierre Abignano and Alvaro Leite visited SFB the week of September 12 to review and advise on the traffic, air service, and commercial development; Held follow up meetings with 3 major airlines in Minneapolis, Denver, and Dallas in September; OSI has 13 airline meetings scheduled at the upcoming Routes World Conference in Las Vegas, October 15-18; and VINCI Airports will be hosting an invitation only reception at Routes World airline service targets.
- Marketing: The Airport conducted a water safety day at the airport before Labor Day weekend; Orlando Sanford International is partnering with content creators that highlight family travel, Central Florida tourism attractions and the convenience and ease of traveling through SFB.
- Advertising Program Potential Sells; Orlando North, Mainstreet Sanford; Historic Downtown Sanford; and Westgate River Ranch Resort & Rodeo. New Get Up & Go Kayaking (glass bottom kayaks) and Destination Sitters (hotel babysitting and childcare) are coming for a tour.
- Social Media/Marketing: social media served as a place for passengers and the public to keep updated through Hurricane Ian. Passengers were able to message the Airport with questions and concerns. Social media growth continues with collaborations with Mackenzie Milton and YouTube content creators.

Discussion ensued regarding Joint meeting with VINCI and OSI's 2022 Capital Improvement Plan. Chairman Dane requested an update of the Capital Improvement Plan.

Paul Partyka, NAI Realvest updated the Board on Development: American Builders Supply/Kodiak discussed building a campus on site. Of the two vacancies reported in September, the former veterinarian office and warehouse, three people are interested in the warehouse and an electronics company is interested in the veterinarian office.

Discussion ensued regarding the hotel being constructed along Lake Mary Boulevard.

Discussion ensued regarding the Kings Crossing development and the proposed location for the traffic signal.

Discussion ensued regarding renewals of leases and comparison with market. Board Director Green suggested that if a renewal is not a fixed obligation the extension should be brought to triple net. Mr. Partyka noted for any future tenants we have adjusted our pricing and also on the triple net lease. Paul Partyka noted the veterinarian clinic lease rate went from \$13 to \$15 triple net.

President Guillet noted on non-aviation pieces we rely on Paul Partyka to advise us what the market rate is. Staff has ordered an update to the latest appraisal on aviation property because there are a number of pending deals out there, we wanted to make sure that we had an up-to-date appraisal.

OSI Contract: Jennifer Taylor reviewed the OSI Contract Score Card, distributed in the Board's packets and incorporated herein by reference:

- Airline Agreement – revised Air Service Incentive Program for both Swoop and Flair are before the Board on the Discussion Agenda.
- SSP contract expires at the end of 2022. OSI in negotiations with SSP and intends to present contract to the SAA management team for review; planning to bring the final contract to the December Board meeting.
- Facilities Maintenance – the outstanding issues with elevator 8 are still being worked on by Schindler. Freight elevator 9 is out of service with no plan as to when that will be replaced or fixed.
- SAA is awaiting feedback on the FIS roof report.

Board Director Miller asked why SAA didn't know when the elevator would be fixed.

Elizabeth Brown President of OSI, stated that OSI hired an outside consultant to do a full internal and external assessment of all the elevators and escalators in the building to develop a recommended approach for all elevators & escalators, so that they can appropriately plan over the next several years. She noted that elevator 9 is a freight elevator that gets little use; explaining that it's usually used to move items from the bonded customs storage area. OSI had hoped that it would be able to use the board from the passenger elevator that is under repair right now but that board was blown. They now need to do a full assessment to understand what needs to be done to that elevator.

Discussion ensued regarding alternatives to the out of service elevator.

Elizabeth Brown explained that OSI has people stationed near the passenger elevator that has been down near gates 5-9, to ensure it moves people to the other passenger elevator in what used to be called terminal B. The freight elevator is not used by the public, and it is only used occasionally by a tenant and it has other access.

Board Director Miller inquired of staff how it manages the issue Ms. Brown discussed.

President Guillet shared that she believes that the concept of having an outside entity assess the facilities is a good idea, however she expressed her concern regarding the timing of it, as the condition of the elevators has been known for a while. She noted that this issue was discussed with ODSI at a recent meeting intended to review the status of OSI's capital plan. One of the other things discussed was SAA's expectations that next year's budget would have sufficient capital to address known issues and that OSI initiate projects at the very beginning of the year instead of waiting until well in to the fiscal year. SAA's obligation is to make sure they are executing the budget presented to SAA. She shared that she expressed a concern to Ms. Brown that there was a lot that hadn't been accomplished yet this year with only three months left in their budget year. In order to make sure identified needs get addressed, it is important that OSI hit the beginning of the fiscal year running and that projects do not get pushed to the end. She understands that there may be reasons for items to get moved further in to the year and expressed the need for better communication of expectations to OSI.

Elizabeth Brown explained nothing has been delayed on the escalators and elevators related to the Capital Plan. She said OSI tried to fix the passenger elevator but there was a supply chain delay and we couldn't get the parts and they didn't arrive until last month.

President Guillet noted OSI has known many elevators are at end of useful life; that was reported to OSI in a report from Schindler two years ago; however, they are just now doing the assessment. There is an issue on timing and the need that OSI is staying on top of timing and that the Airport is not in a situation where two elevators are out of service as we are currently experiencing. That is a concern from an operations standpoint. She is not opposed to the concept of having a third party to access, her concern is the timing of the assessment. That is complicated with a concern that 75% of the capital budget has not been expended yet and the fiscal year is coming to a close. That indicates perhaps a deficient investment in the terminal.

Elizabeth Brown clarified that one elevator has been out for several months and the Board was made aware. OSI got it running, but it got hit by a power bump, knocking out the board. OSI couldn't get the board replaced. Then have supply

chain issues with the board; there are no other elevators that are out in the building that are serving the passengers.

Discussion ensued regarding Schindler's assessment that indicates that many elevators were at "end of life". Ms. Brown stated OSI doesn't trust Schindler's assessment and her belief is that there is a need to go to an outside agency to provide a proper assessment.

Board Director Smith asked Ms. Brown if the consultant evaluate and fix the elevator. Ms. Brown replied the consultant will give us a full assessment so that OSI can then come back and create a plan so that the Board and SAA management team have confidence in the planned replacement of these elevators and escalators in the terminal building. She noted that Schindler has a vested interest to sell us whatever they can at the highest cost.

Discussion ensued regarding forward thinking with replacement all of the major systems between now and the end of our contract.

Ms. Brown informed the Board OSI is taking a look at its long-term business planning, including capital investments. She noted that OSI does not feel it should have to replace equipment simply because it is determined to be at "end of life" if it's fully operational. OSI's expectation is that the elevator assessment will not take months. The consultant has represented that OSI will see a report in the next couple of weeks.

Ms. Brown informed the Board she is happy to come back to this Board and provide them with their five-year capital plan.

President Guillet noted that this discussion, has reinforced the need to make sure we are all on the same page. The concept of end of life is important to SAA because of the way the contract is structured and how responsibility shifts after a certain period of time. It is really important for us that things get done when they are supposed to be done and not be delayed until later in the contract. She noted that the "run to failure" model was not SAA's expectation.

Ms. Brown replied part of the issue for OSI is even though there is an elevator that has a "useful life" of 20 years and at year 20 if it's working perfectly, it should not be replaced. And there is prerogative within the contract for OSI to make that decision and we appreciate and hear the concerns. She felt the concern from the management team and from this Board is that OSI will deliberately push off capital investments so there is more of that cost pushed on the Airport Authority which is why it's important we do an outside review and we all sit down and agree as to what replacement should be so that there's not this feeling from this Board of Directors.

Ms. Brown informed the Board that OSA has reviewed its five-year plan, any may go make changes to it based on what the pending assessment demonstrates. She noted that she would be happy to share that with the Board so that everybody has a better understanding of our plans. She didn't think anybody is disagreeing that things should be replaced before it breaks or has a massive failure; noting that we had planned for this particular elevator to be replaced this year, but unfortunately it did get hit by a power bump and the board is obsolete.

Chairman Dane requested a report reflecting what OSI presented last fall when we had the joint meeting, and the status of the progress she requested a five year look back.

Jennifer Taylor referenced escalator 5 which is the customs escalator is out of service OSI is waiting on parts. Discussion regarding how the passengers get from customs to the baggage claim; they use the stairs or elevator.

Ms. Taylor addressed the FIS roof repairs, OSI had Advanced Roofing come out; they are waiting on a report to be sent to us. The parking garage contract was received yesterday; SAA is unaware of the schedule. With respect to terminal advertising, OSI shows it has some things in the works; SAA is still waiting to see those. Regarding the request for performance criteria and standards, OSI will start doing surveys this month and it will take a quarter to get some information.

Elizabeth informed the Board that at the November Board meeting OSI would like to make a presentation to address the KPI metrics the comparisons required by the contract and make a presentation on the ACI Airport Service Quality which is a comparison of all airports that participate in this program. The survey looks at the delivery of services and compares an airport's operation against itself every quarter and other comparable airports and airports worldwide. There are 17 airports that participate in the Vinci network and there are 5 airports in the US that are similar size to us that participate.

Jennifer Taylor noted we're still working through the CMMS reports and getting all the data in there for some other contracts.

Elizabeth Brown informed the Board OSI hopes to have a new General Counsel before next Board meeting.

EVP & COO George Speake distributed the Airshow challenge coins to the Board.

George updated the Board that a new SFBee costume has been ordered it is being made in Canada. Invitations for the airshow are going out today for the VIP event lists; looking for RSVP's by the 14th of October.

8. CHIEF FINANCIAL OFFICER REPORT

EVP & CFO Jason Watkins presented the September financial report including:

- Finance/Admin Update: Performance appraisals due this month; Finance chart of accounts are being restructured to isolate airfield & real estate expenses; FY Interim Audit is underway.
- Solicitations: Maintenance Building – Design/Build – RFP; State Lobbyist - RFP

9. COUNSEL'S REPORT

Brett Renton updated the Board regarding: PFAS and GOAA.

10. CHAIRMAN'S REPORT

Chairman Dane thanked staff who stayed onsite during Hurricane Ian, they left their families at home to protect the Airport. That's a big deal and it's not lost on the Board. She recognized the amount of time and sacrifice staff committed & thanked them on behalf of the Board.

Chairman Dane noted next month is the Board's election cycle. She has loved being the Chair, and would happily serve again, noting that there are several things in the works that she would like to see things to the end.

11. DISCUSSION AGENDA

- B. **[Pulled from Consent Agenda]** Consider approval of Addendum G to Lease No. 2002-013 for the Toro Company d/b/a Toro AG, building #437 located at 1210 E. 29th Street, Sanford, FL 32773.

Board Director Green stated he requested pulling this item from the Consent Agenda and inquired do we have any obligations tenant improvement wise? President Guillet replied they are triple net, and Toro that is one of SAA's best tenants.

Board Director Green requested in the future to see pictures of the buildings, not only the arial view.

Motion by Board Director Green, seconded by Board Director Smith, to 1. Approve addendum G to Lease No. 2002-013 for the Toro Company d/b/a Toro AG Buildings # 438 & 422 located at 3000 S. Mellonville Avenue, Sanford, FL 32773. 2. Approve the SAA President to execute necessary documents. Vote taken, none opposed. Motion passed unanimously.

- A. Consider approval of the changes made to the Air Service Incentive Agreement with Swoop and Flair Airlines.

President Guillet informed the Board this is something that began before her tenure at the Authority, noting that the staff report outlines the changes. In December the Board approved incentive agreements for Swoop & Flair, they were based on a template that the Board also approved at that time. Since then, conditions have changed including the ongoing restrictions on Canadian travel. In the interim, the OSI team has been working with Swoop & Flair, developing with some revisions to the agreements. The proposed revision decreased the obligations on a part of the airlines to receive the incentives.

Ms. Brown explained that OSI worked three years to get Swoop & Flair to come in and start services and the incentive program was part of the negotiations. One of the things Todd Payne has done since joining OSI is to strategize and standardize across the board.

Todd Payne, OSI noted the incentive programs involve two components, one is air service fee reduction and the other is marketing. The air service marketing funds underwrite the cost promoting new service. The Canadian carriers started service in October of last year, the pandemic worsened and the situation got difficult in Canada. The Canadian government required all Canadian passengers to undergo a Covid test that was more expensive than the airfare. In addition to that, they put a new regulation for people who were not vaccinated at the time. The Canadian government also required children to quarantine for two weeks after returning from a trip to Florida. As a result, the airlines were really crushed right at the start. It's not unusual in an air service program to have some flexibility. As a result of that OSI looked at specifically the air marketing portion of the incentive and allowed the airlines to reduce their threshold in order to receive the marketing funds. They went from minimum of eight flights in the peak season and three in the off-peak to six flights in the peak and two in the off peak. And also, we delayed the start of the air service marketing program from October to the beginning of January because we knew they wouldn't qualify for the initial threshold. Efforts were made to try and address the airlines' concerns and we feel the airlines appreciated that. Swoop is going to add another market, adding service to Ontario. Todd noted in the future if there is any need or adjustment for an airline marketing incentive, it will be brought to the Board's attention earlier in the process.

Discussion ensued regarding the money for the airline incentives, was it money that the Airport received from Seminole County. President Guillet informed the Board that the funds for these incentives was budgeted by SAA and is not from Seminole County. She clarified this is a special circumstance because of what was going on in Canada, and didn't want the Board to think all incentives would be structured this way, it's going to be very dependent on the individual airlines. These air service agreements, will come to the Board, there

is a template that will be the basis for negotiations, but every incentive agreement will come to the Board.

Discussion ensued regarding the load factors on these two Canadian Airlines. Elizabeth Brown indicated that they are in the 70's and prior they were in the 40's. Ms. Brown explained these are both two solid carriers, Swoop is an ultra-low-cost subsidiary of West Jet Airlines which is the second largest airline in Canada. Flair Airlines is an airline that has been around 10 years, 25% of their ownership is here in Miami, Florida, and they both have strong US flying programs. We expect to see an increase in their service this winter with all the restrictions coming down in Canada.

Todd Payne noted he anticipates they will be flying over the initial eight weekly and three minimum in the coming seasons schedule.

Motion by Board Director Robertson, seconded by Board Director Smith, to approve the changes made to the Airline Incentive Agreement with Swoop and Flair Airlines. Vote taken, none opposed. Motion passed unanimously.

B. Maintenance Department Reorganization.

EVP & COO George Speake explained to the Board, that the Director of Maintenance resigned in September, and Jeremy Owens was appointed as the interim Director of Maintenance. This Agenda item is requesting approvals from the Board for changes in the staffing structure of the Maintenance Department. One is the leadership of Maintenance, and the request is to reclassify the Senior Engineer position to VP of Engineering & Maintenance position which would oversee both engineering & maintenance division. With this shift the Assistant Director of Maintenance would take on more responsibility, justify a small increase in pay as detailed in the memo. One of the things workforce challenges is finding appropriate candidates to fill the trades positions. It's been a very difficult environment to hire those people. The recommendation is to establish a position for a skilled expert handyman who could then train other members of the team. This would allow the authority to hire people that are coming out of high school and looking for a career opportunity with training. This would also give members of the SAA Maintenance team an opportunity to move into building maintenance and potentially up in the organization. The proposed changes do not add to the head count and will save roughly \$50,000 in salaries.

Board Director Bentley inquired of Jeremy Owens was he okay with these changes. Mr. Owens replied yes, he is fine.

Discussion ensued regarding the \$50,000 savings in salary, clarifying that did not include ancillary costs. EVP & CFO Jason Watkins explained with 20% FICA/FRS and 25% health insurance the real number is probably \$70,000.

Motion by Board Director Gregg, seconded by Board Director Smith, to approve Discussion Agenda item B. Vote taken, none opposed. Motion passed unanimously.

12. OTHER BUSINESS

Elizabeth Brown introduced OSI's new IT Director, Steven Stetz. And noted at the November Board meeting she'll be able to introduce OSI's new general counsel.

13. NEXT MEETING REGULAR MEETING (NOVEMBER 1, 2022)

14. ADJOURNMENT

There being no further business, the meeting was adjourned at 11:01 a.m.

Respectfully submitted,



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