

Hillsborough County Aviation Authority  
Regular Board Meeting

Thursday, 9:00 a.m.  
May 4, 2017

A Regular Board Meeting of the Hillsborough County Aviation Authority was convened in the Boardroom, Main Terminal Building, Level 3 at Tampa International Airport, Tampa, Florida, on Thursday, May 4, 2017.

Members present were: Robert I. Watkins, Gary Harrod, Mayor Bob Buckhorn and Commissioner Victor Crist. Chairman Watkins announced that General Chip Diehl would not be in attendance.

Aviation Authority staff members present were Chief Executive Officer Joseph W. Lopano, General Counsel Michael Stephens, Al Illustrato, Damian Brooke, Chris Minner, John Tiliacos, Janet Zink, Michael Kamprath, Jeff Siddle, Ed Haines, Elita McMillon, Ann Davis, Beth Zurenko, Violet Cummins, Laurie Noyes, Chief Paul Sireci, Police Officer Virt, Dan Johnson, Lloyd Tillmann, Laura Tatem, Teresa Howell, Dominic Macrone, Rob Porter, Adam Bouchard, Randy Forister, Kari Goetz, Marcus Session, Tom Thalheimer, Emily Nipps, James Tarro, Kenneth Strickland, T.J. Rutherford, Irene Pierpont, Brett Fay, Mark Pereira, Danny Cooper and Danny Valentine.

Chairman Watkins welcomed everyone to the Regular Board Meeting of May 4, 2017. Chairman Watkins advised the audience that anyone wishing to comment on propositions brought before the Board should see Violet Cummins, Board Services Administrator, for a form. He then asked everyone to stand for the Pledge of Allegiance.

Chairman Watkins advised the audience that all members had received a copy of the Agenda prior to the meeting and had a chance to review it in advance. Before proceeding he informed the audience that Mr. Lopano had something to share with the Board.

Mr. Lopano reminded the Board that at the April Board Meeting General Counsel Stephens had advised of the possibility of holding an Attorney-Client Closed Session at the May meeting. Mr. Lopano informed the Board that there would be no need to hold that Closed Session.

Chairman Watkins then called for a motion to approve the Agenda for the Meeting.

Upon motion by Mayor Buckhorn, seconded by Gary Harrod, the Agenda was unanimously approved by all members present.

Chairman Watkins proceeded to the Public Comments section of the meeting. Hearing none the Chairman asked General Counsel Stephens if there were any abstentions that needed to be read into the record. General Counsel Stephens reported no abstentions to be read from the April 6, 2017 Board Meeting and he did not anticipate any from this Meeting.

Chairman Watkins then called for a motion to approve the Minutes of the Regular Authority Board Meeting of April 6, 2017.

Upon motion of Commissioner Crist, seconded by Mayor Buckhorn, the Minutes of the Regular Authority Board Meeting of April 6, 2017 were unanimously approved by all members present.

Chairman Watkins then called upon Mr. Lopano to present his Management Report.

Mr. Lopano asked Chris Minner, Executive Vice President of Marketing and Communications, to give his report. Mr. Minner announced that the Authority was up  $\frac{1}{2}$  of a percent for the month of March, which meant that the month of March 2017 was the busiest month in the history of Tampa International Airport. That reflected additional services year-over-year on Delta to Boston, Spirit to Boston and Baltimore and Frontier's flights to Las Vegas and Cincinnati. On the international side, the Authority was up almost 1% driven by Copa Airlines who saw a 30% increase in total passengers based on operating larger equipment into Tampa International Airport.

On April 7<sup>th</sup> the Authority launched new nonstop flights on West Jet to St. John's. These are seasonal flights which operate on Fridays during the month of April and May. Additionally, both JetBlue and Spirit Airlines will be adding another gate to their leaseholds. This means a total net additional revenue to the Authority of \$273,000 per year.

Damian Brooke, Executive Vice President of Finance and Procurement, provided an overview of the Authority's traffic and financial performance for the first six months of the year. Overall, traffic has come in very much on plan, but financials are coming much stronger than expected due to the combination of revenues being above the six month target and expenses coming in significantly below budget. Tampa International Airport served just over 9.8 million passengers during the October through March period. International traffic came in almost 2 1/2% up over the same period last year. The Authority had originally projected in the budget about a 3% growth for the back half of the year. With the capacity numbers, the Authority now thinks those numbers are going to come in somewhere in the 4 to 6% range year-over-year.

Mr. Brooke reported that the Authority had a very strong first six months of the fiscal year. Expenses came in quite a bit below budget for this period. In revenues, the Authority totaled about \$107.2 million. That beat budget by just over \$600,000. The Authority's food, beverage and retail concessions were a predominant driver of the revenue overage during the first six months, significantly outpacing budget by almost \$1.4 million dollars. For the same period, the rental car

business came in about 1.9%, or about \$350,000, below budget and parking ground transportation for the first six months was about \$1.6 million below budget. This was due to construction. Cargo revenues for the past six months were up about 8% to budget. General Aviation revenues beat budget by almost 6%.

Expenses for the first six months as a whole came in around \$3.9 million under budget. Personnel cost came in at about 2.6% or around \$840,000 under budget, contracted services at about \$1.3 million under budget, contractual maintenance at about \$350,000 under budget, supplies and material at about \$230,000 under budget, utilities at about \$275,000 under budget and debut service totaled \$24.8 million and beat budget by \$183,000. After revenue sharing and airline settlement, the Authority generated almost \$20.2 million to its bottom line during the first half of the year. That's about \$3.5 million or 21% better than expected. Cost per enplanement came in at \$5.30, which is \$.01 below budget.

This concluded Mr. Lopano's Management Report.

The Chairman then asked if anyone had any items they would like set aside for further consideration on the Consent Agenda. Hearing none, Chairman Watkins then called for a motion to approve the items in the Consent Agenda.

Upon motion of Mayor Buckhorn, seconded by Gary Harrod, the Consent Agenda was unanimously approved by all members present.

The following items were contained in the Consent Agenda.

#### CONSENT ITEM G1

Amendment No. 1 to Airport Shared Ride Services Agreement, The Limo, Inc., Tampa International Airport, Resolution No. 2017-25.

On April 5, 2012, the Board awarded an Airport Shared Ride Services Agreement (Agreement) to The Limo, Inc., which operates as Super Shuttle, to provide on-demand, door-to-door, shared-ride services for passengers traveling to and from Tampa International Airport and three service areas: Hillsborough County, Pasco/Hernando Counties, and Pinellas County. The initial term of the Agreement was August 1, 2012 through July 31, 2017 with three, one-year renewal options at the sole discretion of the Authority Board.

Under the Agreement, The Limo, Inc. pays the Authority the greater of a minimum annual privilege fee (MAPF) or an annual deplaned passenger fee (ADPF).

This Amendment No. 1 exercises two of the three, one-year renewal options, thereby extending the expiration date of the Agreement to July 31, 2019; authorizes the remaining renewal option to be approved at the discretion of the Chief Executive Officer; and provides for a new method for payment of fees upon the installation and commissioning of the Automatic Vehicle Identification (AVI) system. The AVI system will enable the Authority to charge a per-trip fee for ground transportation vehicles utilizing Airport facilities. The per-trip fee will be approved by the Board at a later date and incorporated into the Agreement by letter. Upon installation of the AVI system, The Limo, Inc. will pay the Authority the greater of the MAPF or the vehicle per-trip fees, which will replace the ADPF payment option.

Management recommended adoption of Resolution No. 2017-25.

Resolution No. 2017-25 approved and authorized the execution of Amendment No. 1 to Airport Shared Ride Services Agreement at Tampa International Airport with The Limo, Inc.; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

#### CONSENT ITEM G2

Approval for Demolition and Disposal: 4747 N. Westshore Boulevard, HCAA Project No. 6000, Tampa International Airport, Resolution No. 2017-27.

Under Board Policy P852, Real Estate Services – Land Disposition, a building or structure permanently affixed to real property may be demolished or otherwise disposed of only upon approval by the Board by resolution.

The building located at 4747 N. Westshore Boulevard was built in 1992 and was used for a gear manufacturing and repair business. It was acquired by the Authority in 2014 under the Drew Park land acquisition program in accordance with FAA Advisory Circular No. 150/5100-17, Land Acquisition and Relocation Assistance for Airport Improvement Program (AIP) Assisted Projects. The building is in poor condition and has been identified for demolition, consistent with the FAA Advisory Circular. The building is surplus to the Authority's needs.

This item establishes the building located at 4747 N. Westshore Boulevard, as surplus and authorizes demolition and disposal by one or more qualified demolition contractors procured in accordance with Authority Standard Procedure S410.10. The total engineering estimate for demolition of the building is \$180,000, including asbestos surveys and abatement.

This item is included in the Capital Budget.

Resolution No. 2017-27 declared the building located at 4747 N. Westshore Boulevard as surplus; approves and authorizes the demolition and disposal of such building; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

### CONSENT ITEM G3

Consent to Assignment and Assumption Agreement, USO Central Florida, Inc. and United Service Organizations, Inc., Tampa International Airport, Resolution No. 2017-28.

Since August 1, 2012, USO Central Florida, Inc. (USO) has leased 1,134 square feet of office space on the Ticketing Level of Tampa International Airport (Airport) pursuant to a Space Rental Agreement (Agreement) to support its non-profit mission of providing information and services to military personnel and their families. The Agreement is for a term of five years with one five-year renewal option upon approval of the Authority's Chief Executive Officer. No rental payment is required of the USO, provided it continues to provide the services specified in the Agreement, does not adversely impact the operations of the Airport, remains a non-profit corporation, and does not violate any terms of the Agreement.

The entity known as USO Central Florida, Inc. is being dissolved. Existing contracts to which it is a party will now be administered through the USO headquarters in Arlington, Virginia. The Authority's consent is required for the assignment and assumption of all rights, interest, and obligations of USO under the Agreement to United Service Organizations, Inc. No changes are being made to the USO operations at the Airport.

Management recommended adoption of Resolution No. 2017-28.

Resolution No. 2017-28 approved and authorized execution of the Consent to Assignment and Assumption Agreement at Tampa International Airport between USO Central Florida, Inc. and United Service Organizations, Inc.; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

### CONSENT ITEM G4

Letter of Agreement, Pearl Warehousing and Logistics, LLC and Atlas Air, Inc., Tampa International Airport, Resolution No. 2017-31.

Cargo Building Space Rental Agreement, Atlas Air, Inc., Tampa International Airport, Resolution No. 2017-32.

Pearl Warehousing and Logistics, LLC (Pearl) previously leased Suite 1400 of the Authority's Cargo Building (Premises) pursuant to a Cargo Building Space Rental Agreement, dated September 8, 2010 (Pearl Agreement), which was terminated by Pearl on November 8, 2014. The Pearl Agreement requires Pearl to continue to reimburse the Authority for the Company's Improvements Rent (CIR)

after termination thereof until paid in full or until a replacement tenant is secured. If a replacement tenant is secured prior to the CIR being paid in full, the obligation to pay the remaining balance passes to the new tenant. Pearl has continued to reimburse the Authority for its CIR at the annual rate of \$8,894.04, payable in monthly installments of \$741.17. The entire balance is due to be paid in full in 2041.

Atlas Air, Inc. (Atlas) desires to lease the Premises from the Authority under a Cargo Building Space Rental Agreement (Agreement). Atlas and Pearl have executed a Letter of Agreement (LOA) to clarify responsibility for repayment of the CIR to the Authority during the term that Atlas leases the Premises. The Authority’s approval of the LOA is required. The LOA commences May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by Atlas and approval of the Authority’s Chief Executive Officer or designee. Atlas may terminate the LOA upon 180 days’ written notice to Pearl and the Authority. Atlas will assume the obligation for repayment of the CIR during the Agreement but will not be responsible for repayment of the CIR after termination of the Agreement. Upon completion of the term or earlier termination of the LOA, Pearl will retain the obligation to repay the outstanding balance of the CIR to Authority. Pearl’s obligation will continue until the CIR is paid in full or until the Authority executes a subsequent space rental agreement with a replacement tenant. Atlas will use the Premises to provide support for ground operations, offices, stores, and maintenance.

The Agreement with Atlas is for 5,120 square feet of operations space. The Agreement commences on May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by Atlas and approval of the Authority’s Chief Executive Officer or designee. Either party may terminate the Agreement upon 180 days’ written notice. Rents for the Premises for FY2017 are as follows:

<u>FY2017 Rents – 5,120 Sq. Ft.</u>	<u>Rate</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Cargo Building Rent	\$9.15	\$46,848.00	\$3,904.00
O&M Rent – Phased Increase	\$1.27	\$6,502.40	\$541.87
Customized Improvements Rent	Amortized	\$8,894.04	\$741.17
Total, Plus Applicable Taxes:		\$62,244.44	\$5,187.04

The O&M Rent rate increases by \$.04 per square foot per year for each year of the term and any renewal term. Atlas will provide payment security equal to three months’ rents, fees and charges in the amount of \$15,561.12.

Management recommended adoption of Resolution Nos. 2017-31 and 2017-32.

Resolution No. 2017-31 approved and authorized execution of the Letter of Agreement at Tampa International Airport between Atlas Air, Inc. and Pearl Warehousing and Logistics, LLC; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

Resolution No. 2017-32 approved and authorized execution of the Cargo Building Space Rental Agreement at Tampa International Airport with Atlas Air, Inc.; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

#### CONSENT ITEM G5

Letter of Agreement, United Airlines, Inc. and LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-33.

Cargo Building Space Rental Agreement, LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-34. United Airlines, Inc. (United) previously leased Suite 1500 of the Authority's Cargo Building (Premises) pursuant to a Cargo Building Space Rental Agreement dated October 7, 2010 (United Agreement), which was terminated by United on October 31, 2013. The United Agreement requires United to continue to reimburse the Authority for the Company's Improvements Rent (CIR) after termination thereof until paid in full or until a replacement tenant is secured. If a replacement tenant is secured prior to the CIR being paid in full, the obligation to pay the remaining balance passes to the new tenant. United has continued to reimburse the Authority for its CIR at the annual rate of \$11,591.04, payable in monthly installments of \$965.92. The entire balance is due to be paid in full in 2041.

LGSTX Services, Inc. (LGSTX) desires to lease the Premises from the Authority under a Cargo Building Space Rental Agreement (Agreement). LGSTX and United have executed a Letter of Agreement (LOA) to clarify responsibility for repayment of the CIR to the Authority during the term that LGSTX leases the Premises. The Authority's approval of the LOA is required. The LOA commences May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by LGSTX and approval of the Authority's Chief Executive Officer or designee. LGSTX may terminate the LOA upon 180 days' written notice to United and the Authority. LGSTX will assume the obligation for repayment of the CIR during the Agreement but will not be responsible for repayment of the CIR after termination of the Agreement. Upon completion of the term or earlier termination of the LOA, United will retain the obligation to repay the outstanding balance of the CIR to Authority. United's obligation will continue until the CIR is paid in full or until the Authority executes a subsequent space rental agreement with a replacement tenant. LGSTX will use the Premises to provide coordination and oversight of cargo handling operations for its customers.

The Agreement with LGSTX is for 7,680 square feet of operations space. The Agreement commences on May 4, 2017 and terminates on September 30, 2018, with one two-year term renewal option upon request by LGSTX and approval of the Authority's Chief Executive Officer or designee.

Either party may terminate the Agreement upon 180 days' written notice. Rents for the Premises for FY2017 are as follows:

<u>FY 2017 Rents – 7,680 Sq. Ft.</u>	<u>Unit Price</u>	<u>Annual</u>	<u>Monthly</u>
Cargo Building Rent	\$9.15	\$70,272.00	\$5,856.00
O & M Rent - Phased Increase	\$1.27	\$9,753.60	\$812.80
Customized Improvements Rent	Amortized	\$11,591.04	\$965.92
Total, Plus Applicable Taxes:		\$91,616.64	\$7,634.72

The O&M Rent rate increases by \$.04 per square foot per year for each year of the term and any renewal term. LGSTX will provide payment security equal to three months' rents, fees and charges in the amount of \$22,904.16.

Management recommended adoption of Resolution Nos. 2017-33 and 2017-34.

Resolution No. 2017-33 approved and authorized execution of the Letter of Agreement at Tampa International Airport between United Airlines, Inc. and LGSTX Services, Inc.; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

Resolution No. 2017-34 approved and authorized the execution of the Cargo Building Space Rental Agreement at Tampa International Airport with LGSTX Services, Inc.; and authorized the Chief Executive Officer or his designee to execute all other ancillary documents.

This concluded the Consent Agenda, Chairman Watkins moved on to Policies and Rules for Consideration or Action.

The first item under Policies and Rules for Consideration or Action was an update to the Policy Manual, Revisions to Policy for Approval: Section 1200, Policy P1202, Air Service Incentive Program, presented by Chris Minner.

Policy P1202, Air Service Incentive Program, was approved by the Board on June 20, 2011. The Policy establishes an Air Service Incentive Program (ASIP) that allows the Authority to actively recruit both passenger and cargo airlines for new air service to domestic and international destinations.

Policy P1202, Air Service Incentive Program, was approved by the Board on June 20, 2011. The Policy establishes an Air Service Incentive Program (ASIP) that allows the Authority to actively recruit both passenger and cargo airlines for new air service to domestic and international destinations.

The Chief Executive Officer recommended the Board approve the revisions to Policy P1202, Air Service Incentive Program.

The Board acted on this by motion; no resolution was required.

Upon motion of Mayor Buckhorn, seconded by Gary Harrod, the update to the Policy Manual, Revisions to Policy for Approval: Section 1200, Policy P1202, Air Service Incentive Program was unanimously approved by all members present.

This concluded Policies or Rules for Consideration or Action and Chairman Watkins moved on to Unfinished Business and called upon Mr. Lopano.

Mr. Lopano asked Al Illustrato to explain Master Plan Phase 2 to the Board.

Mr. Illustrato shared that Phase 2 of the Master Plan would address the 20 year capacity issues for rental car, long-term parking, Main Terminal curbsides, roadways and other items that are nearing capacity. The Authority is anticipating completion of Phase 1 in early 2018. It is anticipated that with the completion of all 3 phases, the Authority will be able to handle about 34 million annual passengers, nearly double the number processed at this time.

Mr. Illustrato explained that Phase 2, the Enabling Phase, at about \$543 million, would involve the Main Terminal, curb expansion, Gateway Development area and roadway expansion. Phase 3 will come in at about \$800 million and calls for construction of a new 16 gate Airside D. The Authority will retain the existing Marriott Hotel and the control tower.

Curb expansion should come in around \$194 million. Relocation of the central energy plant should cost around \$110 million. Roadway expansion is estimated to be around \$50 million. The Gateway Development Area will cost about \$121.7 million, which entails site preparation for 17+ acres, construction of a new commercial curb, construction of a pedestrian bridge and atrium to connect the new office complex and the hotel, and buildout of Authority offices, including the Operation Centers at \$12.1 million.

The Authority is looking to have developers build the new office center, upscale hotel, convenience store, gas station and other retail amenities. The Authority will lease about three levels of the office building for office space.

Damian Brooke next presented the first item for Unfinished Business, adoption of 2017 Strategic Business Plan for Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports, Resolution No. 2017-35.

Policy P1003 requires staff to provide the Board with an updated Strategic Business Plan for adoption following any Master Plan updates. The Board approved the 2012 Master Plan in April 2013, and Authority staff provided the current Strategic Business Plan to the Board for adoption in January

2014. The current Strategic Business Plan includes the original scope, timelines and project costs for Phases 2 and 3 of the 2012 Master Plan. In 2016, Staff and HNTB Corporation, the Authority's Master Planner reevaluated the original Phases 2 and 3 of the 2012 Master Plan, which resulted in an update to the scope, timelines and costs for Phases 2 and 3. As such, an update to the Strategic Business Plan is required.

Authority staff was assisted by the Authority's financial advisor, Public Finance Management Inc., in creating the 2017 Strategic Business Plan, and a draft of the 2017 Strategic Business Plan was presented to the Board at the April 18, 2017 public Board Workshop.

The 2017 Strategic Business Plan provides a detailed overview of projected operating costs, revenues and overall financial performance of the Authority for the 2017-2025 period, as well as a 20-year look forward at the Authority's projected capital development program. The capital development program included in the 2017 Strategic Business Plan includes Phases 2 and 3 of the 2012 Master Plan development program, as well as all planned ongoing maintenance capital expenditures for the Authority over the 20-year period.

The 20-year capital development program contained in the 2017 Strategic Business Plan totals approximately \$3.4 billion between 2017 and 2037. Phases 2 and 3 of the 2012 Master Plan account for \$1.6 billion of the \$3.4 billion total, with the remaining \$1.8 billion attributable to maintenance capital expenditures, also known as ongoing maintenance costs. Major non-Master Plan capital initiatives contained in the 2017 Strategic Business Plan include multiple taxiway and runway repaving projects scheduled between 2017 and 2037 as well as the construction of a new Airside D during the mid-2020's.

The following are highlights of the 2017 Strategic Business Plan:

1. Passenger traffic is projected to increase from 19 million passengers in 2017 to 22 million passengers by 2025.
2. Annual operating revenues are projected to increase by over \$92.9 million, from 2017 levels of \$212.0 million to 2025 levels of \$304.9 million.
3. Annual operating expenses are projected to increase from 2017 levels of \$121.1 million to 2025 levels of \$186.8 million.
4. Airline cost per enplanement is projected to increase from \$5.37 in 2017 to \$8.24 by 2025.
5. Annual debt service paid by the Authority is projected to increase by approximately \$18 million between 2017 and 2025.

Management recommended adoption of Resolution No. 2017-35.

Upon motion of Mayor Buckhorn, seconded by Gary Harrod, Resolution No. 2017-35 was unanimously approved and the 2017 Strategic Business Plan for Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports was adopted.

The second item under Unfinished Business was also presented by Mr. Brooke. This item was Amendment No. 1 to Operating and Capital Budget, Fiscal Year 2017, Tampa International, Peter O. Knight, Plant City and Tampa Executive Airports, Resolution No. 2017-21.

In September 2016 the Board approved the Fiscal Year 2017 Operating and Capital Budget for the Authority. The approved Capital Budget contains \$88,258,180 in capital development projects.

The Board approved the 2012 Master Plan Update in April 2013. Phase 2 of the Master Plan included enabling projects designed to prepare the Main Terminal facility for future growth and were anticipated to start in the 2018-2023 time period. In 2016, the Authority undertook a review of the next phases of the Master Plan to confirm and update implementation plans, review alternatives and cost estimates. A Board workshop was held on April 18, 2017 to present the findings.

This item requests a Budget Amendment to Schedule 6 of the Capital Budget for Fiscal Year 2017 totaling \$132,400,000. The proposed Budget Amendment requests approval for the following projects:

Demolition of Red Side Garage and Former Airside D Guideway	\$10,631,000
Gateway Development Area	<u>\$121,769,000</u>
Total 2017 Capital Budget Amendment	\$132,400,000

The current funding plan for these two projects is through General Airport Revenue Bonds and PFCs. It is anticipated that the Authority will issue such bonds in the September/October 2018 timeframe and PFC Application #11 is anticipated to be submitted to the Federal Aviation Administration in Q1 of 2018. Approval of this Budget Amendment would result in an increase to the Fiscal Year 2017 Operating and Capital Budget for the Authority from its current level of \$88,258,180 to \$220,658,180.

Management recommended adoption of Resolution No. 2017-21.

Gary Harrod moved the Motion and it was seconded by Mayor Buckhorn.

Commissioner Crist noted that we can only guesstimate the cost of the Master Plan and there may be unforeseen factors such as a bad economy and competitive business natures in the future. Commissioner Crist suggested that by selling Peter O. Knight the Authority would have additional funds to cover these unforeseen items. Mr. Brooke replied that the Authority was not allowed to sell

Peter O. Knight or it would revert back to the City. Commissioner Crist then suggested that instead of selling Peter O. Knight, it get relocated to a different location where it could grow. Mr. Lopano and Mr. Brooke stated that they did not have the answer at this Board Meeting but would look into it and get back to Commissioner Crist.

Amendment No. 1 to the Operating and Capital Budget, Fiscal Year 2017 that was previously on the floor was unanimously approved by adoption of Resolution No. 2017-21.

The third and final item under Unfinished Business was Amendment No. 2 and Restatement of Agreement for Consulting Services and Increase in Not-to-Exceed Authorization, Commercial Real Estate Development - Preliminary Planning and Design, Stantec Consulting Services, Inc., Tampa International Airport, Resolution No. 2017-26, presented by Chris Minner.

On May 2, 2013, the Board authorized award and execution of an Agreement for Consulting Services, Commercial Real Estate Development – Preliminary Planning and Design Consultant (Agreement) with Stantec Consulting Services, Inc. to provide commercial real estate development consulting services to the Authority. The Agreement was for the term May 2, 2013 through May 1, 2016 with a not-to-exceed authorization amount of \$1,300,000 and two one year options.

On September 3, 2015, the Board authorized an increase to the not-to-exceed authorization amount of \$1,300,000 for assistance with scope specific projects such as Real Estate Program Management, South Development Area, W. Columbus Drive – Area 4 Development, Eastside Area and Area 7 Development, as well as other studies and services, for a new total not-to-exceed authorization amount of \$2,600,000.

On April 11, 2016, the Chief Executive Officer approved the first one year option to the Agreement extending the term through May 1, 2017.

On March 16, 2017, the Chief Executive Office approved the second and final one year option to the Agreement extending the term through May 1, 2018.

Staff requested the Board approve Amendment No. 2 and Restatement of the Agreement which updates standard Agreement terms and conditions. In addition, staff requested the Board authorize an increase to the not-to-exceed authorization amount of \$15,400,000 for assistance with certain Master Plan related projects such as the Gateway Development Area, as well as other studies and services, for a new total not-to-exceed authorization amount of \$18,000,000. This Amendment No. 2 and Restatement also extends the term of the Agreement to May 1, 2021.

The Chief Executive Officer recommended the Board approve Amendment No. 2 and Restatement and authorize the increase of \$15,400,000 to the not-to-exceed authorization amount of the Agreement.

Gary Harrod moved the motion and it was seconded by Mayor Buckhorn.

Mayor Buckhorn then proceeded to asked Mr. Minner to clarify the scope of the work. The Mayor felt that the cost of \$18 million was large for only the design and planning aspect of the project. Mr. Illustrato stated that management was asking for the Board to increase the capacity that the Authority could spend under the Contract and then task specific orders would be issued for elements of the work. Mr. Minner also added that this total included work being done in Drew Park and other perimeter parcels.

The motion that was previously on the floor was unanimously approved by all members present. A not-to-exceed increase was authorized in the amount of \$15,400,000 for a new total not-to-exceed authorization amount of \$18,000,000; and the Chief Executive Officer or his designee was authorized to execute all other ancillary documents by adoption of Resolution No. 2017-26.

Chairman Watkins then proceeded to New Business.

The first item under New Business was the Land Use Variance, Ground Lease with Improvements, LGSTX Services, Inc., Tampa International Airport, Resolution No. 2017-02, presented by Chris Minner.

LGSTX Services, Inc. (LGSTX) is a sister company to ABX Air, Inc. (ABX) and Air Transport International, Inc. (ATI), all of which are subsidiaries of Air Transport Services Group, Inc. (ATSG). ABX and ATI are cargo air carriers that have current Operating Agreements with the Authority and provide air cargo transport services for their customers. LGSTX desires to lease the former Flight Express hangar and parcel in the vicinity of the common use cargo ramp where the ABX/ATI aircraft currently load and unload. The hangar will be used for the preparation of cargo pallets prior to loading onto the aircraft.

The subject hangar parcel is on land designated by the Authority for General Aviation Non-Commercial use. The planned use of the parcel is not allowed under that land use designation. Therefore, LGSTX applied for a variance for the parcel to a designation of Airport/Airline Support, which designation permits LGSTX's planned uses, including the transfer of air cargo from ground-to-air and air-to-ground and handling, storage, loading, unloading, reception and delivery of cargo and freight requiring tug/vehicle access to the SIDA, and associated miscellaneous uses.

The variance application submitted by LGSTX was reviewed by the Variance Review Committee, and the proposed variance is recommended for approval by the Authority's Chief Executive Officer, in accordance with the Authority's variance procedures contained in the Land Use Standards Manual, as revised September 3, 2015, Section 12.3.

The Ground Lease with Improvements (Lease) leases to LGSTX a hangar, land, and pavement (the Premises), on a triple net basis, for the term of May 4, 2017 through April 30, 2022, with one five-year renewal option upon written request by LGSTX at least 30 days prior to Lease expiration and written approval by the Authority's Chief Executive Officer or designee. Either party may terminate the Lease upon 30 days written notice. LGSTX will pay rent for the Premises under the Lease as follows:

<u>Description</u>	<u>Size (Sq. Ft.)</u>	<u>Rental Rate</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Hangar	6,432	\$4.00	\$25,728.00	\$2,144.00
Land	43,957.1	\$0.70	\$30,769.96	\$2,564.16
Pavement	31,689	\$0.15	\$4,753.35	\$396.11
Overall			\$61,251.31	\$5,104.28

The annual rent will be adjusted if the renewal option is exercised to the then appraised fair market rental value for the Premises and will remain at that rate throughout such renewal period.

Management recommended adoption of Resolution No. 2017-02.

Gary Harrod moved the motion and Mayor Buckhorn seconded it.

Mr. Harrod then proceeded to ask Mr. Minner if LGSTX was Amazon. Mr. Minner clarified that the flights being serviced by Amazon were operated by Airborne Express ABX. Mr. Minner stated that this is additional space adjacent to the apron where Amazon was operating. The hangar would be used to help build pallets so that they can immediately load items onto the aircraft.

The motion that was previously on the floor that approved and authorized the execution of the Land Use Variance and Ground Lease with Improvements at Tampa International Airport with LGSTX Services, Inc. was unanimously approved by all members present and the Chief Executive Officer or his designee was authorized to execute all other ancillary documents by adoption of Resolution No. 2017-02.

This item concluded New Business and Chairman Watkins proceeded to staff reports.

Al Illustrato began the Staff Reports with a recap of the completion of major elements of the 1<sup>st</sup> Phase of the Master Plan. The Rental Car Center and Automated People Mover had a contractual completion date of October 2017, but due to Austin Commercial getting behind on some of their contractual milestones, Mitsubishi had to move their contractual completion date to February 1, 2018. Skanska is also a bit behind schedule with the renovation of the Main Terminal area.

In the upcoming months there will be work done on the glass, roof installation and interior finishes going on at all of the stations. Moving sidewalks are being installed on the first level of the

Economy Garage that will take patrons from the eastern most portion of the Economy Garage to the Station Lobby so that they can access SkyConnect.

Mr. Illustrato concluded his presentation with the budget slide. There is \$21 million in Owner Unallocated Contingency. It is anticipated that some money be taken out of the Contingency money for items that needed additional work.

This concluded Mr. Illustrato's presentation and Mr. Lopano called upon Laurie Noyes to give her quarterly Concessions report.

Laurie Noyes shared that at the Annual Concessions Conference, Airport Council International North America recognized three of the Airport's Concession locations. TUMI Swarovski received top honors for the best new retail concept, PF Chang's Tampa location received second place for best new national brand, and Rumfish Grill received third place for the best new food and beverage full-service sit-down restaurant.

To date 28 locations have been opened and an additional 30 units are under construction. By the end of 2017 there will be 63 locations open and by early 2018 all 69 locations will be open. The FAA does not require that an ACDBE goal be set for concession construction, but 6 of the concessionaires have utilized DBE or WMBE general contractors. Ms. Noyes did a brief recap of all of the new locations that had opened on each of the Airsides since her last report.

This concluded Ms. Noyes report.

Before adjourning Mr. Stephens requested an Attorney-Client Closed Session be held at the June Board Meeting to discuss pending litigation and to seek the Board's direction in terms of settlement and strategy.

With no other business to be brought before the Board, the Regular Board meeting adjourned at 10:37 a.m.

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Robert I. Watkins, Chairman

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Victor D. Crist, Secretary