



MELBOURNE AIRPORT AUTHORITY BOARD MEETING MINUTES

December 7, 2016 8:30 AM

AIRPORT BOARD ROOM

At which were present: Mr. Jack L. Ryals, Chairman
Mayor Kathy Meehan, Vice Chairman
Councilmember Debbie Thomas, Member
Councilmember Tim Thomas, Member
Mr. Michael Fischer, Member
Mr. William C. Potter, Member
Mr. Scott Mikuen, Member
Mr. Adam Bird, Airport Attorney
Mr. Greg Donovan, Executive Director
Ms. Marilyn Hively, Senior Director of Finance and Administration
Mr. Cliff Graham, Director of Operations and Maintenance
Mr. Dave Perley, Director of Capital Improvements
Mr. Mark Busalacchi, Director of Business Development
Ms. Melissa Naughton, Assistant Director of Business Development
Ms. Lori Booker, Director of Communications

Pledge of Allegiance

AIRPORT ANNOUNCEMENTS

Awards

Executive Director Donovan congratulated and recognized Officer Stacey Pavenski on receiving the National 2016 Transportation Security Administration Officer of the Year Award.

Congratulations and Recognitions

Mr. Donovan congratulated and recognized Mr. Mike Dauphinee, Delta Air Lines station manager, on his retirement after 13 years at MLB.

Mr. Donovan continued with another item of congratulations and recognition for Councilmember Ms. Molly Tasker, for years of service on the Melbourne Airport Authority. She has given eight years of service as a member of this board and has been replaced by Councilmember Mr. Tim Thomas as of this meeting.

Mr. Donovan announced and welcomed Councilmember Mr. Thomas as the newest member of the Board. Mr. Donovan shared a brief background history of Councilmember Mr. Thomas. He represents City of Melbourne, City Council District 1.

Mr. Donovan continued announcements with congratulations to Sgt. Naughton on being selected to the 2017 FBI National Academy. This is a very prestigious assignment, and the first time that one of our officers have been chosen.

National Business Aviation Association (NBAA)

Mr. Donovan explained the NBAA is an annual worldwide convention in which the staff participated at the Orange County Convention Center. Nearly every member of management staff participated in this event along with all of our major tenants in attendance. This was a very good opportunity for outreach and name recognition for the Airport.

Porter Airlines

Mr. Donovan continued with the announcement of Porter Airlines beginning their second season on December 10th. They are offering extended service; nearly 50 percent more flights into our airport. The staff is ready and working with CBP.

NewLeaf

Mr. Donovan made an announcement regarding a new airline, NewLeaf Travel Company, Canada's first operational ULCC – Ultra Low-Cost Carrier. They bundle their products to have the lowest possible price for the budget-minded consumers. They expect to be flying the B-737, a 158-seat airplane. Initially flights will arrive once a week and then will add multiple flights per week. This is their first service into the U.S. and into Florida. We will be the gateway to the Sunshine State for NewLeaf.

ACTION ITEMS

APPROVAL OF MINUTES of the board meeting of October 26, 2016 in the Orlando Melbourne International Airport Board Room.

Mayor Meehan moved for approval of the October 26, 2016 minutes, as amended with minor typographical corrections, seconded by Councilmember Ms. Thomas. The motion passed unanimously.

Mr. Donovan apologized for the misspelling of Baer Air, stating it was a word processing auto correct.

ITEM NO. A-1 Recommendation for Approval of Resolution No. 12-16 accepting Florida Department of Transportation Joint Participation Agreement for the Construction of Hangar.

Mr. Donovan explained that Item A-1 is for acceptance of a grant from the Florida Department of Transportation. This is a proposal to accept a \$5 million grant that would be the basis to build a second, similar facility alongside the current MRO hangar. The target for this project is about \$10 million with \$5 million coming from the State, \$2.5 million coming from AeroMod and the airport providing \$2.5 million. If the cost does go up, the tenant would be responsible for any amount that would exceed the \$10 million mark. The question has come up, what is the return on investment. Mr. Donovan stated it is somewhat difficult to calculate since we do not know the exact amount, but we can estimate \$61,000 annually for the land rental and \$456,000 annually for the hangar rental. The airport would recoup the \$2.5 million investment in just under five years; 4.83 years exactly. The recommendation to the Board is to accept the State JPA. We will continue to work with our engineers and our tenants to come back with an amendment to their lease and then the project award.

Mr. Mikuen stated this is the great direction we talked about as an Authority, and he fully supports this action. He was very happy that Mr. Donovan spoke to the ROI. Mr. Mikuen stated the \$10 million is an approximate five-year return on investment asking if we doing the work to make sure that there are no other costs that would surprise us at a later date. If we have to expend additional funds, then the ROI turns out to seven or eight years, which would be marginal on the return on investment. Mr. Donovan stated if we are calculating the ROI on the Authority's money that is invested, that will not change. Our investment, regardless of the cost of the hangar, is not going to change. The rents could go up if it is a larger facility. What is included in the estimate of the \$10 million is the fiscal improvements inside the hangar.

Mr. Fischer asked if this is predicated with signing a lease with AeroMod.

Mr. Donovan stated that it is very likely that AeroMod will sign an amendment, but if not he feels very strongly that we can fill that space very quickly based upon the calls that we receive in our business development division. AeroMod has verbally communicated with us that they are 100 percent on board with doing this. The acceptance of the grant is not predicated on just AeroMod.

Chairman Ryals added that it is not even predicated that we build a hangar. We are voting whether or not to accept the \$5 million.

Mr. Mikuen moved for approval for the recommendation for Approval of Resolution No. 12-16 accepting Florida Department of Transportation Joint Participation Agreement for the Construction of Hangar, seconded by Mr. Fischer and the motion passed unanimously.

ITEM NO. A-2 Recommendation to Approve a Lease and Use Agreement with NewLeaf and Flair Airlines and a Standard Ground Handling Agreement with Flair Airlines.

Mr. Donovan expressed how excited he is to add a new international carrier. This carrier is currently flying inside the county; not flying outside the county. The first flight is planned January 15th. Initially, it is once a week, but with a possibility to continue year-round; and they are looking at other Canadian destinations as well. The agreement that we signed with them is pretty standard to what we have with all of our airlines. This is a three-year agreement with two one-year options. As part of the previously approved Air Service Incentive Program (ASIP), we agreed to waive the per turn fee associated with ground handling, both above wing and below wing. Also in accordance with ASIP, we will provide up to \$150,000 in advertising and marketing reimbursement. Our internal policy is that we do not start to reimburse that cost until after the first aircraft arrives. We pay it at a rate of 20 percent per month, with a five month qualification period. The terminal building does need some work; we will upgrade the ticketing area, so we included \$50,000. We also have some start-up responsibilities associated with training. They do charge a \$4.50 passenger facility charge. Mr. Donovan referred to the printed materials and explained the breakdown.

Mr. Donovan stated we are looking forward to year three, where the ASIP is worn off completely and has done its purpose to establish a new airline. We will then be receiving our full amount of \$1,070. We will then be looking at about a \$2,400 profit per flight. Our highest expense is the pro-rated ASIP. What is before you is an agreement asking for consideration for approval.

Mr. Potter thanked Mr. Donovan for the written breakdown. Mr. Potter asked what months they are going to fly.

Mr. Donovan answered January, running through April or May and also considering flying year around.

Mr. Potter asked if this is all based on year around travel.

Mr. Donovan answered, 'yes'.

Mr. Potter asked if there is anything about their low cost operation that affects passenger added costs.

Mr. Donovan explained that the product they bundle to the passenger has added costs; to get an assigned seat, pay per bag, pay for amenities on the flight. The passenger spending habits are about the same once they get back on the ground. Our Canadian visitors are very good on renting vehicles. Another item on the agenda is in regards to a new rental car company on property. The number we use, \$11.70, is pretty basic. We could improve on this with added amenities within the airport, which we are currently working toward. Our Business Development team is also working on readily identifiable brands and local brands. We are below the national average on ancillary sales, which gives us room to move up. We are also discussing on how to offer Duty Free products. We are hoping sometime in the future that we will bring to the Board an agreement with a Duty Free company.

Mr. Fischer feels that it is aggressive; to go profitable in year three unless they go full year and have pretty good loads. What is the thought on any reduction of Hamilton versus downtown Toronto? Any cannibalization within these two area.

Mr. Donovan stated that these areas are pretty separate. Toronto is one of the largest cities in North America and the predominant customer of Porter is the downtown customer. We do not think there will be much cannibalization. NewLeaf has ideas of expanding westward, not necessary where Porter's customers connect. We did outreach with Porter before the announcement took place. Mr. Donovan reminded the Board that NewLeaf is the first Canadian Ultra Low-Cost Carrier (ULCC) and Porter just received an award for one of the best airlines in the world for their service, a premium service airline, and NewLeaf is for the budget-minded traveler.

Mr. Potter moved for approval for the Recommendation to Approve a Lease and Use Agreement with NewLeaf and Flair Airlines and a Standard Ground Handling Agreement with Flair Airlines, seconded by Councilmember Debbie Thomas and the motion passed unanimously.

ITEM NO. A-3 Recommendation to Approve Extending Consulting Agreement with Aeropandian DBA Strategic Aviation Partners.

Mr. Donovan reminded the Board that Mr. Bill Johnson has been a tremendous asset to our staff, coming on board after his retirement as the Executive Director of Florida Airports Council and previous State Director of Aviation and Director at Tallahassee Airport and Fort Lauderdale Executive Airport. Mr. Johnson was one of the major architects in getting the \$5 million grant from the state. We are bringing to you his contract to continue his services as a Special Advisor to the staff. He works on a number of projects and brings with him an enormous amount of expertise and ask for approval of his contract. The spending authority is \$36,000.

Chairman Ryals stated that Mr. Johnson has been an invaluable experienced resource for him on several occasions. With questions on what is ethical, and many questions such as that. Chairman Ryals wanted to publicly thank Mr. Johnson for his support.

Mr. Potter moved for approval for the recommendation to Approve Extending Consulting Agreement with Aeropandian DBA Strategic Aviation Partners, seconded by Chairman Ryals and motion passed unanimously.

ITEM NO. A-4 Recommendation to Approve First Amendment to Lease with TIC NASA Boulevard (GE Transportation).

Mr. Donovan stated this item relates to the GE Transportation building. We were approached by TIC NASA Boulevard to convert their options of the original lease. This is based upon the term of the lease, making sure of the refinancing processes to get the full extent. Airport staff worked with them and negotiated the option periods, all but one, to a term until the year 2057. Any questions can be addressed to Mr. Mark Busalacchi.

Mr. Potter asked how does the rent increase, CPI or reappraised.

Mr. Busalacchi stated by CPI.

Mr. Potter asked what the CPI range is.

Mr. Busalacchi said the range is 3 to 5 percent.

Mr. Potter asked about the provisions; if they are all the same or does it go to the base term.

Mr. Busalacchi answered, it goes to the base term with CPI adjustments.

Mr. Potter moved for approval for the recommendation to Approve First Amendment to Lease with TIC NASA Boulevard (GE Transportation), seconded by Councilmember Tim Thomas and the motion passed unanimously.

ITEM NO. A-5 Recommendation to Lease/Purchase Seven Vehicles through the Florida Sheriff's Association State Contract Number FSA16-VEH14.0 / FSA16-VEL24.0.

Mr. Donovan addressed the Board that as part of our approved FY17 budget is a plan to replace vehicles that are used by staff. This is part of the existing state purchasing program. There is a breakdown of the vehicles and how they are used and what the associated costs are. We are doing things a little bit differently, using a lease. We had budgeted separately, through the approved budget, but gives us the ability to purchase at the end of the lease. If we have any long term service issues with a vehicle it gives us the option to affectively deal with that versus continuing to have a vehicle that is in need of repairs. We will take the replaced vehicles out of service and put them up for auction. And as a reminder, the airport funds that are generated by the airport, by law, have to stay at the airport. That being said, any profit goes back into the airport funds for future purchases. The recommendation is to take advantage of the state contract pricing on these vehicles.

Mr. Potter moved for approval for recommendation to Lease/Purchase Seven Vehicles through the Florida Sheriff's Association State Contract Number FSA16-VEH14.0 / FSA16-VEL24.0, seconded by Mayor Meehan and the motion passed unanimously.

ITEM NO. A-6 Recommendation to Approve the Construction Manager at Risk, Walbridge, for the Guaranteed Maximum Price for the Air Traffic Control Tower in an amount not to exceed \$5,860,724.

Mr. Donovan explained that there are a series of elements in the replacement of the control tower. This item takes advantage of a sizeable grant that is spread over two years; about \$3 million is coming from the State. Our staff has worked hard with the construction team and with Walbridge, our CM At Risk. The amount of \$5,860,724 is a little higher than what we anticipated. There is a lot of construction activity taking place in our area, some of which is related to Hurricane Matthew with regards to manpower and materials. We do have a do-not-exceed target and this item is to establish that amount. We anticipate having ground breaking just after the first of the year. We will have completion of the project by the end of November 2017. Mr. Donovan will be at FAA headquarters next week, having a conversation with the FAA leadership. We are in an opposition with them, wanting to deed over the old tower to the airport and put the entire burden of demolition and remediation on the airport. We refuse to do that, as it is not included in this project. We do not have the proper lease of the existing tower or the new tower. The FAA is not participating financially in this total project, even though it is an FAA responsibility. This will be discussed at next week's meeting, and also that they are not sharing with us the replacement schedule. We are hoping with the meeting next week, we will receive some level of results. We are very positive that we will be using Harris and Northrop Grumman related materials. The existing control tower has some blind spots. This is the number one priority and obligation that we have as an airport to provide this facility. What is before you is to approve the not-to-exceed amount and Mr. Dave Perley can answer any specific questions.

Mr. Potter stated that our obligation is to build a tower and all of the equipment as well?

Mr. Donovan answered, yes. There is a minimum equipment list including radio receivers, transmitters, displays and operational controls.

Mr. Potter was concerned with this expense without even a signed lease.

Mr. Perley stated there is about \$480,000 worth of equipment.

Mr. Potter asked, if we don't have a lease what happens if we are not able to negotiate.

Mr. Donovan says that technically, this is a land lease. They have approved the project, and he does not have an answer for what happens if. This is a necessity. The point being that the FAA has not participated in a number of financial support items that are necessary to run this facility. We are bringing that to their attention.

Mr. Potter stated that this seems like this is a risk.

Mr. Donovan says there is always a risk. Whether the FAA is going to deny air traffic control services to a commercial service, Part 139 Airport. Mr. Donovan says that is very unlikely. They have an obligation. Since they do not have a lease now, it and haven't had a lease doesn't make it right. We need to go into the new facility with the right elements. We will own the new building, which is contrary to what is it is today. Today it is a federal facility that is owned by the federal government. The capital improvements from a national standpoint, is very few towers are being built. Top leadership at the FAA is frustrated that there is not enough money to replace very antiquated facilities all over the U.S.

Mr. Potter asked what is the state's participation.

Mr. Donovan stated it is \$2,996,750 – just under \$3 million.

Mr. Potter asked if we are doing anything today that is prejudice in taking a different direction.

Mr. Donovan said, no. We are moving forward with the project since the operational need and the safety requirements outweigh the finance element or the lease arrangement. We are scheduled, next year, to resurface our primary runway, 09R/27L. It is 26 years old. Pavement condition continues to be downgraded. We have to replace that runway and we are going to come up short on that as well. There is opportunity for the FAA to make up for things like this in a discretionary grant for the runway. It is within their authority to give us a higher amount that this airport has not received in 15 years. The discretionary grant to pay for the runway work can offset our costs in building them a new control tower.

Mr. Potter asked about the original budget.

Mr. Donovan stated the original budget was at approximately \$5 million.

Mr. Potter moved for approval for the recommendation to approve the Construction Manager at Risk, Walbridge, for the Guaranteed Maximum Price for the Air Traffic Control Tower in an amount not to exceed \$5,860,724, seconded by Mr. Fischer and the motion passed unanimously.

ITEM NO. A-7 Recommendation to Approve the Construction Manager at Risk, Ivey's Construction, for the Guaranteed Maximum Price for the Federal Inspection Station Project in an amount not to exceed \$4,630,478.33.

Mr. Donovan explained this is very similar to the previous item. Ivey's Construction is the selected company. This item is the not-to-exceed amount that we are locking in. Ivey's has past work experience working with Customs, with several multiple projects at Port Canaveral. As part of previous approvals for this project, we are bringing to you the do-not-exceed price. Mr. Perley can answer any questions you may have.

Mr. Potter asked Mr. Perley to give details regarding the grant funding and how it was less than anticipated.

Mr. Perley stated that the original grant was \$2.9 million for Phase 1. We will get additional funding next July. That funding will help offset the cost of the Phase 2 work that will be completed within this building. Overall, the funding that we have currently and the funding that is forthcoming will be within the budget that we currently have to complete the project.

Councilmember Debbie Thomas moved for approval for the recommendation to approve the Construction Manager at Risk, Ivey's Construction, for the Guaranteed Maximum Price for the Federal Inspection Station Project in an amount not to exceed \$4,630,478.33, seconded by Mr. Mikuen. The motion passed unanimously.

ITEM NO. A-8 Recommendation for Approval of Final Change Order No. 1 to the Northside Access Road (St. Michaels Place Extension) with Don Luchetti Construction, Inc.

Mr. Donovan stated this is the final change order for this project. The work is completed and happy to say this is a deductive change order of \$12,277, a savings of \$12,000. We have had conversation with individuals and community leaders regarding the traffic and the headlights. We have put additional vegetation in that

area and will continue to landscape. The road does allow us to market these areas and have new business in the near future.

Mayor Meehan moved for approval for the recommendation for Approval of Final Change Order No. 1 to the Northside Access Road (St. Michaels Place Extension) with Don Luchetti Construction, Inc, seconded by Councilmember Ms. Thomas and the motion passed unanimously.

ITEM NO. A-9 Recommendation for Approval of Final Change Order No. 1 to the 110 Aerospace Hangar Modification Project (AeroMod Hangar) with W&J Construction, Inc.

Mr. Donovan said he was very happy to bring this item to the Board. This is the final change order that completes the project. It is a deductive change order of \$916,709. A lot of this reduction was achieved by the owner's purchase of materials. Mr. Donovan commended all who worked on this project, and especially noting the urgency of it. We are seeing aircraft on a regular basis, utilizing the facility. AeroMod is doing very good work; employing staff with continued growth. They could not do this work without these modifications.

Mayor Meehan moved for approval for the recommendation for Approval of Final Change Order No. 1 to the 110 Aerospace Hangar Modification Project (AeroMod Hangar) with W&J Construction, Inc., seconded by Councilmember Mr. Thomas. The motion passed unanimously.

ITEM NO. A-10 Recommendation for Approval of Final Change Order No. 1 to the Taxiway 'K' Widening – Phase 3 Project with KCF Site Development, LLC.

Mr. Donovan stated that this agenda item closes out this particular project as well. This is the widening of Taxiway K. This combined two smaller taxiways into our general aviation area on the North ramp into one larger one which meets modern criteria. The project did go over by approximately \$40,000. The final change order is for a \$40,000 change.

Mr. Fischer moved for approval for the Recommendation for Approval of Final Change Order No. 1 to the Taxiway 'K' Widening – Phase 3 Project with KCF Site Development, LLC, seconded by Mr. Mikuen and the motion passed unanimously.

ITEM NO. A-11 Recommendation to Approve the Consulting Architectural Services Agreement for the Design of the Federal Inspection Station low voltage/data and security systems to BRPH in an Amount Not-to-Exceed \$59,500.

Mr. Donovan explained to the Board that staff has been working with BRPH at a local and national level. The FIS, when it is completed, will meet the highest standards in the industry. It has been an ever-changing standard to include new technology and it is necessary to meet these standards. Customs and Border Protection (CBP) continues to want to automate the entry process. Since we can accommodate this in the initial construction, we will then have the most technologically advanced point of entry via air, in the United States. There has been a change of leadership at the area director level with CBP and the new director is very appreciative of what we are doing. He is working with us on our new service and Mr. Donovan will be meeting with the top officials of CBP as well as FAA. Part of the discussion is the long term staffing of customs officers, how we can help Embraer clear their cargo materials, and how we can position ourselves to take better advantage of international air service. The item before you is to lock in the Not to Exceed amount of \$59,500.

Mr. Fischer asked if this would be just for overall criteria and would this go out for an RFP for qualified companies that do the work. Is this just to provide the criteria that is required for the RFP?

Mr. Perley answered, 'yes'. This is actually the design of the low voltage system. We had two other companies that had proposals for us, but they were not able to put us on their schedule. Premier Engineer Group is going to consult with BRPH to assist in this process; they did most of the CBP low voltage work at the Port.

Councilmember Debbie Thomas moved for approval to Recommendation to Approve the Consulting Architectural Services Agreement for the Design of the Federal Inspection Station low voltage/data and security systems to BRPH in an Amount Not-to-Exceed \$59,500, seconded by Mr. Fischer. The motion passed unanimously.

ITEM NO. A-12 Performance Review of Executive Director position.

Chairman Ryals explained the origination of this item. Last summer, Chairman Ryals realized that Mr. Donovan was approaching his second anniversary and there had not been any performance review. Performance reviews are regarded as a critical way not only to evaluate the chief executive, but to evaluate the governing body. Is the entity accomplishing what is wanting to be accomplished and is the entity communicating what is wanting to be communicated to the chief executive? Chairman Ryals approached Mr. Donovan with the needed evaluation and Mr. Donovan advised the chairman that the performance review is part of his contract to be conducted annually.

Chairman Ryals meet with Mr. Bill Johnson, who has extensive experience with the Florida Airports Council and other Florida airports regarding their review process. Mr. Johnson assisted Chairman Ryals with how to present the review, what questions should be included for the review, and formatting of the document. The questionnaire, which was adopted, broke down the evaluation into 10 categories. After compiling, the average results were very useful. Chairman Ryals thanked the Board for the seriousness in which they took this matter. It was stated on the questionnaire that a satisfactory grade was a '5' out of '10'. So anything above a 5 is satisfactory to more than satisfactory to the Board. The grade of 50 would be a 'C' as you will in the public school system. Mr. Donovan's average was 95.29, which means he received more 10's than everything else combined.

Chairman Ryals reminded the Board and the audience, this evaluation is all public record. Chairman Ryals did meet with Mr. Donovan to discuss the results and Mr. Donovan is extremely pleased with the results. The scores that were less than perfect basically had to do with such things as more detail in the Board packets, which the Board receives prior to the meetings, and more financial analysis of investment opportunities. Both Mr. Donovan and Chairman Ryals were pleased with the requests since it shows the engagement of the Board. Chairman Ryals added that Mr. Donovan explained that this board is more detailed orientated than other boards may be. This is a testament to our board, that they take their jobs very seriously. Again 95.29 out of a possible 100, is remarkable. The other part of Mr. Donovan's contract says as an Authority they have the right and the obligation to periodically do a salary review and that they have total authority over Mr. Donovan's compensation; which include salary, bonus, and benefits.

Chairman Ryals continued to explain the salary compensation piece of this evaluation. Mr. Johnson was asked to do a salary survey of airport executive directors in our area and within the parameters of this airport, regarding size. Mr. Donovan was hired approximately two and a half years ago at a salary of \$150,000 annually with the normal cost of living adjustments that apply to the city employee which has taken the salary to \$155,000 per year. On the national level for CEO's of airports, which is divided into smallest, small, medium and large; our airport would be considered small and the national average

executive director salary, for this size of airport, is \$198,242. With that being said, Chairman Ryals decided to take the national level out of the equation. Mr. Johnson assisted with another salary survey asking airports that are more closely aligned with MLB for salary parameters. The results varied; Gainesville at \$144,000 with that salary being the Assistant Executive Director promoted to Executive Director; Punta Gorda, which hired their Assistant Executive Director at \$185,000 as Executive Director with that previous salary at \$205,000; Sanford currently hired their new director at \$185,000 to replace that director at over \$200,000; Sarasota pays \$288,000 with 20 years of experience in that position; Naples at \$175,000 with the predecessor making \$220,000, and Savannah making \$212,000. The average of \$200,000 with a few years of experience seems to be a common finding. Chairman Ryals continued to explain that Mr. Donovan has shared that he is very happy here and the evaluations show that the board is very happy to have him. Just on the basis of equity and fairness, and with the results of the evaluation, Chairman Ryals presented two suggestions to the Board. One would be effective January 1, 2017 to increase Mr. Donovan's salary from \$155,000 to \$175,000 and based on Mr. Donovan's performance review to award a \$10,000 bonus, effective immediately. Chairman asked the Board to express their thoughts and other suggestions.

Mr. Potter agreed with Chairman Ryals that these both are reasonable recommendations.

Mr. Fischer also agreed with the recommendations and continued to say that the energy and engagement of the staff and others shows Mr. Donovan's leadership. There is always work to do and we will strive to the next bar. Mr. Fischer feels that the salary is not completely in-line and suggested to have another review within six months to re-assess and not to follow the same format of the current evaluation. He suggested to change-up the evaluation form and also added that he fully supports the work Mr. Donovan has done over the last two years.

Chairman Ryals agreed with Mr. Fischer regarding the new format for the evaluation. By contract, the Board is required to have an annual performance evaluation. Chairman Ryals continued to explain that the consistent high marks for Mr. Donovan were staff development, which speaks very highly of Mr. Donovan.

Mr. Potter asked Mr. Donovan if he was in agreement with the results and the recommendations.

Mr. Donovan stated that he is very humbled by the comments and for the consideration.

Chairman Ryals stated that Mr. Donovan was aware of the evaluation results but not of the suggestion going forward.

Mayor Meehan complimented Mr. Donovan on his work, his efforts and his staff. She feels we are moving in the right direction.

Mr. Donovan thanked the Mayor for her comments.

Councilmember Debbie Thomas stated that she also is very happy with Mr. Donovan's performance. The airport has really seen change, for the better, since Mr. Donovan has been here.

Mr. Donovan thanked Councilmember Debbie Thomas for her comments.

Mr. Potter added that the community knows the economic impact the airport has on the area and that Mr. Donovan plays an import role in these efforts.

Mr. Donovan thanked Mr. Potter for his comments.

Mr. Potter moved for approval for Mr. Donovan's salary be increased to \$175,000 plus the normal benefits effective January 1, 2017 and an immediate performance bonus of \$10,000, seconded by Mayor Meehan. The motion passed unanimously.

INFORMATION ITEMS

ITEM NO. 1-1 Embraer Expansion Update

Mr. Jim Abod added his comments regarding Mr. Donovan and the great job he is doing at the airport. The final two buildings in the Embraer Expansion project being the paint facility and the Phase III Delivery Center. The paint facility has two booths inside which will handle a 66-foot wing span aircraft. The important item here is the first Legacy 450 built in the U.S. and painted in the U.S. and delivered to the U.S. was in this booth on the 13th and MLB did get some recognition at this event. Embraer is very happy with their new booth. The next step is the final delivery of that aircraft. Phase III Delivery Center is scheduled to be completed at the end of January 2017. Paving will begin on the 12th of December and the foam test is currently scheduled for the 13th. We are on schedule for that date at 85 percent complete and may be early by about two weeks.

Mr. Donovan added that our city permitting and inspection team has done a remarkable job to help Embraer meet their deadlines for delivery. The demand for these aircrafts are very impressive and are up against tight delivery windows. Jim and our team have been delighted with the permitting staff.

Mr. Potter asked about our cash and near cash reports.

Mr. Donovan stated that we have a comparative cash flow analysis based upon prior comments at previous meetings that show the past two fiscal years and we are back in the \$27 million mark.

ITEM NO. 1-2 Financial Update

Ms. Marilyn Hively reported that we completed our first month of the year and the surplus we generated from operations is approximately \$323,000. We also transferred \$427,000 to our project fund. We have funded half of the projects that are scheduled for this year. Our cash and receivables are at \$27.5 million which does include the \$8 million from Project Summit which we did receive on the 22nd of November.

ITEM NO. 1-3 Operations

Mr. Cliff Graham stated MLB is in its second year of the internship program with Florida Tech. Our program lasts one year and it gives interns a chance to have hands-on airport duties in multiple departments. It gives interns a chance to work on projects from start to finish, receiving valuable experience that will help jump start their career in aviation. The airport benefits by having important work completed. This year's interns are Camille Tabifor and Michael Santana, both are Florida Tech graduates. Camille has worked on planning and organizing special events, and worked with marketing and communications department developing social media campaigns. He has compiled and cataloged historical airport photos and is a great photographer himself and recent photos seen in board meetings are his. He is currently working with the business development team implementing PROPworks, our new software. Michael has worked in Operations with ground handling to improve the accuracy of flight schedules, update safety manuals, and assist management and staff in improved performance in the area of aircraft cleaning. He is currently working with the marketing department to assist with social media management. Michael has also begun working very closely with Mr. Graham on a project involving

international garbage. Mr. Graham continued to explain when we receive international flights, those flights have garbage and that waste is regulated by Customs and Border Protection and it must be incinerated and dealt with properly. Currently we use an outside contractor and it is costly. The airport does have an incinerator, but is not certified to use it yet and that is where Michael comes in. He has made great strides with CBP in getting our incinerator certified and when that does happen our expenses related to international garbage will decrease and our revenue will go up. This is an example of how successful this internship program is and can be, as we move into the future. It is a pleasure to work with Cam and Michael. They both are very talented, hardworking and true gentlemen. They represent Florida Tech and Orlando Melbourne International Airport in the highest regard.

ITEM NO.I-4 Capital Improvements

Mr. Dave Perley updated several projects. The Woody Burke Re-Roofing is 90 percent complete. The AC unit replacement has been delayed due to the hurricane but we expect the final closeout of this project at our January board meeting. The air traffic control tower will have ground breaking in January. The precast which is the critical path of this project will be complete sometime in May, with completion of the project in November. The Federal Inspection Station Project for Customs and Border Protection drawings are being issued this week. We have two different construction options which is either in January or April, depending on how CBP wants to process international flights. All new processing areas will be complete by the time Porter starts their service next year. This project will be complete sometime in December. We just received the Notice to Proceed for the Realignment of Grumman Place. In fact, we are starting today; having a late start, but working on the schedule and will be done in May on this project. We have received 100 percent reviewed documents on the Fuel Farm project. We are currently doing that review and getting comments out by the end of next week. This project will be out for a hard bid in January and will be awarded sometime in February. We will bring this back to the Board in February for approval of the contractor. Runway 05/23 Rehabilitation is in preliminary design. We have completed the field surveys for this project and expect to bid it out in March, award in April. This work will start sometime in May. We have just received 65 percent design documents for review on Runway 09L/27R rehabilitation project. Comments are due back to our consultants next week. We will bid this job in January, award in February and complete in May. The tiki hut in the concourse is built. We are waiting on shutters, which are in high demand after the hurricane, which has delayed our progress. We do expect them by the end of December and the project will be complete in January. The next few projects are being done by our tenants, not capital projects within the Airport. The first is the Satcom Building which is being constructed by M.A. Williams. This project will be complete in March. The Baer Air project, which is Tom Davis Construction, Phase I of the ramp is 75 percent complete and will be ready in January. The new hangar building materials will be delivered next week and the hangar construction will start in January. The AeroMod Plane Port is an open air covered structure. We received final permit from the City last week. It will be complete by the end of January. The last project is the Northrop Grumman Project. Work is progressing on all three buildings.

Mr. Potter raised a question; if there is a boom in infrastructure, what are the thoughts on FAA.

Mr. Donovan stated that one of the benefits of hosting Mr. Trump was hearing some of the conversation. We have been hearing a lot from the national level as well as state level. Having constant references to transportation infrastructure. Conversations are happening on airport improvement program monies to be released from the Aviation Trust Fund. What we expect to see is funding for AIP Projects to go up and use this money and the other monies. The biggest topic of airports around the entire country is a cap on passenger facility charges at \$4.50. By federal law, no airport in the country can charge more than \$4.50 and it has been that way since the late 90s. Several attempts have been made to raise that amount and it appears that the new administration will support that position. So in comparison, Canada or any other

European country limits are three to four times more than that. We would not automatically do anything; we would bring it to the Board. We could raise the \$4.50 to a certain amount and that in itself would be the funding mechanism to pay our share of the project that is not grant funded. But if we ever go down the road for a bonding issue for capital improvements that would be a dedicated source of revenue that we could predict. So the answer to Mr. Potter's question is yes, Mr. Donovan believes that there will be some changes in infrastructure particular to transportation. When the airport is looking to rehabilitate three of the runways, modernizing our terminal building and building a new control tower, we are positioned well to benefit from that.

PUBLIC COMMENT

Request for public speaking on Items I-3 and I-4. Mr. Randall Carmichael representing Melbourne Area Pilot's Association. Mr. Carmichael added his comments that the Association is very pleased and impressed with not only what is happening at the airport but also with the staff relationships and consulting relationships that have developed during Mr. Donovan's leadership. Questions from membership regarding FAA and what could be reported on the status of the VOR certification process, the status of that or what we can expect to see. The last public meeting on the master plan update process was in August. The timeline that is still available on-line called for the draft master plan report in mid-November. Is that draft report available or what is the status of the update process.

Mr. Donovan thanked Mr. Carmichael for his comments. The VOR is on the agenda for next week at FAA headquarters in Washington DC. The project was completed nine months ago. The delay is with the distance measuring equipment antenna, not the actual VOR itself, one of the poles and the balance and how it is repaired. The FAA is not pleased with it, they demanded we change the design and we reconstruct it. We have told the FAA it is their design, their process, their sole source. Again the conversation with the FAA next week will be to resolve this issue. FAA has stated in a written letter they are at fault and we will be moving forward. We have fulfilled our obligations of \$4 million dollars that we could have put toward runways or the terminal building. As with the tower and the VOR, we have stepped up to do this and it needs to be done. We do not have any control over the certification.

Mr. Donovan continued regarding the master plan. The website should have working paper number 3. That paper has been submitted to the district office and it is at the regional level for review currently. We are waiting on the FAA on both of these issues and Mr. Donovan will ask our consultants to make sure our website reflect where the status is on this. The master plan should be wrapped up early 2017.

Mr. Carmichael thanked Mr. Donovan for his time and response. He asked if the master plan will be published and put on the website for the public.

Mr. Donovan responded, yes it will be.

ITEM NO. I-5 Business Development

Mr. Mark Busalacchi reports to the Board that Dollar/Thrifty has worked very diligently with the Airport and are now currently operating as of December 1st. They are a month ahead of schedule and already doing great business. The PROPworks software program is being worked on with our intern Cam and Melissa Naughton. This is going to be a long process. Just getting all the information which includes all the leases, the real estates, the adjustments, the increase, contact names and addresses will be time consuming. Mr. Busalacchi recognized audience member, Beverly Goode. She is the President of Tropical Haven's HOA. Mr. Busalacchi met with the HOA and other residents of Tropical Haven last week which was a very successful meeting and will be meeting on a quarterly basis.

Ms. Beverly Goode addressed the Board and was very grateful to be allowed to see the inner workings of the airport and the authority and learn a little bit more about all of the operations. She hoped it will be a continued conversation with the Airport and their representatives.

Ms. Ruth Ashely addressed the Board and thanked the Board for allowing her to speak. The issue at hand was regarding their monthly newsletter. She said that Tropical Haven's newsletter was corrected and changed by the airport. She was very disappointed and referenced the change of 'Christmas' to 'holiday' citing the majority of Christians in the park. She wanted an apology for having this happened and would like to make sure this does not happen again.

Mr. Donovan addressed the issue and made the apology to Ms. Ashely. He will continue to work with the staff in regards to this issue. Mr. Donovan will make sure that Tropical Haven's management team will meet and discuss this issue.

A motion for adjournment was made by Mayor Meehan, seconded by Mr. Fischer. Chairman Ryals adjourned the meeting.

PREPARED BY:



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SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:
