

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for October 27, 2021, Board Meeting
Airport Board Room

In attendance: Mr. Jack L. Ryals, Chairman
Mr. William C. Potter, Vice Chairman
The Honorable Paul Alfrey, Mayor
The Honorable Debbie Thomas, Councilmember
The Honorable Tim Thomas Councilmember
Mr. Michael Fischer, Member
Mr. Scott Mikuen, Member
Mr. Adam Bird, Airport Attorney
Mr. Greg Donovan, A.A.E., Executive Director
Mr. Mark Busalacchi, Director of Business Development
Ms. Melissa Naughton, C.M., Assistant Director of Business Development
Mr. Mike O'Dell, C.P.A., Director of Finance and Administration
Mr. David Perley, A.I.C., Director of Capital Improvements
Ms. Renee Purden, Chief of Police/Director of Public Safety

Excused: Mr. Cliff Graham, C.M., Director of Operations and Maintenance

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

- Four new maintenance staff members welcomed to MLB
- Congratulations to John Dobson on his promotion to Captain
- Brevard Corporate 5K a success
- Construction begins on new Hyatt Place hotel at MLB
- Welcoming of the first Allegiant flight on November 18 at 10 a.m.
- TUI's new return to travel marketing commercial viewed
- Topping Out and Beam Signing event immediately after board meeting today

Action Items

Approval of the October 27, 2021, board meeting minutes. A motion was made by Mr. Thomas for approval of the minutes, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-1 Recommendation to Approve Resolution 13-21 Florida Department of Transportation Grant for the Terminal Renovation and Expansion Project.

Mr. Donovan explained this action item is to approve the additional funding of \$1.85 million from Florida Department of Transportation (FDOT) grant for the Terminal Renovation and Expansion Project, which has a 50/50 match requirement. This is part of the Airport's funding plan that was presented at the September 2021 board meeting.

A motion was made by Ms. Thomas to approve Resolution 13-21 Florida Department of Transportation Grant for the Terminal Renovation and Expansion Project, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-2 Recommendation for Approval of Resolution 14-21 to Amend the Loan Commitment and Related Loan Documentation from Truist Bank to Increase the Loan by \$6,000,000 for the Terminal Renovation and Expansion Project, and Request and Recommend that the City of Melbourne Issue such Debt to Finance the Project.

Mr. Donovan explained this requested increase of \$6,000,000 is part of the funding plan that was presented in September 2021 for the \$72 million Terminal Renovation and Expansion Project. Mr. Donovan asked Mr. Mike O'Dell to explain the details of the loan.

Mr. O'Dell explained that 21 percent of this project will be debt funded. The terms of the amended loan agreement maintains the taxable interest fixed rate of 1.95 percent. The new debt will have some of the same features as the original loan, including interest only payments until May 2024 and an accelerated principal repayment schedule so it will be paid off by May 2029. A recap of the debt service coverage, using the accelerated principal repayment that was discussed last month was presented with additional details regarding several scenarios including worse case. Mr. Mikuen asked with these scenarios could there be an impact on operations, Northside expansion, or any other type of expansion project? Mr. O'Dell stated no. Mr. O'Dell explained the next steps for the funding timeline including City Council approval on November 9, closing date of November 10 with November 14 being the last day to lock in the 1.95 percent interest rate.

Mayor confirmed the meeting dates for city council. Mr. O'Dell added he is working with city finance to ensure all paperwork is complete. Mr. Potter asked if there is interest on the reserve fund and if so, at what rate? Mr. O'Dell stated yes there is interest but at a very low rate. Mr. Potter asked about the pre-payment provision Mr. O'Dell stated that we can pre-pay up to 15 percent of the debt per year with no penalty and could up the entire balance after 7 years. Mr. Potter asked if we could issue parity debt within the terms? Mr. O'Dell stated yes.

Motion was made by Mr. Thomas to approve Resolution 14-21 to amend the Loan Commitment and related loan documentation from Truist Bank to increase the loan by \$6,000,000 for the Terminal Renovation and Expansion Project, and request and recommend that the City of Melbourne issue such debt to finance the project, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-3 Recommendation to Approve a Purchase Order to AVCON, Inc. Under Its Continuing Services Contract for the International Waste Disposal Site in an Amount Not- To-Exceed \$22,955.

Mr. Donovan explained that the design and construction costs for the international waste storage collection site were incorporated into the overall project budget. AVCON was selected for this project under its continuing services agreement to design and construct the international waste storage collection site in an amount not-to-exceed \$22,955.

Motion was made by Mr. Potter to approve a Purchase Order to AVCON, Inc. under its Continuing Services Contract for the International Waste Disposal Site in an amount not-to-exceed \$22,955, seconded by Mr. Fischer. Motion passed unanimously.

Item A-4 Recommendation to Approve a Purchase Order to Storm L. Richards and Associates, Inc. for the Relocation of Gopher Tortoises for the Northside Expansion Project: St. Michael Place Extension Phase 3 in the Amount of \$36,260.

Mr. Donovan explained that during the initial environmental review by the engineer's environmental consultant, a total of 12 gopher tortoises were noted in the area and would need to be relocated prior to the construction project commencing. The cost of this work falls within the budget for the Northside Expansion Project. Funding for this project is 100 percent Florida Department of Transportation (FDOT) grant monies.

Motion was made by Ms. Thomas to approve a purchase order to Storm L. Richards and Associates, Inc. for the relocation of gopher tortoises for the Northside Expansion Project: St. Michael Place Extension Phase 3 in the amount of \$36,260, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-5 Recommendation to Approve Third Amendment to Concession Agreement with Clear Channel Airports.

Mr. Donovan explained that advertising in the terminal is a very important element providing very effective messaging and is a steady source of revenue for the Airport. This action item is to extend the agreement with Clear Channel Airports for six years, terminating on August 14, 2027. The Airport's revenue share will be 35 percent, which is a 3 percent increase over the current return. Based on past revenues, the projected return for the existing advertising spaces for the next six years is \$345,850. The 3 percent increase will net the Airport another \$30,000 compared to the current revenue share. This does not include the terminal's expansion, which will also create an opportunity for additional revenue for the Airport. Mr. Donovan commended the Business Development team for negotiating this agreement.

Motion was made by Mr. Thomas to approve the Third Amendment to Concession Agreement with Clear Channel Airports, seconded by Mr. Fischer. Motion passed unanimously.

Item A-6 Recommendation to Approve Seventh Amendment to Lease with South Brevard Aviation.

Mr. Donovan explained that South Brevard Aviation (SBA) is located next to L3 Harris hangar. SBA has been a great tenant and is asking for an additional three (3) five-year options to its lease. The current term expires on January 3, 2022, and has (1) five-year option remaining. As per the lease, CPI adjustments with a minimum of 2 percent and maximum of 5 percent per year would take place on the exercise of each option. The current annual rent for the 1.28 acres is \$26,100.36 or \$0.46 per square foot per year, which is slightly higher than our current aviation appraisal rates. These additional option periods could generate additional revenues of \$391,505 not including the CPI increases.

Mr. Potter asked who is the principle of South Brevard Aviation currently? Mr. Busalacchi stated it is Mr. Dick Love.

Motion was made by Mayor Alfrey to approve the Seventh Amendment to the Lease with South Brevard Aviation, seconded by Ms. Thomas. Motion passed unanimously.

Item A-7 Recommendation to Approve Purchase of Vehicle for \$49,500 Through the Florida Sheriff's Association Purchasing Program State Contract Number FSA20-VEL28.0.

Mr. Donovan stated this item is to replace the vehicle currently being utilized by Mr. Cliff Graham, Director of Operations and Maintenance. This vehicle will be placed as an administrative vehicle, auctioning off two of the oldest vehicles in the fleet.

Motion was made by Mayor Alfrey to approve purchase of vehicle for \$49,500 through the Florida Sheriff's Association Purchasing Program State Contract Number FSA20-VEL28.0, seconded by Mr. Thomas. Motion passed unanimously.

Item A-8 Approval of Purchase Order Issued to TK Elevators in the Amount of \$62,215 for modifications to the Federal Inspection Station (FIS) Elevator.

Mr. Donovan stated this item is a repair requirement for the Federal Inspection Station (FIS) elevator. The elevator's electrical components, installed during the initial 1995 FIS construction have reached the end of its usable life despite numerous attempts to procure parts and components for repair. Proposals were solicited with two responding and TK Elevators being the lowest responsive bid.

Mr. Potter asked if there is concern over the disparity in the bids. Mr. Donovan stated no. He explained that the staff is working with TK Elevators on new elevators for the terminal project and having the continuity with one company is a value and may be part of the cost savings.

Motion was made by Ms. Thomas for approval of purchase order issued to TK Elevators in the amount of \$62,215 for modifications to the Federal Inspection Station (FIS) Elevator, seconded by Mr. Potter. Motion passed unanimously.

Item A-9 Recommendation to Award the Design of the In-Line Baggage Screening Expansion to RS&H for the Guaranteed Maximum Price (GMP) of \$1,024,919 and Void the Award Previously Given to Haskell/RS&H/Kinley.

Mr. Donovan explained that in August the Board awarded a contract to design the baggage screening system to Haskell/RS&H/Kinley, separate from the Terminal Renovation and Expansion Project. Since this award is for the design only and Transportation Security Administration (TSA) requires the project to be bid in lieu of a continuation of the current progressive design build contract, Haskell and RS&H agreed to adjust the contract with the Melbourne Airport Authority (MAA) to allow Haskell to withdraw from the design and let RS&H lead this portion of the work. This is just changing the course of action on the Airport's part. There is no change in dollar amount or grant.

Mr. Mikuen asked if this is just changing the prime and sub structure? Mr. Donovan stated yes, that is correct.

Motion was made by Mr. Potter to award the Design of the In-Line Baggage Screening Expansion to RS&H for the Guaranteed Maximum Price (GMP) of \$1,024,919 and void the award previously given to Haskell/RS&H/Kinley, seconded by Mr. Thomas. Motion passed unanimously.

Discussion Items

MAA Meeting Dates 2022

Chairman Ryals advised the Board of the new meeting dates for 2022.

Executive Director's Annual Performance Evaluation

Chairman Ryals stated that as part of the executive director's contract an annual performance review needs to be conducted. Mr. Bill Johnson has assisted with the evaluation review form, and it will be emailed to all board members after the meeting today. Please have this completed and returned with the next 10 days. He continued to explain that the salary is very competitive, but the retirement portion is not. More details on this will be part of the board packet next month prior to the board meeting and will be presented as an action item next month.

Information Items

Item I-1 Financial Update by Mr. O'Dell

Top 10

Revenues - Up 4 percent

Expenses – Up 1 percent

Operating income is up \$500,000 from last year

Terminal Project

Funds spent and encumbered explained

- 33 percent of FAA grants spent
- 31 percent of FDOT grants spent
- 22 percent of MLB funds spent

Mr. Potter commended Mr. Donovan's staff on the financial performance in such a difficult year.

Item I-2 Operations Update by Mr. Patrick Mac Carthaigh for Mr. Cliff Graham

Airport Name Change Certificates

Paperwork for the name change certificates for Federal Aviation Administration (FAA) and Florida Department of Transportation (FDOT) license name change process is underway.

Wildlife Meeting

The Wildlife Working Group annual meeting that discuss best management practices is on November 9, 2021. This meeting group includes airlines, stakeholders, and various tenant at MLB. This meeting give opportunity to education and seek input for wildlife strategies.

Passenger Statistics Update

MLB passenger numbers have been moving upward. It is anticipated that the numbers will continue to increase especially with the larger aircraft that will be used by Delta Air Lines.

Aircraft Operations Update

The aircraft operations have also trended upwards with increased flight activity and training. MLB is averaging 1,200 operations a month currently. He explained that an operation is a take-off or landing of any aircraft.

Item I-3 Construction Projects Update by Mr. Perley

Apron Renovation/Reconstruction

Apron paving continues behind the Eastern Florida State College.

Underground utilities continue at the filets between Taxiways A and R.

Most of the 17-inch-thick pavement is complete.
Pours have not improved with concrete deliveries, but the contractor is maintaining schedule.
Pours still starting at 3:00AM and run Monday through Friday, weather permitting.
Concrete crushing is complete, and material is being placed.
Construction of the retention pond is nearing completion.
Electrical for ESOS and security check point are nearing completion and switchover is expected soon.
High mast light poles have been delivered.
New regulator for lighting vault has been delivered and installation will begin once ESOS is complete.

Terminal Renovation Phase 2

Structural steel erection is nearing completion at the security check point and hold room areas.
Second floor slab pours have begun and should complete next week.
Underground plumbing and electrical in the security check point area are nearing completion.
Overhead rough-in on the first floor has begun.
Welcome Center foundations are complete and structural steel is currently being erected.
Underground plumbing complete and electrical in the Welcome Center is nearing completion.
Welcome center civil work submitted for permits.
Canopy shop drawings reviewed and ready for permitting.
Foundations are underway for the new FIS Baggage Claim area.
Renovation in the ticketing area is underway.
VIP lounge drawings submitted for permitting with comments received and resubmitted.
Coordination continues with both TSA and CBP.

Northside Expansion

City permit issued.
Property boundary easements at Croton Road remains to be resolve which stem from a 1972 survey.
Contractor has mobilized.
Most submittals have been reviewed and approved.
Precast wall currently in fabrication.
Due to material issued related to COVID, the contractor has ordered and received all PVC piping.
Clearing and grubbing has started.
Anticipated substantial completion will be May 2022.

Item I-4 Business Development and Marketing Update by Mr. Busalacchi

Ms. Melissa Naughton had a speaking engagement with the Greater Palm Bay Chamber of Commerce and she is now a Brevard Cultural Alliance board member.

New Wall Art

MLB is soliciting local artwork for two areas in the airport; one is outside the Welcome Center and the other is between the check point and the hold room by the escalator. The theme is coastal casual. Proposals are now being accepted, followed by a committee review and final evaluation. A thank you to Ms. Debbie Thomas for her assistance with this project.

MLB hosts TUI

A 15-day visit from Ms. Tammie McKenzie, Head of Project Melbourne Implementation, Commercial Business Development, liaison from TUI was just completed. A series of meetings were conducted with her and business partners, stakeholders, Customs and Board Protection (CPB), Transportation Security Administration (TSA) and many others.

Temporary Parking

The board received a packet of information regarding the temporary parking changes. Details were discussed as to where to park and how to enter and exit the Airport during construction.

Topping Off Event

Mr. Donovan address the Board with details on the 'Topping Off' event that is immediately following the board meeting today. He thanked the Board for its support and leadership as this project continues to completion.

Adjournment


The meeting was adjourned by Chairman Ryals at 9:20 a.m.

PREPARED BY:




Tammy Till, Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman