

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for December 1, 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
- Mr. Cliff Graham, C.M., Director of Operations and Maintenance
- 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

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

- Topping Out Ceremony and beam signing.
- Past Airport Director Ed Foster's family makes visit to MLB
- Welcoming of Allegiant flight on November 18th. A few members of the Board were guest speakers.
- Mr. Donovan was recognized by the Airports Council International-North America (ACI-NA) for being on the US Policy Council.
- I-95 Interchange at Ellis Road signage gets Airport update.

Action Items

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

Item A-1 Selection of Two (2) At-Large Members to the Melbourne Airport Authority to serve a two-year term.

Mr. Bird explained that this position is a two-year term for each of the board members. We also have three City Council board members that are appointed by the City Council and were recently reappointed. The board is comprised of four non-city council members; one is appointed by the Chamber of Commerce, and one is appointed by Industry tenants. The last two members are voted on by the five-sitting board members who are Mr. Ryals, Mr. Mikuen, and the three City Council members. Mr. Bird has spoken both with Mr. Potter and Mr. Fisher who have expressed interest in continuing as the two At-Large members who were last appointed back on December 2019 meeting, and they are up for reappointment today. Mr. Bird recommended to Mr. Ryals that he take nominations from the floor. Mr. Ryals acknowledged and says anyone is eligible as an At-Large member. As Mr. Bird has stated,

the two current members are willing to continue service if that is the pleasure of the Board. Mr. Ryals ask if there are any other nominations. No nominations stated.

Mr. Ryals asked for a motion to appoint Mr. Potter and Mr. Fisher as the At-Large members of the Authority. Moved by Mayor Alfrey and seconded by Mrs. Thomas. Motion passed unanimously.

Item A-2 Appointment of Chairman and Vice Chairman to the Melbourne Airport Authority to serve the term January 2022 through December 2022.

Mr. Bird explained that each year the positions of Chairman and Vice Chairman are voted on just to make sure the process remains ongoing year to year. This process is not necessarily required by Airport by-laws, but something that has been historically done, but with reappointment of members that this is particularly important. Mr. Bird stated that as acting Chairman and Vice Chairman, it is entirely up to the Board to continue the current officers or to appoint new officers. Mr. Ryals explained that any member is eligible to be nominated. There are only seven people eligible for this nomination. Mr. Ryals asked if there are any nominations.

Motion was made by Mr. Fisher for Mr. Ryals and Mr. Potter to remain in the current position and seconded by Mayor Alfrey. Mr. Ryals and Mr. Potter both agree to continue with their positions. Motion passed unanimously.

Item A-3 Recommendation to Approve Resolution 15-21 Federal Aviation Administration (FAA) Grant for the acceptance of the American Rescue Plan Act 2021 (ARPA) Grant 55 to fund operating expenses.

Mr. Donovan explained this action item is to accept an FAA (ARPA) grant for \$3.2 million dollars. This is a 100 percent grant that goes towards eligible operating expenses after January 20, 2020, and debt service incurred after March 11, 2021. Staff has worked on this, and this is included in our financial strategy that we have discussed for the terminal building project and asked for approval of Resolution 15-21 accepting this grant from the FAA. Mr. Potter asked Mr. Donovan to explain the reimbursement of expenses. Mr. Donovan explained that FAA will reimburse for any operating expenses that have been incurred. Mr. Potter's second question is the grant is a four-year term, does this mean this will be four annual installments? Mr. Donovan replied to use the entire amount of the grant, it must be accomplished within the four-year period. Mr. Potter asked is this paid-up front? Mr. O'Dell explained this grant is reimbursable, so we must submit draw requests, similar to the CARES grant and we have up to four years to fully draw upon the grant. Mr. Mikuen asked Mr. O'Dell, to be clear that this is within the budget and the interest charges, and the debt that we incur, we can use and get reimbursed from this Grant. Mr. O'Dell responded that was correct. Mr. Mikuen asked if this was included in the financials that were approved with the budget, so they are really no changes. Mr. O'Dell responded that there were no changes. Mr. Donovan stated this is formal acceptance of the grant, and its principal and interest are eligible for reimbursement.

Motion to approve the resolution was made by Mayor Alfrey and seconded by Mr. Fisher. Motion passed unanimously.

Item A-4 Recommendation to Approved Resolution 16-21 Florida Department of Transportation (FDOT) Grant Amendment to fund the Terminal Renovation and Expansion Project.

Mr. Donovan explained that like item A-3, this action item is a FDOT grant. Mr. Donovan had mentioned in previous meeting the absolute excellence and professionalism of the FDOT staff when the Airport faced our financial challenges, FDOT was quick to answer and offered to reallocate unused grant funds from the Air Traffic Control Tower project to which the state committed to reallocate funds in the

amount \$456,550 that is being offered by the state. The conditions of this are that we must match those dollars, so it's a 50/50 match, but again, this is what we presented back in September to the Board, this is very similar to the previous item where we were just accepting the actual JPA or stage grant.

Motion to approve the resolution was made by Mr. Potter and seconded by Mrs. Thomas. Motion passed unanimously.

Item A-5 Recommendation to approve Purchase Order to Vanasse Hangen Brustlin, Inc., (VHB) under its Continuing Service Contract, for on-call services in an Amount Not-To-Exceed \$40,000.

Mr. Donovan explained this is a very important continuing service contract and that the Board is very familiar with Mr. Fin Bonset. This is outside of the services that are included in the Engineering process for the Terminal Project, more goes toward the regulatory and planning, meeting with IATA requirements and so forth. Mr. Bonset has been with us from the very beginning on this project and helping us plan. Airport staff would like to have authorization to complete tasks throughout the year, and that would be a not to exceed amount of \$40,000. Airport has sufficient budget for it, and it is in our budget that was approved by the Board and City Council, but because we have hit certain thresholds on spending, it requires the Boards approval. This would be the first amendment to this particular service contract.

Motion to approve was made by Mr. Thomas and seconded by Mayor Alfrey. Motion passed unanimously.

Item A-6 Recommendation to Approve First Amendment to Ground Handling Agreement with Menzies Aviation Inc., USA.

Mr. Donovan explained that both items A-6 and A-7 relate to our ground handling vendor Menzies. For years, the airport took on the responsibility of providing through a temporary employment agency the ground handling personnel for flight activity. When we talk about ground handling, it's the obvious handling of the luggage, it's pushing back the aircraft, it's preparing the aircraft on the ground, but also, we refer to that it's below wing, above wing, is the ticket agent process from the very beginning at the main counter, at the gate, the boarding or deplaning of the aircraft. We went out to bid for this sometime ago and Menzies was selected for it. Menzies has done a great job for us, but they found themselves as the industry finds itself in a very difficult circumstance with retaining labor.

Labor is up 25 percent as an industry in this particular area. Competing with Amazons and the Walmart's and everyone else that is bumping up their salaries to be competitive, it requires more resources. We have a contract with Menzies and the question I think anyone will have, is that when Menzies comes back and proposes a 33 percent increase, why do we have a contract is really the big question. The answer to that is while we didn't necessarily know how to predict or plan for the results of a labor shortage and equipment is up 25-30 percent as well, the agreement has a 30-day notice that either the Airport or Menzies could walk away.

Mr. Donovan is 100 percent confident that the Airport could not get another company to do what we need them to do at the price we originally had targeted before. We don't want new companies coming in every couple of years doing the most important hands-on work with our Airlines. This is really the most pivotal point of the customer service element that we can have, and he thinks it's to our benefit to continually have a good relationship with Menzies. Staff worked with Menzies and concluded that if we could increase the contract by seven years, bringing the contract to a total of twelve years. The seven-year extension will result in the lowest cost to the Airport. The original target was \$2,990 per turn and with this seven-year extension, were looking at an 11 percent increase at \$3,340 dollars per turn.

Mr. O'Dell and Mr. Donovan have worked on this, and Mr. O'Dell has been working through our proforma to make sure that this fits within our model to accommodate TUI. It's well within our budget and Mr. Donovan would ask the board to approve the first amendment for the ground handling agreement with Menzies. Mr. Mike Demeritt is here, he is the East Regional Director if there's any questions from the board.

Mr. Mikuen did not recall the 30-day mutual termination right. If we are extending for seven years, it's not worth seven years unless we have extended the termination right. Mr. Potter had the same questions regarding the lease as well. If either party can terminate in 30 days, the future rates do not really mean anything because they can come back in six months and say the industry is suffering more than we anticipated, so we need another increase or were going to leave. Mr. Potter is concerned about their right to terminate. Mr. Ryals asked for Mr. Michael Demeritt to address the board.

Mr. Demeritt said: In talking about the extension as far as the time frame, it is really based on how we can amortize the cost of the equipment, with the prices going up and everything else, Menzies looked into a palatable situation that would give us an opportunity to extend our relationship with the Airport and amortize those costs over an extended period of time. The seven-year extension was really based on the cost of equipment, initially. From a term perspective as far as cancellation is concerned, I think that's an open discussion that we can go through. If there's a change that relates to exiting of the contract, it's something we can discuss at that point.

Mr. Ryals stated to Mr. Demeritt that he thinks he understands the concerns expressed by the Authority that as it stands now, it appears to us that Menzies can terminate in 30 days and what does the Airport do in 30 days to provide service. Mr. Demeritt agreed and said it goes both ways that the Airport can terminate them.

Mr. Mikuen spoke and said the airport can only terminate for cause, so that is much different. If you are performing, we can't terminate you. I think the Chairman's point still holds.

Mr. Potter asked Mr. Bird if he knows the termination provisions and Mr. Bird responds he does not but will get with staff on this. Mr. Fisher asked are there any provisions for discussion future increases for labor rates and stuff over the next term of this agreement, or will we be in the same boat, this would be a negotiated issue. Mr. Graham responded the condition that we find ourselves in right now is extraordinary, this is not a case of CPI increase. This is a direct result of the pandemic and what has happened to the segment of this industry being ground handling. When all flying ceased, their jobs basically went away. Menzies is faced with a situation now where they must ramp up and they are expected industry-wide to go back to business as usual. However, as we have discussed this morning, they are facing 25 percent increases in labor, tremendous competition out there.

Mr. Donovan expressed we have a contract that is very clear with TUI, and he would be hesitant to revise that at present particularly when they are starting now. When we get into further conversations with TUI, we have an ability then to adjust our rates and we will surely make that the precedent on this. Going back to the first element, it will be extremely difficult for us to replace Menzies if they were to give us 30-day's notice and they are out the door, I would expect professionally in a very tight industry that they would not do something like that and give us more time. We have to be conscious of the difficult hands that were presented to the ground handler, and I think we also need to go into it with the spirit that we do not want to put the brakes on the process of hiring 85 people gearing up for this operation. I mentioned this to our vice chairman today, that we are focused so much on the construction element, the bigger action item if you will, is the operation. When we actually start flying, how we conduct operation here is going to require all this pulling maximum effort and I would like to, if the board would be willing to give us the guidance to work towards a better term on the notice, to have an approval conditional on that, so we can move forward.

Mr. Potter motions to approve the contract subject to a re-negotiation of the termination provisions that is acceptable to the Executive Director, the Chairman, and the Board Attorney. Mr. Bird added since the action item is in motion, he was reviewing the existing contract and he does not believe under the article 12, the termination provision, that there is a unilateral 30 day right to terminate on the part of Menzies, it is not in there, so this is a fine motion.

Motion to approve the amendment, subject to the condition stated in the motion, was made by Mr. Potter, seconded by Mrs. Thomas. Motion passed unanimously.

Item A-7 Recommendation to Approve Contract with Menzies Aviation Inc., USA to Provide Aircraft Fueling Services for TUI Airways.

Mr. Donovan explained this item involves the into plane refuel elements. When we talk about below the wing and above the wing ground handling, none of it includes into plane refueling. As part of our incentive package to TUI that was approved, and even not specifically for TUI as well, the ASIP program itself offers this for qualifying international activity. We went out for an RFP on this, and the best proposal was from Menzies for TUI. It will be a four-year contract with three one-year options, so it marries the existing agreement that we have with TUI for a seven-year period. There is no minimum or maximum amount, it's based on actual terms and actual refueling. The cost would be around \$221,250 per year, and again we included this in our proforma we used this in our work up with TUI. Mr. Potter stated that he is not sure he understands the issue of new equipment and lease equipment.

Are they buying the equipment or are we buying the equipment? Mr. Donovan responded that we are not buying the equipment. Mr. Potter asked if they make the decision as to whether they use new equipment or lease equipment. Mr. Donovan answered that we are giving them direction under the agreement of accepting this price schedule for them to use the lease equipment. Mr. Potter continued to say the other thing is the item he and Mr. Donovan discussed regarding these provisions and services to TUI is available to other international carriers, it's not discriminatory. Mr. Donovan responds absolutely. It is included in our ASIP or Air Service Incentive Program and its open to any international carrier that provides a service that TUI is. It does not discriminate and it's also not a subsidy. The way this is being offset is by non-aeronautical revenue. Mr. Potter just wanted in on the record that specific issue had been considered.

Motion to approve the contract was made by Mrs. Thomas and seconded by Mayor Alfrey. Motion passed unanimously.

Item A-8 Recommendation to Approve a Change Order to DP Development, LLC for modifications to the buffer wall on the Northside Expansion Project: St. Michael's Place Extension Phase 3 in the amount of \$47,246.

Mr. Donovan explained that we have an ongoing project on the northside of the airport. This was an area originally being prepared for Aerion and other tenants. The project itself on the northside is not positioned for just one company, it's multiple companies. We got into the project of extending St. Michael's Drive and connecting it with General Aviation Drive and the original proposal was to put along the northside of our property, a brick and stucco wall. DP Development came up with some other alternatives with precast and doing that, it actually saved some money. The Airport looked at how we can combine that with adding a little bit to the project and continuing that wall even further. There was originally the thought that we did not need it at the intersection where these two roads meet, but we are very mindful of the residents that border airport property, and while there is an offset in the ditch and all those things, lights from cars and the sound of activity, it's something we can proactively address during this construction period.

What is before you today is to make an amendment to our agreement with DP Development to add \$47,246 to the project to allow us to continue the wall further and cover the boundary of that intersection. I will remind the board that this is a 100 percent FDOT grant, and there is no matching requirement, and no out-of-pocket from the Airport. Mr. Fisher asked if this was a block wall and painted. Mr. Donovan replied that is a precast wall, prefinished. Mr. Alfrey agreed that this is a good move.

Motion to approve the change order was made by Mr. Fisher and seconded by Mr. Alfrey. Motion passed unanimously.

Item A-9 Recommendation to Approve Change Order 15 and 16 to Carr & Collier, Inc., for scope changes with the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in the amount of \$7,136.64.

Mr. Donovan explained that previously we have brought to the board change orders 1 through 14 and because of the type of contract we have here, any of the change orders, even minor ones, require board approval. In this case, it's a \$7,136.64 change order that involves two things: it involves extending a water valve elevation that was not originally anticipated and we have an area that is under construction that we need to put back in operation for the VOR receiver check point. This is a point where an aircraft would check their instruments and there are sign marking requirements. FAA has new standards for that and incorporated in this change are those two elements. Mr. Donovan asked the board to approve change orders #15 and #16 for the amount of \$7,136.64 and this is within our budget.

Motion to approve the change orders was made by Mrs. Thomas and seconded by Mr. Potter. Motion passed unanimously.

Item A-10 Recommendation to Increase the Purchase Order with Romjue Advertising & Company, Inc., for the 2022 Airport Marketing and Advertising Campaign in the Amount Not-To-Exceed \$73,198.

Mr. Donovan explained that the Airport is using funds projected in our annual budget to advertise new service. All of us understand the importance of Allegiant and its success initially in getting established. Romjue is also providing a service that we really have not tapped into before as a media buyer too, so they are able to negotiate rates that are otherwise hard to negotiate and whether its billboards, whether its print or TV, we have an obligation to try to get this out and continue a campaign. Mr. Himler has done a great job in pacing this in a way that we can continue to get the message out there that we don't spend two weeks of advertising something that falls off. It's a complete strategy, but it's going to require an additional \$40,295 on top of the \$32,903 that Mr. Donovan approved for the initial effort. What is before the Board today is to allow the campaign to continue and not-to-exceed \$73,198. This is accounted for within our annual budget.

Motion to approve the increased purchase order was made by Mr. Potter and seconded by Mr. Fisher. Motion passed unanimously.

Item A-11 Recommendation to Increase the Purchase Order with Rock Paper Simple for In-Flight and Marketing Videos in an amount Not-To-Exceed \$82,000.

Mr. Donovan explained that before each authority member is a brochure that goes into a little more detail on this agenda item. The Airport has a unique opportunity with the type of flying starting next March is that on a Trans-Atlantic flight, passengers obviously have a lot of time for entertainment and the IFE (in-flight entertainment equipment) on an aircraft is an excellent opportunity.

The Airport has two responsibilities in this initial startup with Trans-Atlantic operations and part of it is to make sure that people are familiar with the operations here at the Airport, but also for them to familiarize themselves with the layout geographically and the advantages of flying into MLB. When we get a little closer, particularly media in the UK and in Europe, are going to be doing a lot of stories about why TUI moved, why did TUI invest so much in activity here and why are they putting all their future flights into here. The Airport worked with Rock Paper Simple to put together a pitch book and that is what is in the brochure, this was presented to TUI upper management. Not only are we talking about in flight equipment that people can watch this video inbound from any of the nine locations to our airport, but we are also talking about it would be on everyone of TUI's 787's. If you are taking a trip anywhere in the world on TUI, you have the option to learn about Melbourne and maybe inspire you to take a trip here. It's a first time that we know of that an airport has advertised on an International IFE or Domestic IFE. Next time you travel, you always see airline commercials, but you never see an airport commercial, so Mr. Donovan thinks this is a great opportunity. We need to have the product in place, we are going to use the product for IFE, but also other elements. When we get to within about a month of launch, you are going to see a lot of media taking place over in Europe which is driven by TUI. TUI will be spending about \$2 million of their own money into advertising in that first year. Mr. Donovan asked the Board for a purchase order with Rock Paper Simple not to exceed \$82,000. The Airport has sufficient budget to do this, and it is within our existing budget.

Mr. Thomas thinks this is an ingenious marketing and advertising idea because you have a captive audience on that flight, and they are going to watch that and see that information. I think it's a fantastic idea and well done. Mr. Mikuen stated its beneficial. When he first was thinking about it, that there already coming here, we are spending money, so what's the cost of benefit analysis, and you have persuaded him, but he would look to is this something that we should be coordinating with the local tourism in the area and recruitment because he feels like we are spending, and Mr. Mikuen is not sure he has heard the Airport getting reimbursed for these types of expenditures. Me. Mikuen supports it. To Mr. Mikuen, it seems and looks like we're getting outside of what an airport would do, so he hopes there's a view of cost benefit analysis for any expenditures we make, and he presumes that is the case.

Mr. Donovan states that Peter Cranis and the TDC folks really opened up and really started to work with us on this. Mr. Ryals stated to Mr. Mikuen that he too was in on the meetings with Allegiant and the TDC and he does believe we have a level of support that we have not enjoyed in the past and there is a direct line of communication now between TDC and Allegiant and hopefully we can bring TUI on board. Mr. Fisher, too, supports and thinks this is a great idea but asked if the agreement we have with OIA/MCO, we are cognizant that we are not violating any of those agreements. Mr. Donovan stated that we are very cautious of that. The way this is written is straight and narrow and complies with every element of our agreement. We are about halfway through the implementation phase of the agreement, and we have been in 100 percent compliance with that agreement. We will continue to do that and that is a very good point.

Mrs. Thomas agrees that this is an excellent idea. It is going to be important in the future that we make sure tourists are coming in and understanding that they can stay here within Melbourne, Brevard County area and spend their money and enjoy their time while they are here. Mrs. Thomas thinks it's a great opportunity, so even though it is out of the wheelhouse of what we would normally do in the past, it's a terrific opportunity and I also want to point out that Rock Paper Simple who is also a local company is the company being selected for this because there is no one better than a local company to explain who we are locally.

Mr. Donovan explained that the way these packages are built is a la carte. So, for someone who is coming for a two-week vacation, they can pick and choose different things, and how they feature hotels in Melbourne, hotels along the coast, Cocoa Beach, all Brevard is interesting. We need to work together

with TDC, with downtown developments and all the folks that are really trying to pull ahead in the right direction. Mr. Potter asked a little more information about how the TDC is working with TUI. Mr. Donovan mentioned hundreds of thousands, is that annually? Mr. Donovan states that it's over the initial startup. The introduction of TDC to Allegiant and the introduction to TUI have been going on for some time and the airports' philosophy was take a step back and not be the intermediary of that necessarily. Mark Busalacchi explained its direct marketing with the airline for marketing and promotions, advertising, things like that, so it gives the airlines an opportunity to pick and choose what type of advertising they want to do to be paid for by the TDC, so long it includes certain elements of the community, the area and region. The airline has to include some element of Melbourne.

Motion to approve the purchase order was made by Mrs. Thomas and seconded by Mayor Alfrey. Motion passed unanimously.

Item A-12 Results of Executive Director's Evaluation

Mr. Ryals explained a little history regarding Mr. Donovan's contract. It calls for an Executive Director's once per year evaluation. We skipped the first year from the basis what we can't compare it to because he was new. We skipped last year because how do you evaluate a Covid year, there are just too many variables. But other than that, we have done it every year. This year, he asked Bill Johnson to help on developing the form and evaluating and even more importantly, how does this Airport stack against other airports. Mr. Ryals asked Bill to speak on the results of his survey. Mr. Johnson stated it was a fun job to call all the airports and find out how much the airport directors were making. When the chairman asked him to do this, he made these calls to the commercial airports in Florida in October.

Mr. Johnson provided the board a memorandum packet explaining the telephone survey of airport director's salaries within the State of Florida and breakdowns on a salary survey for Florida Airports by Hub Category, a salary survey of Airports in the southeast US and a survey of Fringe benefits paid to their CEOs by Airport Authorities. Mr. Johnson explained each exhibit item in detail to the board and told the board they have the ability to do a bonus increase or look into a better retirement plan. Currently, Mr. Donovan is in the Florida Investment plan for retirement. The Melbourne Authority pays \$65,000 a year which is about 29 percent, of Mr. Donovan's base compensation, of which Mr. Donovan only receives 4 percent which is less than \$10,000. The remaining balance goes to the State for miscellaneous administration fees. Mr. Johnson suggested the board may look to other options for Mr. Donovan's retirement plan, like a 401 A plan and the money will go directly into his retirement and be tax deferred until he retires.

Mr. Ryals was very puzzled by the information given regarding the Florida retirement differential between 29.01 percent of his salary going into his retirement plan and only 4.67 percent credited to his account. The remaining 25 percent was basically to fund unfunded liabilities within the State retirement system which is not one of the objectives the Authority would want to meet. Mr. Ryals stated that Mr. Donovan's retirement contribution is subject to the pleasure of the Authority each year. Mr. Ryals suggestion to the board after speaking with Mr. Bird and Mr. Donovan is that we amend his contract to recognize the retirement contribution paid for by the Authority as the IRS allowable deduction maximum for a 401-A plan beginning that as soon as he withdraws from the FRS.

The first action here is to correct the issue with the retirement. We are paying into the FRS monies to which the director is not going to get. By making this change to another type of retirement plan, it saves the Authority money and ensures our director gets better compensation benefits in his retirement plan.

Motion was made by Mayor Alfrey for Mr. Donovan to withdraw from the FRS plan and replace it with contributions to his 401-A plan to the maximum allowable amount as per IRS regulations and that his contract be amended to reflect the same, seconded by Ms. Thomas. Motion passed unanimously.

Information Items

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

Finance Highlights – Preliminary Performance

- FY18 we were in the negative
- FY 19 we were profitable
- FY21 close to \$2 million operating income
- PFC's and CFS's are rebounding
- CARES Grant on track to fully draw out this year
- Interest expense on capital equipment

Balance Sheet

- Cash and Investments were up at \$28 million
- Accounts Receivable at \$470,542 at 9/30/21 compared to \$1,089,543 at 9/30/20 prior year was higher due to rent deferrals provided to impacted tenants as part of the Airport's Covid Relief
- Due from other Government due to monies received from grants
- Escrow account funds for debt issued back in April of this year
- Accounts Payable up due to the terminal project
- Notes payable balance as of 9/30/21 was \$9,000,000

Top 10 Revenue

Parking and Car Rental Concession are both short of pre-pandemic levels.

Top Ten Expenses

Personnel line item shows we are down, but once we book the pension liability, it will flow into the personnel cost. Audited financial statements will show the increase.

Terminal Project Update

Funds spent and encumbered explained

- 41 percent of our budget expended
- 58 percent of budget encumbered
- \$934,000 unencumbered to pay for permit fees, change orders, etc.

Funding Progress

- 50 percent of FAA grants spent
- 46 percent of FDOT grants spent
- 34 percent of MAA monies spent

MAA Funds

- FAA CARES grant – total drawn is \$12,703,556 leaving a balance of \$7, 120,153
- Land sales for police property – we closed on that in the month of November = \$3.2 million

Item I-2 Operations Update by Mr. Graham

Airport Noise Awareness

This is a proactive program and multi-layered approach addressing aircraft noise. All airports face this issue, but no two airports are the same. Issues may be similar but never identical. FAA Part 150 noise study clearly demonstrated that all regulated noise from all aircraft remains on airport property and

does not penetrate neighboring communities. The study considered future growth and increased air service as well.

Awareness campaign

We have monthly tenant meetings to discuss noise issues; we are in contact with the ATCT for coordination and pattern observations of planes.

What causes complaints?

Total aircraft operations are up, 133,000 this year alone. We are the only Airport in the area with an ATCT open after 10:00pm. Another cause for complaints is high concentration of urban development and residential communities within close proximity to the airport. Most noise complaints (more than 90%) involve small GA aircraft. We receive more complaints in the cooler months when residents have their windows open. Airport Operations receives approximately 1 to 2 noise complaints a month and we investigate them all.

What will we do in the future?

We will continue our outreach and education and work closely with our airport stakeholders and continue to listen to concerns and look to make improvements where possible.

Item I-3 Construction Projects Update by Mr. Perley

Apron Renovation/Reconstruction:

Contractor is nearing completion of all concrete pavement.

Asphalt paving has begun.

Retention pond is nearing completion with sod currently being placed around the embankments.

SIDA eye card readers are now operational in their permanent location.

Electrical work for the ESOS continues with wire ready to be pulled and terminated.

New lighting transformer has been installed in the vault and is operational.

High mast light poles are being assembled and should be standing soon.

Remaining underground storm structures to be installed by the end of the week.

Contractor is expected to complete the apron work before the end of December.

Terminal Renovation Phase 2:

Structural steel erection is complete at the security check point and hold room areas.

Second floor slab pours are complete.

Rough in for mechanical, electrical, and plumbing continue.

Exterior metal siding has begun.

Welcome Center structural steel is nearing completion.

Welcome Center civil drawings are waiting on a permit.

FIS Baggage Claim area structural steel currently being erected.

Renovation in the ticketing area and second floor FIS area continues.

VIP lounge permit received and demolition underway.

Coordination continues with both TSA and CBP.

Northside Expansion:

Clearing and grubbing for the road extension is nearing completion with final "root raking" taking place now.

Installation of the force main and potable water has started from Apollo Blvd. and heading west.

Directional boring for the force main under the current St. Michael place is complete.

Precast buffer wall is currently in production.

Stabilized fill for the road extension sub-base is currently being delivered and installed.

Property boundary easements at Croton Road remains to be resolve which stem from a survey back in 1972 but is not currently holding up the project.

Anticipated substantial completion will be May 2022.

Mr. Donovan explained to the board members that the terminal project has been a challenge with issues of labor and price increases throughout, but especially difficult with the building officials and inspections, which makes planning impossible and the inconsistency both with changing requirements and inconsistency on interpretation. He would like to bring to the board three specific examples: the first issue is with upgrading the non-areas of construction with a new fire sprinkler system which has existed here for more than 30 years of these areas not having a sprinkler system. The building department is now requiring that we must have a full design submitted to them before we can open the terminal, otherwise a CO will not be issued. This will add about \$50,000 that we did not see coming.

The second item that came to our attention that the proximity of the EFSC building and the most western wall of the terminal requires a fire wall to be built at the cost of about \$100,000. We went through the process of improving the FIS building and this issue never came up when improvements were made and when EFCS made some improvements to their building, this concern was not brought up. We submitted our plans to the city 18 months ago and nothing was said then either. Once EFSC term ends with us, the Airport has future plans of demolishing this building, so this added cost is an absolute waste of money.

The third item concerns our jet bridges we have in place. At this time, the airport has seven jet bridges in place and have been in operation for decades and have been renewed overtime. The chief building official has issues from a fire standpoint and wind load objections and is threatening not to give us a CO on that as well unless we are able to provide engineering assurance that these jet bridges can withstand both fire and wind requirements.

Mr. Donovan had a dialogue with the City Manager and the staff here at the airport has worked with Jenni Lamb and they both have been very helpful in helping us mitigate this situation. These issues are costing the airport more money and time. The Airport has been tracking this project and trying to anticipate as much as we can. There are also costs of impact and permit fees to a total of \$405,515 that are being charged as well. With all the challenges the airport is facing concerning fees and additional design, Mr. Donovan would like to ask our City Council board members if the airport can bring to the city council a request of a \$500,000 grant to offset the cost of the permit and impact fees, the sprinkler design, the fire wall between EFSC and the terminal. The city currently has not directly contributed towards capital improvements here at the Airport. It's a modest request and Mr. Donovan hopes it can be considered.

Mr. Ryals stated that permitting process at all levels is very frustrating not only for the airport but for other developers as well. Mr. Thomas stated that he would be in favor for Mr. Donovan and staff to come before the council and present your concerns. The Airport has spent a lot of money on the runways and other improvements to the Airport with the assistance of federal grants and the city has not contributed any monies. Mr. Thomas welcomes Mr. Donovan and staff to come and present these concerns to the City Council. Mayor Alfrey stated his concerns with the building department challenges over the last couple of years. Mayor Alfrey proposed to include the concerns and situation of the Airport as an agenda item in the next City Council meeting on December 14th and this will give Mr. Donovan and staff two weeks to prepare and discuss the issues at the next council meeting. Mrs. Thomas feels let down that the city will allow this to occur and hopes these issues can be resolved.

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

New Wall Art Project

The proposal process has concluded. The Airport received 15 proposals from various artists with various concepts and is very excited about it. Binders are being put together this week and will be handed out to the shortlist committee. MR. Donovan thanked council member Ms. Debbie Thomas for her support and assistance with the shortlist committee. Once these proposals have been reviewed, the shortlisted companies will be provided to Mr. Donovan for final decision.

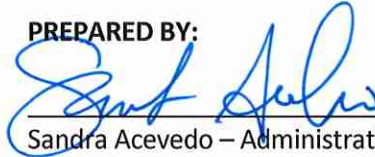
Signage

The Airport has put up more signage throughout the airport concerning the project and our growth. We really want the community and people to get excited about it. We have included a QR code on each of the signs that are accessible to the passengers and what that does when you upload that code onto your phone, it will take you to the landing page that give you all the details about the project itself. Mr. Busalacchi encouraged the board members to scan the QR code.

Adjournment

The meeting was adjourned by Chairman Ryals at 10:40 a.m.

PREPARED BY:




Sandra Acevedo – Administrative Assistant II

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman