



MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for March 27, 2019 Board Meeting
Airport Board Room

At which were present: Mr. Jack L. Ryals, Chairman
The Honorable Debbie Thomas, Vice Mayor
The Honorable Tim Thomas, Councilmember
Mr. William C. Potter, Member
Mr. Michael Fischer, Member
Mr. Scott Mikuen, Member
Mr. Adam Bird, Airport Attorney
Mr. Greg Donovan, A.A.E., Executive Director
Ms. Lori C. Booker, A.P.R., Director of Communications
Mr. Mark Busalacchi, Director of Business Development
Mr. Cliff Graham, 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

Not present: Mayor Kathy Meehan, Vice Chairman

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- Lisa Waters from the National Society of the Daughters of the American Revolution presented a Certificate of Appreciation to the Airport in support of constitution week.
- American Airlines begins nonstop service to Philadelphia.
- International aviation publication Anna Aero features MLB as the winner of the industry-famous Cake of the Week.
- Passenger numbers are up for the first two months of 2019.
- MLB provides tenant tours of air traffic control tower.
- MLB hosts tour of Embraer for young aviation dreamer.
- New MLB Officer Cattell and Officer Beer were welcomed.
- Congratulations to Corporal Wheeler and Sergeant Sadulski on their promotions.
- Officer Moyer recognized as 2018 Officer of the Year.
- Congratulations to Clifford Graham, CM and Patrick Mac Carthaigh, CM now certified members of American Association of Airport Executives (AAAE).
- MLB hosts Air Service Development Public Workshop.
- Air show performers and static arrivals begin Thursday.
- MLB named once again #1 Most Scenic Airport in the U.S. and moved up to #4 in the world.

Action Items

Approval of the minutes for the January 23, 2019 meeting. A motion was made by Mr. Potter for approval of meeting minutes, seconded by Mr. Thomas. Motion passed unanimously.

Item A-1 Recommendation to approve a contract with netDirective Technologies, Inc., d/b/a Artemis for complete Professional Managed Information Technology (IT) Services.

Mr. Donovan explained Item A-1 is the result of a request for proposals for IT services. Seven proposals were received and evaluated. The recommendation is to enter into an agreement with Artemis for 24-hour support with a fulltime, on-site field technician. The total contract amount is \$620,000 for 5 years with a 3-year Base and a 2-year Option Period. Year 1 pricing is \$9,732 per month.

Mr. Proctor, CEO of Artemis Information Technology, thanked the airport for the pleasure of working with airport staff over the past year stating it was a very productive partnership. He is pleased to continue that partnership and be a part of an outstanding team. Mr. Mikuen questioned if there is an ability to terminate the contract at our convenience without paying penalties and is there any equipment involved with the contract or it is just for services.

Mr. Graham stated that there is a termination agreement and yes there is a plan for capital investment within the contract. Mr. Donovan explained that the airport staff will work with Artemis for any updates which would be part of the proposed budget as a capital expense. Mr. Potter commended staff on soliciting a variety of proposals.

Staff recommends approval of Item A-1. A motion was made by Mr. Potter to approve a contract with netDirective Technologies, Inc., d/b/a Artemis for complete Professional Managed Information Technology (IT) Services and authorization for the Executive Director to execute said agreement on behalf of the Authority, seconded by Ms. Thomas. Motion passed unanimously.

Item A-2 Approval of an Option to Lease with Fallon Aviation, LLC.

Mr. Donovan explained that Fallon Aviation and Melbourne Flight School have seen an increase in both businesses and are experiencing tremendous growth. This company has been very successful and requires larger accommodations. MLB's Business Development team has been working with Fallon Aviation on a specific parcel of land. Due to infrastructure to the current tower, if Fallon were to begin construction today, that infrastructure would have to be relocated. Since the tower will be decommissioned and demolished, both the Airport and Fallon agree it would be more fiscally and operationally prudent to delay entering into a lease until they can reasonably begin construction.

Fallon will pay \$3,000 for a six-month option to lease with an additional six-month option period. This is a very reasonable and fair market value for this 7.3 acre parcel.

Mr. Busalacchi explained that this lease option is a fair compromise due to the decommissioning and demolition of the old tower causing this delay. Mr. Fischer questioned if entering into a Letter of Intent would be an option. Mr. Busalacchi said he would be happy to move forward on the Letter of Intent if Fallon would be interested. Mr. Busalacchi stated there was a fair market appraisal conducted and conveyed that rate per acre. Mr. Potter questioned the lease price and addressed Mr. Bird for his input.

Mr. Bird discussed details regarding the lease price/option. Getting exclusivity is key, and agreement is made as part of the option that it will not be marketed to entertain other offers on this parcel. This operates as a Right of First Refusal, but also has a pro forma lease attached. Chairman Ryals added the main thing is the exclusive right to negotiate. Mr. Potter asked for justification of these items. Mr. Busalacchi stated the justification is the fact that Fallon is being delayed from development because of the negotiations with the FAA and the decommissioning of the old tower. It is better to enter into an option agreement that secures the parcel.

Mr. Potter would like to adopt a formal policy regarding lease price/option prices. Mr. Busalacchi agrees and stated that has been a topic of discussion to establish a policy. Mr. Donovan stated there is a land use workshop being scheduled in the summer and will be the perfect opportunity to give a revision on the policy. Having consistency is the main goal. Mr. Fischer added that Fallon has already incurred design and development fees in order to expedite the process. They are in full agreement with the lease option. Mr. Mikuen spoke in support of this important project.

Staff recommends approval of Item A-2. A motion was made by Mr. Fischer to approve and authorization for the Executive Director to execute said Option on the behalf of the Authority, seconded by Ms. Thomas. Motion passed unanimously.

Item A-3 Approval of an Option to Lease with Health First, Inc.

Mr. Donovan explained that Health First operates with First Flight, Brevard County's only air ambulance service. Health First currently leases a facility for the helicopter and maintenance and support functions. Health First needs dictate that it needs to build its own facility. This is a request of the Option to Lease for 1.271 acres on the northwest side of the airport for a nine-month period at a cost of \$5,799.42.

Mr. Potter disclosed that he is a member of the Board of Trustees at Health First and has no financial interest, therefore having the obligation to vote on this item.

Staff recommends approval of Item A-3. A motion was made by Mr. Fischer to approve and authorization for the Executive Director to execute said Option on the behalf of the Authority, seconded by Ms. Thomas. Motion passed unanimously.

Item A-4 Recommendation for Approval of Final Change Order No. 5 to Preferred Materials, Inc. for the Runway 9R-27L Mill and Overlay project in the deductive amount of \$69,844.00.

Mr. Donovan stated this is the closeout of replacing runway 9R-27L. During the course of construction, several change orders were issued for additive and deductive changes, including deductions for Owner Direct Purchases (ODPs) and time extensions due to weather delays. At the completion of the project, the Engineer of Record determined that the Airport was entitled to additional savings resulting in an overall savings amount of \$261,736. The revised final contract amount is \$18,622,993.

Even though the Contractor had received additional time for weather delays, it did not complete certain milestones resulting in liquidated damages. MLB, AVCON, and Preferred Materials reviewed the contractual dates and agreed to an amount of \$41,200 in liquidated damages. This brings the final contract amount to \$18,581,793.

Staff recommends approval of Item A-3. A motion was made by Mr. Mikuen to approve and authorization for the Executive Director to execute said Change Order on the behalf of the Authority, seconded by Mr. Potter. Motion passed unanimously.

Item A-5 Recommendation to Approve an Extension of the Professional Services Agreement with Quadrex Aviation, LLC for the Air Traffic Control Tower project coordination with the Federal Aviation Administration (FAA) in an amount not-to-exceed \$32,760.00.

Mr. Donovan explained that Dr. Dave Byers has assisted with the technical details for ATCT project. There have been a number of timeline set-backs associated with the FAA. The government shutdown and the inability for the FAA team to come and install the equipment are part of those set-backs. Many contacts have been made to the FAA including to the Assistant to the Secretary of Transportation, with the assistance of Mr. Thomas. The Secretary of Transportation and the acting FAA administrator have assured in writing that the FAA is working to correct the delay.

Item A-5 is to allow Dr. Byers to continue to work with the airport and would be an extension of his services in an amount not-to-exceed \$32,760. Mr. Potter inquired as to how the amount was calculated. Dr. Byers explained the hours for the extension is estimated on an hourly rate. An additional 168 hours at a rate of \$195 is needed for the completion of the new tower as well as for the demolition coordination of the old tower and the closeout of the project.

Staff recommends approval of item A-5. A motion was made by Mr. Thomas to approve and authorization for the Executive Director to execute said Extension on the behalf of the Authority, seconded by Ms. Thomas. Motion passed unanimously.

Discussion Items

Item D-1 MAA Board Member Self-Evaluation

Mr. Potter addressed the self-evaluation handout given to the board last month. With no changes or discussion from other board members, Mr. Potter asked the administrative staff to submit the form to the MAA board members electronically. The board will submit completed forms to Tammy Till.

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

Top ten revenues and expenses were presented, with year-to-date amounts.

Items highlighted were:

- Operating income
- Revenue with ground handling rate adjustment and landing fees increased
- Expenses decreased for legal and marketing
- Cash flow sheet details; slowing building reserves
- Audit completed for 2018

Mr. Potter stated that he is very happy with the reporting style of Mr. O'Dell.

Item I-2 Operations Update by Mr. Graham

139 Inspection

New inspector to MLB - Out brief slide show was presented; highlighted the following:

Records were well organized.

Personnel qualified.

AARF equipment – hose and gauge issue, but corrected.

Approach to 9-L, grassy area in safety area had small erosion, but corrected.

Airport signage book commended, not required.

Airshow

Worked hard with tenants, great partnerships with all.

Airport continues to run during the airshow.

Station Performance (On-time, baggage, customer service surveys)

Delta Air Lines received Station of the Month, two months in a row.

American Airlines received an “A” report card.

Thanked staff for their dedication and performance.

Item I-3 Construction Projects Update by Mr. Perley

Runway 9R/27L Rehab

Project is complete and ready for final payment.

All final closeout documents have been received and reviewed by the Engineer of Record and deemed acceptable.

Final closeout was brought to the Board this month.

Ground Run-Up Enclosure (GRE)

Contract finalized with Atkins for the siting and criteria package.

Currently working on siting. Location on Master Plan does not work due to FAA restrictions. Request for Proposal packages being prepared.

Current schedule to have criteria package on the streets by the middle to end of April.

Proposals will be due in May. Award of the project is expected at the May board meeting.

Replacement of Passenger Boarding Bridges 7 & 4

A Request for Bids has been issued.

Bids are expected at the end of April and will be brought to the Board in May for approval.

Once approved, staff will forward the results to the FAA and FDOT for funding.

Funding not expected until August with a project start date in September.

Obstruction Removal and Lighting

C&S Companies under their continuing services contract has been retained to prepare the criteria bid package for the obstruction removal and lighting.

This work was identified on our current approved Master Plan.

Documents should be completed by mid-April and on the street for bids.

Bids are expected mid-May and will be brought to the Board in May for approval.

Once approved, staff will forward the results to the FAA and FDOT for funding.

Funding not expected until August with a project start date in September.

Perimeter Patrol Roads

AVCON under its continuing services contract has been retained to design and construct the perimeter roads.

This project is in our JACIP (Joint Automated Capital Improvement Program) for last year to be funded by both the FAA and FDOT with a total estimated cost of just over \$1 million.

In our last team meeting with both groups, we were informed that our patrol road improvements did not qualify for grant funding.

Our operations team, in discussing the project with local site contractors, came up with a unique alternative to get the project completed.

Millings we have from the runway project will be used to reconstruct the perimeter roads. This will use about 1/3 of the total millings we have.

The rest we will use as payment to the contractor for constructing the roads.

This use of material will reduce the overall out of pocket costs for the project (design and construction) to be reduced to under \$200,000.

We have already been given approval from the FAA for this use of our millings of which they thought this was a very innovative project idea.

Staff has met with AVCON and reviewed all the patrol roads.

Drawings are being prepared at this time.

Once complete, it will bid the project out to site and paving contractors.

Bids are expected by June and should be brought to the Board then.

Taxiway "S" Improvements, Phase 1

Currently our JACIP has the Taxiway "S" slated for 2026.

Right now there is a need for improvements to the taxiway for the current tenants (Apex, Envoy).

Staff is currently working with Airport Engineering Company to determine the best feasibility for the project which will be divided into 2 two phases (current needs and future needs).

A cost estimate has been prepared to determine each phase's costs and the overall costs (\$3M & \$5M.)

We are looking at this project now as there may be a potential for unused FDOT available that we may be able to acquire.

Item I-4 ATCT Project Update by Dr. Byers

Staff has received an update from FAA and based on their schedule, plan to switch to the new tower October 16, 2019. Install team will be arriving August 1 to begin process.

This is based on them acquiring FTI lines from Harris. Staff has been in contact with Harris and is ready to go and should not affect the schedule.

Tower contractor, Walbridge has been notified so the final mobilization to the site is coordinated with the switch-over.

Following the commissioning of the new tower, demolition of the old tower to follow with a 60-90 day process.

Close out of the reimbursable agreement to follow.

Mr. Donovan continued to explain the FAA has presented a Tower Operating Agreement which has included a zero lease expense. Zero lease expense means that the airport would be required to pay for utilities, preventative maintenance, and janitorial services. These expenses would be approximately \$3,000 to \$4,000 a month. Currently the FAA is paying for all of these expenses in the old tower. Discussion between Mr. Donovan, the FAA

Administrator and high levels at the Department of Transportation have been conducted regarding the zero lease expense. Mr. Donovan will be meeting with the regional administrator to work out all the details.

Item I-5 Business Development Update by Mr. Busalacchi

Collaboration

Mr. Busalacchi explained that the president of STS contacted him just prior to the 737 Max 8 grounding. He asked if the airport could assist with the handing of 26 of these planes. After discussion with operations team, the airport determined it could park approximately 20 aircraft at a cost of \$100 a day per plane.

Site Selector

Active discussions are being held with a site selector and a new company to build its headquarters at MLB. This request is for 138 acres of land both aeronautical and non-aeronautical use and could bring approximately 700 new jobs for the airport. MLB is one of the leading airports considered for this project.

Public Speakers

(None)

In Closing

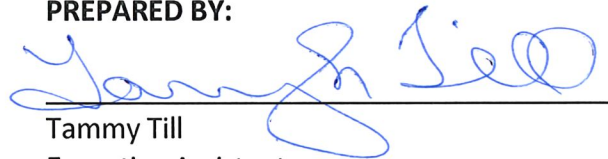
Chairman Ryals congratulated Cliff Graham and Patrick Mac Carthaigh on their C.M. certifications.

Mr. Bird asked to address the board, as a matter of record, desiring advice on the current pending litigation involving the Greater Orlando Airport Authority. A closed session is required to discuss settlement and cost of litigation.

The meeting was suspended at 10:23 a.m. and then to reconvene in one hour after closed session has concluded.


The meeting was reconvened and then adjourned by Chairman Ryals.

PREPARED BY:



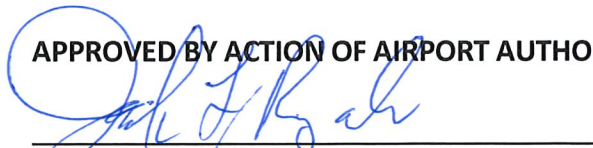
Tammy Till
Executive Assistant

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman