



MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for June 26, 2019 Board Meeting
Airport Board Room

At which were present: Mr. Jack L. Ryals, Chairman
Mayor Kathy Meehan, Vice Chairman
The Honorable Debbie Thomas, Vice Mayor
The Honorable Tim Thomas, Councilmember
Mr. William C. Potter, Member
Mr. Scott Mikuen, Member
Mr. Michael Fischer, 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

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan:

- 2018 Annual Report was given to all board members.
- American Airlines nonstop to Philadelphia begins daily flights December 2019.
- New employee Edward Bexfield, Utility Specialist welcomed.
- CPR certifications of MLB staff and MAPD.
- MLB hosts FIT aviation summer camp students.
- Refreshments given to help with summer heat for airport staff, ground crew and airline staff.
- Land Development Workshop Wednesday, August 22 at 10 a.m. in the MAA Board Room.

Action Items

Approval of the minutes for the May 22, 2019 meeting. A motion was made by Mayor Meehan for approval of meeting minutes, seconded by Mr. Thomas. Motion passed unanimously.

Item A-1 Recommendation for Approval to Extend the Contract for Purchase and Sale of 2.5 Acre Parcel.

Mr. Donovan explained that on January 24, 2018 the board approved the sale of the 2.5 acre parcel to Matthew Development. The current purchase and sale agreement expires on August 24, 2019. Item A-1 is for an extension of the contract for another eight months to extend the contract to April 24, 2020. Terms of this agreement have not changed, just the time extension.

Staff recommends the approval of Item A-1. A motion was made by Ms. Thomas to approve the extension of the contract for purchase and sale of 2.5 acre parcel, seconded by Mayor Meehan. Motion passed unanimously.

Item A-2 Recommendation to Approve the Consent to Assignment of Lease from James W. Jensen Living Trust U/T/A Dated July 1, 2002 to Satcom Direct, Inc.

Mr. Donovan explained that Mr. James Jensen, Chief Executive Officer of Satcom Direct, Inc. has approached the airport regarding assigning the lease from his personal trust to Satcom Direct, Inc.

Staff recommends approval of Item A-2. Motion was made by Mr. Potter to approve the Consent to Assignment of Lease from James W. Jensen Living Trust U/T/A dated July 1, 2001 to Satcom Direct, Inc., seconded by Mayor Meehan. Motion passed unanimously.

Item A-3 Recommendation to Approve Renewal of Airport Liability Insurance Coverage Policy.

Mr. Donovan explained that the airport's liability insurance policy renewal date is July 14, 2019. The coverage will remain the same with Arthur J. Gallagher Risk Managements Services, Inc., with the exclusion of the air show endorsement. The policy is for \$100,000,000 of liability coverage.

Mr. Mikuen asked if the deductible and all other terms are consistent with prior years. He asked when it comes up for renewal again that staff does some benchmarking with other airports and update the board. Mr. Donovan stated the terms are consistent with the prior years and benchmarking will be conducted for next renewal period. Mr. Potter asked if this policy is in the range of other comparable airports. Mr. Donovan stated he believes it is comparable.

Staff recommends approval of Item A-3. Motion was made by Mr. Thomas for renewal of airport liability insurance coverage policy, seconded by Mr. Mikuen. Motion passed unanimously.

Discussion Items

Item D-1 FY 2019/20 Proposed Budget

Mr. Donovan opened the budget discussion by explaining that the proposed budget is being introduced today. At the next board meeting the budget will be presented to the board for approval. Then there will be two public hearings at City Council in September as part of the approval process.

The proposed budget presentation was given by Mr. O'Dell. The board was given a hard copy of the proposed budget and offered one-on-one discussion with Mr. O'Dell if so requested. He proceeded to explain and highlight some of the major areas within the budget.

Mr. O'Dell covered revenue breakdown with details including; total capital fund, Customer Facility Charge (CFC), Passenger Facility Charge (PFC) and the operating fund. Details regarding Taxi and Transportation Network Company (TNC) trip fees were presented including an explanation regarding trip fee reporting and an agreement with Uber and Lyft enabling this revenue source. Significant revenue changes were explained. Items included were: parking rate increase, taxi and TNC trip fees,

decrease in tourism marketing support, air traffic control tower (ATCT) lease, the not charging a Tropical Haven capital assessment, commercial business rent, and car rental concessions.

Total operating expense details including; personnel, city indirect costs, Ad Valorem tax, repair and maintenance, utilities, and consulting/lobbying support. Significant expense changes were explained. Items discussed were; police radios, marketing incentives, advertising, ATCT building maintenance and operations (M&O), terminal M&O, customs expense, ground handling increase, Aircraft Rescue Firefighting (ARFF) station M&O.

City Cost Allocation plan was explained. The city and airport have agreed to do annual true-ups. Other indirect cost allocations were discussed; workers compensation, ARFF, police charges, IT services, risk management, and services provided by general fund.

Mr. O'Dell concluded his presentation with budget timeline details; July 24 will be the next MAA Board Meeting for approval of the FY20 budget, September 11 is the first city council public hearing of the MAA budget and September 25 is the second city council public hearing/adoption of the MAA budget.

Informational Items

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

Top ten revenues and expenses were presented.

- Cash Flow statement has been modified.
- CFC collected and on-target for budget.
- New report; Gross Concession revenue.

Mr. Mikuen questioned why the landing fees are higher, but passenger numbers are down. Mr. Donovan explained that the landing fees are based on the landing weight of the aircraft. The rate is based on per thousand pounds so if an empty plane lands that would be less passenger count, but would still have landing fees. This is the impact of the STS operation. The fees also depend on the aircraft type, size, and frequency of flights.

Item I-2 Operations Update by Mr. Graham

Halfway through the third year with Menzies Aviation as our ground handling partner.

Menzies is a world-class ground handler, strategically positioning MLB for growth.

The last six months have been the best so far from a performance / operations perspective:

- MLB has received Delta Air Lines "station of the month" twice and our year to date metrics are 100%.
- For American Airlines MLB scored an "A" grade three months in a row and currently has an "A" year to date.
- Also, our station received an award for being "damage free for 5+ years".

The success most importantly comes from an understanding of putting our passengers first.

Close working relationships have been developed between the airport, Menzies, and the airlines.

All parties are working together as a team to achieve this excellence.

Item I-3 Construction Projects Update by Mr. Perley

Ground Run-up Enclosure

Siting of the GRE is underway.

Several potential locations have been assessed for environmental concerns.

All have come back with negative results.

The engineer is currently submitting a request to the FAA for a variance for the preferred location between the runways.

A response from the FAA is expected in June.

Project should be available for bid in July with an August board meeting approval.

Replacement of Passenger Boarding Bridges 7 & 4

Only one bid was received out of four potential bidders.

The bid was reviewed and deemed acceptable as it was within budget.

Staff has reviewed with the FAA and they concur.

Approved at the May board meeting, staff forward the results to the FAA for funding.

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

Obstruction Removal and Lighting

Only one bid was received out of three potential bidders.

Bid came in three times the budget.

Staff discussed with the FAA and noted that the project will have to be re-bid.

Staff met with the engineer and the bidder to review costs and scope.

Project will be re-bid in June.

FAA is working with staff to keep this project in this fiscal year.

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

Staff has finalized the criteria with the engineer.

This project will go out to bid in late September to be part of the fiscal year 2020 budget in October.

Taxiway "S" Improvements, Phase 1

Staff is working with Airport Engineering Company to determine the best feasibility for the project.

This project will be divided into two phases (current needs and future needs)

Staff is looking at potential funding from unused FDOT grant money that we may be able to tap into.

Monument Sign at St. Michael Place

Monument sign for St. Michael Place is currently in for permitting.

Site work for the sign location has been prepared.

After permit approval, the sign should be completed within 5 to 6 weeks.

Item I-4 ATCT Project Update by Dr. Byers

Engineering design has been completed.

Implementation plan is in the process, to be completed mid-August.

Actual work should begin middle to late August.

The next step would be the Operational Readiness Inspection.
The actual cut-over would be Tuesday, October 15, 2019 at midnight.
No invoice has been received yet.
Tear down of old tower expected 8-10 weeks after complete move in to new tower.

Item I-5 Business Development Update by Mr. Busalacchi

Memorandum of Understanding (MOU)

MOU in place for tenant on the 7.3 acre parcel.
Another MOU for the 4 acre parcel to the west of the 7.3 acre parcel is completed.

STS

Lease agreement is in the process for STS to lease all of unit 1.

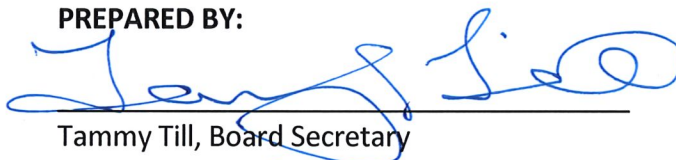
Public Speakers

None

In Closing


The meeting was adjourned by Chairman Ryals at 9:40 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