



MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for December 4, 2019 Board Meeting
Airport Board Room

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

- MLB will become new gateway for all TUI UK customers beginning in 2022
- Transatlantic routes to operate at MLB with 300-seat B-787 Dreamliner
- Mr. Donovan recognized and thanked Mr. Adam Bird, Mr. Greg Dull, Mr. Mark Busalacchi, Ms. Melissa Naughton, and Mr. Rob Himler for their work on TUI
- Governor DeSantis announces \$4 million grant for MLB
- USDOT Secretary Chao awards another \$3 million for MLB Terminal
- Daily nonstop flights to Philadelphia on American Airlines celebration

Action Items

Approval of the minutes of the October 23, 2019. A motion was made by Ms. Thomas for approval of meeting minutes, seconded by Mayor Meehan. 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 gave a brief summary as to how the board members are appointed. According to city ordinances the board shall consist of seven members: three members from city council, which are Mayor Meehan, Ms. Debbie Thomas and Mr. Tim Thomas; a selection by the airport tenants, Mr. Scott Mikuen; and a chamber of commerce appointment, Mr. Jack Ryals. This group then votes to select the final two at-large members. These at-large positions are posted for public applications.

Chairman Ryals asked if there were any applications for the open at-large positions. Mr. Bird confirmed there were no other applicants other than Mr. Potter and Mr. Fischer. Mr. Potter and Mr. Fischer will continue to hold these two at-large seats.

A motion was made by Mayor Meehan to reappoint Mr. Potter and Mr. Fischer as the two at-large members and seconded by Mr. Thomas. Motion passed unanimously.

Item A-2 Appointment of Chairman and Vice Chairman to the Melbourne Airport Authority to serve the term January 2020 through December 2020.

Motion was made by Mayor Meehan for Mr. Ryals to continue as Chairman of the Melbourne Airport Authority, seconded by Mr. Potter. Motion passed unanimously.

Motion was made by Mr. Fischer for Mayor Meehan to continue as Vice-Chair of the Melbourne Airport Authority, seconded by Ms. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Approve the Third Amendment to Lease with STS Repair and Modification, LLC.

Mr. Donovan explained that Item A-3 is regarding the continued expansion of STS and a third amendment to the lease to include a second hangar. STS will be erecting what is known as a Rubb hangar which is a steel frame hangar with fabric skin. This is considered a permanent structure and is hurricane rated and will be constructed next to the existing hangar. This would be a ground lease with STS making capital improvements of approximately \$10 million. This amendment would add two additional five-year option periods to the lease. The base rent rate is \$0.45 per square foot per year with the first six months at 25 percent, then 24 months at 50 percent.

He continued to explain that the Planeport property had a lesser lease term of five years commencing on October 26, 2016 with one, five-year option. However, since STS continues to make upgrades to its Planeport, including the addition of back wall and hangar doors, essentially converting it to a hangar, the Planeport Property will be subject to the same base term and option periods of the underlying lease. Currently the annual base rent is \$17,430.

Mr. Mikuen stated that the board approved several years ago a permanent hangar, is this being considered that permanent hangar. Mr. Donovan stated this is in lieu of that original project. Mr. Mikuen also stated if STS vacates, it needs to be made so it can be re-used by another tenant. Mr. Donovan agrees. Mr. Fischer reiterated Mr. Mikuen's statement. Mr. Potter asked if the \$0.45 was based on the appraisal and if the entire amount of the drainage service fee will be paid. Mr. Busalacchi stated it was a fair-market value appraisal and yes, the drainage fee will be paid in full.

Staff recommends approval of Item A-3. Motion was made by Mr. Mikuen to approve the Third Amendment to the lease with STS Repair and Medication, LLC, and authorization for the Executive Director to execute said amendment on behalf of Authority, seconded by Mr. Fischer. Motion passed unanimously.

Item A-4 Recommendation to Approve a Second Amendment to Lease with The Ascendency Corporation.

Mr. Donovan explained that Item A-4 is for the property on the North Side which was originally leased to SatCom Direct. This is a request to extend the base term to allow the company to add an additional hangar. The current base term is until June 30, 2026 with a request for another 13, years extending the base term to June 30, 2039. The CPI is consistent with the land-use policy and includes two option periods of 10 years each. If the company fails to build the third hangar within 18 months this amendment will be rescinded, and the termination date will revert to the original termination date.

Staff recommends approval of Item A-4. Motion was made by Mr. Potter to approve a Second Amendment to lease with The Ascendency Corporation and authorization for the Executive Director to execute said amendment on behalf of Authority, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Approve a Second Amendment to Bulk Services Agreement and Right of Entry Agreement with Spectrum d/b/a Bright House Networks, LLC.

Mr. Donovan explained Item A-5 is regarding Tropical Haven and the cable service that is provided. The second amendment increases the number of channels, allows for additional top box controls and includes a resident community channel programmed with information from Tropical Haven. The price is a nominal decrease from \$30.40 to \$30.23 per unit.

Staff recommends approval of Item A-5. Motion made by Ms. Thomas to approve a Second Amendment to Bulk Services Agreement and Right of Entry Agreement with Spectrum d/b/a Bright House Networks, LLC and authorization for the Executive Director to execute such amendment on behalf of the Authority, seconded by Mayor Meehan. Motion passed unanimously.

Item A-6 Recommendation to Approve a Task Order with AVCON, Inc., Under Its Continuing Services Contract, for the Design and Installation of Perimeter Patrol Roads in an Amount Not-to-Exceed \$125,000.

Mr. Donovan explained that Item A-6 is regarding the replacement of the perimeter patrol roads. Staff has asked AVCON, under its continuing services contract, to provide a price for the complete design and installation of the perimeter road. The proposal amount not-to-exceed \$125,000 includes the design and engineering required for a new perimeter road using the leftover asphalt millings from the runway projects and the remaining millings to be used as payment for the installation.

Staff recommends approval of Item A-6. Motion made by Mr. Potter to approve a Task Order with AVCON, Inc., under its Continuing Services Contract, for the design and installation of perimeter patrol roads in an amount not-to-exceed \$125,000 and authorization for the Executive Director to execute such contract on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Item A-7 Recommendation to Approve a Task Order to Building Management Systems, Inc., Under Its Continuing Services Contract, for the Installation of a Roof Hugger System Over the Standing Seam Metal Roof of the Northrop Grumman 219 Building in an Amount Not-to-Exceed \$149,809.

Mr. Donovan explained that Item A-7 is another continuing service contract with Building Management Systems, Inc., (BMS). This is an important building to Northrop Grumman and is one of the oldest buildings. The roof has had many issues with leaks even after roof coating had been applied. It is recommended that a roof hugger system be installed over the existing metal roof. This task order is in the amount not-to-exceed \$149,809. This item and Item A-6 both have been budgeted and is a planned expense. Mr. Potter asked what the statutory maximum for a continuing service contract is and is there a contingency for the \$149,000. Mr. Bird stated he would have to research that answer regarding the statutory maximum. Mr. Perley stated the \$149,809 is a guaranteed price.

Staff recommends approval of Item A-7. Motion made by Mr. Potter to approve Task Order to Building Management Systems, Inc., under its Continuing Services Contract, for the installation of a Roof Hugger System over the standing seam metal roof of the Northrop Grumman 219 Building in an amount not-to-exceed \$149,809 and authorization for the Executive Director to execute such contract on behalf of the Authority, seconded by Mr. Thomas. Motion passed unanimously.

Discussion Item

Item D-1 2020 MAA Board Meeting Calendar

Mr. Donovan explained that the dates for all of 2020's meetings are listed. Combining the July and August meetings is due to several board members and staff obligations during that timeframe. The normal meeting time for November and December is very close to the Thanksgiving and Christmas holiday and those two months will also be combined. All board members are very happy to have the dates confirmed in this manner.

Informational Items

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

Year-End Financial Highlights

- Income before depreciation improved from \$1.4 million to \$3.1 million
- Operating Revenue is up \$800,000
- Operating Expenses is down \$1.2 million
- PFC up due to three months lapse in 2018
- New CFC at \$350,000
- Interest and Investment Income had some gains

Top Operating Revenue and Operating Expenses Highlights

- Tropical Haven revenue increased
- Landing fees revenue increased
- Consulting fees are down
- Marketing Incentives are down

Performance Measurers – per enplanement

- Cash on Hand \$18.3 million
- Liquidity Ratio 2.84
- MLB No Debt (strategic planning in progress)
- Landing Fee increased to \$1.50
- Security cost at \$7.80 (industrial areas, non-check point areas)
- Marketing/Advertising is at \$3.58 down from \$5.24
- Rental Car dropped \$4.78 to \$4.24 (due to Uber and Lyft)
- Parking dropped from \$7.83 to \$7.49
- Terminal Food & Beverage increased from \$0.50 to \$0.57

Mr. Donovan stated that these performance measures will be done on an annual basis in January of each year. If any board member would like to have any other categories added, please let staff know.

Item I-2 Operations Update by Mr. Graham**FAA 139 Annual Inspection**

Three-day comprehensive audit involving about 20 different records.

One full day and part of an evening spent on the airfield conducting physical inspection of:

- Lighting
- Signs
- Pavement markings
- Pavement conditions
- Safety areas
- Wildlife habitat

Aircraft Rescue Firefighting (ARFF) audit is conducted and includes:

- Inspection of ARFF trucks and equipment
- Written test completed by the firefighters
- Timed response drill

Fuel fire safety tested. All fuel farms and mobile fuelers are inspected and required fuel safety paperwork is checked.

FAA is working with a group of civil aviation authorities from Guyana to better understand aviation safety in the US. MLB has agreed to host this group with the FAA during our part 139 certification inspection this year. This should be a good opportunity and learning experience for all. The inspection will take place February 10, 2020.

Item I-3 Construction Projects Update by Mr. Perley**Air Traffic Control Tower**

The contractor has been responsive to minor adjustments in the tower as they become known. The contractor is re-mobilizing its forces to complete the remaining site work and to demo the existing tower.

FAA requires a 60-day notice before any demo work can be performed.

Most likely, demo will start after the first of the year.

Site work will begin with the regrading of the parking lot and access gate reconfiguration.

Closeout expected by the end of February 2020.

Ground Run-up Enclosure

Approval of the updated Airport Layout Plan (ALP) is held up with the FAA. Personnel changes within the FAA has delayed the acceptance of the updated ALP. Once approved, a formal GRE submission will occur.

Replacement of Passenger Boarding Bridges 7 & 4

Design drawings are 60 percent complete. Staff has reviewed and provided comments back to the contractor. Final drawings are expected by the end of the year. After approval, fabrication will begin. Delivery is still expected in April with May installation.

Obstruction Removal and Lighting

Contract, bonds and insurance have been executed. The environmental survey is underway to identify gopher tortoises and relocate them as needed. Once the survey is complete, the Notice to Proceed will be issued to the contractor.

Perimeter Patrol Roads

Project to be approved at the November/December Board meeting. Once approved, a pre-construction meeting will occur, and the contractor will begin work, which is expected to begin prior to the end of the month. Project should take about three months to complete.

Tropical Haven Road Repairs

The contractor has completed all the paving work and is doing final punch items now. Project closeout is expected by the end of the month.

Northrop Grumman Metal Roof Replacement

This project was originally set to go out to bid in December with a January Board approval and February start date. A call from Northrop Grumman indicated that the roof is failing quickly, and they could not wait until February to begin the replacement. Under the Continuing Services Contract, this project falls within the threshold of meeting the CCNA requirements of the Florida Statutes. The Contractor who performed the roof analysis, Building Management Systems, will complete the work under their Continuing Services Contract for Construction Management. This project will now start a month earlier and be completed within eight weeks from the start.

Terminal Renovation Phase 2

Staff is currently working with a consultant to determine space plan requirements. This will be used to issue a Request for Proposal for Progressive Design Build Services. Packages to be made available before the end of the month with a Board approval in April. Currently staff has submitted its pre-application to the FAA for funding. Final adjustments to the application must be complete by December 15. Funding has also been requested from FDOT.

Item I-5 Business Development and Marketing Update by Mr. Busalacchi

MLB is actively participating in several Chamber of Commerce.
Melissa Naughton is on the board of the Sebastian Chamber
Rob Himler is on the board of the Cocoa Chamber and the Cocoa Visitor's Bureau
Partners with Palm Bay Chamber
Participated in the Melbourne Food & Wine Festival with the international ambassadors focus on
daily flights to Philadelphia and educating on the TUI announcement

Added Comments from Chairman Ryals - Executive Director Evaluation

An annual performance evaluation of the Executive Director is a requirement in his contract. Chairman thanked Senior Consultant, Mr. Bill Johnson, who has been a great resource in assisting with the research for an entire compensation package review. The evaluation form will be emailed after the first of the year with a seven to ten-day time frame to complete and return.

Public Speakers

Mr. Nau, past chair of the Space Coast Office of Tourism thanked the airport for the opportunity that this new airline will economically have on the City of Melbourne as well as Brevard County.

In Closing

The meeting was adjourned by Chairman Ryals at 9:53 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