

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes March 22, 2023, Board Meeting
Airport Board Room

In attendance: Mr. William C. Potter, Chairman
The Honorable Tim Thomas, Vice Chairman, Councilmember
The Honorable Mark LaRusso, Vice Mayor, Councilmember
Mr. Scott Mikuen, Member
Mr. Brent Peoples, 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

Absent: The Honorable Paul Alfrey, Mayor
Mr. Michael Fischer, Member

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

Jack L. Ryals Welcome Center Dedication March 10, 2023, video presentation
Save the Date for Brevard Corporate 5K on April 13, 2023, at 6:30pm
Save the Date for TUI Executive Team & Media Reception at KSC April 30, 2023
Capital Improvements Workshop to be held in May 2023
Passenger Activity Report through February totaling 41,690, an increase of 11.5% from the previous year.
MLB Job Fair was successful.

Executive Director's Recognition of Excellence Award

Congratulations to Sgt. Raynisha Wheeler, Melbourne Airport Police, on receiving this month's award.

Mr. Potter inquired if Sun Country is meeting its projections. Mr. Donovan stated it is exceeding its original expectations.

Action Items

Approval of the February 22, 2023, board meeting minutes. A motion was made by Mr. Thomas for approval of the minutes, seconded by Mr. LaRusso. Motion passed unanimously.

Item A-1 Recommendation to Approve of the Sale of ± 94.73 Acres.

Mr. Donovan explained that Tropical Haven has been part of the Airport for many years and has been instrumental to the airport's self-sufficiency financially. The Airport became aware of an enforcement action by the Federal Aviation Administration (FAA) against another Florida airport as FAA guidance that does not allow for long-term residential use of airport-owned property. The FAA contacted another Florida airport regarding

residential use compliance issues that could have affected past, current, and future grant awards. This Airport has the same identical situation, so Airport staff became aware of the issue and began to research the implications of owning and operating Tropical Haven.

Mr. Donovan explained that before this situation became an issue with the FAA, the Airport began to look at options to stay ahead of this. The airport received an unsolicited contact from a company who owns and operates mobile home parks all over Florida and other states. The airport decided to conduct two separate appraisals for the Tropical Haven property. The existing Tropical Haven community is a 95.24 acre parcel. Due to this pending situation with the FAA, Airport staff decided to negotiate with The Carlyle Group, a global investment firm to purchase the Tropical Haven property for a proposed sale price of \$44 million and providing the residents with upgrades to the community's amenities, infrastructure, entranceways, and a home upgrade program.

Mr. LaRusso inquired about if the closing date for the sale of Tropical Haven would be in September 2023. Mr. Donovan responded that the goal is to complete all the approval processes in this fiscal year. Mr. LaRusso commented that he spoke with the City Manager to make her aware of the sale of the property of Tropical Haven and to be ready to work with Airport management and City Council to support this sale.

Mr. Mikuen wanted to confirm that this would not impact the Airport's grant potential going forward with the FAA and Florida Department of Transportation (FDOT) and others. Mr. Donovan stated that the FAA is aware of the property acquisition of the Tropical Haven property and the Airport will not have any impact on future grants. Mr. Mikuen asked about the use of proceeds and stated that restricting the proceeds to land acquisition seems too restrictive. Mr. Mikuen would ask the Board's discretion for the use of proceeds to aeronautical use and capital projects related to aeronautical use and flexibility to at some point pay down debt. Mr. Potter stated that his discussion with Mr. Donovan was not land specifically, but income producing capital assets. Mr. Donovan stated the goal is to have something in writing on the use of the proceeds as directed by the Melbourne Airport Authority Board.

Mr. Mikuen asked if each of the residents at Tropical Haven will have a separate agreement on the lease increases. Mr. Busalacchi stated that they will be making an amendment to the current leases.

Mr. Busalacchi introduced Mr. Eric Zimmerman, COO of Mirex Properties and Pierre Molster from the Carlyle Group and offered to answer any questions or concerns from the board members.

Mr. Peoples commented that the sale of Tropical Haven is a win for the residents and a great deal for the Airport. Mr. Peoples stated he is in favor of having something in writing on restricting the proceeds. Since the Airport is already receiving an income from Tropical Haven, Mr. People would prefer to restrict the principal, but not the income that the principal generates.

Mr. Thomas commented that the sale of Tropical Haven is great for the residents with the incentives that each one will receive. Mr. Thomas expressed his gratitude to the Airport staff for their proactive approach regarding the issue of FAA guidance that does not allow for long-term residential use of airport owned property.

Mr. Potter commented on the use of proceeds and how they are restricted. Mr. Potter's discussion with Mr. Donovan is that the income could be used for operational purposes, but that the principal be accounted for separately in a separate account and it be used for income producing capital assets. Mr. Potter responded to Mr. Mikuen concerns that a future board would be able to authorize and change the restrictions of these proceeds.

Mr. LaRusso wanted to inform the board that State Legislature gave cities, municipalities, and counties the authorization to approve industrial zoning to residential zoning under Florida Statutes.

A motion was made by Mr. LaRusso to approve the Sale of ±94.73 acres to the Carlyle Group with provisions of restricting the proceeds, seconded by Mr. Thomas. Motion passed unanimously.

Item A-2 Recommendation to Approve Purchase Order with Aba-Con Aviation Services in the Amount of \$41,810 for Replacement of the Jet-A Fuel Tank Pump Motor

Mr. Donovan explained that the Airport's Jet-A fuel tank pump motor that is used for receiving fuel deliveries has reached the end of its useful life and has been rebuilt twice in the past 25 years. The lead time for this new pump is approximately 12 weeks. The Airport has selected Aba-Con as a single-source vendor, who currently performs inspections and repairs on our current fuel farm equipment and are familiar and knowledgeable with the fuel tanks. This purchase is included in the FY 23 budget.

Mr. Potter asked if there is a problem with sole source. Mr. Donovan stated there is no problem. Purchasing and Finance went through a process and determined it's within the Airport's policy.

A motion was made by Mr. Thomas to approve a Purchase Order with Aba-Con Aviation Services in the amount of \$41,810 for Replacement of the Jet-A Fuel Tank Pump Motor, seconded by Mr. Peoples. Motion passed unanimously.

Item A-3 Recommendation to Approve a Master Consulting Agreement with John Wagner Consulting, LLC

Mr. Donovan explained this master consulting agreement with Mr. John Wagner is to provide technical advice and education of Custom Border Protection (CBP) practices, corporate culture and policies, recommendations of best practices for communication and improve partnership with the CBP leaders and facilitate introductions to key staff and guidance on high tech advancement such as biometrics, pilot programs and participation in federal test programs. Mr. Wagner will be a valuable asset as the Airport works on attaining Port of Entry status.

Mr. Mikuen asked if Mr. Wagner had completed his two-year post-employment restrictions and suggested that before Mr. Wagner is given any task to work, to verify that he has no conflicts or other prohibitions just as a matter of precaution.

Mr. Potter asked if Mr. Wagner had already passed the two-year restrictions. Mr. Donovan stated Mr. Wagner is completely eligible to complete the task required by the Airport.

Mr. Peoples asked about what is the amount that the Airport can save when Port of Entry is established. Mr. O'Dell stated \$2 million per year.

A motion was made by Mr. Mikuen to approve a Master Consulting Agreement with John Wagner Consulting, LLC, seconded by Mr. Peoples. Motion passed unanimously.

Item A-4 Recommendation for Approval of Resolution 1-23 to Approve the Addition of a New Capital Project and to Establish Budget of \$3,060,405 for the Taxiway C Rehabilitation Project

Mr. Donovan explained that Taxiway C is in poor condition and in need of repairs. The last pavement evaluation in 2019 from the Florida Department of Transportation (FDOT) Statement evaluation report indicated that the existing Taxiway C had numerous cracking, patching, weathering areas along with dislodged pieces of pavement that requires rehabilitation. The taxiway has a Pavement Condition Index (PCI) of 65, the state report recommends a minimum value of 70 for taxiway pavement. The Airport has an existing

grant with the Florida Department of Economic Opportunity (FDEO) that provided 100 percent funding for the Northside project and presented to its staff the need to rehabilitate Taxiway C. Airport staff is working with FDEO to amend the scope of the grant to include Taxiway C Rehabilitation. With the remaining grant funds, the Airport proposes to amend our current budget and create a new capital project for Taxiway C Rehabilitation.

Mr. Potter asked if this would impact our ability to complete the Northside Expansion Project. Mr. Donovan stated there is no impact on the project.

Mr. Peoples asked to explain the process of the funds being used for the Northside project. Mr. Donovan stated that the funds from the FDEO is a 100 percent grant, and the Airport is working with FEDO to amend the grant to include Taxiway C.

A motion was made by Mr. Peoples for Approval of Resolution 1-23 to Approve the Addition of a New Capital Project and to Establish Budget of \$3,060,405 for the Taxiway C Rehabilitation Project, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Award a Purchase Order to C&S Companies to Complete the 70 Percent Design on the In-Line Baggage Screening Expansion Project in an Amount Not-To-Exceed \$461,742.

Mr. Donovan explained the board had previously approved the design of the in-line baggage handling system to RS&H. RS&H had completed 30 percent of the design and it was submitted to the Transportation Security Administration (TSA) for review. Further review of the designs revealed the use of the airside apron would restrict aircraft size at Gate 1 and limit truck access to the kitchen loading dock. Airport staff had an independent consultant review the design and a new concept was developed. RS&H was released from its contract. C&S Companies, a firm under the Continuing Service Contracts, was selected to complete the design and maintain the schedule in order to preserve the grant for the capital improvement construction work. With this approval, the Airport will meet the deadlines and continue the OTA process for TSA funding.

Mr. Potter asked if the actual cost of the project is going to be in the tens of millions of dollars. Mr. Donovan stated yes. Mr. Perley stated the approximate cost is around \$20 million.

Mr. LaRusso asked if C&S will be using the same support staff as did RS&H. Mr. Donovan stated C&S will have its own staff.

A motion was made by Mr. Thomas to Award a Purchase Order to C&S Companies to complete the 70 Percent Design on the In-Line Baggage Screening Expansion Project in an Amount Not-To-Exceed \$461,742, seconded by Mr. LaRusso. Motion passed unanimously.

Information Items

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

Mr. O'Dell presented the 2022 fiscal year audit results.

Mr. Potter inquired about the locked in higher rates. Mr. O'Dell stated he has not locked in the rates yet and is working on an investment ladder. Mr. Potter asked how far out he will go. Mr. O'Dell stated that he will ladder out a year. The current liquid rate is 4.76, so we're able to generate good returns by keeping everything liquid.

Mr. Potter stated that the landing fees were down about 11 percent, partially due to the decrease in ferry landings. Mr. O'Dell stated ferrying is the planes coming in for maintenance and there has been a decrease in activity due to lower ferrying at STS. Mr. Potter asked if their business is slowing down. Mr. Donovan stated that their work goes through commercial cycles, and depending on what time of the year it is, they may have a seasonal dip, other than summer when there is a lot of work that's done and do more elaborate work on the aircraft.

Mr. Peoples asked if the computer software fee is a one-time fee or will it be reoccurring on an annual basis. Mr. O'Dell stated both. The common use software will be an annual expenditure and the website fee is a one-time fee.

Item I-2 Operations Update by Mr. Graham

Mr. Graham explained the details of the Federal Aviation Administration (FAA) Part 139 Certification Annual Airport Inspection. This type of inspection is comprehensive 2½ day inspection of the airport's airfield facilities and compliance record keeping that is required to maintain and present to the FAA during the time of inspection. The airport is in the southern region of the US, and it's noted as the toughest region from an inspection standpoint. This year, we had a second inspector from another region join our assigned certification inspector. We had a thorough assessment and we made it difficult for the FAA to find any areas of improvement at the airport, which made them both look very deeply. Overall, we had very minor areas of improvement that were noted.

Wildlife: One area noted was in wildlife, a new bird species on airport property which is an Osceola Turkey which were seen during the time of the inspection. It's a concern and the FAA recommends that the airport conduct a supplemental wildlife assessment on how to handle that species going forward.

Safety Areas: In our safety areas, we had minor bumps and depressions that were noted in the grassy areas adjacent to the runway and FAA may recommend a topographical survey to determine the extent of those areas.

Pavement markings: There were a few minor inconsistencies on some of the taxiway centerline pavement markings due to the taxiways being built at different times under different design standards. FAA may recommend that we update the markings to the current standards and get them consistent.

The inspection highlights noted that our records were very thorough and organized. FAA inspectors were very impressed with the airport's fuel farm area and the overall fuel fire safety program of the airport that includes all the airport's tenants. ARFF performed well in the time of response drill as well as their records were very well organized. Our overall condition of pavement markings were excellent. The FAA inspector had high confidence in our airport's safety culture and operations and felt our airport is safe and one of the best in the region and overall had improved over last year's inspection. Mr. Graham expressed his gratitude to the maintenance staff and Stephanie Betts for leading our operations and maintenance team for a job well done. This is Stephanie's first time heading up the annual FAA part 139 inspection for the airport in her new role as Assistant Director of Operations and Maintenance.

Item I-3 Construction Projects Update by Mr. Perley

Atrium Skylights

Temporary repairs have been made to the skylight to prevent uplift and leaks.

Airport staff has hired an independent engineer to review the skylight installation who happens to be the original engineer who designed the skylight back in 1989. Since the original skylight was installed, building codes for wind loads have changed significantly. While the skylight was an "in-kind" replacement, the

contractor did not get it approved by the building department. The contractor is reviewing options for a permanent fix that include the complete replacement of the new skylight.

The independent engineer has a potential fix to keep the replaced skylight but will need the approval of the manufacturer who is set on full replacement of the skylight system.

The contractor is waiting on direction from the airport for an approval of a change order before doing any work. Staff has pushed back stating the skylight replacement was part of the GMP and that it is the contractor's responsibility to provide a complete package.

Terminal Renovation Phase 2

Installation of the new fire alarm in the renovation spaces continues with testing of the system.

Testing of the CCTV system is nearing completion.

Temporary repairs to the atrium skylight are complete and waiting for a permanent fix.

Phase 2 of the VIP lounge in the old TSA Security Checkpoint area is complete and waiting on furniture.

In-Line Baggage System

Staff is currently working with a new design team to pick up and complete the design in time for this year's construction funding.

To meet the TSA deadline, 70 percent of the design needs to be completed and submitted by May 1, 2023.

In an agreement with TSA, a construction cost estimate on the 70% drawings will be accepted by TSA as long as it is submitted by the May 1, 2023, deadline.

Completion of the design will occur in August.

A Request for Proposal for CM at Risk will be issued in August for a selection in September.

Construction funding will not be available until October 2023 when Notice to Proceed will be issued.

Construction is estimated to take 16 to 18 months.

Gate 9 Passenger Boarding Bridge

Foundations are complete and steel erection of the fixed bridge portion is complete.

Framing of the bridge is underway.

A full permit has not been issued as new review comments are being issued.

The boarding bridge fabrication continues and is expected for delivery in late April.

Completion of the project and first use of the bridge is set for May 7, 2023.

Northside Expansion

The final lift of asphalt has been installed.

In order to secure the delivery of the material, the contractor had to prepay for the asphalt.

Shoulder stabilization along GA Drive is complete.

Contractor demobilization is nearing completion.

Final striping of the roadway will take place in mid-April once asphalt has fully cured.

Project closeout is expected in May 2023.

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

Mr. Busalacchi explained the ambassador program lead by Samantha Jackson will be starting soon with TUI first flight on March 27, 2023.

The Airport held two meetings for the Tropical Haven residents, one was an in person meeting via zoom where the residents were able to watch a presentation and ask questions via comment cards that were provided to each of the residents. The second follow up meeting was the response to all the questions and concerns of the Tropical Haven residents. Mr. Busalacchi expressed his gratitude to Mr. Molster and Mr.

Zimmerman for attending today's meeting and also expressed his thanks to Robin Rice, Tropical Haven Manager, for assisting with the residents and making sure they were well informed of the upcoming changes.

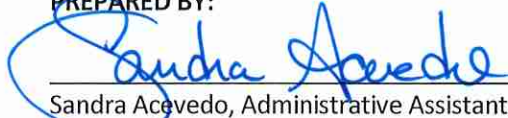
Sheltair has purchased Atlantic Jet Center and will no longer operate here at the Airport. Fallon aviation will take over the jet center facility and run its flight school out of that facility.

Mr. LaRusso wanted to express his gratitude to the Airport staff for an outstanding job being performed.

Adjournment


This meeting was adjourned by Chairman William Potter at 9:55 a.m.

PREPARED BY:



Sandra Acevedo, Administrative Assistant II

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



William C. Potter, Chairman