



MELBOURNE AIRPORT AUTHORITY BOARD MEETING
AGENDA

May 24, 2023, at 8:30 AM

Melbourne Orlando International Airport Board Room

Pledge of Allegiance

Airport Announcements

Executive Director’s Recognition of Excellence Award

Action Items

Approval of the minutes for the April 26, 2023, regularly scheduled Board Meeting.

Item A-1 Recommendation to Approve Renewal of Airport Liability Insurance Coverage Policy in the Amount Not-To-Exceed \$72,550.00

The Airport’s annual liability insurance coverage policy expires on July 14, 2023. Airport staff utilizes aviation insurance broker, Arthur J. Gallagher Risk Management Services, Inc. (Gallagher), to assist with obtaining proposals from aviation insurers, evaluating carrier stability, and providing aviation coverage recommendation for airports. Last year, Gallagher marketed coverage to multiple insurers for the renewal and obtained three (3) separate quotes from insurers. In the current market, Gallagher recommends negotiating with the existing carrier to obtain the best price with the required coverage. Gallagher obtained a renewal quote from the current insurer, National Union Fire Insurance Company, with the same coverage as the current policy. The rate Gallagher negotiated represents a 13 percent increase, primarily due to the Airport’s significant increase in enplanements over the past year.

Gallagher recommends proceeding with National Union Fire Insurance company as the coverages offered are of best value to the Airport.

Staff recommends renewing the Airport’s General Liability Insurance Coverage with National Union Fire Insurance Company in the amount not-to-exceed \$72,550 for a one-year term and authorization for the Executive Director to execute said agreement on behalf of the Authority.

Item A-2 Recommendation to Approve Resolution 2-23 to Accept Florida Department of Transportation (FDOT) Public Transportation Grant Agreement to Fund Certain Improvements for the T-Hangar Infrastructure Development Project.

The Florida Department of Transportation (FDOT) has committed \$1,300,000 to develop the infrastructure needed for the T-Hangar project. The scope of the project includes demolition of existing T-Hangars and construction of the apron around the T-Hangars. The construction and funding of the T-Hangar units is part of a lease and development agreement with an existing tenant that was previously approved by the MAA Board. This grant requires a 50 percent local match. The funding for the proposed grant is:

	<u>Amount</u>
FDOT	\$ 1,300,000
MAA	\$ 1,300,000
Total Funding	\$ 2,600,000

This project is part of the current approved budget.

Staff recommends approval of Resolution 2-23 to accept the Florida Department of Transportation grant to fund the T-Hangar infrastructure needed to develop T-Hangars and authorization for the Chairman to execute said resolution on behalf of the Authority.

Item A-3 Recommendation to Approve a Change Order to Ivey's Construction, Inc. under its Continuing Services Contract for the Emergency Placement of Concrete Apron Support for Gate 9 in an Amount Not-To-Exceed \$214,652.00.

As part of the Terminal Renovation and Expansion Project, a hard stand location was incorporated into the design of the apron portion of the project if during the first year of operation that four international aircraft would be on the ground at the same time.

With TUI adding cruise operations this year, plans were approved by the Board in September 2022 for Ivey's Construction to add a passenger board bridge (PBB) to the hard stand location to create Gate 9.

As the PBB project neared completion with apron striping being placed for safety zones for the aircraft, it was determined that the original design for the hard stand did not allow sufficient concrete apron support for ground handling vehicles to operate safely around a parked aircraft. Staff reviewed and measured the existing concrete and determined that it was installed per the plans.

With less than a week before the first operation of the Gate 9 PBB, an emergency order was given to Ivey's Construction to add sufficient concrete around the safety zone of the aircraft to allow baggage loading equipment, fuel trucks, and catering trucks to operate safely around the aircraft.

There is sufficient budget in the Terminal Expansion Phase 2 International Passenger Boarding Bridge project for this change order. This project is funded by a 90 percent FAA Bipartisan Infrastructure Law Entitlement grant and 10 percent MAA funds.

Staff recommends approval of a Change Order to Ivey's Construction, Inc. under its continuing services contract for the emergency placement of concrete apron support for Gate 9 in an amount not-to-exceed \$214,652 and authorization for the Executive Director to execute said purchase order on behalf of the Authority.

Item A-4 Recommendation to Award a Purchase Order to Ivey's Construction, Inc. under its Continuing Services Contract for the Refresh in the VIP Lounge in an Amount Not-To-Exceed \$199,927.00.

Under a separate contract for the Terminal Renovation and Expansion Project, Ivey's Construction was approved by the MAA Board in September 2021 for the renovation and conversion of the old Lucky's restaurant into the VIP lounge. This work was completed in two phases with the first phase completed for use by TUI during its inaugural season from the non-sterile side of the airport terminal. Once TSA relocated into the new security checkpoint, Ivey's began work on Phase 2 of the VIP lounge to convert the old checkpoint into the new VIP entrance from the sterile side of the airport terminal.

Upon completion of the Phase 2 work, staff reviewed the operational use of the lounge. Having used the lounge only in a non-sterile environment last year, security concerns were discovered that required additional access controls. Additional features were added to control sight and sound within the lounge and a refresh of the TV viewing area was needed based on comments received. Using the designer from the new concession area in the international concourse area, upgrades were suggested for the VIP lounge.

Ivey's having just completed the VIP Lounge was selected to continue with the security access upgrades and the refresh of the VIP Lounge finishes.

There is sufficient budget available for this purchase order from savings realized from other completed capital projects.

Staff recommends approval of a Purchase Order to Ivey's Construction, Inc. under their continuing services contract for the refresh in the VIP Lounge in an amount not-to-exceed \$199,927 and authorization for the Executive Director to execute said purchase order on behalf of the Authority.

Item A-5 Approval of a Purchase Order with White Sign Company in the Amount of \$54,758 for Additional Terminal Wayfinding Signage

Now that the completed portion of the terminal has been utilized for the first few weeks of this year's TUI operation, Airport staff has a much better understanding of passenger wayfinding needs, which are more than was originally anticipated. There may be a need to install additional signage in the future as Airport staff continues to monitor traffic flow. White Sign Company is the original manufacturer of the terminal signage in the new hold room and Jack L. Ryals Welcome Center, and can most efficiently and expeditiously match the design, colors, and font. This purchase was bid through Haskell as part of the Terminal Renovation and Expansion Project and does not require separate Airport bidding.

There is sufficient budget for this purchase order in the Terminal Renovation and Expansion Project.

Staff recommends approval of the purchase order with White Sign Company for additional terminal wayfinding signage in the amount of \$54,758 and authorization for the Executive Director to execute said purchase order on behalf of the Authority.

Item A-6 Recommendation to Award a Purchase Order to Ivey's Construction, Inc. under its Continuing Services Contract for the Drywall Infill at the Glass Storefront in the Atrium and TSA Domestic Exit Corridor in an amount Not-To-Exceed \$97,184.00.

The airside glass storefront in the atrium of the existing terminal was left in place with the intent to use a wrap over the glazing to hide the backside of the walls within the new security checkpoint. A recommendation by the terminal contractor suggested graphics be used on the glass storefront in lieu of a plain wrap that would help hide the imperfections of the storefront framing. Graphics were reviewed by staff and selections were made. Once the graphics were installed, their appearance did not reflect the desired look. The contractor refused to correct the graphics without being compensated. Staff refused to pay additional costs for defective work. Currently this item is in dispute with the contractor.

To correct the problem and create a wall that can generate revenue with advertising, a price was requested from the contractor completing the VIP Lounge to skim the existing storefront in drywall and paint so that advertising and other items could be displayed.

The contractor brought in an Engineer to review the wall and it was determined that a metal stud wall or furring would be required behind the drywall and attached to the storefront framing for the wall to be safely installed. This cost represents the added drywall and framing to cover the existing glass storefront in the lobby from the new security checkpoint entrance all the way to the secure doors of the domestic exit.

There is sufficient budget for this purchase order in the Airport operating budget under R&M-Building expense.

Staff recommends approval of a Purchase Order to Ivey's Construction, Inc. under its continuing services contract for the drywall infill at the glass storefront in the Atrium and TSA domestic exit corridor in an amount not to exceed \$97,184 and authorization for the Executive Director to execute said purchase order on behalf of the Authority.

Item A-7 Recommendation to Approve Engineering Amendment No. 49 with Airport Engineering Company (AEC) for design, permitting, and bidding services for the Taxiway M Offset Project in an amount Not-To-Exceed \$93,130.00.

With the completion of the Northside Expansion of St. Michael Place, the extension of Taxiway M into the property north of GA Drive can begin. Staff has submitted an interim Airport Layout Plan of the preliminary design of the taxiway to the Federal Aviation Administration (FAA) for comment. FAA's preliminary review will require that Taxiway M be offset per the updated Advisory Circular 150/5300-13B from Runway 9L-27R and Taxiway K before the remaining Taxiway M can be extended.

A grant is already in place for this work to be performed. This proposal is for the design, permitting and bidding services for the project. Once bids are received after the design is complete, additional construction administrative services will be proposed along with a FAA Resident Project Representative for independent inspection services.

This is part of the Northside expansion project, and it is 100 percent funded by a Florida Department of Transportation grant. There is sufficient budget in the Taxiway M project to cover this purchase order.

Staff recommends approval of the Engineering Amendment No. 49 to Airport Engineering Company for design, permitting, and bidding services for the Taxiway M Offset Project in an amount not to exceed \$93,130, and authorization for the Executive Director to execute a purchase order on behalf of the Authority.

Item A-8 Recommendation to Approve a Lounge Agreement with Priority Pass, Inc.

As part of the Terminal Renovation and Expansion Project, a VIP lounge was created in the space formerly occupied by the landside restaurant and original security checkpoint. While TUI premium customers are the power users for this space, Airport Staff wanted to make the lounge available to other passengers when space is available.

Currently, lounge access can be bought by those who are not TUI premium customers with the following pricing:

- 0 to 5 years old: Free
- 6 to 15 years old: \$20
- 16 and up: \$40

Staff also sought out partnering with Priority Pass, which is a network of over 1,300 airport VIP lounges worldwide. While annual plans are available to be purchased through Priority Pass itself, many credit cards include this access including American Express and Chase Sapphire. The Airport will be paid \$22.77 for each Priority Pass user two years and older, a net of \$21.28 after sales tax. The agreement is for 24 months and will be renewed on a six-month basis unless the parties agree otherwise, enter into a new agreement, or either party gives 60 days' notice of terminating the agreement after the initial 24-month period. Metz Culinary Management, which operates the VIP Lounge on the Airport's behalf, will be responsible for all financial reporting to Priority Pass.

Staff recommends approval of the Lounge Agreement with Priority Pass, Inc. and authorization for the Executive Director to execute said Agreement on behalf of the Authority.

Item A-9 Recommendation to Approve a Use and Lease Agreement with Avelo Airlines, Inc.

Avelo Airlines, Inc. is an ultra-low-cost carrier headquartered in Houston, Texas. It will begin operating twice weekly nonstop service between Melbourne Orlando International Airport (MLB) and Tweed-New Haven Airport (HVN),

MLB and Raleigh-Durham International Airport (RDU), and MLB and Wilmington Airport (ILG) utilizing Boeing 737 aircraft. HVN service begins June 21, 2023, RDU service begins June 23, 2023, and ILG service begins June 28, 2023.

This is the Airport's standard use and lease agreement that has been used with other MLB partner airlines. Additional details of this agreement can be found in the supplemental document included in your packet.

Staff recommends approval of the Use and Lease Agreement with Avelo Airlines, Inc., and authorization for the Executive Director to execute said Agreement on behalf of the Authority.

Item A-10 Recommendation to Approve a Purchase Order in the Amount of \$75,000 with Romju Advertising & Company

A marketing incentive of \$25,000 per new, domestic route, not currently served from MLB is part of the Use and Lease Agreement with Avelo Airlines (Avelo). Romjue Advertising & Company, Inc. (Romju) is to manage advertising buys for Avelo Airlines Air carrier incentive program to promote the three new Avelo flights. The three destinations are New Haven, CT (HVN); Wilmington, DE/Philadelphia, PA (ILG); and Raleigh-Durham, NC (RDU).

The campaign will launch in May 2023 and will end no later than December 31, 2023. This service will help with the marketing and promotion of this new service and routes for Avelo and will also promote the Melbourne Orlando International Airport, in accordance with Federal Aviation Administration guidelines relating to airport marketing incentives to airline.

The advertising campaign will include media based on direction and approval from Avelo Airlines. Romjue Advertising will:

- Buy the media from advertising the vendors.
- Manage the media and budget.
- Audit the invoices and send monthly report to Avelo.
- Complete monthly invoicing and send to Melbourne Orlando International Airport for payment.

Staff recommends approval of a purchase order in the amount of \$75,000 with Romju Advertising & Company, Inc., and authorization for the Executive Director to execute said purchase order on behalf of the Authority.

Information Items

- Item I-1 Financial Update**
- Item I-2 Operations Update**
- Item I-3 Construction Projects Update**
- Item I-4 Business Development and Marketing Update**

Public Speakers

Adjournment

Pursuant to 286.0105, Florida Statutes, the Airport hereby advises the public that if a person decides to appeal any decision made by the Airport Authority with respect to any matter considered at its meeting or hearing, he/she will need a record of the proceedings, and that for such purpose, affected persons may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Airport (321) 723-6227 at least 48 hours prior to the meeting.

MELBOURNE ORLANDO INTERNATIONAL AIRPORT

Income Statement

March 31, 2023

	Year To Date Actual		\$ change	% change
	3/31/2023	3/31/2022		
Operating Revenue				
Airline Landing Fees	267,812	291,612	(23,800)	-8%
Airline Service Fees	1,222,498	1,124,954	97,544	9%
Land & Bldg Lease Rents	5,051,046	4,612,288	438,757	10%
Terminal Rents	141,009	117,394	23,615	20%
Parking Lot Fees	971,031	826,463	144,567	17%
Car Rental Concessions	849,634	499,290	350,344	70%
Restaurant Concessions	139,023	39,125	99,898	255%
Mobile Home Park Rent	1,021,716	1,023,790	(2,074)	0%
T-Hangar Rentals	44,076	45,428	(1,352)	-3%
Operating Grant Revenue	33,060	30,060	3,000	10%
Other	282,750	164,489	118,261	72%
Total Operating Revenues	10,023,654	8,774,895	1,248,759	14%
Operating Expense:				
Personnel Services	2,823,363	2,554,837	268,526	11%
Contract Services	3,530,125	2,108,966	1,421,159	67%
Police & Fire Services	634,158	582,508	51,650	9%
Maintenance and Operations	2,667,047	2,268,304	398,743	18%
Other	111,211	-	111,211	#DIV/0!
Total Operating Expenses	9,765,904	7,514,615	2,251,289	30%
Operating Income (Loss)	257,750	1,260,280	(1,002,530)	
Non-Operating Revenue (Expense):				
Passenger Facility Charges	632,877	419,508	213,369	51%
Customer Facility Charges	536,068	269,469	266,599	99%
CARES Grant Revenue	2,117,020	4,144,720	(2,027,700)	-49%
Gain on Sale of Assets	28,459	3,222,292	(3,193,834)	-99%
Interest Income (Loss)	417,877	56,602	361,276	638%
Ad Valorem Tax Revenue	900,181	943,786	(43,605)	-5%
Ad Valorem Tax Expense	(908,259)	(949,655)	41,395	-4%
(Loss) on Disposal of Fixed Assets	-	-	0	#DIV/0!
Interest Expense	(24,375)	(15,438)	(8,938)	58%
Total Non-Operating Revenue (Expense)	3,699,847	8,091,284	(4,391,437)	
Net Income (Loss) Before Depreciation*	3,957,598	9,351,564		

* Net Income before capital contributions, capital equipment, and transfers

MELBOURNE ORLANDO INTERNATIONAL AIRPORT
Statement of Revenues, Expenditures and Changes in Fund Net Assets
March 31, 2023

	YTD Actual	Annual Budget	% of Budget
Operating Revenues:			
Airline Landing Fees	267,812	516,316	52%
Airline Service Fees	1,222,498	2,582,774	47%
Land & Bldg Lease Rents	5,051,046	9,222,508	55%
Terminal Rents	141,009	241,403	58%
Parking Lot Fees	971,031	1,900,000	51%
Car Rental Concessions	849,634	1,733,684	49%
Restaurant Concessions	139,023	973,714	14%
Mobile Home Park Rent	1,021,716	2,061,075	50%
T-Hangar Rentals	44,076	46,920	94%
Operating Grant Revenue	33,060	284,000	12%
Other	282,750	1,535,883	18%
Total Operating Revenues	10,023,654	21,098,277	48%
Operating Expense:			
Personnel Services	2,823,363	6,357,932	44%
Contract Services	3,530,125	9,167,696	39%
Police & Fire Services	634,158	1,259,606	50%
Maintenance and Operations	2,667,047	7,859,611	34%
Other	111,211	180,000	62%
Total Operating Expenses	9,765,904	24,824,845	39%
Operating Income (Loss)	257,750	(3,726,568)	
Non-Operating Revenue (Expense):			
Passenger Facility Charges	632,877	1,502,016	42%
Customer Facility Charges	536,068	1,262,001	42%
CARES Grant Revenue	2,117,020	3,223,936	66%
Gain on Sale of Assets	28,459	-	#DIV/0!
Interest Income (Loss)	417,877	156,539	267%
Ad Valorem Tax Revenue	900,181	2,021,897	45%
Ad Valorem Tax Expense	(908,259)	(2,051,572)	44%
Gain (Loss) on Disposal of Fixed Assets	-	-	#DIV/0!
Interest Expense	(24,375)	(312,500)	8%
Total Non-Operating Revenue (Expense)	3,699,847	5,802,317	
Net Income (Loss) before Depreciation, Transfers, and Capital Contributions	3,957,598	2,075,749	
Depreciation Expense	-	-	
Machinery and Equipment	347,453	1,733,969	20%
Intra Transfer to Airport Capital	-	(1,689,507)	0%
Net Income (Loss) After Transfers	4,305,051	2,120,211	

Melbourne Orlando International Airport
Top 10 Operating Revenues
3/31/2023

Rank	Description	YTD FY 2023	FY 23 % of Total Rev	YTD FY 2022	FY 22 % of Total Rev	\$ Change	% Change
1	Airfield Facilities Rental	2,931,435	29%	2,447,818	28%	483,617	20% A
2	Commercial Business Center Rent	1,563,249	16%	1,632,136	19%	(68,887)	-4%
3	Tropical Haven Revenue	1,021,716	10%	1,023,790	12%	(2,074)	0%
4	Parking Revenue	971,031	10%	826,463	9%	144,568	17% B
5	Car Rental Concession	849,634	8%	499,290	6%	350,344	70% C
6	Ground Handling Revenue	809,109	8%	687,377	8%	121,732	18% D
7	Terminal Rent-Airline	440,433	4%	457,833	5%	(17,400)	-4%
8	Hangar Rent	412,151	4%	402,121	5%	10,030	2%
9	Landing Fees	267,812	3%	291,612	3%	(23,800)	-8% E
10	Terminal Concessions	139,023	1%	39,125	0%	99,898	255% F
Total Top 10 Operating Revenue		9,405,593	94%	8,307,565	95%	1,098,028	
Other Operating Revenue		618,061	6%	467,330	5%	150,731	32%
Total Operating Revenue		10,023,654	100%	8,774,895	100%	1,248,759	14%

A Revenue is higher due to new option for 60 acres exercised by Embraer (\$222k) in February 2023, new leases such as Axiom and Dnata leases both commenced in Feb 22); and CPI rate adjustments on multiple properties.

B Increase is due to continued recovery of domestic passengers that use the parking facilities coupled with the rate adjustment that increase that went into effect on 10/1/22 plus implementation of 1 rate for all lots in January 2023 (Long term was \$12/day last year; increased to \$13/day on 10/1/22 and single rate for all lots was implemented 1/1/23-\$14/day).

C Increase is due to new international service (TUI operated October and November 2022) as international passengers have a tendency to rent more cars for longer periods than domestic passengers.

D Increase is due to rate increase implemented 10/1/22 plus flight activity from TUI (they operated in Oct 2022 and Nov 2022 but not in same period last fiscal year).

E Revenue decline is due to drop in Ferry Landing fees (down \$9k) coupled with a reduction in passenger landing fees (down \$13k) which reflects a reduction in ferry landing activity for aircraft maintenance and smaller aircraft utilized by scheduled passenger airlines.

F MLB new concession program opened in October 2022 which provides more concession options including retail gift/new stores. This, coupled with the increase in passengers, has resulted in a significant increase in concession revenues.

Melbourne Orlando International Airport
Top 10 Operating Expenses
3/31/2023

Rank	Description	YTD FY 2023	FY 23 % Operating Expense	YTD FY 2022	FY 22 % Operating Expense	\$ change	% change
1	Personnel	2,823,363	29%	2,554,837	34%	268,526	11%
2	Other Contract Services	2,479,850	25%	1,201,795	16%	1,278,055	106% A
3	Fire Services	616,307	6%	575,078	8%	41,229	7%
4	Contractual Employee	529,965	5%	296,710	4%	233,255	79% B
5	Electric	394,160	4%	276,804	4%	117,356	42% C
6	Consulting Fees	245,196	3%	323,918	4%	(78,722)	-24% D
7	Risk Management	237,535	2%	229,448	3%	8,087	4%
8	R&M-Misc Equipment	224,538	2%	90,229	1%	134,309	149% E
9	Computer Software	199,402	2%	117,509	2%	81,893	70% F
10	Cable TV Expense	186,268	2%	167,760	2%	18,508	11%
Total Top 10 Operating Expense		7,936,584	81%	5,834,088	78%		
Other Operating Expense		1,829,319	19%	1,680,527	22%	148,792	9%
Total Operating Expense		9,765,903	100%	7,514,615	100%	2,251,288	30%

A Increase is due to costs associated with new international air service that started in March 2022: Customs (up \$754,000), ground handling (up \$288,000), and aircraft fueling (up \$35,000).

B Increase due to higher ambassador costs (up \$42,000) to staff for international operations. The Tropical Haven manager and Maintenance worker retired in February and April 2022, respectively, these positions have been filled with temp employees (\$50,000 increase). The airport has more temp custodians and maintenance employees to staff the expanded terminal which has resulted in higher costs for the terminal for custodial and maintenance staff (up \$129,000).

C Increase is a result of FPL rate increase implemented this year plus the impact of the expanded terminal, which has added 86,000 sq feet of space. Average monthly electricity expense has increased from \$45,000 to \$65,000.

D Consulting fees expense decreased primarily due to the completion of the terminal project--MLB paid for a TUI project manager through May 2022 (\$13,500 per month). This was \$81,000 of expense recorded through period 6 last year that we did not incur in fiscal year 2023. This reduction has been partially offset with a new consulting agreement for strategic services that went into effect in February 2023 (\$5,675/month).

E Passenger Boarding Bridge #6 was out of service for during the terminal expansion project and required refurbishment to remove mold and to replace parts before it could be placed in service again. This non-recurring expense (\$122k) was recognized in Feb 2023.

F Software costs include the common use system (\$92k FY 22 and \$80k FY 23) that allows the airport more flexibility in assigning gates/ticket counter locations. This was implemented February 2022 and these costs are incurred annually. The increase in software costs is due to website development expense incurred this year to re-design the website (\$93k).

Melbourne Orlando Int'l Airport
Cash Flow Projection
5/3/2023

	April-23	May-23	June-23	July-23	August-23	September-23	October-23	November-23	December-23	January-24	February-24	March-24
Beginning Cash/Investment Balance	\$ 26,813,433	\$ 28,448,129	\$ 26,199,428	\$ 22,599,275	\$ 22,062,921	\$ 25,224,451	\$ 22,951,114	\$ 21,922,763	\$ 18,874,661	\$ 19,234,532	\$ 20,691,248	\$ 22,952,088
Operating Revenue	1,680,337	1,680,337	1,680,337	1,680,337	1,680,337	1,680,337	1,722,929	1,722,929	1,722,929	1,722,929	1,722,929	1,722,929
Plus: CRSSA/ARPA Grant	2,117,020	961,071										
Less: Prepaid Rent Recorded as Deferred Revenue	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)	(27,272)
Plus: Monthly Collections Ad Valorem Tax	133,988	133,988	133,988	133,988	133,988	133,988	133,988	133,988	133,988	133,988	133,988	133,988
Operating Expense:												
Liability Insurance				(72,540)								
Personnel	(522,409)	(522,409)	(522,409)	(522,409)	(522,409)	(522,409)	(538,081)	(538,081)	(538,081)	(538,081)	(538,081)	(538,081)
TUI Marketing Incentive Payment		(300,000)		(300,000)		(300,000)		(300,000)		(300,000)		
Interest Expense		(146,750)						(146,750)				
Maintenance and Operations Expense	(1,357,991)	(1,357,991)	(1,357,991)	(1,357,991)	(1,357,991)	(1,357,991)	(1,406,991)	(1,406,991)	(1,406,991)	(1,406,991)	(1,406,991)	(1,406,991)
Ad Valorem Tax Payment								(2,707,599)				
Net Increase (Decrease) in Cash Flow from Operations	867,724	(540,097)	(93,347)	(465,887)	(93,347)	(393,347)	(115,427)	(3,269,776)	(115,427)	(415,427)	(115,427)	(115,427)
Total Capital Outlay	(667,655)	(2,557,439)	(4,600,030)	(885,000)	(1,287,583)	(2,894,933)	(2,650,000)	(1,900,000)	(1,550,000)	(750,000)	(650,000)	(463,158)
Principal Payment-Outstanding Debt												
Total Capital Grant Revenue	1,185,493	529,281	813,621	525,904	4,265,934	756,811	1,430,664	1,977,000	1,850,000	2,450,000	2,852,000	-
PFC Collections (Reimbursement of Eligible Costs)	135,384	173,651	151,942	156,846	150,269	140,273	166,510	78,618	95,260	93,546	94,700	94,700
CFC Collections	113,750	145,903	127,662	131,783	126,257	117,858	139,903	66,055	80,038	78,597	79,567	79,567
Net Increase (Decrease) in Cash From Capital and Debt	766,972	(1,708,604)	(3,506,805)	(70,467)	3,254,878	(1,879,991)	(912,923)	221,674	475,297	1,872,143	2,376,267	(288,891)
Beginning Cash/Investments	26,813,433	28,448,129	26,199,428	22,599,275	22,062,921	25,224,451	22,951,114	21,922,763	18,874,661	19,234,532	20,691,248	22,952,088
Ending Cash/Investments	28,448,129	26,199,428	22,599,275	22,062,921	25,224,451	22,951,114	21,922,763	18,874,661	19,234,532	20,691,248	22,952,088	22,547,770

Melbourne Orlando Int'l Airport
Cash Flow Projection - Capital Exp and Grant Revenue
5/3/2023

Capital Project Expenditures	Proj #	Total Cost	Indi	Prior Expenditures	April-23	May-23	June-23	July-23	August-23	September-23	October-23	November-23	December-23	January-24	February-24	March-24
Terminal Upgrade-Fire Sprinkler/Plumbing	50023	5,959,412	D	(50,000)		(38,480)		(250,000)	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(750,000)	(500,000)	(400,000)	(363,158)
Terminal Exp PH2-Int'l PBB (Gate 9)	50423	4,500,000	E	(1,065,278)	(399,316)	(1,500,000)	(1,434,722)									
Ticket Counter Improvements	50523	214,476	C	(138,698)		(75,778)										
Terminal Exp-Public Space (Haskell)	50519	50,704,967	E	(48,536,371)			(2,168,596)									
Terminal Exp-Public Space (Others)	50519	1,337,349	E	(1,337,349)	-											
Terminal Exp-PBBs (2)	54119	3,024,428	D	(3,024,428)	-	-				-	-					
Terminal Exp-Apron	54219	13,354,669	D	(13,354,669)	-											
Terminal Exp-VIP Lounge (Iveys)	54319	891,885	C			(79,288)										
Terminal Exp-Welcome Center (Iveys)	54519	1,613,667	C	(1,606,053)		(7,614)										
Terminal Exp-Common Use Tech Equip	54619	252,204	C	(232,234)	-	(19,970)										
Terminal Exp-FF&E	55319	737,492	C	(712,492)		(25,000)										
In Line Baggage System-Design	50121	1,024,944	D	(563,176)	-	(200,000)	(261,768)									
Airplane Deposit Facility	50619	70,000	C				(70,000)									
Taxiway S Improvements-Phase 1	50120	3,400,000	D													
PBB 5 Replacement	50320	1,669,094	D													
Aerospace Dr. Lift Station Replace	50520	85,000	C					(85,000)								
Northside Expansion	54120	9,392,132	D													
Northside Exp-St. Michael PI Ext	54220	6,100,000	D	(2,612,015)		(237,442)										
Northside Exp-T/W M Ext	54320	3,930,000	D	-												
Northside Exp-Infrastructure Dev	54420	3,102,444	D	(1,447,977)		(50,867)	(55,944)									
Northside Exp-Taxiway C Rehab	50623	3,060,405	D				(150,000)	(200,000)	(250,000)	(350,000)	(350,000)	(400,000)	(400,000)	(250,000)	(250,000)	(100,000)
Project Vista Site Improvements	50323	6,600,000	D	(52,833)	(135,983)	(300,000)	(350,000)	(350,000)	(300,000)	(300,000)	(300,000)					
Equipment Purchases		1,733,969	C	(428,226)	(132,356)	(23,000)	(109,000)		(137,583)	(744,933)						
T-Hangars Phase 1	TBD	3,000,000	D						(100,000)	(1,000,000)	(1,000,000)	(500,000)	(400,000)			
Total Capital Outlay					(667,655)	(2,557,439)	(4,600,030)	(885,000)	(1,287,583)	(2,894,933)	(2,650,000)	(1,900,000)	(1,550,000)	(750,000)	(650,000)	(463,158)
Grant Revenue																
TERMINAL EXPANSION GRANTS																
FDOT-Terminal Rehab FY 20/FY 21 (438452-1-94-03--\$10,000,504)				9,462,686			537,942				-					
FAA Ent Grnt 48 Term Rehab FY 20-FY 22 (\$7,410,486)				6,669,435	741,049								-	-	-	-
FAA Supplemental Grnt 51 Term Rehab - FY 20 (\$4,444,444)				4,000,000	444,444									-	-	-
FAA Discretionary Ramp - FY 20 (\$6,000,000)				6,000,000	-		-									
FDOT DRA-Ramp Reimb (\$5,900,000)				600,000		300,000			300,000			1,077,000			1,077,000	
FAA Discretionary-ARFF Truck (\$670,439)											670,439					
FAA Discretionary-Fire Sprinklers (\$5,000,000 TO BE ISSUED JUNE 23)											675,000		1,350,000		1,575,000	
TSA OTA-In Line Baggage Sys Design (\$711,496)				337,809				288,462		-	85,225					
FAA BIL Grant-Entitlement (FY22/23)	50423	4,050,000							3,959,384		-		-			
NORTHSIDE EXPANSION GRANTS																
FDOT (St. Michael PI Ext)	54220	4,783,000		2,376,184		229,281		237,442	6,550			-		-		
FDEO (Inf Dev & T/W C)	54420/50623	3,922,132		1,361,114	-		86,863			106,811		350,000		950,000		
FDOT-Project Vista Grant	50323	6,600,000					188,816			650,000				1,250,000		
FDOT FY 23 T Hangar Grant	TBD	1,500,000										550,000	500,000	250,000	200,000	
Total Grant Revenue					1,185,493	529,281	813,621	525,904	4,265,934	756,811	1,430,664	1,977,000	1,850,000	2,450,000	2,852,000	-

**MELBOURNE ORLANDO INTERNATIONAL AIRPORT (MLB) MONTHLY ACTIVITY REPORT
APRIL 2023**

	2023	2022	MO CHANGE (%)	2023 YTD	2022 YTD	YTD CHANGE (%)
PASSENGERS						
Revenue PAX - Domestic						
Enplaned	24,244	24,219	0.1%	87,829	82,516	6.4%
Deplaned	22,358	23,242	-3.8%	85,286	81,573	4.6%
Total Revenue PAX - Domestic	46,602	47,461	-1.8%	173,115	164,089	5.5%
Revenue PAX - Int'l						
Enplaned	5,596	11,357	-50.7%	6,010	11,437	-47.5%
Deplaned	6,435	9,555	-32.7%	8,748	11,494	-23.9%
Total Revenue PAX - Int'l	12,031	20,912	-42.5%	14,758	22,931	-35.6%
Non-Revenue PAX						
Enplaned	852	716	19.0%	3,276	3,064	6.9%
Deplaned	818	712	14.9%	3,264	2,878	13.4%
Total Non-Revenue PAX	1,670	1,428	16.9%	6,540	5,942	10.1%
Total PASSENGERS	60,303	69,801	-13.6%	194,413	192,804	0.8%
AIRCRAFT OPERATIONS						
Air Carrier	573	580	-1.2%	2,057	2,009	2.4%
Air Taxi	173	187	-7.5%	629	820	-23.3%
General Aviation - Itinerant	8,488	7,343	15.6%	35,514	26,566	33.7%
General Aviation - Local	4,351	4,452	-2.3%	19,389	15,894	22.0%
Military	54	61	-11.5%	323	413	-21.8%
Total OPERATIONS	13,639	12,623	8.0%	57,912	45,702	26.7%

**Item A-10 Supplemental Details:
Recommendation to Approve a Use and Lease Agreement with Avelo Airlines, Inc.**

The salient points of the Use and Lease Agreement are as follows:

- **Term:** The initial term of the agreement is 24 months, during which time Avelo will operate as a non-signatory airline. During this initial term Avelo can elect to become a signatory carrier that would extend the agreement to be co-terminus with the current 5-year air service cycle.
- **Rates, Charges, and Fees:** Excluding incentives as outlined in the Airport's Board approved Airline Service Incentive Plan (ASIP), Avelo shall pay the Airport's Rates and Charges, which vary by aircraft size. The estimated rates and charges are:
 - Signatory \$675.52
 - Non-Signatory: \$1,373.86
- Avelo is responsible for collecting all Passenger Facility Charges (PFCs).
- **Incentives per the ASIP:**
 - Airport will waive the Airport Fees including landing fees and terminal fees along with Ground Handling Fees for a period of two years for all new routes.
 - Marketing Assistance:
 - Up to Twenty-Five Thousand Dollars (\$25,000) in Marketing Assistance Incentives for each additional, new, Domestic Recurring Qualifying Route.



MELBOURNE AIRPORT AUTHORITY BOARD

Minutes April 26, 2023, Board Meeting
Airport Board Room

In attendance:

- Mr. William C. Potter, Chairman
- The Honorable Tim Thomas, Vice Chairman, Councilmember
- The Honorable Paul Alfrey, Mayor
- The Honorable Mark LaRusso, Vice Mayor
- Mr. Scott Mikuen, Member
- Mr. Brent Peoples, 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
- Ms. Stephanie Betts, Assistant 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
- Mr. John Dobson, Captain, Melbourne Airport Police

Absent:

- The Honorable Mark LaRusso, Vice Mayor
- Mr. Cliff Graham, C.M., Director of Operations and Maintenance
- Ms. Renee Purden, Chief of Police/Director of Public Safety

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

Congratulations to Officer Dawn Pappalardo, MAPD Officer of the Year
Congratulations to the new Clerical Assistant - Misty Dawn Snow
Homeless Camp Cleanup ongoing initiative from MAPD
Capital Improvements Workshop will be on May 24, 2023, following board meeting
Passenger Activity Report through March totaling 52,144, an increase of 8.9% from the previous year.
MLB Announces three new routes with Avelo Airlines.
TUI's MLB Airport Guide new video features MLB ease and convenience
TUI's Travel Guide to MLB featuring the top tourist destinations on the Space Coast

Executive Director's Recognition of Excellence Award

Congratulations to Captain John Dobson, Melbourne Airport Police on receiving this month's award and on his retirement.

Action Items

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

Item A-1 Recommendation to Approve Change Order 14 to DP Development, LLC for Scope Change to Add Additional Traffic Markings Along St. Michael Place from Apollo Boulevard to the Phase III Extension for the Northside Expansion Project: St. Michael Place Extension Phase 3 in the Amount of \$11,512.08.

Mr. Donovan explained this change order is to add additional traffic markings along St. Michael Place and will extend from the new Bill Potter Drive to the western edge of the Airport and connecting into General Aviation Drive. The costs are covered under the 100 percent reimbursable grant for this project.

A motion was made by Mr. Peoples to Approve Change Order 14 to DP Development, LLC for Scope Change to add Additional Traffic Markings along St. Michael Place from Apollo Boulevard to the Phase III Extension for the Northside Project St. Michael Extension Phase 3 in the Amount of \$11,512.08, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-2 Recommendation to Approve Lease Agreement with Waste Management for 34-Yard Compactor Dumpster

Mr. Donovan explained the need to lease a 34-yard compactor dumpster for more capacity due to the airport and tenant needs. The lease will be for 50 months with Waste Management, with a monthly rate fee of \$2,310.80.

A motion was made by Mayor Alfrey to Approve a Lease Agreement with Waste Management for a 34-Yard Compactor Dumpster, seconded by Mr. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Approve a Purchase Order to AVCON, Inc., under its Continuing Services Contract, for the Professional Airside Engineering for Design and Construction of the Mill and Overlay Rehabilitation of Taxiway "C" in an Amount Not-To-Exceed \$196,540.00.

Mr. Donovan explained Taxiway Charlie is an integral part of the airfield. The last rehabilitation of Taxiway "C" between the runways was completed in 2003. Florida Department of Transportation (FDOT) conducted a statewide pavement evaluation report in 2019 that indicated a Pavement Condition Index (PCI) of 65. The state report suggests a minimum value of 70 for taxiways. These improvements were originally in JACIP with funding planned with FAA grants. An alternative funding source is available through an existing Florida Department of Economic Opportunity (FDEO) Grant which provides 100 percent funding of eligible costs. AVCON was selected to perform this work based on its knowledge of the taxiway, and its work on other surface projects in the same area.

Mr. Potter asked if the grant had been accepted. Mr. Donovan stated yes, the grant was accepted.

A motion was made by Mr. Fischer to Approve a Purchase Order to AVCON, Inc., under its Continuing Services Contract for the Professional Airside Engineering for Design and Construction of the Mill and Overlay Rehabilitation of Taxiway "C" in an Amount Not-To-Exceed \$196,540.00, seconded by Mr. People. Motion passed unanimously.

Item A-4 Recommendation to Award a Purchase Order to Ivey's construction, Inc. under its Continuing Services Contract for the Emergency Repairs to the Exterior Insulation Finish System (EIFS) caused by Hurricane Ian in Amount Not-To-Exceed \$93,128.00.

Mr. Donovan explained the exterior insulation finish systems in various parts of the terminal building were damaged caused by hurricane Ian. FEMA came out to assess the damage and these repairs will be covered

100 percent by FEMA. Ivey's Construction is currently working on site and will be able to complete the repairs in a timely manner.

Mr. Fischer stated that this work may require demolition to take out the old material and replace it with the new material and asked if an Engineer would follow up to make sure all work is done correctly. Mr. Perley stated one of our existing Continuing Service Contract Engineers will review the insulation of the work.

Mr. Fischer stated EFIS is very complicated if the work is not done correctly; Mr. Fischer asked if the work being performed is part of the new terminal construction. Mr. Donovan stated no, this work is strictly hurricane damage to the existing building.

A motion was made by Mayor Alfrey to award a Purchase Order to Ivey's Construction, Inc., under its Continuing Services Contract for the emergency repairs to the Exterior Insulation Finish System (EIFS) caused by Hurricane Ian and in Amount Not-To-Exceed \$93,128, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Approve a Master Consulting Agreement with RPMayer & Associates, LLC.

Mr. Donovan explained RPMayer & Associates has been assisting Airport staff with the design of the in-line baggage system as well as conducting a parking study. Rod Mayer, the principal of the company, has more than 30 years of experience in aviation, airline, and airport affairs. The scope of work includes providing continued baggage handling consulting services, baggage handling design, construction planning and scheduling. The consulting agreement's two year base term begins May 1, 2023, and terminates on April 30, 2025. It can be extended for two, one-year periods. The annual cost will not exceed \$124,425 per year, in addition, the consultant will be reimbursed for approved travel expenses.

Mr. Potter asked if this type of service is required to be competitively chosen under the CCNA. Mr. Donovan stated it is not under an CCNA. This will be a managerial technical consulting services versus engineering.

A motion was made by Mr. Thomas to approve a Mater Consulting Agreement with RPMayer & Associates, LLC, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-6 Recommendation to Approve an Aeronautical Ground Lease and Seventh Amendment to Lease with Embraer Aircraft Holding, Inc.

Mr. Donovan stated that Embraer is expanding its operations with the addition of a flight hangar and a paint hangar facility estimated to cost \$30,500,000. Embraer will need an additional six acres to facilitate this expansion. Three acres are on an existing option agreement, which Embraer would be exercising, and the remaining three acres will be new property outside of its lease. Due to the circumstance involving an option and a new lease, there will be two items for approval, an amendment to the existing lease and a new lease for the additional three acres.

Mr. Potter asked if it has been determined if the gopher tortoise removal and the lift station upgrade are necessary. Mr. Busalacchi stated that an enhancement to the lift station will not be necessary, but the gopher tortoise is an unknown until you actually start clearing the land.

Mr. Mikuen wants to confirm that the Airport Authority has no obligation for any capital spend other than potentially the lift station and no other infrastructure acquired, and if there is, then Embraer will be responsible for that. Mr. Donovan replied yes. Mr. Mikuen asked of the timing of the new construction to commence. Mr. Donovan stated some of the work on the existing option parcel has begun. The environmental process should start within the next 60 days.

Mr. Peoples asked what happens if Embraer does not get started with the construction. Mr. Donovan stated that they are still obligated to pay through their land lease. Embraer has been a great company to work with and the Airport will follow through everything they have committed to doing. Mr. Peoples asked about additional employees being hired. Mr. Busalacchi stated that there will be additional hired as a result of this expansion.

A motion was made by Mr. Mikuen to approve an Aeronautical Ground Lease and Seventh Amendment to Lease with Embraer Aircraft Holding, Inc., seconded by Mr. Thomas. Motion passed unanimously.

Information Items

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

Mr. O'Dell presented the financial report with financial data through period 5 (February 28, 2023).

Mr. Potter inquired if there is one particular item that enables us to keep the expenses below budget. Mr. O'Dell stated our philosophy is budget heavy, spend light. There were some uncertainties because we did not have a full operating season when the budget was built to include TUI. Our Ground Handling expense is better than what we had budgeted as is our Custom expense at this point. Mr. Potter asked if it is anticipated that we be on budget for the remaining fiscal year. Mr. O'Dell stated he expects to stay on budget.

Mr. Mikuen inquired if interest income exceeding interest expense at the moment. Mr. O'Dell stated yes. Mr. Mikuen asked if Mr. O'Dell had completed the laddering of the investment from last month's meeting. Mr. O'Dell stated he locked in rates at 5.21 percent but did not go out very long. Even on the funds that are liquid seven day funds, we are still earning 4.99 percent. Mr. Mikuen asked what was the longest you did on the long term. Mr. O'Dell stated six months.

Mr. Potter inquired is there anything on the expenses that is unanticipated or causes you to believe it's out of control. Mr. O'Dell stated that nothing has given him any cause for concern. Mr. Donovan expressed that he anticipated an operating loss this fiscal year.

Mr. Peoples expressed his thanks to Mr. O'Dell for reviewing the overall budget with him.

Item I-2 Operations Update by Ms. Stephanie Betts

Brevard Corporate 5K Run

Ms. Betts explained the Melbourne Airport Authority hosted a Corporate 5K run on April 13th. The event was very successful with 60 corporate teams and an estimated total of 2,300 participants. Ms. Betts expressed her thanks to all the tenants for being supportive during the event.

Item I-3 Construction Projects Update by Mr. Perley

Terminal Renovation and Expansion

Installation of the new fire alarm in the renovation spaces continues with testing of the system. Testing of the CCTV system is complete. Walk-through with CBP generated a few punch list items that are currently being addressed at this time.

In Line Baggage System

The new design team is currently working to complete 70 percent of the design drawings and complete a construction estimate by TSA's deadline of May 1st. 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

Passenger boarding bridge has been delivered and is currently being installed. The fixed bridge framing is complete, and all exterior finished is currently being installed. Roofing on the fixed bridge is complete. All MEP rough in are nearing completion. The contractor has met with the City Building Department for last-minute requirements for occupancy. Completion of the project and first use of the bridge is set for May 7th.

Northside Expansion: St. Michael Place Extension Phase 3

The final lift of asphalt has reached the 30-day cure time. Final striping of the roadway has begun but has been hampered by rain as thermoplastic striping requires 24 pre-dried conditions for proper adhesion. Property boundary easements remain to be resolved. Project closeout is expected in May.

Mr. Fisher inquired about the update on the fire sprinkler's additional work with the City of Melbourne. Mr. Perley stated we have hired Southern Fire Protection to complete this work. The airport is waiting for final approval and award of the FAA grant for this work. Once approved, Southern Fire will commence, and it should take about eight to nine months to complete the work. Permits have been pulled and in compliance with the City of Melbourne.

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

Mr. Busalacchi explained the mural in the new holdroom area is complete. The mural is the first part of the Arts at MLB program and captured everything that is part of our community.

The TUI social media campaign group came to town and did a variety of social media posts highlighting the airport and community. It was very successful, and TUI had a lot of great feedback.

The airport will be hosting the TUI executive team and UK media along with Airport Authority Board at the Kennedy Space Center this Sunday, April 30th.

Keely's Corner/MLB in the news by different organizations reporting the upcoming stories of Melbourne Orlando International Airport.

Mr. Potter inquired about the increase in incidents in the monthly MAPD report. Mr. Dobson stated that the Airport has had an increase in incidents due to an increase in passengers.

Adjournment

This meeting was adjourned by Chairman William Potter at 9:38 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