

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes May 24, 2023, Board Meeting
Airport Board Room

In attendance: Mr. William C. Potter, Chairman
The Honorable Paul Alfrey, Mayor
The Honorable Mark LaRusso, Vice Mayor
Mr. Scott Mikuen, Member
Mr. Brent Peoples, Member
Mr. Michael Fischer, Member
Mr. Cliff Repperger, Attorney
Mr. Greg Donovan, A.A.E., Executive Director
Mr. Mark Busalacchi, Director of Business Development
Mr. Clifford Graham, Director of Operations and Maintenance
Ms. Melissa Naughton, C.M., Assistant Director of Business Development
Mr. Mike O'Dell, C.P.A., Director of Finance and Administration
Mr. David Perley, A.I.C., Director of Capital Improvements
Ms. Renee Purden, Chief of Police/Director of Public Safety

Absent: The Honorable Tim Thomas, Vice Chairman, Councilmember
Mr. Adam Bird, Airport Attorney

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

Passenger Activity Report through April 2023 total passengers 60,303, which is 13.6 percent lower than last April and 2023 year to date total passengers 194,413, which is 0.8 percent more than last year at this time.

May 7th operations at MLB aka "TUI-Palooza", the single busiest day in Airport history totaling 4,774 passengers.

Melbourne Airport Authority welcomes Connor Rice, Marketing Intern and Zachary Miller, Operations Intern.

The Melbourne Airport Police Department participated in the Police Memorial Day Hometown Heroes event held at Melbourne Square Mall.

National Police Week was May 15th through May 21st and was recognize with a memorial wreath in the atrium.

Allegiant service to Nashville, TN will resume in November 2023

Executive Director's Recognition of Excellence Award

Congratulations to Jesus Delgado, Equipment Operator II on receiving this month's award.

Action Items

Approval of the April 26, 2023, board meeting minutes. A motion was made by Mayor Alfrey for approval of the minutes, seconded by Mr. Peoples. Motion passed unanimously.

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

Mr. Donovan explained the Airport's annual insurance coverage with National Union Fire Insurance Company is set to expire on July 14, 2023. Last year, the Airport obtained three separate quotes from insurers. AJ Gallagher, the Airport's insurance broker, is responsible for advising the Airport on appropriate coverage and securing the best option to obtain competitive pricing for general liability insurance. AJ Gallagher recommended negotiating with the existing carrier, National Union Fire Insurance Company, to obtain the best price with the required coverage this year. Due to the Airport's significant increase in enplanements of the past year, there is a 13 percent increase in cost.

Mayor Alfrey stated in this current market the cost is very fair.

Mr. Mikuen inquired what is the current deductible and limits. Mr. O'Dell stated the deductible is under \$50 thousand and the limits are \$100 million. Mr. Mikuen inquired if there have been any claims made on this policy. Mr. O'Dell stated no claims.

Mr. Potter asked Mr. O'Dell whether the limits are sufficient with Airport traffic increasing and having more activity with the international flights. Mr. O'Dell stated AJ Gallagher specializes in Aviation insurance and advised the Airport the current limits are appropriate levels of insurance.

A motion was made by Mayor Alfrey to approve renewal of the Airport Liability Insurance Coverage Policy in an Amount Not-To-Exceed \$72,550, seconded by Mr. Fischer. Motion passed unanimously.

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

Mr. Donovan explained the Florida Department of Transportation (FDOT) has committed \$1.3 million to develop the infrastructure needed for the T-Hangar project. The project scope includes demolition of the existing T-Hangars and construction of the apron around the T-Hangar area. This grant is a 50/50 match and is included in the current approved capital budget.

Mr. Potter asked if this is consistent with the Airport's agreement with Sheltair. Mr. Donovan stated yes.

Mr. Peoples inquired how many hangars are going to be built. Mr. Busalacchi stated the agreement with Sheltair is to accommodate the existing T-Hangar tenants and Sheltair has the ability to add additional hangars.

Mr. Fischer inquired in addition to the T-Hangars, that there would be larger hangars in that area. Mr. Busalacchi stated yes, and it would depend on what direction Sheltair would want to take. Mr. Donovan stated the new location of the south T-Hangars complex would be north and west of FIT hangars on the curve.

A motion was made by Mr. Fischer to approve Resolution 2-23 to Accept Florida Department of Transportation (FDOT) Public Transportation Agreement to Fund Certain Improvements for the T-Hangar Infrastructure Development Project, seconded by Mayor Alfrey. Motion passed unanimously.

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

Mr. Donovan explained as part of the terminal renovation and expansion project, a hard stand location was included in the design of the apron portion of the project that would allow four international aircraft to be on the ground at the same time. 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. 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. This project is funded by a 90 percent Federal Aviation Administration Bipartisan Infrastructure Law Entitlement grant and 10 percent Airport funds.

Mr. Fischer inquired if there was engineering or permitting done for this work. Mr. Donovan stated there was initial engineering that was done and permitting for the gate. There were a lot of inspectors here and the work was completed and approved.

Mr. Mikuen inquired on the lack of omission in the original design and asked if this fell into a category of malpractice. Mr. Donovan stated that there is still a lot of issues that need to be resolved for the closeout of the terminal expansion project on their performance.

Mr. Potter asked if anyone offered a rough estimate of how much more we would have paid if this would have been included in the original contract and is the Airport paying twice as much. Mr. Perley stated no to paying higher. There would have been some savings if the work was performed originally, but the cost of the concrete has increased since the work would originally have been done.

Mr. Peoples asked if the Airport is comfortable with the work that has been performed with the Apron and do we expect any challenges or issues. Mr. Donovan stated that the Airport has spent time reviewing a conceptual design all the way to the actual use of the Apron. If these improvements were not completed, the Airport would not be able to use this gate.

A motion was made by Mr. Peoples 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, seconded by Mayor Alfrey. Motion passed unanimously.

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

Mr. Donovan explained under a separate contract for the terminal expansion and renovation project, Ivey's Construction was approved to renovate and convert the old restaurant into the VIP lounge in two phases. The first phase was completed for use by TUI during its inaugural season from the non-sterile side of the Airport. Once the Transportation Security Administration had been relocated to the new security checkpoint, Ivey's Construction began work on phase two to convert the old checkpoint into the new VIP entrance from the sterile side of the Airport terminal. Having used the lounge only in non-sterile surroundings last year, security concerns were discovered that required additional access controls and features. This space will provide the Airport flexibility in the off season to be used for public events.

Mr. Donovan stated once this project is completed, he and Mr. O'Dell are going to review costs to see what is eligible for reimbursement under an Passenger Facility Charge amendment.

A motion was made by Mayor Alfrey 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, seconded by Mr. LaRusso. Motion passed unanimously.

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

Mr. Donovan explained now that TUI has commenced its operation this year, Airport staff has reviewed and better understands the traffic flow of passengers and additional terminal wayfinding signage is needed in various areas to match current signage in the Airport.

Mr. Fischer commented that there were a lot of additional items added on this agenda that should have been included in the terminal project. Mr. Fischer suggested presenting one item with a lump sum amount with a description of items that were not anticipated or included in the scope of work for the project.

A motion was made by Mr. Peoples to Approve a Purchase Order with White Sign Company for Additional Terminal Signage in the Amount of \$54,758, seconded by Mayor Alfrey. Motion passed unanimously.

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

Mr. Donovan explained the glass storefront in the atrium and Transportation Security Administration domestic exit was left in place with the intention to use a wrap to hide the backside of the walls within the new security checkpoint. A suggestion by the terminal contractor for graphics to be used on the glass storefront in lieu of a plain wrap that would help hide the storefront framing. The graphics were installed but the appearance did not reflect the desired look. To correct the problem and create a wall that can generate revenue from advertising, a price quote was requested from Ivey's Construction to add drywall and paint the existing storefront so that advertising and other items can be displayed. Mr. Donovan commended Rocky Johnson and his team from Ivey's Construction for their exceptional work and assistance on the various projects in the terminal building. Mr. Donovan stated that he will review these additional costs for eligibility for reimbursement through a future Passenger Facility Charge amendment.

A motion was made by Mr. Fischer 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, seconded by Mr. LaRusso. Motion passed unanimously.

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

Mr. Donovan explained that progress has been made with the Northside Expansion of St. Michael Place and the extension of Taxiway M into the property north of General Aviation Drive can start. Airport staff 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 Advisory Circular 150/5300-13B recommendation and standards from Runway 9L-27R and Taxiway K before the remaining Taxiway M can be extended. Airport Engineering will provide a design, permitting and bidding services. This project is 100 percent funded by a Florida Department of Transportation (FDOT) grant.

A motion was made by Mayor Alfrey to approve Engineering Amendment No. 49 with Airport Engineering Company for design, permitting and bidding services for the Taxiway M Offset Project in an Amount Not-To-Exceed \$93,130.00, seconded by Mr. Peoples. Motion passed unanimously.

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

Mr. Donovan explained Priority Pass is a service that provides 1,300 operating VIP lounges throughout the world and we are the smallest Airport in their entire portfolio. Airport staff wanted the lounge to be available to other passengers when space is available. Annual plans are available to be purchased through Priority pass itself and many credit cards companies include this access including American Express and Chase Sapphire. 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 agreement after the initial 24-month period. The Airport will be paid \$21.28 per user after sales tax.

Mr. LaRusso commented that he is a member of Priority Pass and is very happy to approve this item for the Airport.

Mr. Potter inquired if the food would be provided by Metz. Mr. Donovan stated Metz provides all the food and drinks for the lounge.

Mr. Peoples commented that he has been in other lounges across the nation, and they too hold a high standard. I think this will be a nice perk for the local business travelers that fly in and out of MLB.

A motion was made by Mr. Peoples to approve a Lounge Agreement with Priority Pass, Inc., seconded by Mr. LaRusso. Motion passed unanimously.

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

Mr. Donovan explained Avelo operations will begin operating nonstop services between Tweed-New Haven (HVN) starting on June 21, 2023, Raleigh-Durham International Airport (RDU) starting on June 23, 2023, and Wilmington Airport (ILG) starting on June 28, 2023. The Use and Lease Agreement is a standard agreement the Airport has with all carriers.

Mr. LaRusso commented that he will be flying out on Avelo Airlines on Saturday, June 24, 2023, to New Haven, CT.

A motion was made by Mr. LaRusso to Approve a Use and Lease Agreement with Avelo Airlines, Inc., seconded by Mayor Alfrey. Motion passed unanimously.

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

Mr. Donovan explained Romju Advertising & Company will manage advertising buys for Avelo Airlines air carrier incentive program to promote the three new Avelo flights. The campaign will begin in May 2023 and will end on December 31, 2023. This service will help with 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 and incentives. This is a minor investment amount compared to the efforts of the Brevard County Tourism Council (TDC). TDC advertisements are in the markets flying to Florida.

A motion was made by Mayor Alfrey to Approve a Purchase Order with Romju Advertising & Company in the Amount of \$75,000, seconded by Mr. Peoples. Motion passed unanimously.

Information Items

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

Mr. O'Dell presented the financial report through period 6 (March 31, 2023).

Mr. Potter inquired about Elite Airways' balance being paid off. Mr. O'Dell stated they have not paid, and their balance due is approximately \$30,000. Mr. O'Dell stated that the Airport is still attempting to collect through legal avenue, but it's a slow process. Mr. Busalacchi commented that there were three tenants in the building where Elite was leasing. The two remaining tenants are likely going to take that space that Elite previously had. The Airport will bring an item to the board for C2C and Kegman to take over the space and hopefully make up the deficit. Mr. Potter inquired if Elite Airways operating in Vero Beach. Mr. Busalacchi stated they are not.

Mr. Potter asked Mr. O'Dell if he was surprised about the terminal concessions increase. Mr. O'Dell stated no, due to the fact that the concession space opened in October 2022, in addition, we have more passengers this year due to TUI still in operation through November 2022. Mr. Potter asked if Metz Culinary is pleased with their trajectory. Mr. Busalacchi stated that Metz is now pleased with their trajectory, but they are in the negative from being open when TUI was not flying. Metz should be in a better place in the next few months. Mr. Potter inquired if they are able to flex with their employees that much. Mr. Busalacchi stated that they try the best they can, because of the off season with TUI, there was not enough activity to really justify having everything open.

Mr. Potter commented that the Airport needs to look for opportunities to help Metz get additional business in this community. Mr. Donovan stated that we have gone through some processes where employees who do not have access to the sterile areas go through the process of being badged and given access while still meeting all of Transportation Security Administration requirements. The biggest importance right now is to find a complementing international activity in the months between December and March. Mr. Potter stated if the Airport can assist Metz with other companies in the community providing catering services, it can help stabilize their business here. Mr. Fischer suggested maybe having some kind of marketing event to show off the facility and using the restaurants.

Mr. O'Dell stated he normally does not review concessionary gross revenue, but through period 6 of this year, Metz sales were up \$40,000 more than last year with half the number of international passengers and this really speaks to the new concession space driving the sales. Mr. Potter stated that the Airport has had many problems in the past with concessioners and now there is a good one and we need to do everything we can to keep them here. Mr. Donovan stated the Airport hosted a leadership of Delta Airlines, just under the VP level and they were impressed with what we have done here at MLB. Mr. Donovan stated that the founder of Metz, Mr. John Metz passed away last week, and his son will be taking over.

Mr. Peoples stated it looks like an economic slowdown coming and inquired if Mr. O'Dell models out for the following 12 months if Airport has a 10 percent slowdown in revenue and what that might look like for the Airport, and how it may impact the Airport and if you have any suggestions on how you do that. Mr. O'Dell stated that he does not do that. Compared to most Airports, we are pretty immune to that because of our significant non-aeronautical revenues, so even if there were a significant slowdown on the passenger side, the Airport is well positioned financially.

Item I-2 Operations Update by Mr. Graham

Ellis Road Update:

Mr. Graham explained the Airport will be hosting the 2nd Ellis Road Stakeholders Meeting on Monday, June 12, 2023, at 10:00 a.m. The goal for this meeting is to secure construction funds to move the project along. The Airport hosted the previous meeting last year and it was very successful. The stakeholders were able to create a construction group with Brevard County and Florida Department of Transportation (FDOT) and they have been meeting monthly and coming up with ways to move things along quickly such as utilities, clearing and grubbing. Mr. Graham stated that he has been attending the construction meetings and everything is going well.

At this next meeting, FDOT will be updating everyone on the 80 parcels of land acquisitions along the two-mile Ellis Road corridor which started on October 2022, a two year effort with eighteen months to go. Brevard County officials along with Space Coast Transportation Planning Organization (SCTPO), City of Melbourne, City of West Melbourne, Melbourne Chambers of Commerce officials and the local business will be attending this meeting. The SCTPO hired a consultant and are getting ready to apply for an INFRA Grant for the funding of this project.

Aircraft Incident:

On Sunday, May 14th we had a single engine Mooney aircraft with gear up landing on the main runway. The pilot forgot to put their gear down prior to landing and as a result, the aircraft became disabled and was stuck on the runway 9R which had to be closed. Airport operations, Airport PD, Aircraft Rescue and Fire Fighting, air traffic controls and the airlines all worked together in various roles during this incident. Airport operations work alongside Jack's Towing company to safely move the aircraft off runway 9R safely and reopen the runway. This incident took less than two hours and during this time of the incident, the airport and airfield remained open, and we were able to move all of our commercial activities to the north runway 9L/27R. American Airlines had one arrival and one departure and Allegiant had one departure. Most impressively, TUI had two flights that departed on the north runway. Airport staff has worked with TUI's chief pilot prior to their start-up of the season to discuss such incidents, scenarios, and plan accordingly. This example highlights our capabilities as an Airport to react and overcome challenges safely all while the Airport and airfield remained open.

Item I-3 Construction Projects Update by Mr. Perley

Terminal Renovation & Expansion:

No further work has been done to the skylight system. The contractor has been in discussion with the City Building Department on the repairs or replacement of the skylight system but has not shared the information with us. Temporary repairs have been made and no further leaks have appeared in the atrium. The staff stands firm that any costs for the atrium skylight are the responsibility of the contractor. Testing of the new fire alarm system is nearing completion. The final fire sprinkler sign off by the Building Department has been for the expansion area of the terminal. Testing of the CCTV system is complete. Roof leaks issues continue in three areas which are being addressed.

Gate 9 Passenger Boarding Bridge:

The passenger board bridge is complete and operational. A punch list walk-through of the project has generated a few minor corrections and additions. During the striping of the apron, it was determined that insufficient space surrounded the aircraft for support equipment to properly service the aircraft. With less than a week before the first use of Gate 9, an emergency order was given to the contractor to add concrete support aprons for equipment to safely service the aircraft.

Northside Expansion: St. Michael Place Extension Phase 3:

Final striping of the roadway has been completed. Delays due to weather have hampered the installation of the thermoplastic striping. Waiting for final inspections by the City and FDOT before project closeout. The Engineer and contractor are reviewing final in-place quantities now for final quantity adjustment for the final change order. Property boundary easements remain to be resolved. Project closeout is expected by the end of June.

Dassault Falcon Jet Site Clearing:

Coordination meetings continue between the Airport's site team and the tenant's contractor. Site drawings for clearing have been submitted to the city for a Clearing Permit which is expected any day now. A permit is also required by the County and is currently being obtained. Gopher tortoise relocation has been completed. Temporary fence for security have been prepared and are under review. Site contractor should be mobilized by the end of the month.

Mr. Potter inquired if the project is on schedule. Mr. Perley stated yes.

In Line Baggage System:

70 percent of design drawings and construction estimates have been submitted to TSA for review. Discussion of eligible and non-eligible costs continue with TSA. The design team is continuing with the completion of the drawings. A stakeholder meeting to review the design with regulatory and the airlines is scheduled for 5/23/23. 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 the end of October 2023 when Notice to Proceed will be issued. Construction is estimated to take 16 to 18 months.

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

Avelo Airlines Update:

Mr. Busalacchi explained that Business Development has implemented a marketing campaign for Avelo Airlines advertising on social media, coasters throughout the Melbourne Area and water bill inserts.

Mayor Alfrey commended the Airport staff and Mark for the brilliant idea of inserting the Avelo ad on the city water bill for Melbourne residents. Mayor Alfrey stated a local business received their bill and wants to advertise downtown Melbourne and downtown Eau Gallie. There are about 58,000 accounts that are sent out. Great marketing idea for the Airport staff. Mr. Busalacchi thank Mayor Alfrey and stated that the City of Melbourne approved the sale of Tropical Haven at the City Council Meeting held on Tuesday, May 23, 2023.

Arts of MLB Program:

Mr. Busalacchi welcomed Jennifer Bonset, a local artist who has been displaying her artwork, jewelry in the terminal and is doing well. As an Airport, we are fulfilling our obligation to have arts in the terminal.

Antonov Visit:

Mr. Busalacchi stated the Antonov came for a visit to MLB. The Airport promoted the event on social media and received positive feedback. There were people lined up all around the Airport to see the aircraft land.

MLB & TUI Event:

Mr. Busalacchi thanked everyone who attended the event. Feedback from TUI so far has been excellent, and the British Media had a great time, especially with the Space Coast rocket launch.

Hyatt Place Hotel:

The ribbon cutting for the Hotel is June 6, 2023, and open for business on June 7, 2023.

Melbourne Airport Express:

Melbourne Express was sold and purchased by BTM Motorcoach.

Mr. Potter inquired about Avelo advertising media source. Mr. Busalacchi stated that the Airport is using all forms of media such as digital campaigns, TV, radio, and coasters. The Airport is also doing an organic grass root campaigning locally with bars in downtown Melbourne with the coasters that have been created and there is a family and friends discount code on the coaster to get the discount on the Avelo inaugural flights. Avelo is also huge on email campaigns, so the Airport has provided them with the tenant's email information for their use. Mr. Donovan stated that the help of the Chambers has been greatly appreciated.

Mr. LaRusso asked if the coasters being supplied to the bars have a cost to the bar. Mr. Busalacchi stated that there is no cost, and the Airport provides them for free.

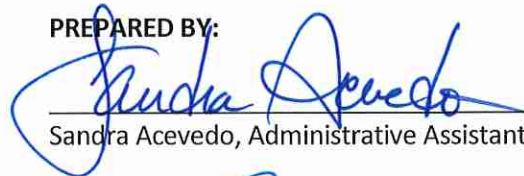
Mayor Alfrey commended Mr. Donovan and the staff for a first class TUI Event. It was an amazing event.

Mr. LaRusso stated that it is imperative that both the city and the Airport share common goals and work together. Last night, during the city Council Meeting, Ms. Jenny Lamb was hired as the new City Manager who is a big supporter of the Airport.


Adjournment

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

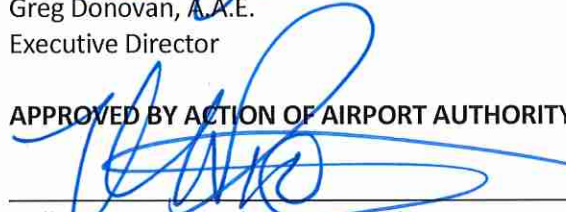
PREPARED BY:


Sandra Acevedo, Administrative Assistant II

SUBMITTED BY:


Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:


William C. Potter, Chairman