

MELBOURNE AIRPORT AUTHORITY BOARD

Minutes September 25, 2024

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, Councilmember
Mr. Brent Peoples, Member
Mr. Michael Fischer, Member
Mr. Adam Bird, Attorney
Mr. Greg Donovan, A.A.E., Executive Director
Mr. Mark Busalacchi, Director of Business Development
Mr. Mike O'Dell, C.P.A., Director of Finance and Administration
Mr. Cliff Graham, C.M., Director of Operations and Maintenance
Mr. David Perley, A.I.C., Director of Capital Improvements
Ms. Renee Purden, ACE, Chief of Police/Director of Public Safety

Absent: Mr. Scott Mikuen, Member

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

Tropical Storm Helene will be on the west coast of Florida. Staff is preparing the airfield for tropical storms winds and the airport does not anticipate closing at this time.

2023 Annual Report was distributed to each of the board members.

Congratulations to MLB's new Officer Daniel Mills who has graduated from the Police Academy.

Executive Director's Recognition of Excellence Award

Congratulations to Amanda Moyer, C.M., ACE, Ground Handling Manager on receiving this month's award.

Presentation

Item P-1 EDC – Community Branding Initiative – Florida's Space Coast

Trudy McCarty, Executive Vice President, from the Economic Development Commission of Florida's Space Coast is here to discuss branding our community. The goal is to distinguish Brevard County as a community of choice for business investment and talent attraction. The vision is Florida's Space Coast is branded as a community where residents and businesses embrace their history while investing in their future and enjoying a thriving present. The strategy is to showcase Brevard County, Florida and our 16 distinct municipalities as a region with a rich history, a bright future, and a thriving quality of life.

Action Items

Item A-1 Approval of the minutes for the July 24, 2024, Regularly Scheduled Board Meeting.

Approval of the July 24, 2024, board meeting minutes. A motion was made by Mr. Thomas for approval of the minutes, seconded by Mr. LaRusso. Motion passed unanimously.

Item A-2 Recommendation to Approve Resolution 6-24 to Accept Florida Department of Transportation (FDOT) Public Transportation Grant Agreement to Fund Certain Improvements for the Cell Phone/Employee Parking Lot Expansion Project in the Amount of \$550,000.

Mr. Donovan explained Florida Department of Transportation (FDOT) has issued a grant offer of \$550,000 that will allow the airport to expand employee parking and will create more capacity in the public parking lot for passengers and improve the existing cell phone lot that require repairs. This grant requires a 50 percent local match and is included in the FY 25 budget that was previously approved by the Board.

A motion was made by Mayor Alfrey to approve Resolution 6-24 to accept Florida Department of Transportation (FDOT) Public Transportation Grant Agreement to fund certain improvements for the Cell Phone/Employee Parking Lot Expansion Project in the amount of \$550,000, seconded by Mr. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Approve of Resolution 7-24 for the Airport Improvement Project Grant Agreement to Fund Certain Improvements for the Taxiway A Rehabilitation Project with the Federal Aviation Administration in the Amount of \$12,000,000.

Mr. Donovan explained the rehabilitation of Taxiway A will be very expensive. The Federal Aviation Administration (FAA) has issued a grant offer of \$12,000,000 that will fund a portion of Taxiway A with the rest of the taxiway to be completed the following year as additional FAA funds become available. The grant will require a local match of \$666,667, which is included in the FY-25 approved budget. Mr. Donovan met with the FAA last month to advocate for a second discretionary grant for next year to complete this project.

Mr. Fischer asked if the airport will be using new technological parts for the taxiway. Mr. Donovan stated the new lights, signage and equipment for the taxiway will all have the upgraded technology.

Mr. LaRusso thanked Mr. Donovan and staff on a great job for the work done to obtain funds for the taxiway project. Mr. LaRusso asked Mr. Donovan to share his view with the board members on how to advocate for this project. Mr. Donovan stated by reminding our elected officials and letting them know the importance of this taxiway to this airport and our community.

A motion was made by Mr. Thomas to approve of Resolution 7-24 for the Airport Improvement Project Grant Agreement to fund certain improvements for the Taxiway A Rehabilitation Project with the Federal Aviation Administration in the amount of \$12,000,000, seconded by Mr. LaRusso. Motion passed unanimously.

Item A-4 Recommendation to Approve an Owner Direct Purchase Order to Leonardo for the In-Line Baggage System Facility Project for the Purchase of the Baggage Handling Equipment in the Amount of \$8,800,000.

Mr. Donovan explained the In-Line Baggage System is a very substantial project. At this time, the airport has concerns about a potential price increase on the baggage handling equipment and preserving the current budget. In order to secure the current bid price, staff would like to issue an Owner Direct Purchase order to Leonardo to lock in the current pricing. The work that will be performed by Leonardo will be assigned to the selected Construction Management at Risk (CmaR) firm. There is a bid protest that staff is working through. There is a due

diligence process to all bidders and the airport anticipates getting this resolved and present an award to the CmaR firm in the October board meeting.

Mr. Potter asked if TSA has approved both the in-line baggage system, and the construction administration services for this project. Mr. Donovan replied yes. Mr. Potter asked if the bid protest would not affect either of these agenda items for approval. Mr. Donovan stated no, both of these firms would be the same. It's just a matter of who the airport awards the work to for the construction.

Mr. Fischer asked if these two agenda items are approved, and the equipment is ordered, do they begin the manufacturing of it then, and are there any delays or changes in the schedule due the bid protest and the award of the contract. Mr. Perley stated with an approval of this agenda item, it would be in the shop drawing process for all the equipment. By approving both the purchase of the equipment and the design company, the designers will be able to review the equipment and once that is approved, it will go into fabrication. We are still looking at a 12-month to 14-month period from the time they are given the notice to proceed to do the shop drawings and do the fabrication to have the materials delivered on site. Mr. Fischer asked if that becomes the airport's responsibility to manage or will this transfer to the contractor. Mr. Perley stated eventually it would be transferred to the contractor because they are responsible for the coordination of getting the material installed within the schedule. This would be like an owner direct purchase type situation.

Mr. Potter asked are there any operational ramifications from the change in design. Is one more expensive than the other to maintain or little less efficient? Mr. Perley stated with the cross belt system is less expensive and more efficient, and what we have learned from some our consultants who have been involved with projects in Europe, it's an easier system to maintain. With a traditional bag belt system, we would have about 60 to 70 motors operating the belts, and with this new system, this design requires about 12 to 15 motors. It's more energy efficient and has less chances for breakdown, and the capacity is greater because it uses induction motors for the belts itself.

Mr. Thomas asked for a new system like this, is there any type of specified training employees will have to go through for this new system. Mr. Perley stated yes. Leonardo has an intensive training system for the people who operate the belts, which will be for the airport staff and TSA and there is a separate training for the maintenance for the system.

Mr. LaRusso asked if this is a turning point for some of the airlines moving forward, possibly in the next few years once this new system comes online. Mr. Donovan stated it moves up our grade a notch or two in a category, and it certainly helps, but it's not a deciding factor. Most of the airlines we engage with this does not come up until they start to do a site survey for their final decision. Right now, we have a B minus/C plus, and we'll be up to an A plus once we get this system online.

A motion was made by Mr. Peoples to approve an Owner Direct Purchase Order to Leonardo for the In-Line Baggage System Facility Project for the purchase of the baggage handling equipment in the amount of \$8,800,000, seconded by Mr. Thomas. Motion passed unanimously.

Item A-5 Recommendation to Approve a Change Order with C&S Companies for the Comprehensive Construction Administration Services for the In-Line Baggage System Facility Project in an Amount Not-To-Exceed \$2,533,330.

Mr. Donovan explained C&S Company and its team will provide the comprehensive construction administration service for the remainder of this project as a continuation of its design for all support areas, including the oversight review of the cross-belt installation.

A motion was made by Mr. Peoples to approve a change order with C&S Companies for the Comprehensive Construction Administration Services for the In-Line Baggage System Facility Project in an amount not-to-exceed \$2,533,330, seconded by Mr. Thomas. Motion passed unanimously.

Item A-6 Recommendation to Approve a Change Order to KCF Site Development, LLC for Schedule "A" Apron Work for the Project Vista (Dassault Falcon Jet) Site Infrastructure Improvements Project in the Amount of \$3,398,678.25.

Mr. Donovan explained at the May Board Meeting, KCF Site Development was awarded a contract to perform the site infrastructure improvements for Project Vista (Dassault Falcon Jet) that includes work for Bid Schedules B, C, and D that includes all underground utilities, road improvements off Apollo Boulevard, Taxiway S modifications and Taxiway H reconstruction. The airport secured an additional grant from the Florida Department of Transportation (FDOT) to assist the airport for Schedule A work that includes the common use apron construction. While the additional grant from FDOT does not cover the entire costs for the apron construction, DFJ will fund the balance of the cost of the project.

A motion was made by Mr. Peoples to approve a change order to KCF Site Development, LLC for Schedule "A" Apron Work for the Project Vista (Dassault Falcon Jet) Site Infrastructure Improvement Project in the amount of \$3,398,678.25, seconded by Mayor Alfrey. Motion passed unanimously.

Item A-7 Recommendation to Approve a Lease Agreement Kegman, Inc.

Mr. Donovan explained Kegman, Inc. currently has a lease agreement for office space at 1135 W. NASA Boulevard, leasing 2,100 square feet. This lease agreement will allow them to increase their lease space to 6,013.25 square feet. The term will be for five years with one five-year option. The base rent will be \$12.50 per square foot per year, which is \$75,165.63 annually. Common Area Maintenance (CAM) charge is \$3.50 per square foot per year, which is \$21,046.38 annually. CPI adjustment will occur on the extension of the period with a minimum of 2 percent and a maximum of 7 percent per year. As consideration for the tenant build-out, tenant will be credited up to \$150,000, which will be applied to all base rent due under the lease until the credit is used up. Kegman is responsible for all taxes and fees associated with the lease. Utilities charges shall be charged to tenant and paid by tenant as a pass-through charge. The Airport is responsible for the HVAC system or any HVAC units, the exterior maintenance, common area maintenance, and roof repairs or replacement.

Mr. Potter asked how the airport came up with the \$12.50 base rent. Mr. Busalacchi stated per the recent appraisal done by Matthew Jehs. Mr. Potter asked if the \$3.50 CAM is what's being charged throughout the building. Mr. Busalacchi stated yes. Mr. Potter asked if the airport feels confident on the \$500k improvements made by the tenant has been verified. Mr. Busalacchi stated the space Kegman, Inc. moved into was the previous Elite Airways space and have made enormous improvements by improving common use bathrooms, foundational items and the aesthetics of the interior of the building.

Mr. Fischer stated that taxes and fees are included and asked if this includes real estate taxes too. Mr. Busalacchi stated yes. Mr. Fisher asked what is included in CAM. Mr. Busalacchi stated the airport does janitorial work in the building and the rest of the maintenance on the building, and its been budgeted what is necessary to complete all this work. Mr. Fisher stated the airport is responsible for the HVAC system and asked if this unit is on target to be replaced in the near future. Mr. Busalacchi stated yes, in 2026.

A motion was made by Mayor Alfrey to approve a Lease Agreement with Kegman, Inc., seconded my Mr. Thomas. Motion passed unanimously.

Item A-8 Recommendation to Approve a Lease Agreement Poseidon Medical Inc.

Mr. Donovan explained Poseidon Medical designs and manufactures medical devices, particularly heart stents and works closely with C2C Development, who is a current tenant. Poseidon Medical would be taking over the 2,100 square feet space previously leased by Kegman. The term will be for five years with one five-year option. The base rent will be \$13.00 per square foot per year, which is \$27,300 annually. Common Area Maintenance (CAM) charge is \$3.50 per square foot per year, which is \$7,350 annually. CPI adjustment will occur on the extension of the period with a minimum of 2 percent and a maximum of 7 percent per year. Poseidon Medical is responsible for all taxes and fees associated with the lease. Utilities charges shall be charged to tenant and paid by tenant as a pass-through charge. The Airport is responsible for the HVAC system or any HVAC units, the exterior maintenance, common area maintenance, and roof repairs or replacement.

Mr. Potter asked if Poseidon manufactures stents in this facility. Mr. Busalacchi stated the stents are manufactured here along with other components that are brought in.

A motion was made by Mr. LaRusso to approve a Lease Agreement with Poseidon Medical, Inc., seconded by Mayor Alfrey. Motion passed unanimously.

Item A-9 Recommendation for Approval of the 11th Amendment to the Purchase and Sale Agreement with Tropical Haven Owners, LLC.

Mr. Donovan explained the airport has had prior discussions concerning owning and operating Tropical Haven. Current Federal Aviation Administration (FAA) guidance does not allow for long-term residential use of airport owned property. Previous decisions were made back on March 22, 2023, the Board and the City Council both approved the sale of Tropical Haven to Tropical Haven Owners, LLC (THO), a division of the Carlyle Group to manage this location. The sale agreement provided THO a due diligence period to review and analyze the environmental condition of the property, the condition of the utility infrastructure, as well as to have the zoning changed to residential. The most serious of the issues is the wastewater sewer system serving the northern portion of the property and is going to require substantial future repairs and replacement. Airport and City staff and THO continued negotiations to address this issue, and the City of Melbourne has agreed to undertake a sewer capital improvement project to relocate the gravity sewer main to a more appropriate location. The estimated costs of these repairs were \$7.5 million. Airport staff negotiated a \$5.5 million reduction in the purchase price to help cover these costs. The amendment includes other various items such as updated terms and conditions associated with the zoning approvals, easements, public right-of-way, and clarifying the closing date, and is scheduled for the September 24, 2024, City Council Meeting.

Mayor Alfrey thanked airport staff for working with the City through this process and working with the residents at Tropical Haven in keeping them informed.

Mr. LaRusso thanked airport staff for their hard work and collaborating with the City on the sale of Tropical Haven and assured the airport they have the support of the Mayor and the two City Council members.

Mr. Potter asked is the airport hopeful there will be a closing in December. Mr. Donovan yes, it is all contingent on FAA approval. Mr. Potter asked how much longer the airport can go beyond December before we do start having a revenue crunch. Mr. O'Dell stated he has not fully analyzed this and expects we can go mid-year.

A motion was made by Mayor Alfrey for approval of the 11th Amendment to the purchase and sale agreement with Tropical Haven Owners, LLC, seconded by Mr. Thomas. Motion passed unanimously.

Mr. Donovan stated the Airport has an ongoing dialogue with a perspective airline that is interested in MLB, in which there is a conflict with October's schedule board meeting and would like to ask the Board's consideration

that airport staff can meet with this carrier and continue dialog and propose if we can change October's Board Meeting to Tuesday, October 29, 2024 at 8:30 a.m. Mr. Potter asked the board members if everyone is ok with the new date and time. Mr. LaRusso stated yes and to consider Mr. Thomas schedule as well.

Information Items

Item I-1 Financial Update

Mr. O'Dell presented the financial report through July 31, 2024.

Mr. Potter stated it's puzzling that the PFCs are down, and CFCs are up. You think they would track each other. Mr. O'Dell stated there are a few things going on. First, the PFCs are fixed, and we have not been able to adjust the rate since 2000. The PFC rate is \$4.50 per passengers and the Airport's share is \$4.39 per passenger. Second, the CFCs were increased in January 2023 from \$3.00 to \$4.00 per transaction day. If someone were to rent a car and keep it for a longer period of time, it can drive up the fee. One other note, even though the Airport has seen a reduction in the international traffic, the passengers that are arriving are renting cars and we are seeing an increase in both concessions and the CFCs.

Mr. Peoples asked if on the investment side, does the Airport has any options or flexibility to lengthen maturities if rates are down. Mr. O'Dell stated the Airport used Public Finance Management Asset Manager (PFMAR) for our long-term investments, so the rates started dropping, more funds were transferred to that account to lock rates in for a longer term.

Item I-2 Operations Update

Mr. Graham explained the airports new drone program at MLB. Some airports are beginning to use drones as part of their daily operations and MLB is one of those airports, in fact we are a leader in the use of this technology. Using drones within the national airspace can be tricky, but when deployed properly, it can be quite beneficial. There has been a paradigm shift with the use of drones, and the use of a drone in an airspace airport environment. When drones were developed many people were cautious of them, but times have changed the thinking of this type of technology. Part of having an effective drone program is having standard operational procedures, written plan and requirements, which MLB has. You also have to be compliant with federal and state regulations and MLB is. Anyone who is going to fly a drone within an airports airspace must have pilot requirements such as the airports authorization, you must FAA air space approval and you must air traffic control tower concurrence and work with the ATCT when flying a drone. All of these requirements are met here at MLB.

Some of the benefits and uses here at MLB are infrastructure inspections, photos of the terminal, photos of the roofs. These photos are able to be put together into a 3D model and very important to have especially prior to a hurricane season, as it relates to insurance. It's also been helpful in the construction progress and working with Mr. Perley on our capital improvement projects and to be able to see a project from a different perspective. We use the drone for wildlife tracking and management. Recently, we located a nuisance alligator out on the airfield. The drone is also used for aerial mapping, inspections and aerial surveys. It saves time and money; it can be used in 3D modeling and even build a digital report for the entire airport. The drone has been also useful in airport security, helping Chief Purden and her team with airport surveillance and working with Business Development department on taking photos and video for promotional materials for marketing and public relations items. The biggest advantage of having a drone at MLB is being able to deploy it at moment's notice as it relates to accidents and incidents that might occur at the airport. The airport currently owns a drone, and it was manufactured by ANAFI in the United States. This particular drone is approved by the government and is currently used by our military. The airport currently has one certified pilot that flies the drown and it is Seth Barber, Airport Operations Officer. Mr. Barber is a commercial pilot with instrument/multi-engine rating. He also has his Part 107 UAS remote

pilot license and has over 1000 hours of commercial drone flying. Mr. Barber is here today in the back of the boardroom with drone if anyone is interested after the meeting.

Mr. Potter asked if there is anything new with the Ellis Road project. Mr. Graham stated yes. The county has submitted the application for the INFRA grant and when the application was submitted, the money being requested was close to \$50 million dollars. Since then, the state and the county have been able to contribute additional monies to this project and the actual money needed has come down to \$25 million dollars. The state also did some engineering adjustments to reduce the scope of the project to help reduce budget costs. The right-of-way acquisitions will be completed in January 2025. The county will know about the status of the grant approval sometime after the elections. The project was awarded \$5.5 million dollars for advance clearing and grubbing, and that work will commence after the first of the year.

Item I-3 Construction Projects Update

In-Line Bagge System

A public meeting for the selection committee to make their recommendation was held on Thursday, July 18, 2024. A firm was selected, and staff began a final review to verify that the firm could meet the budget before bringing the recommendation to the Board for approval. One of the firms not selected has filed a bid protest that is currently being reviewed by counsel. Without a resolution of the bid protest, the selection of the firm cannot be approved. During the protest time period, staff was advised by the baggage handling equipment supplier that a price increase is forthcoming unless a commitment was made before the end of the month. Since the equipment supplier is the same for all proposing firms, staff has pulled the equipment to issue and Owner Direct Purchase (ODP) order at this time to lock in the current price. Notice to proceed should be issued in November and start with the relocation of bag screening and ticketing offices to temporary facilities east of the current ticketing area. New TSA scanners are expected to arrive in late February 2025 and be stored until they are ready for installation. It is the goal of the airport to complete this project by May 2026.

Terminal Fire Sprinklers

Fire alarm and fire sprinkler work continues in the existing terminal. Work currently continues in the Police Department. The next phase of work will begin in the car rental area which material is currently being fabricated. As each of the sprinkler areas are completed, the fire alarm contractor is making connections to the new fire alarm system. It is expected that the old fire alarm system will be able to be removed in its entirety by the end of November.

Existing Terminal Re-Roofing

A preconstruction meeting has been completed. Contractor is staging materials at this time. Work is expected to start before the end of September. Project should complete by December 2024.

Domestic Bag Belt Replacement

Fabrication of the new domestic bag belt continues with the majority of the parts already being stored on site. Replacement of the domestic bag belt will not begin until the TUI season ends which is expected by the end of November. It is anticipated that the replacement of the domestic bag belt will take four weeks.

Federal Inspection Station Escalator Replacement

Fabrication of the new replacement escalator in the Custom's area continues. Delivery of the new escalator is expected in January 2025. Due to the plant shutting down for the last two weeks of the year, we are not expected to get the escalator any earlier. Demolition of the existing escalator will begin in December. Replacement of the escalator is expected to be completed by the end of February 2025.

Project Vista – Dassault Falcon Jet Site Work

The County permit for the right of way on Apollo Boulevard has been received. Contractor has begun demolition of pavement on the airfield side. Materials for the underground utilities is expected this month and work will begin right away with the force main. The contractor is waiting on delivery of the lift station well which should begin the first part of October. Project completion is expected in June 2025.

Taxiway A Rehabilitation

Bids for the first phase of work on the taxiway have been received which have come in higher than the FAA budget. The FAA was able to increase the discretionary funds for the project, but not enough to reach the current bid amount. Staff and the engineers met with the lowest responsive qualified contractor on reduction in scope to meet the current funding available. Staff expects the reduced scope project to be approved by the Board in October. Critical work on the taxiway must start right after the TUI season ends and be complete by the time the next TUI season starts in March 2025. Phase 2 of the taxiway rehabilitation is expected to bid next year with FAA funding coming from discretionary funding for FY 2026.

Taxiway M Phase 1 (Realignment) and Phase 2 (Extension)

Taxiway M Phase 1 is complete and final striping installed. Demolition of the old Taxiway M is nearing completion. Material from the demolition is being stored for use on the Taxiway M extension. The gopher tortoise permit has been issued and the turtles have been relocated. Storm water management for the project is now complete. Temporary security fencing is in place and ready for construction to begin. Phase 2 work is expected to be complete in December.

Item I-4 Business Development and Marketing Update

Mr. Busalacchi gave an update on the Sheltair T-hangar project on the south side is moving along nicely and expected to be complete in the next seven months. MLB is working with Sheltair to send out a communication notice to all the south T-hangar tenants to let them know once Sheltair has received their certificate of occupancy, they will have three months to vacate the south T-hangars. The tenants have an option to go with Sheltair or go somewhere else.

Mr. Busalacchi stated there was another follow-up meeting with the Tropical Haven residents and the Carlyle group on September 10th. The meeting was well received by all 200 attendees. The Carlyle Group gave the residents an opportunity to ask questions, and they are very pleased with the direction this is heading.

MLB will be implementing the therapy dog program in the month of October. All the dogs are certified and trained. This will be a nice way for passengers who may have anxiety when traveling, they will be able to pet the dogs and get themselves calm before their travel. Thanks to Laura Richard for a great job for setting up this program.

Mr. Peoples stated there has been lots of talk about artificial intelligence and asked if the airport has embraced that and what that means for the airport. Mr. Donovan stated it covers multi-dimensional levels. There are several initiatives we have underway that we are working with program developers to help our operations and maintenance staff to better document the certification process and inventory control. If you look at the security systems, they naturally stand alone. They are separated from what you see in the private industry. We would like to see this type of technologies proven elsewhere and consider how it can help the airport.

Adjournment


This meeting was adjourned by Chairman William Potter at 10:14 a.m.

PREPARED BY:



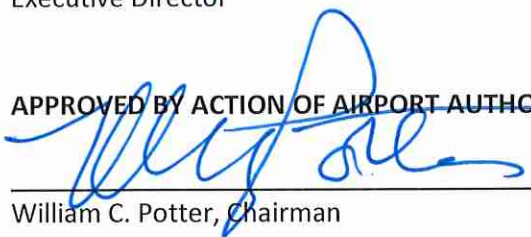
Sandra Acevedo – Executive Assistant

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



William C. Potter, Chairman