

MELBOURNE AIRPORT AUTHORITY BOARD
Minutes for June 22, 2022, Board Meeting
Airport Board Room

In attendance:

- Mr. Jack L. Ryals, Chairman
- Mr. William C. Potter, Vice Chairman
- The Honorable Debbie Thomas, Councilmember
- The Honorable Tim Thomas, Councilmember
- Mr. Michael Fischer, Member
- Mr. Scott Mikuen, Member **via phone**
- Mr. Adam Bird, Airport Attorney
- Mr. Greg Donovan, A.A.E., Executive Director
- Mr. Mark Busalacchi, Director of Business Development
- Mr. Cliff Graham, C.M., Director of Operations and Maintenance
- Ms. Melissa Naughton, C.M., Assistant Director of Business Development
- Mr. Mike O'Dell, C.P.A., Director of Finance and Administration
- Mr. David Perley, A.I.C., Director of Capital Improvements
- Ms. Renee Purden, Chief of Police/Director of Public Safety

Excused: The Honorable Paul Alfrey, Mayor

Pledge of Allegiance

Airport Announcements by Executive Director Greg Donovan

- FDOT Assistant Secretary visited MLB
 - Closing and sale of USPS building and property
 - Adelon hosted a Top Off Ceremony at Hyatt Place Hotel
 - International Passenger count in May over 35,000
- Mr. Potter asked if the current issues with cancelations and delays have affected MLB either domestically or internationally and if so, is there a financial impact? Mr. Donovan stated the impacts here at MLB have been very minimal.
- Welcome to newest MAPD, Officer Francisco Munoz

Executive Director's Recognition of Excellence Award

Congratulation to Officer Dawn Pappalardo in receiving this award.

Recognition for Mr. Potter

Mr. Potter was presented with an honorary street sign which represents the official naming of Bill Potter Drive.

Action Items

Approval of the May 25, 2022, board meeting minutes. A motion was made by Ms. Thomas for approval of the minutes, seconded by Mr. Fischer. Motion passed unanimously.

Item A-1 Recommendation to Approve Final Change Order 20 to Carr & Collier, Inc., for Scope Changes, Quantity Reconciliation and Sales Tax Savings with the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in the Deductive Amount of \$2,388,043.15.

Mr. Donovan reminded the board that at the last board meeting change orders #01 through #19 were approved. The current Change Order 20 reflects the final reconciliation. This change order also reconciles the final Owner Direct Purchases with sales tax savings of over \$114,000.

A motion was made by Mr. Fischer to approve final Change Order 20 to Carr & Collier, Inc., for scope changes, quantity reconciliation and sales tax savings with the Terminal Renovation and Expansion: Apron Reconstruction/Expansion Project in the deductive amount of \$2,388,043.15, seconded by Mr. Thomas. Motion passed unanimously.

Item A-2 Recommendation to Approve a Purchase Order with Convergent Technologies for a Security Server in the Amount of \$53,000.

Mr. Donovan explained that this item is for a server for the Airport's security system. This server is used for the closed-circuit television that monitors areas of the airport and the security card access system. The server needs to be replaced to support the software updates and added access points throughout the Airport. This requested amount is included in the budget.

Mr. Potter asked if this includes hardware and software and are there any continuing maintenance costs? Mr. Donovan stated yes it covers both components and stated over time there could be maintenance costs, but the software updates are part of this agreement.

A motion was made by Mr. Potter to approve a purchase order with Convergent Technologies for a security server in the amount of \$53,000, seconded by Ms. Thomas. Motion passed unanimously.

Item A-3 Recommendation to Approve Resolution 03-22 to Approve Acceptance of Federal Aviation Administration (FAA) Grant Funds to Acquire Aircraft Rescue and Fire Fighting (ARFF) Safety Equipment for the Airport.

Mr. Donovan explained that this item is a 100 percent grant from the Federal Aviation Administration (FAA) to purchase safety equipment and modify three existing Acquire Aircraft Rescue and Fire Fighting ARFF vehicles.

A motion was made by Mr. Potter to approve Resolution 03-22 to approve acceptance of Federal Aviation Administration (FAA) Grant Funds to acquire Aircraft Rescue and Fire Fighting (ARFF) safety equipment for the Airport, seconded by Mr. Thomas. Motion passed unanimously.

Item D-1 FY22-FY23 Budget Presentation

Mr. O'Dell stated that a hard copy of the proposed budget will be handed out to each board member at the end of this meeting.

Mr. Mike O'Dell presented the Airport's proposed budget for FY2022/2023. He explained the uniqueness of this year's budget due to 8.5 percent inflation rate and the new air service that began in March. These numbers are consistent with the pro formas that were presented to the board prior to the TUI operation.

Mr. Potter stated that the pro formas that were presented prior were in three categories; what we hoped, one at 50 percent of that, and the other with no revenue. Mr. O'Dell stated it is consistent with the 50 percent scenario.

A breakdown of the budget was presented highlighting revenues, expenses, net cash, indirect cost allocations with the City of Melbourne as well as the CARES/ARPA grants. The overall budget includes Operating Budget of \$30,612,393 and Capital Projects Budget of \$10,580,233 for a total of \$41,192,625 which is an increase of 36 percent over last year's budget.

Mr. Potter asked about the projected loss for this year. Mr. O'Dell stated he is confident with these numbers, but all things considered it is realistic. Mr. Potter asked what is the assumed inflation rate? Mr. O'Dell stated it is 10 percent. Mr. Potter asked about the t-hangar budget and Mr. Donovan explained that the Airport is in negotiations with a private company that will be facilitating the relocation of the south t-hangars, aircraft apron, demolition, and building a new facility. Mr. Fischer stated that the Airport receives rent for those t-hangars currently but that would not be the case in the future, but to offset that loss there would be land lease income. Mr. Donovan stated the Airport is in negotiations regarding these details.

Mr. O'Dell explained the timeline for the budget approval process. At the July 13, 2022 MAA board meeting the budget for FY22/23 will be an agenda item and once approved it will be forwarded to City Council for adoption within the City budget. On September 13, 2022, the first City Council public hearing of the MAA budget will be held, with the second hearing and adoption on September 27, 2022.

Mr. Donovan stated that the proposed budget books will be distributed after this meeting and he and Mr. O'Dell will be available for specific questions, if needed.

Chairman Ryals addressed Mr. Mikuen and asked for his observations. Mr. Mikuen stated as this is a transition year, there are many elements that will need to be monitored. He will contact Mr. O'Dell if he has any specific questions after he receives a copy of the proposed budget.

Mr. Thomas asked if the Airport will be continuing to monitor the cost allocation plan with the city? Mr. O'Dell stated yes, he will continue to work with the city on this matter. Mr. Thomas added that any of the City Council members on the MAA board would be happy to assist.

Information Items

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

Revenues

Up 13 percent, year-to-date, as of April 30, 2022.

Expenses

Other Contract Services item increased by \$800,000 due to an increase in Customs and Board Protection (CBP) and Ground Handling staff. It was explained that there was an overcharge with fees from CBP as CBP charged for permanent agents who have not yet reported as well as the overtime to cover these shifts, the result was an unintentional overcharge that will be corrected in the 4th quarter when CPB completes its reconciliation—CPB estimated the amount of the credit will approximately \$221,000. Mr. Donovan explained that these situations were handled by CBP, and the Airport was assured it was unintentional. Mr. O'Dell stated that CBP have been very good to work with regarding this matter.

Mr. Potter asked how soon would the Airport be considered for Port of Entry status? Mr. Donovan stated he believes the Airport needs to have a complete year of statistics and demonstrate that MLB has year around international passenger-count requirements that are being met.

Mr. Fischer asked about the year-to-date expenses over last year and is the Airport prepared for this increase in budget? Mr. Donovan stated yes.

Terminal Expansion Expenditures

\$10,405,903 open PO balance

\$61,210,257 total spent

\$283,840 unencumbered

Mr. Potter stated that that the Airport has a strong team.

Item I-2 Operations Update by Mr. Graham

Airshow Update

The Airport continues to work with the Airshow Network staff on planning the next airshow here at MLB. The goal moving forward would be to have an air show every other year. We have an opportunity to have an air show in 2023 or 2024. The request has been submitted to the Federal Aviation Administration (FAA) for both years.

Mr. Patrick Mac Carthaigh

Mr. Patrick Mac Carthaigh has accepted a new position as Vice President of Operations at the South Bend International Airport in Indiana. He has built a highly efficient team here at MLB and will be missed. He will be leaving at the end of June.

Item I-3 Construction Projects Update by Mr. Perley

Apron Renovation/Reconstruction

The project is complete.

As built drawings have been submitted and have been accepted.

Final quantity survey complete and final change order issued.

Project to close out in June.

Terminal Renovation Phase 2

Material delivery continues to impact project schedule.

Delivery dates promised by the suppliers/manufacturers are not being met.

All electrical panels have been delivered and are now energized.

Generator for the project is not expected to ship until the end of August.

Roof continues to be an issue. Tapered insulation for most of the roof is not expected until late July.

Permanent roof installed in the bugle(barrel) roof, Welcome Center and second floor roof over the new Baggage Claim. Temporary roofs remain in all other locations. Leaks continue to be a problem with the temporary roofs.

Doors and hardware have been delivered and most installed.

Security control systems and CCTV remain problematic and not all cameras have been delivered.

Fire alarm system is nearing completing. Final testing with the Fire Marshall has begun.

Fire sprinklers are nearing completion and ready for pressure testing.

Temporary air conditioning remains in operation as the new air handling equipment is turned on and commissioned. Test and balance will begin once all units are operational.

Baggage Claim area on the second floor is currently in use for all international flights. First floor construction is nearing completion with ceilings, painting, and terrazzo flooring. Baggage handling equipment is installed and ready to begin system testing.

Welcome Center is nearing completion. Air handling equipment is on and currently being balanced. Restrooms are nearing completion with counters, fixtures, and accessories. Exterior panel installation is nearing completion with trim pieces remaining. Ceilings, paint, and flooring is complete.

Security Checkpoint/Holdroom Area continues with finishes. Cloud ceilings are nearing completion. Restrooms are nearing completion. Millwork has been delivered and installation has begun. Flooring underway in the checkpoint and will start soon in the hold room. Escalator and elevator power should be coming online soon. TSA confirmed delivery of the scanning equipment to arrive the last week of June.

Mr. Donovan invited the board members to walk through the new Welcome Center today after the meeting.

VIP Lounge

Phase 1 is complete, and the VIP lounge is in use. Phase 2 work started and has reach the point where no additional work can be done until TSA moves to the new check point. There is still about 3 weeks' worth of work to complete the transformation to the new VIP space.

Welcome Center

The labor and materials portion of the Welcome Center (civil work) is completed, and it is now in use. The Welcome Center tent structure is expected to be removed by next weekend. Temporary fencing is being removed and the remaining exterior landscaping and irrigation will be completed by the end of the week.

New Passenger Boarding Bridges

All international boarding bridges are complete and operational under permanent power.

In-Line Baggage System

A 30 percent design review by TSA has been completed. Due to the new building's encroachment in the apron, staff is currently reviewing alternate designs to incorporate more of the in-line system into the existing building.

Northside Expansion

Retention ponds are nearing completion.

Subgrade compaction for the roadway continues.

Base material for road being installed.

Precast wall installation is complete.

Sod installation has begun.

Contractor continues to deal with concrete deliveries delays for curbs and sidewalks.

String line review continues in preparation of asphalt which is expected to begin next month.

Property boundary easements remain to be resolved.

Anticipated substantial completion has been pushed to July 2022.

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

Presentation

Mr. Busalacchi thanked Ms. Naughton for her work on the PowerPoint presentation for today's board meeting.

Annual report Update

The report should be completed and presented at the next board meeting.

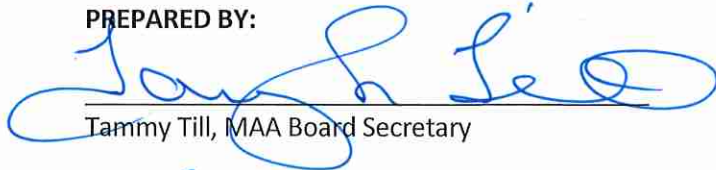
Interviews

Interviews are being conducted for the Public Information Office (PIO) position as well as the Manager of Marketing position. Final candidate for the PIO position has been decided. The marketing position is in the process of second interviews and should be concluded by the end of the month.

Adjournment

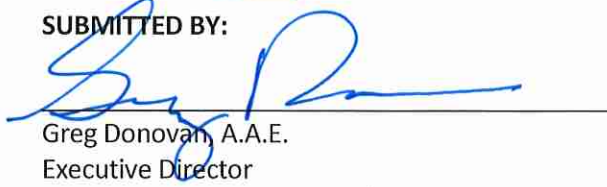
The meeting was adjourned by Chairman Ryals at 9:32 a.m.

PREPARED BY:



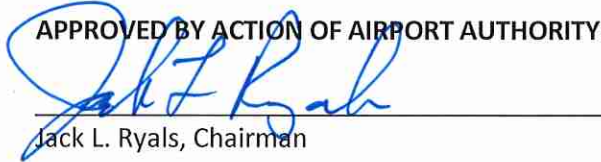
Tammy Till, MAA Board Secretary

SUBMITTED BY:



Greg Donovan, A.A.E.
Executive Director

APPROVED BY ACTION OF AIRPORT AUTHORITY:



Jack L. Ryals, Chairman