

**TITUSVILLE – COCOA AIRPORT AUTHORITY**

The Regular Meeting of the Titusville - Cocoa Airport Authority was held on May 17, 2018 at 8:30 a.m. at the Titusville - Cocoa Airport Authority Office at 355 Golden Knights Boulevard, Titusville, FL. The following members were present: Mr. Jerry Sansom, Chairman; Mr. Milo Zonka, Vice Chairman; Mr. Harry Carswell, Secretary; Dr. David Hosley; Mr. Michael D. Powell, C.M., ACE, CEO; Mr. Adam Bird, Attorney. Dr. John Leavitt was in attendance via teleconference. Dr. Wasim Niazi and Mr. John Craig were absent.

**Call to Order**

Mr. Sansom called the meeting to order and determined that a quorum was present.

**Approval of the Agenda**

Mr. Sansom asked if there were any changes or additions to the Agenda. Seeing none, Mr. Sansom called for a motion to approve the Agenda as presented. Mr. Zonka made the motion. Dr. Hosley seconded. Mr. Sansom called the question. There were no objections. Motion passed.

**Appearances – None****Presentations – None****Consent Agenda****Item A – Approval of the Titusville-Cocoa Airport Authority Minutes:****1. April 19, 2018 – Regular Meeting**

Mr. Zonka made a motion to approve the Consent Agenda as presented. Mr. Carswell seconded. Mr. Sansom called the question. There were no objections. Motion passed.

**Old Business – None****New Business****Item A – Discussion & Consideration of an Amendment to a Ground Lease at Space Coast Regional Airport**

Mr. Powell gave a brief overview of the item, stating that this was for a ground lease that the Board had approved a little over a year ago for a company called Delta Hotel Aviation Group, which had been delayed because of unforeseen circumstances. Mr. Powell stated that the company was now ready to go and at the last meeting the Board had discussed two options: Delta Hotel could pay four month's rent and move on, or they could pay for the last year and then have an

eight month construction clause. Mr. Powell stated that the item was deferred, and Staff went back and spoke with the potential tenant to discuss several options, and what Delta Hotel came back with was that they would pay starting June 1<sup>st</sup>. Mr. Powell stated that a contractor had been selected and Delta Hotel was ready to give them a deposit to start the project. Discussion continued.

Dr. Hosley stated that if it happened once, it could happen again and asked Mr. Bird if there was some way to put teeth in the agreement so it didn't happen again. Mr. Bird stated that he felt the language was already there and it was really a matter of enforcement. Mr. Bird stated that he and Mr. Powell delivered the Board's message to Delta Hotel and because of the capital outlay that they were looking to put up, they weren't interested in what the Board had asked and claimed to have other alternatives that they could pursue. Mr. Bird stated that he felt this was an unusual situation and that he was concerned about economic non-discrimination. Mr. Bird stated that Delta Hotel was ready to begin construction, which was something that wasn't as finite a year ago. Mr. Bird also stated that the Airport Authority always had the ability and the right to enforce. Discussion continued.

Mr. Zonka made a suggestion to develop and publish a lease administration policy to hold the Airport Authority accountable and to prevent something like this from happening again. Discussion continued.

Dr. Hosley asked Mr. Bird if Staff could send a message to Delta Hotel to let them know that the Airport Authority had the leverage to distress against any personal property on site, to include the hangar building, if they defaulted on the rent. Mr. Bird stated that he could include a reference to it in the letter that stated what the Airport Authority was offering them. Discussion continued.

Mr. Zonka made a motion to approve the Amendment. Dr. Leavitt seconded. Mr. Sansom called the question. There were no objections. Motion passed. Discussion continued.

### **Item B – Discussion & Consideration of an Amendment to a Lease at Space Coast Regional Airport**

Mr. Powell gave an overview of the item, stating that Spaceport Avionics at Space Coast Regional Airport wanted to expand their leasehold for parking, in the area of the old Gryphon Group site at Space Coast Regional Airport. Mr. Powell stated that this would provide four tie-down spots with the option for four more.

Dr. Hosley made a motion to approve the addition to the leasehold. Mr. Zonka seconded. Mr. Sansom called the question. There were no objections. Motion passed.

### **Item C – Discussion & Consideration of the Proposed 2018-2019 Fiscal Year Budget**

Mr. Powell gave an overview of the item, stating that this was the first draft of the budget and that it would be brought back again in July. Mr. Powell added that there would be a budget hearing in August and a second budget hearing in September. Mr. Powell went through some of the highlights of the budget. Discussion continued.

Mr. Zonka asked Mr. Powell to discuss what was going on with U.S. Aviation Training Solutions (USATS) at Space Coast Regional Airport, stating that it would be nice to get some input from the company. Mr. Powell stated that Staff had expressed concern with Mr. Rick McCourt from USATS, and let him know that it was very difficult for the Airport Authority to handle the impact of not receiving that amount of revenue for a period of time. Mr. Powell explained that the only way it could be done, would be for the Airport Authority to stop or slow down projects to help ensure services did not suffer. Discussion continued.

Mr. Zonka suggested that the next time the budget was discussed, he would like Staff to make some suggestions on where cuts could possibly made in anticipation of events, such as the one with USATS. Discussion continued.

Dr. Hosley made a motion to approve the first draft of the budget. Mr. Carswell seconded. Mr. Sansom called the question. There were no objections Motion passed.

#### **Item D – Discussion & Consideration of an Estoppel Certificate & Consent at Space Coast Regional Airport**

Mr. Powell gave a brief overview of the item, stating that North American Surveillance Systems at Space Coast Regional Airport had asked for an Amendment to better clarify their property description at the last meeting. Mr. Powell added that the bank now wanted an Estoppel to clarify a few items in the lease.

Mr. Bird stated that it was very common for a lender to ask for the right to step in and be notified if the tenant was ever in default. Discussion continued.

Mr. Zonka made a motion to approve the Amendment. Mr. Carswell seconded. There were no objections. Motion passed.

### **Information Section**

#### **CEO Report**

Mr. Powell explained the situation with USATS at Space Coast Regional Airport, stating that Staff had sent a letter to the Board members from USATS explaining their situation with regard to the acquisition of Bristow Academy on very short notice. Mr. Powell stated that they acquired everything within a week in order to save 57 jobs and that they spent over \$1.5 million for the acquisition and about \$2 million in the company already. Mr. Powell explained that they had some

commitments prior to not receiving \$1.5 million from a long-term tenant that was supposed to come 30 days within closing, but due to this cash flow issue they were asking the Airport Authority to defer their payments until August and then pay the balance. Discussion continued.

Mr. Sansom turned the floor over to Mr. Rick McCourt from USATS. Mr. McCourt explained that they jumped into acquiring USATS on very short notice, but the Columbian government still owed them \$1.5 million. Mr. McCourt stated that it would have taken them through without a problem. Mr. McCourt added that USATS had purchased three aircraft. Mr. Powell stated that USATS had agreed to provide half the monthly amount by the 25<sup>th</sup> of the current month. Discussion continued.

Mr. Zonka asked if the lease allowed some flexibility for a deferral agreement or did the Airport Authority need to draw up a document stating that they were allowing USATS to defer payment. Mr. Bird stated that they were at a point where the Airport Authority needed to bring forward the Bristow lease, which was what USATS acquired. Mr. Bird stated that he prepared an assumption and assignment agreement and the terms of the forbearance agreement were in the process of being negotiated. Mr. Bird stated that he wanted to put something together, but didn't want to do it without Board direction. Discussion continued.

Mr. Zonka stated that he felt it should be an actionable item. Mr. Sansom asked Mr. Bird if it needed to be formalized. Mr. Bird stated that it could be done today.

Mr. Zonka made a motion to approve the assignment of the Bristow leases and formalize the agreement for USATS, giving Mr. Powell the authority to sign it. Dr. Leavitt seconded. Discussion continued.

Mr. Sansom called the question. There were no objections. Motion passed.

Mr. Powell stated that the Airport Authority had an apparent low bidder for the Box Hangar Project at Merritt Island Airport. Mr. Powell also reported the Airport Authority was moving forward on getting the paperwork together to start Rehabilitation on the Runway at Merritt Island Airport.

Mr. Powell reported that Staff was trying to close out the REILS Project at Space Coast Regional Airport in addition to closing out the RSA Project at Merritt Island Airport.

Mr. Powell concluded his report.

### **Attorney Report**

Mr. Bird reported that he continued moving forward with the Lightle, Beckner & Robison exclusive leasing agreement. Mr. Bird stated that the agreement had been revised to exclude aeronautical parcels from Lightle, Beckner & Robison's exclusive leasing gambit, because it was a different animal and because they

thought it would draw less attention from regulatory agencies. Mr. Bird stated that he sent them a relatively formalized contract and they were currently working on it. Mr. Bird stated that he expected to bring it to the Board at the next meeting. Discussion continued.

Mr. Zonka exited the meeting at 9:31 a.m.

Mr. Bird reported that the case with Welsh Construction was finishing up on discovery and that he continued working on tenant default matters.

Mr. Bird concluded his report.

### **Check Register & Budget to Actual**

Mr. Powell stated that financial reports had been provided and would be happy to answer any questions.

### **Administration & Project Reports**

Mr. Powell stated that there had been a few updates. Discussion continued.

### **Authority Members Report**

Mr. Carswell stated that he wanted to be very supportive of businesses, but he wished that the Airport Authority wasn't put at risk. Mr. Carswell added that he was not pleased with the outcome. Dr. Hosley concurred. Discussion continued.

### **Public & Tenants Report**

Mr. Don White from the EAA at Merritt Island reported that they had their Young Eagles event and had about 65 kids. Mr. White stated it was a lower number than usual. Mr. White stated that the next Young Eagles event would be on October 28<sup>th</sup>.

Mr. White asked for updates on the PAPI lights at Merritt Island Airport and the proposed hurricane preparedness measures. Mr. Aaron McDaniel gave a brief update on each of the items. Discussion continued.

Mr. Sansom recognized Mr. Tony Yacono from the Merritt Island Airport. Mr. Yacono reported that two of the Port-a-ports behind the Sheriff's Department building were coming apart and that he noticed grass growing up in the tarmac. Mr. Yacono noted that he realized the grass was the FBO's responsibility, but wanted to notify the Airport Authority that it needed to be taken care of. Discussion continued.

### **Adjournment**

Mr. Sansom adjourned the meeting at 9:41 a.m.

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JERRY SANSOM, CHAIRMAN

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HARRY CARSWELL, SECRETARY