

TITUSVILLE – COCOA AIRPORT AUTHORITY

The Regular Meeting of the Titusville - Cocoa Airport Authority was held on March 19, 2015 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; Ms. Patricia Patch, Treasurer; Mr. Harry Carswell, Secretary; Dr. Wasim Niazi; Mr. Jay Stalrit; Mr. Milo Zonka; Mr. Michael D. Powell, C.M., ACE, CEO; Mr. Timothy Pickles, Esq., Airport Attorney. Dr. David Hosley was 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. Mr. Powell requested to remove New Business – Item D from the Agenda until more information could be gathered. Discussion continued.

Mr. Sansom asked for a motion. Mr. Stalrit made a motion to approve the Agenda as amended. Ms. Patch 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. February 19, 2015 – Regular Meeting**

Mr. Sansom stated that the minutes needed a correction on page six, fourth paragraph, noting that “L&G” should be changed to LNG.

Ms. Patch made a motion to approve the Minutes as amended. Mr. Stalrit seconded. Mr. Sansom called the question. There were no objections. Motion passed.

Old Business – None**New Business**

Item A – Discussion & Consideration of Budget Projections

Mr. Powell gave a brief overview of the item, stating that the Board had requested more information on the budget at the previous meeting. Mr. Powell stated that Mr. Steve Ellis from Davies, Houser and Secrest was in attendance to walk the Board through the budget projections. Mr. Powell turned the floor over to Mr. Ellis.

Mr. Ellis asked if the Board would like him to go through everything. Mr. Stalrit stated that he would like him to spend a few minutes on it. Mr. Ellis stated that the first page was what Staff projected based on the October to January Year to Date Financial Statements. Mr. Ellis explained each line.

Dr. Niazi joined the meeting at 8:42 a.m. Mr. Ellis continued to explain the budget projections.

Mr. Ellis stated that all the numbers were projections, but that it gave a ballpark range. Discussion continued.

Mr. Zonka stated that he was concerned that the numbers on the second page were not grounded in past behavior, and wanted to know if there was going to be a strategic change. Discussion continued.

Mr. Zonka suggested that Staff put the projects on to the second page. Mr. Powell stated that it could be done. Mr. Zonka also suggested that Staff look at real trends. Discussion continued.

Mr. Stalrit stated that he felt the projection worksheet could be a potentially very useful tool, and suggested that Staff and the Board look at it once a quarter to see how the Airport Authority was doing. The Board concurred. Mr. Carswell stated that he felt the Authority needed to stay on top of the situation. Mr. Powell agreed to follow through with quarterly updates.

Item B – Discussion & Consideration of the Appraisal Conducted by Slack, Johnson, and Magenheimer to set Fair market Value

Mr. Powell gave an overview of the item, noting that in 2007 the Board had elected not to apply the recommendations of the appraisal that had been conducted at that time. Mr. Powell distributed a spreadsheet to the Board, and stated that overall there would be about a 4.7% increase overall for t-hangars and a 9.7% increase overall for the corporate buildings, for a total annual amount increase of \$161,382. Mr. Sansom asked when the last time was that rental rates were increased. Mr. Powell stated that every year rental rates were increased for t-hangars according to CPI, and some of the corporate tenants had CPI or CPI and appraisal, but some of the corporate tenant's rates were tied only to the appraisal. Mr. Powell stated that for those tenants the rental rates weren't increased since 2007. Mr. Powell

explained that it was the reason that those tenants would have such a significant increase based on the most recent appraisal.

Mr. Stalrit stated that he noticed some rates would increase at Merritt Island whereas others would decrease. Mr. Powell stated that multiple factors were used such as the larger facilities were being compared to larger facilities at other airports and that the age of the buildings had also been taken into consideration. Ms. Debbie Jimenez, Director of Finance & Grant Administration, stated that building T-10 at Merritt Island was an older building and that T-14 was a newer building which the Airport Authority was obviously charging below what they should have been.

Mr. Carswell asked if the Airport Authority was going to use CPI or appraisals, and also stated that the Airport Authority spent money on the appraisal and that it should be used. Mr. Pickles stated that technically the Airport Authority could use both, adding that for t-hangars it was unilateral, because they were on a month to month lease. Mr. Pickles stated that for corporate tenants it would depend on what was negotiated. Mr. Pickles added that some of the leases were negotiated over 30 years ago, but going forward the leases could be more uniform.

Mr. Carswell stated that he was astounded at how low the rents were. Mr. Sansom stated that people were storing other things in hangars rather than aircraft because the rent was so low. Discussion continued.

Mr. Zonka asked Mr. Powell if he had spoken to the corporate tenants about the large increases. Mr. Powell stated that he had spoken to Bristow, but there was a possibility that some would contest it. The increases for the corporate businesses would apply on their anniversary date. Discussion continued.

Mr. Stalrit made a motion to approve the recommendations of the appraisal. Mr. Carswell seconded. Mr. Sansom called the question. There were no objections. Motion passed.

Item C – Discussion & Consideration of an Independent Audit of Leases

Mr. Powell gave a brief overview of the item, stating that there was a request to put the item on the agenda for discussion.

Mr. Zonka stated that the request had come from him, and it was related to Item D, Which had been deferred. Mr. Zonka stated that he had noticed inconsistencies on how the Airport Authority leased and wanted to know if there were other leases. Mr. Zonka suggested that a third party look at the leases and assess them for inconsistencies. Dr. Niazi stated that Mr. Pickles did the leases. Mr. Pickles stated that he could do an audit, but it would be expensive. Discussion continued.

Mr. Sansom stated that he didn't believe an audit was needed.

Mr. Zonka made a motion to do an independent audit on the leases. There was no second. Motion died for lack of a second. Discussion continued.

Item D – Discussion & Consideration of a Lease for Building 13 at Arthur Dunn Airpark

Item was deferred.

Item E – Discussion by Mr. Brian Pendleton of Recent Invoiced Costs by the Airport Engineering Company and Contractors Regarding Current Projects

There were no invoices from Airport Engineering Company to present.

Item F – Discussion by Mr. Brian Russell of Recent Invoiced Costs by Michael Baker Jr., Inc. and Contractors Regarding Current Projects

Mr. Sansom turned the floor over to Mr. Russell.

Mr. Russell presented Invoice Number 900341 in the amount of \$43,312.60 from Michael Baker Jr., as well as Pay Application Number 4 in the amount of \$165,127.50 and Pay Application Number 5 in the amount of \$393,328.80, both from GLF Construction, which were for the East Apron Rehabilitation Project at Space Coast Regional Airport.

Mr. Russell presented Invoice Number 900340 in the amount of \$2,494.59 from Michael Baker Jr., which was for the East Side Hangar Project at Space Coast Regional Airport.

Mr. Zonka made a motion to approve the invoices. Mr. Carswell seconded. Mr. Sansom called the question. All voted aye. Motion passed.

Mr. Russell updated the Board on the Spaceport License.

Information Section

CEO Report

Mr. Powell reported that he had visited with the Governmental Affairs Committee of the Cocoa Beach Chamber on March 6 and given them an overview of the Airport Authority.

Mr. Powell reported that the annual airshow at Space Coast Regional Airport was successful and that Staff had done an exceptional job. Discussion continued.

Mr. Powell stated that he handed out some drawings of rendering of a facility that would accommodate Voyager Aviation at Merritt Island Airport, which was so well received that FDOT had asked Staff to submit a phased development to replace practically all the buildings on the northwest side of the airport. Mr. Powell stated that the Merritt Island Airport should be seeing a significant amount of improvements soon. Discussion continued.

Mr. Powell concluded his report.

Attorney Report

Mr. Pickles reported that North American Surveillance Systems (NASS) at Space Coast Regional Airport was in the process of getting a loan for another building. Mr. Powell added that it would be a two story office building connected to the large new hangar.

Mr. Pickles stated that NASS had put in a refinance request if the Board would approve them to seek refinancing.

Mr. Zonka made a motion to approve NASS's request. Mr. Stalrit seconded. Mr. Sansom called the question. There were no objections. Motion passed.

Mr. Powell stated that NASS was also looking at further expansion.

Mr. Pickles concluded his report.

Check Register & Budget to Actual

Mr. Powell stated that everything had been proved and would answer any questions.

Administration & Project Reports

Mr. Powell stated that the reports were provided and there were no changes.

Authority Members Report

Mr. Carswell asked if the Airport Authority received any income for the Airshow. Mr. Sansom stated that the Authority did not receive income. Mr. Powell added that Staff provided support, but not financial support.

Mr. Carswell addressed a tenant request from the last meeting, asking if the Airport Authority was going to take action on his request. Mr. Sansom stated that the Board had heard the tenants request and would take action if they wanted to. Mr. Carswell made a request to have Mr. Powell take action on the request.

Mr. Zonka asked Mr. Powell to send FAA obligations to the Board members. Mr. Powell stated that he would comply.

Mr. Stalrit announced a launch for the next week. Mr. Stalrit asked if there were any updates on last month's discussion regarding legislative grants. Mr. Sansom replied that there was not, but it could be decided very soon. Mr. Sansom briefly explained the process. Discussion continued.

Public & Tenants Report

Mr. Don Stiver from the Merritt Island Airport stated that he had read the full appraisal and wished that the Board had not approved the appraisal's recommendations to increase rental rates, adding that he found the appraisal suspicious. Mr. Stiver expressed his concerns about several aspects of the appraisal. Discussion continued.

Mr. Stiver discussed the t-hangar waiting list and stated that he felt the Airport Authority should charge waiting list applicants a fee. Mr. Sansom suggested that the Board discuss that at the next meeting.

Mr. Don White, President of the EAA at Merritt Island Airport, announced that there would be a Young Eagles event on March 28th. Mr. White asked if there was an update on the RSA Project at Merritt Island. Mr. Powell stated that the last hold up was the acquisition of the mitigation property, which was owned by Wuesthoff. Mr. Powell stated that it was taking some time getting them to sign off on the paperwork.

Adjournment

Mr. Sansom adjourned the meeting at 10:05 a.m.

JERRY SANSOM, CHAIRMAN

HARRY CARSWELL, SECRETARY