

**E.2.c. (1) – Minutes of the November 18, 2015 Commission Meeting**

**MINUTES OF A REGULAR COMMISSION MEETING OF THE CANAVERAL PORT AUTHORITY HELD IN THE COMMISSIONERS' MEETING ROOM OF THE CANAVERAL PORT AUTHORITY OFFICE, 445 CHALLENGER ROAD, PORT CANAVERAL, FLORIDA, NOVEMBER 18, 2015.**

The meeting was called to order by Chairman Jerry Allender at 9:03 a.m. Commissioner Bruce Deardoff led the Pledge of Allegiance.

Those present were Commissioners John H. Evans, Wayne Justice, Bruce Deardoff, Tom Weinberg and Chairman Jerry Allender; Chief Executive Officer John Walsh, CFO Rodger Rees, Senior Director Finance Pat Poston, Senior Director of Facilities, Construction and Engineering Terry Hicks, Attorney Harold Bistline and Special Assistant Melanie Bradford. The Ambassadors and Ambassadors Emeritus present were asked to stand and be recognized.

**APPROVAL OF AGENDA: Motion was moved and seconded to approve the agenda. Motion passed 5/0. Financed asked that the TEFRA Hearing be pulled from the agenda.**

**PERSONAL APPEARANCES AND PRESENTATIONS:**

1. AutoPort, Inc. Roy Kirchner. AutoPort specializes in port processing, vehicle modification and conversions and terminal operations. Refers to Consent Agenda Item #23, authorizing staff to enter into a lease.
2. WatersMark, Brent Woodson. A presentation was made to introduce WatersMark and their desire to create a destination resort village in Port Canaveral. Refers to Consent Agenda Item #21.
3. Cove Commercial District Parking Update with Scott Shepard. Director of Real Estate, Scott Sheppard, spoke regarding Consent Agenda Item #3 consideration of approving issuing a Purchase Order to Littlejohn Engineering Associates, Inc. under their continuing planning and economic feasibility services contract to conduct a parking study for the Cove.
4. Update on Zoo project with Keith Winsten. Keith Winsten, Executive Director Brevard Zoo, spoke regarding the potential of an aquarium at Port Canaveral.

**FINAL BUDGET HEARING 2015: CFO Rodger Rees went over revenues and adjustments to the operating expenses that were made. Non-operating expenses were also adjusted. The final budget adjustment was an increase to addition to Net Assets for debt reduction and port development. Total Revenue is \$79M. Total Expenses were \$76M. Addition to the net asset for debt reduction and port development is \$3million. **Motion was made by Commissioner Weinberg to accept the year end budget adjustments and was seconded by Commissioner Deardoff. Motion passed 5/0.****

**COMMISSIONER DISCUSSION ITEM: Chairman Allender asked for a discussion regarding the Kiosks outside of Cruise Terminal 1. Cathy Gordon with the Lazy Pirate and Sindy Smith with East Coast Shades spoke regarding the on-going problems. The major concern is that**

cruise passengers in for Port of Calls are not allowed to exit out the west side doors of CT 1. The request was made that CT 1 and the plaza function as it was designed with the west side doors open during a Port of Call. An additional request was made to reduce the rental cost from \$50 a square foot to \$25 a square foot for the remainder of their lease in order to succeed. **After discussion Commissioner Deardoff moved that the rent be reduced to \$25 per square foot for a period of time until such time as there is sufficient traffic to support the rent that is anticipated for a period of 12 months and then will look at it again in 12 months until the doors are open and then will look at it again at that time. Commissioner Weinberg seconded the motion. No further discussion. The motion passed 5/0.**

**ACCOUNTING AND FINANCE:**

CFO Rees gave a presentation for planning purposes only and to show that we are on top of our projections and that we work through those every day. CEO Rees also gave an update on the line of credit.

**Commission Weinberg motioned to approve the statistical report, aging report, list of bills, list of disposals, attorney fees and commissioners expenses. The motion was seconded by Commissioner Justice. With no further discussion the motion passed 5/0.**

**CHIEF EXECUTIVE OFFICER'S REPORT:**

Cruise: Revenue is up slightly for October (+1% with Dream in dry-dock). Four Port of Call Ships on 11/11. Norwegian Spirit comes 11/21/15, starting a 26 turn home port. October continued with strong initial passenger counts & parking for 1<sup>st</sup> month FY16 compared to 1<sup>st</sup> month FY15. Our November 2016 numbers will beat 2015. We are projecting a volume increase of 9% in 2016 and shaping up for 20-25% growth in 2017. We are back to #2 and on Miami's heels to challenge them for #1 by 2017. CT5 work progresses on the terminal, garage, berth and gangways. Terry Hicks will do an update later. CT10 analysis will allow us to cut back on waterside seawall scope. We are moving terminal to Design/Build from CM Method to aid budget and schedule. CT8 cost to date is tracking below budgeted and will allow for added programs.

Cruise Challenges: We had a four ship day of Port of Calls last Wednesday. Ground transportation just kept up on the 4 ship day and is a potential issue on max capacity days. It is time to open up number of transportation providers and maybe also lift Moratorium into 2016 with new regulations – Automated Pay System. There is a push for All Aboard Florida aka "BrightLine" stop. Cruise executives continue to ask for connectivity. Air flight lift for 2017-2018 will continue to be a challenge and we will continue to work with all airports.

Cargo News – Autos Come to Canaveral: AutoPort Inc. of Wilmington, Delaware is ready to proceed with a lease on the 16 acre Auto Terminal – On agenda today for approval. This company is an outstanding new Port partner and offers a diverse auto business line. Welcome Roy Kirchner, Walt Stevens, John Lovett and their entire organization to Port Canaveral!

Cargo: Up 144% on tonnage, 141% Cargo Revenue 1<sup>st</sup> Month. Auto POV exports up from prior periods. Slag – Strong 1<sup>st</sup> month vs. 2015. Petroleum is up 90% 1<sup>st</sup> month 2016 vs. 2015.

Granite – Strong 1<sup>st</sup> month vs. 2015. Heavy Lift customer now considering Port Canaveral. GT USA is working hard on several ship line deals and CPA staff is working close with them on operation incentives. NYK is increasing RoRo ship size from Neptune Leader to MV Victory Leader for added capacity of +/- 500 vehicles. There were 23 ship calls in October 2015 vs. October 2014 at 16 calls.

Freight & Logistics – Real Estate Ties: Florida Freight Mobility Leadership Conference. Titusville Logistics Center and Orlando-Canaveral Logistics Center in Cocoa will continue to allow distribution center and logistic players to be attracted to the region. We had an open house with SIOR, NAIOP and CCIM realty groups. There was partner interface with EDC and also with Enterprise Florida. Partner interface with Commercial Developers and Real Estate Brokers

Real Estate Deals: Flagler Logistics – December Buy-Lease Decision. A draft was received for the Agreement of Sale on Flying J – Pilot which is now under review for a ten acre purchase at Cocoa site. In Due Diligence on 100 acres for warehouse, up to 1 million square feet on portion of Cocoa site. In discussions for design-concept plan and pricing on 100,000-120,000 square feet class A office space.

Canaveral Logistics Center – Titusville: Slabs & Foundation complete. Steel is going up at Titusville. Tilt Walls being poured. We are on track for April-May. The decision to buy or lease is coming up in December. Staff strongly recommends buying with discussion next month. No actual purchase until completed in April-May.

Cove Update: The hotel due diligence and market study are in progress. Discussions on counts and ship traffic last week. Leasing continues on key credit tenants. Good meeting with bankers for developer. Working on budgets for port funded infrastructure on Flounder. Discussion with kiosk tenants on ways to generate traffic

Recreation: Art Festival and Show - November 27-29. There is a United Way Event this Saturday in Jetty Park. Giant Recreation World RV Show - December 4-6. There are strong Holiday Season Bookings at Exploration Tower.

New Opportunities: Bulk unloading to containers with DDG's, other grains, hay and plastic pellets. The facility yard of US1 in Cocoa is to unload bulk cars and fill empty containers. The NS Rail Yard utilization of an inland port facility to support autos and containers is another new opportunity.

Connections: Rail Barge – NASA. The NEPA is study underway. We are having discussions with and have a NDA with barge operation line. It will be operational Spring 2017 best case or Summer 2017 worst case. Will allow links for slag, salt and fertilizer to increase inland shipment and import volumes up to 300% on products like slag. STB responded to pause for Air Force Due Diligence. We continued truck and drayage connection discussions and contacts. Cross dock warehouse setting up at 9001 Marlin Street.

Other Opportunities in Discussions: LNG land deal in discussions and this will lead to huge opportunities for container ISO exports and bunkering. OIA continued discussions on seaport to

air based cargo operations. Commission will need to decide on its appetite for an airport distribution investment. Import corn and grain terminal to meet alternate food supply options and non GMO product demands can scale up with truck market to start. Banana River Site Development discussion if approved. With Beyel Brother's Cocoa land discussions for bulk to container loading facilities.

Information Technology/Port Security: Mark Lorusso gave an update on the CommandBridge Situational Awareness project that kick-off in mid-October. Conducted use case meetings with stakeholders including BCSO, CPA Public Safety and Harbormasters. Storyboards developed based on use cases and reviewed by stakeholders.

**PUBLIC COMMENT:**

Maurice Boudreau, Consent Item #20. Why is the Port spending money on a foreign company?

Karen Wisneski, WatersEdge Bait & Tackle, Consent Item #5. Ms. Wisneski went over the history of the bait and tackle shop.

Chuck Sheridan, Consent Item #21. Surprised at WaterMarks presentation.

Michael Schwarz, Consent Item #3. Great job by Diane Denig and Scott Shepard. We have a parking crisis now.

Ted Lund, Consent Item #20. Concerned about spending money on mobile cranes.

**CONSENT AGENDA:** The following items were pulled for Commission discussion: 2, 3, 4, 5, 10, 20, and 21. **Motion made by Commissioner Deardoff to approve Consent Items 1, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 22, 23, and 24. Seconded by Commissioner Justice. Motion passed 5/0. Consent Agenda Item #8 was pulled by staff prior to the meeting.**

2. Consideration of approving the Commission Meeting Schedule for 2016. (Bradford)  
**Commissioner Weinberg motion that the Commission meetings be scheduled for the fourth Wednesday of each month with the exception of October, November and December which will be on the third Wednesday of those months. The motion was seconded by Commissioner Evans. The motion passed 5/0.**

3. Consideration of approving issuing a Purchase Order to Littlejohn Engineering Associates, Inc. under their Continuing Planning and Economic Feasibility Services Contract to conduct a parking study for the Cove at a cost NTE \$11,500. (Shepard)  
**Chairman Allender moved approval of this item increasing the cost NTE \$13,000 for a more comprehensive parking study. Commission Evans seconded the motion. Motion passed 5/0.**

4. Consideration of approving the corner site selection west of Dave Nisbet Drive and south of Mullet Road and entering into a three (3) year Lease with a 90 day termination clause with

Florida BiPlanes contingent upon approval of the document by General Counsel and Port Attorney. (Shepard)

**Motion was made by Commissioner Evans to approve Item #4. Commissioner Justice seconded the motion. With no further discussion the item passed 4/1 with Commissioner Weinberg opposing.**

5. Consideration of approving a project scope as noted in the attached presentation for Water's Edge Bait and Tackle, recommendation for the proposed Tenant to hire an Engineer to complete a Cost Feasibility Study on four (4) site locations and authorization to negotiate a lease to be brought back for Commission approval at a later date, or approval to re-solicit with a revised and detailed Project Scope. (Shepard)

**Motion made by Commissioner Justice to table this item. Commissioner Justice agreed to be the Commission Representative for this item. The motion was seconded by Commissioner Weinberg. After discussion, the motion passed 5/0 to table this item.**

10. Consideration of authorizing staff to negotiate and enter a lease with Beyel Brothers Inc. for land along FEC in Cocoa. (Walsh)

**Motion made by Commissioner Weinberg for approval of Item #10. It was seconded, no discussion, passed 5/0.**

20. Consideration of authorizing staff to jointly purchase two mobile harbor cranes with GT USA, splitting the cost 50/50, to support container, bulk, special cargo and logistics freight unloading. CPA cost to be a total of NTE \$2.35 million. (Walsh)

**Motion was made by Commissioner Weinberg that the item is coupled to a three year minimum contract. The motion was seconded by Commissioner Deardoff. After discussion the motion passed 4/1 with Commissioner Evans against.**

21. Consideration of authorizing staff to enter Letter of Intent for exclusive negotiations with WatersMark for a limited time of up to 90 days to seek mutual terms that could lead to a long term lease for a Land Lease and Resort Development Agreement at Port Canaveral, Florida for a luxury mixed-use resort destination. (Walsh)

**Motion made by Commissioner Evans to deny this item with the right to come back at a later date and propose it again. Commissioner Deardoff seconded the motion. The item was denied with a 5/0 vote.**

**STAFF DISCUSSION ITEMS:**

Terry Hicks gave an update on the ongoing projects. All projects are on or under budget.

**PUBLIC COMMENTS:** None

**COMMISSIONER REPORTS:**

Commissioner Justice: None.

Commissioner Weinberg: A quick update was given on the Washington DC trip regarding rail. There was a good meeting with the STB and moved to the Pentagon. Progress was made at both meetings.

Commissioner Evans: The DeSouza lease was brought up. **Motion was made by Commissioner Deardoff to agree to let them have the six month extension at the current lease rates provided we get a copy of the sub-lease from the Navy by the end of this month. If it extends any longer than the six months we will expect to split the difference on any future extensions. Commission Evans seconded the motion. Motion passed 5/0.**

Commissioner Deardoff: None.

Commissioner Allender: None

**ADJOURNMENT:** The meeting was adjourned at 12:37 p.m. until the next regularly scheduled meeting on December 16, 2015 at 9:00 am.

## **CANAVERAL PORT AUTHORITY**

ATTEST

---

Jerry W. Allender, Chairman

---

Thomas W. Weinberg, Secretary/Treasurer