

E.2.c. (2) – Minutes of the September 23, 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, SEPTEMBER 23, 2015.

The meeting was called to order by Chairman Jerry Allender at 9:00 a.m. General Gene Renuart 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 present were asked to stand and be recognized.

APPROVAL OF AGENDA: Chairman Allender pulled item C.2.b Contract Modification with BCSO. Staff pulled 14, 16, 19, 21 and 35. **Motion made and seconded to approve the agenda as amended. Motion passed 5/0.**

PERSONAL APPEARANCES AND PRESENTATIONS:

1. CT-5 Garage – Discussion on Added Spaces (Hicks/Blanchard)

Brian Blanchard gave short presentation and background on Agenda Item #20 which is additional parking spots at CT5.

Terry Hicks presented the opportunity to gain this space at \$2.2M for the third floor on to the garage. If we do this after the fact but the cost will be about \$6.4M. Mr. Hicks went over CT 5 project cost which with the garage added would be \$41.8M.

Motion was made by Commissioner Weinberg to lay this discussion aside and combined it with discussion on the Budget. Commissioner Evans seconded. Motion passed 5/0.

9:15 am Final Hearing of Proposed FY2015-2016 Budgets and Tariff Changes - Time Certain (Rees)

CFO Rees went through the proposed new budget based on a revisit of the revenue numbers with additional adjustment to the expense side. Also included are the Tariff and Capital Budget.

Commissioner Weinberg questioned the Titusville Logistics Center. CFO Rees said that this is future borrowing. Discussion ensued. We will have to have contracts before signing the facility lease.

The BCSO proposed contract modifications are covered by in-house staff. The contract modification would be the possibility of the Sheriff taking over more services at the Port.

Commissioner Evans feels like it is going to cost more to enforce the Charter Boat permitting program than we are going to receive from it given the size of the tariffs and he feels that we ought to abandon this tariff item. **Motion made by Commissioner Evans to take this item out of the tariffs. Commissioner Weinberg seconded. After discussion, motion passed 3/2 with Commissioners Justice and Deardoff opposing.**

Commissioner Weinberg asked that an expense item of \$400,000 for the Titusville Logistics Center be added to the budget.

CT5 parking garage expense is in the budget. Commissioner Weinberg is not in favor. **Motion was made by Commissioner Weinberg to remove the \$2.2 M for the parking garage from the overall budget. Motion was seconded by Chairman Allender. The motion failed 2/3 with Commissioners Deardoff, Evans and Justice voting against the motion.**

Public Comment: Mac McLouth – This is one of the better budgets I have seen. If we are going to stay in the business, we are going to have to keep up with the business. I am in favor of what you are doing.

Motion was made by Commissioner Weinberg to approve the operating budget and the capital budget as purposed and discussed during the two public hearings with the adjustment of the \$400,000 expense related to the Titusville Logistics Center. Commissioner Justice seconded the motion. Motion passed 5/0 for the budget as amended.

Motion was made by Commissioner Weinberg to approve the Tariff as presented with the adjustment related to the Charter Boat Tariff Fee understanding that would come for consideration at a later date. Commissioner Deardoff seconded the motion. Motion passed 5/0.

Personal Appearances and Presentations: Continued

CEO Walsh recommended moving items C.3 and C.4 into a future meeting. **Moved, seconded and passed 5/0.**

Motion was made by Commissioner Deardoff to add item 2.b back to the meeting at the end of the agenda. Seconded by Commissioner Weinberg. No discussion. Motion passed 5/0.

COMMISSIONER DISCUSSION ITEM:

1. Working with R&L/Mars Group for EUL with Air Force. Gene Renuart, General USAF Retired. (Allender)

General Renuart supports public/private working relationships with communities to create value back to the Air Force and to the community. We began looking at the means by which we could bring rail into the Port and what kind of commercial development could be made available to the Port and also to a developer on some of the other property on Cape Canaveral Air Force Station. We have been able to put together a great team. It is in the interest of all that we find a way to

success with the least impact and the best benefit for the Port, the Community and the Air Force and the United States Navy. We hope to work with the Air Force to partner in an Enhanced Use Lease. We think the best route would be one that goes up the west side of Port Canaveral just to west of the industrial area and then across the causeway into Kennedy Space Center connecting with an FEC spur that ends today in the industrial site on KSC and then continue on and connect with the FEC rails out to the west. We ask your support to partner with the Port to move forward on these.

Chairman Allender made a motion to direct the staff to enter into serious discussion with R&L/Mars to define and structure a relationship to join in an Enhanced Use Lease proposals for submission to the Air Force and bring that proposal back for our next Commission meeting next month so that expeditiously as possible we can move forward in this process and see if we can have fruitful benefits of having this come to fruition in the future. Commissioner Deardoff seconded the motion. After discussion the motion passed 5/0.

Commissioner Evans made a motion that we have staff study what is necessary to remove the rail from Banana River and up east Merritt Island from the EIS study being done by the Surface Transportation Board. Chairman Allender seconded for discussion. Motion failed 2/3. Commissioners Deardoff, Weinberg and Justice voted against the motion.

2. Discussion with the Milliken Group regarding the proposed lease project (Deardoff/Allender)

Attorney Kendal Moore was present for a status update. Mr. Moore requested to table this item for 30 days to allow us to continue to work with staff and to bring back a project that we believe would meet the requirements that you have put forward. **Commissioner Evans motioned 60 days for this group to return. Commissioner Deardoff seconded. Motion passed 5/0.**

ACCOUNTING AND FINANCE: Rodger Rees, CFO, presented the financial report for the eleven months ending August 31, 2015. Total revenues were \$71.6M. Total Expenses were \$65M. Additions to the net position were \$6.6M from operations and \$24.4M from capital grants. Nothing has changed on the line of credit. We are hoping by next meeting to present you with a package for permanent financing through several banks as well as the capital markets process.

Commissioner Weinberg made a motion for approval the statistical report, aging report, list of bills, list of disposals, attorney fees, commissioner expenses and the financial statement for August 2015 as presented. The motion was seconded by Commissioner Deardoff. Motion passed 5/0.

CHIEF EXECUTIVE OFFICER'S REPORT: CEO John Walsh presented the status of on-going business.

Cruise: Cruise revenue is \$58.2 million YTD '15. Revenue is up 8.4% for 11 months 2015 compared to the same period in 2014. Parking revenue is up 8.2% YTD. Victory is up 1% YTD. Passenger counts are up 3.2% higher than budgeted. CT5 terminal construction is in

demo phase and moving ahead well. Reservations into 2016-2017 and again in 2017-2018 for berths remain strong with good growth

Cargo: Cargo revenue is \$4.4 million YTD '15. Cargo tonnage is up 23% in 2015 YTD. Tonnage and revenue remain lower than budgeted due to lower lime rock and juice. Slag remains strong, up 130% vs. 2014. Petroleum is strong, up 22% vs. 2014. Salt is up 13%, Fertilizer is up 66%, Lumber is up 61%. Container negotiations with cargo owners and ship lines remain brisk

Cargo Announcement: NYK Line begins service October 13 for Auto RoRo ship as a regular monthly service. Initial key customer will be Cartainer, who specializes in POV Exports. Ceres and ASI will support Cartainer operations shipside and for terminal services respectively. This ship offers strong export options for POVs, equipment, auction support, and new cars.

New Business and Negotiations: Several NDAs are in effect with strong potential business in discussion on Auto Terminal, Titusville Logistics Center, and Cocoa land. Continued cruise line discussions are happening on new ships and existing ship future deployments. Several Cove lease discussions are taking place. Sooner Development Agreement approved at September 18 Special Meeting and Workshop.

Transportation Link: STB process is underway with three routes in review. You heard today about options to explore on EUL and its potential rail component. The barge environmental studies are on the consent agenda with NASA agreement. Continued work with FDOT and CFX. There are New Canadian flights from Canada – Porter Airlines. New Emirates flight will provide strong and needed Middle East and Asia flight options. We are continuing to work with all airlines and airports for lift.

Recreation: Pink Ribbon Walk and 5k coming up October 3rd. Jetty Park concession vendor ceased operations and Port staff is offering temporary refreshment, ice and bait options. We are currently rebidding concession. Planning for camp site expansion, possible expanded cabins and density review. ET continues on target. Good events at Cruise Terminals and ET in the last few weeks with positive feedback.

Miscellaneous Items and Look Ahead: CPA in line to receive an additional \$2.25 million in FSTEAD funding for container expansion area in FDOT 2017 budget effective July 2016. CPA was recently awarded Homeland Security grants in the amount of \$675,675. Master Planning scoping process is underway. Active fall conference and Business Development schedule for cruise and cargo. CT5 and CT10 renovations are a priority.

Chairman Allender: There sometimes reaches a point that difficult decisions have to be made. Those decisions are not easy and can be emotional. **Chairman Allender made a motion that the employment agreement with the CEO be terminated with the severance agreement that had been proposed, that termination be effective immediately but based on the severance agreement that had been agreed upon but has not been signed by the CEO. Commissioner Weinberg seconded the motion for discussion.** Commissioner Weinberg stated his feelings and agreement with the motion. Commissioner Evans stated that Carlos Torres with Carnival

Cruise is very concerned about the action that the Commission may take. Mr. Torres stated that everybody at Carnival knows including the Chairman and are concerned about John leaving. Commissioner Evans supports John. Commissioner Deardoff received calls from Carlos Torres also and from Karl Holtz with Disney Cruise Lines who was upset about what was happening. Commissioner Deardoff is hoping we can find a way to do this that will not hurt Port Canaveral and Brevard County. Commissioner Justice is concerned. He echoed the comments of Commissioner Deardoff and underscored the need to work out the transition for the best of this Port. John Walsh spoke regarding his resignation and suggested the agreed upon date of January 21, 2016. He spoke with his attorney regarding the severance agreement and asked Attorney Bistline to work with his attorney to work out the agreement. According to Attorney Bistline this is a contract matter and he spoke about the Termination without Cause provision. **The motion was amended by Commissioner Deardoff to say we will accept the resignation and transition as written with any changes that are approved by the Port Attorney. Chairman Allender accepted that amendment. No further discussion. Motion passed 4/1 with Commissioner Evans voting against the motion.**

PUBLIC COMMENT:

Joseph Wicneski: Spoke regarding Wateredge Lease and his issues. Chairman Allender stated we would try to resolve the issue.

Rich Hensez: Owner of Fishlips and in Canaveral Hospitality and Chairman of the Cocoa Beach Visitor's Bureau. Looking forward to new business in the Port

CONSENT AGENDA: The following Consent Agenda Items were pulled for discussion: items 38 & 39. **Motion was made for approval of items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 17, 18, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 40, 41, 42, 43, 44 and 45. Motion passed 5/0.**

38. Consideration of authorizing staff to piggyback The Cooperative Purchasing Network (TCPN) Managed Services contract (Contract # R5159) awarded to ADP, LLC for implementation of HR, Payroll, Timekeeping System developed and further authorize staff to issue purchase orders pursuant to this contract for an amount not to exceed \$193,006 over 4 years. (Rees/Kane/Lorusso)

39. Consideration of authorizing staff to piggyback the Tampa Port Authority Seaport Vessel Reservation, Billing, Statistics, and Reporting Software Solution Contract with Harbour Mastery for implementation of their i-Seaports Software System developed on the NetSuite framework and further authorize staff to issue purchase orders pursuant to this contract for an amount not to exceed \$825,842 over 4 years. (Rees/Lorusso)

Commissioner Justice asked to roll together Consent Agenda Items #38 and 39. He asked CFO Rees for comments regarding the proper, workable IT solution here. CFO Rees said this has been a long process internally. This is what we have chosen and is being used by several other ports and has a piece specifically for Ports. It has everything that we need. Mark Lorusso, Senior Director-Information Technology, stated that we have a single project manager and envision this being a year-long project.

Motion made by Commissioner Justice to accept Consent Agenda Items 38 and 39. Motion seconded by Commission Weinberg. Motion passed 5/0.

PUBLIC COMMENTS:

Earl McMillin: There has been a lot of name calling on all sides. I think it is time to go back to sticks and stones may break my bones but words will never hurt me.

Seb Perin: Focus on becoming the #1 Cruise Port. Pursue the rail through KSC. Priorities should be credibility, confidence and community support.

Alex Gorichky: Move on and work together on the rail.

Michael Schwazz: Thanks for help and support of the Pink Ribbon Walk.

Ted Lund: Thank you for supporting the last motion for Mr. Walsh's employment contract. You shouldn't allow him to continue until January. Good job on the Charter Captain issue.

RECESS FOR SECURITY DISCUSSION IN THE COMMISSION CHAMBERS.

ADJOURNMENT: Being no further business to come before the Board, the meeting was adjourned at 1:13 pm until the Special Meeting scheduled for October 13, 2015 at 9:00 am with the next regularly scheduled meeting on October 28, 2015 at 9:00 am.

CANAVERAL PORT AUTHORITY

ATTEST

Jerry W. Allender, Chairman

Thomas W. Weinberg, Secretary/Treasurer