

E.2.c. (1) – Minutes of the May 25, 2016 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, MAY 25, 2016.

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

Those present were Commissioners Wayne Justice, Bruce Deardoff, Tom Weinberg and Chairman Jerry Allender; CEO John Murray, CFO Rodger Rees, Senior Director Finance Pat Poston, Senior Director of Facilities Bill Crowe, Deputy Executive Director Jim Dubea, Attorney Harold Bistline and Special Assistant Melanie Bradford. Commissioner John Hank Evans was out of the country and excused for this meeting.

Chairman Allender welcomed and recognized the Canaveral Port Authority Ambassadors that were present: Bill Bancroft, Mike Gautreaux, Dennis Hepburn, Jay Honeycutt, Max King, Robi Roberts, Teri Scott, and Susie Wasdin. Also introduced was Ambassador Emeritus Captain Ed Lanni and former port director Mac McLouth.

APPROVAL OF AGENDA: Motion was made by Commissioner Weinberg to approve the agenda which was seconded by Commissioner Deardoff. Motion passed 4/0.

PERSONAL APPEARANCES AND PRESENTATIONS:

1. Update on Financial Software Migration (James/Lorusso/Rees)

Mark Lorusso, Senior Director of Information Technology, and Kirsten James, IT Project Manager and Business Analysis, gave an update on the business and financial software project that is currently underway. The current systems are disparate and siloed and do not talk. There is a lot of manual work that is required. The software is inflexible when it comes to business process changes. We all agreed that we should have one system of records for all business lines. We wanted a commercial off the shelf system and a cloud-based system. We choose NetSuite with three additional products that meet our needs: I-Seaports, e-Builder and Automatic Data Processing (ADP) Work Force Now. The data collected from all of these systems will be integrated seamlessly with Net Suite creating one integrated business solution. We will use a phased approach rather than rolling everything out all at once. We will be rolling out several different modules over the next year. Initial implementation cost was around \$600,000. The yearly operational cost is just under \$340,000. Current software cost is round \$280,000 a year. We look to have this in place for at least a decade. The Port of Tampa is using I-Seaports, the Port of Jacksonville is using NetSuite and e-Builder, and the Port of Australia is using NetSuite. It is not proprietary.

9:22 am MID YEAR BUDGET HEARING: Time Certain, (Rees/Mims-Reid)

The proposed changes in the FY 2016 Operating budget are as follows. The total revenue will be \$86M which includes a \$32K net increase. The operating expenses will be \$42.6M which is a proposed \$832K net reduction. Depreciation, amortization and non-operating expenses are \$36.5M which is a proposed net increase of \$3.9M. We are showing an about \$86,700 bottom

line as a result of all these adjustments. **Motion was made to accept the mid-year budget as presented by Commissioner Weinberg and seconded by Commissioner Justice. Motion passed 4/0.**

PERSONAL APPEARANCES AND PRESENTATIONS: Continued

2. Port Real Estate (Franc Pigna)

Franc Pigna, CRE FRICS CMC, Managing Director, Aegir Port Property Advisers and Drewry Maritime Advisors, presented regarding Port Real Estate. He gave key questions/issues to think about. Why is Port property different and the difference can be the difference between profitability and loss. Why Port challenges are occurring and where? Port Canaveral needs to see far into the horizon to chart its course for continued success. How is the Florida ports' market evolving? How is Port Canaveral positioned? Our focus is to increase the Port's property based revenues and their competitive advantages so that they can use their largest asset, port property, in a strategic fashion and enhance the overall value of the Port. In my opinion, your future lies with your land.

COMMISSIONER DISCUSSION ITEM:

Commissioner Deardoff began a discussion on the Indian River Lagoon Council. We need to be educated and the public needs to be educated and some of our elected officials need to be educated. The public needs to understand why it is happening. Once the public understands, we will see a ground swell of public opinion to make some changes and to save our lagoon. **Commissioner Deardoff motioned to approve resolution RES-2016-07-EXE to donate \$100,000.00 to the Indian River Lagoon Council earmarked for public education. Commissioner Deardoff read the resolution. The motion was seconded by Commissioner Justice.** Chairman Allender requested that the money not be used for salaries or administrative fees but purely for education. Commissioner Justice felt like baseline data reports should be covered under this education expense. **After discussion, the motion passed 4/0.**

ACCOUNTING AND FINANCE: CFO Rodger Rees presented the financial statements (unaudited) for six months ending March 2016. Total revenues were \$41.5M. Total Expenses were \$38.2M and additions to the net position for debt repayment/Port development were \$3.3M. A quick update was given on the major projects in process right now. The total cost year to date is \$43,191,752. After the meeting today we will be closing on the TD bank financing with \$24.07M in proceeds. We will use the proceeds to pay down the line of credit. **After discussion, motion was made to approve the Statistical Report, Aging Report, List of Bills, List of Disposals, Attorney Fees and Commissioner Expenses. Commissioner Justice seconded. Motion Passed 4/0.**

CHIEF EXECUTIVE OFFICER'S REPORT:

Cruise Update:

There were 350 home port calls YTD - 69 port of calls YTD. In 2015 YTD: 349 home port calls - 68 port of calls. Multi-day cruise passenger count is up .12% YTD. Multi-day cruise revenue is up 8.96%. Victory Cruise Line passenger count is steady and is revenue tracking to budget. "MAJESTY OF THE SEAS" maiden call was on May 20. CT 8 work progress: painting is underway and scheduled to be completed August 16. Kalwall delivery date is June 9 and will be completed September 1. At CT 5 "CARNIVAL VALOR" arrives June 4 as the first vessel.

Final CBP approval is to be issued June 1. Final close out negotiation is expected ahead of June meeting. CT 10 will have a final vessel call on May 21. CBP & Carnival move out will be completed May 24. Full demolition began on May 24. "NORWEGIAN EPIC" scheduled as the first vessel call on November 12.

Cargo Update:

There have been 182 ship calls YTD. Cargo tonnage is up 42% vs 2015 YTD – 3,200,280 tons. Cargo revenue is up 44.65% vs 2015 YTD. Commodity YTD vs 2015: export Cars & Trucks up 149%, lumber up 97%, aggregate/Limestone up 72%, petroleum up 53%, and slag up 35%. A continued unified effort exists with GT USA to develop new customers.

Caribbean Shipping Executives Conference was successful with 180 attendees from the Caribbean and South America. More than 100 attendees toured Port Canaveral. Networking receptions were well attended. Representatives from 14 container carriers attended. Discussions focused on the political and economic implications at the national and regional level regarding business opportunities with Cuba and other Caribbean nations

Real Estate Update:

At the SR 524 – Port Canaveral Logistics Park, negotiations continue for sale of 130 acres of property. Port Canaveral Logistics Center at Titusville has a closing on building purchase this week. It is averaging 1-2 tours/showings per week. A potential tenant is interested in 80k-120k square feet and is scheduled to tour in next two weeks. Aggressive marketing continues.

Special Events:

The events policy update is on the agenda as item #24. Events provide great value to the community and the overall promotion of the port. The policy is intended to provide structure and guidance with respect to events held on CPA property and mitigate potential disruption to core business and commercial tenants. Most events occur on weekends. Weekends involve the highest cruise traffic. At all cost we need to protect the cruise guest experience at CPA.

Parking and Ground Transportation:

The 2009 Policy has no enforcement guidance and no operational procedures for dynamic changes. The 2016 Policy (Agenda Item 13) has a complete rewrite of ground transportation policy, defines Port Jurisdictional Area (PJA), authorizes Rules and Regulations, establishes permit requirement, and authorizes enforcement of rules and regulations.

The 2016 Ground Transportation rules and regulations highlights electronic permit requirement for all commercial vendors, updated electronic tolling system to include dwell times and Commercial Zone Usage Fees, security deposit and minimum insurance requirements, establishes Ground Transportation Agent to protect cruise guests against unwanted solicitation, billing and payment system updates and modernized enforcement and an appeal process.

The new policy and operating procedures will be developed jointly between Port and key community stakeholders/service providers.

PUBLIC COMMENT:

Giles Malone with Space Coast Daily spoke regarding the Special Event ordinance.

Michael Schwarz with Fishlips spoke regarding consent agenda item #24.

Joe Penovich with Grills spoke about Special Event Planning.

CONSENT AGENDA:

Items 4, 8, 13, 14, 20 and 24 were pulled for discussion. **Items 1, 2, 3, 5, 6, 7, 9, 10, 11, 12, 15, 16, 17, 18, 19, 21, 22, 23, and 25 were approved by motion from Commissioner Weinberg and seconded by Commissioner Justice. Motion passed 4/0.**

Consent Agenda Items #4 and #14 were considered together.

#4. Consideration of approving an increase to existing purchase order #P15155 to CH2M Hill for additional construction support for the Tug Berth Expansion project in an amount not to exceed \$15,880. (Hammond/Crowe)

#14. Consideration of approving a purchase order to Orion Marine Construction Inc. under their continuing services construction management contract for the construction of one new tug pier in an amount not to exceed \$796,000. (Hammond/Crowe)

CEO Murray discussed the tug berth expansion and new tug pier for longer term space. After discussion **Commissioner Justice moved to approve Consent Agenda Items #4 and #14. Motion was seconded by Commissioner Deardoff. Motion passed 4/0.**

#8. Consideration of approving a modification to the Construction Manager at Risk continuing services contracts originally executed in 2012 for Canaveral Construction Co., Inc., Doug Wilson Enterprises, Inc., Heard Construction, Inc., Ivey's Construction, Inc., W&J Construction Corporation to revise the ARTICLE 2.0 definition of minor projects from (\$0 - \$1,000,000 each) to (\$0 - \$2,000,000 each) and to modify the contracts to mirror the limit for continuing contracts as defined in Florida Statute 287.055. (Crowe)

Commission Justice requested more information on this item. CEO Murray explained that this is never without Commission approval. It is for continuing services contracts or if we need something quicker than going through the bid process. This allows us to operate in a more expeditious manner. **Commissioner Justice moved to approve Consent Agenda Item #8 and Commissioner Deardoff seconded the motion. After discussion, motion passed 4/0.**

#13. Consideration of approving Policy POL-2016-001-PRK-3, Ground Transportation Policy. The Policy has been reviewed and approved by the Port Attorney and General Counsel (Langley/Dubea).

Commissioner Justice stated that this is a model way of moving a policy forward. This is actually a policy, not rules and regulations. Jim Dubea stated that we are really moving into a modern era of cruise transportation. Eddie St. Clair stated that this is about the orderly and efficient movement of our ground transportation. **Commissioner Justice moved to approve**

Consent Agenda Item #13 and was seconded by Commissioner Weinberg. With no further discussion, motion passed 4/0.

#20. Consideration of authorizing staff to work in conjunction with the Brevard County Sheriff's Office, and Florida Wildlife Commission to remove a derelict vessel from the Avocet Lagoon and issue a purchase order to CCNK LLC for removal in an amount not to exceed \$4,000. (Dubea)

Commissioner Justice stated that this is a good community thing. Jim Dubea states that we are not using county funds but Port funds to get the derelict vessel out of there. **Commissioner Justice motioned to approve Consent Agenda Item #20 and Commissioner Deardoff seconded the motion. With no further discuss, motion passed4/0.**

#24. Consideration of approving Policy POL-2016-001-REC-3, Special Events Policy. The Policy has been reviewed and approved by the Port Attorney and General Counsel (Langley/Shepard)

Commissioner Justice moved to return this item to staff for better vetting. Chairman Allender seconded the motion for discussion. After discussion, the motion failed 1/3. After much discussion, Commission Weinberg motioned approval of Consent Agenda Item #24 with the understanding that we get an update in 6 -12 months and Commission Deardoff seconded the motion. The motion passed 3/1.

PUBLIC COMMENTS: None.

COMMISSIONER REPORTS:

Commissioner Justice: I had the opportunity to represent as directed, Mr. Chairman, the Canaveral Port Authority. As a board member of the EDC, I accompanied them to Washington DC and met with industry reps including the National Estuary Program Executive Director, NASA, Boeing and Lockheed. We met in the Pentagon regarding the Navy's nuclear program and the Air Force regarding facilities and operations. We visited the EPA with more talk of the Indian River Lagoon. It was time well spent and I appreciate the opportunity to represent the Port in that manner.

Commissioner Weinberg: No items.

Commissioner Deardoff: No items.

Chairman Allender: The 11th Annual City of Cocoa Memorial Day Tribute is going to be Monday, May 30, 2016, at Cocoa Riverfront Park with a parade at 5:45. Ambassador Emeritus Captain Ed Lanni will be the Grand Marshall of that parade.

Commissioner Deardoff: One thing I neglected today is that Alberto Cabrera has worked tirelessly on this auto processing project that we have and has worked very hard to get manufacturers to this Port. I think his efforts are finally going to begin to pay some interest to this Port.

ADJOURNMENT: The meeting was adjourned at 12:09 pm until the next regularly scheduled meeting on June 22, 2016 at 9:00 am.

CANAVERAL PORT AUTHORITY

Jerry W. Allender, Chairman

ATTEST

Tom Weinberg, Secretary/Treasurer