

E.2.c. (1) – Minutes of the March 22, 2017 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, MARCH 22, 2017.

The meeting was called to order by Chairman Tom Weinberg at 9:00 a.m. Commissioner Justice led the Pledge of Allegiance.

Those present were Commissioners Wayne Justice, Jerry Allender, Micah Loyd, Bob Harvey and Chairman Tom Weinberg; 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/Liaison Melanie Bradford.

The following Ambassadors, Ambassadors Emeritus and former CEO's and Commissioners were present: Maurice Boudreaux, Dennis Hepburn, Jim Hanley, Robi Roberts, Tom Vani, Susie Wasdin, Capt Ed Lanni, and Mac McLouth.

APPROVAL OF AGENDA: Commissioner Justice moved approval of the agenda. Commissioner Allender seconded the motion. Motion passed 5/0.

PROCLAMATION: Karen Pappas, Director of Procurement and Material Management Services, read a Proclamation declaring March as Procurement Month. After many positive comments from the Commissioners, Commissioner Allender motioned to approve the Proclamation and commit it to the record. Commissioner Loyd seconded the motion. The motion passed 5/0.

Chairman Weinberg read a couple of paragraphs from a letter received from the City of Monticello thanking the Canaveral Port Authority for the donation of a fire engine to their Volunteer Fire Department. They are deeply appreciative.

PERSONAL APPEARANCES AND PRESENTATIONS:

1. Audit Presentation by RSM, Brett Friedman, Partner and Jeff Zeichner, Senior Manager
The auditing firm presented to the Board the "Auditor's Communication of 2016 Audit Results" and the "Schedule of Findings and Questioned Cost" which are a summary of the audit. No signification or unusual transactions that lack proper authoritative guidance were encountered during the Audit. There were no audit adjustments during the audit. The audit results are really excellent. An "Unmodified Opinion" was issued which is the highest level of assurance that a Certified Public Accountant can lend to a set of financial statements. The compliance and internal controls over the compliance for Federal and State money shows nothing to report and no "not compliant" to report. **Motion was made by Commissioner Allender to accept the Auditors Report. Commissioner Harvey seconded the motion. The motion passed 5/0.**

2. SpaceX – Ricky Lim, Senior Director for Launch Operations

Super excited about SpaceX's future and our partnership with Port Canaveral. We recently reactivated the historic launch pad at Complex 39A on KSC. With an active launch site there we are going to have a very busy 2017. We plan to launch and land at an extremely high rate going forward. We need a strategically placed location and facility to support those boosters. Store them, process them and have a place to also have support. The parcel of land on Magellan is extremely well positioned and will be the key to our future success. We are extremely happy for the opportunity to work with the Port. We know we have a responsibility to be very good neighbors. We are proud to be part of the Community and are excited to add a unique dimension to this Port. We look forward to a long partnership with the Port.

3. Service Awards, John Murray

A five year service award was given to Kim Capaiole and retirement recognition to William Becker.

COMMISSIONER DISCUSSION ITEM:

1. Local Preference, discussion only (Commissioner Loyd)

Commissioner Loyd presented some ideas regarding Local Preference. Staff is doing a good job on including local companies and local participation, however, as a level of policy it could be something that is done a little better. A brief history of the Port was given. A discussion took place regarding a Local Preference Policy. CEO Murray was asked to set up a work group and to work with Craig and Harold on the legal aspect and come back to the Board later this year.

ACCOUNTING AND FINANCE:

CFO Rodger Rees went over the last four month's operating results for the Port through January 2017. Total cruise related revenues are \$25.9M. Total cargo revenues are \$2.5M. Total revenues for the year are \$32M. Expenses are about \$29M. Cash flow after non-cash expense is \$15.2M. We are over \$5.2 million dollars in reserves. **Commissioner Allender moved to approve the Financial Report and Commissioner Loyd seconded the motion. The motion passed 5/0.**

Commissioner Allender moved to approve the Statistical Report, the Aging Report, the List of Bills, the List of Disposals, the Attorney Fees, and the Commissioner Expenses. Commissioner Justice seconded the motion. Motion passed 5/0.

CHIEF EXECUTIVE OFFICER'S REPORT:

CRUISE UPDATE:

- 2017 by the numbers (Oct 1 – Feb 28)
 - 305 cruise ship turns
 - Passenger count up 21% over 2016
 - 3 Port of Call ships in Port yesterday bringing approximately 11,000 visitors to Brevard County
 - Seatrade Cruise Global
 - Successful show with much interest
 - Sponsor for FCCA Gala Dinner with more than 60 cruise executives

- Port Canaveral table host was Carnival's President, Christine Duffy

CARGO UPDATE:

- 2017 by the numbers (Oct 1 – Feb 28)
 - 172 ship calls
 - Total cargo tonnage up 3.4% – 2.3 million tons YTD
 - Total cargo revenue up 19% over 2016
 - Close to 7,000 new autos, averaging approximately 1300 per month
 - More than 4,000 containers, averaging approximately 850 per month
- Lehigh Hanson Pneumatic Loading System
 - First barge successfully loaded on March 14
- Schuyler Line

REAL ESTATE UPDATE:

- 271 acres at SR 524 and I95
 - Cocoa City Council approved the Development Order as submitted by Walmart
 - Approvals received from the State for traffic lights
- Port Canaveral Logistics Center at Titusville
 - RUAG
 - Completion of construction scheduled for end of March
 - Installation of equipment by May 1, operational by June and fully online by January 2018
 - Negotiating an LOI with a potential Port-Cargo tenant in need of 100,000 sf of warehouse space
- Parrish Medical Center
 - Exterior concrete block wall has been placed and slab has been poured
 - Structural steel installation in progress for the roof
 - Storm water system installation underway

RECREATION UPDATE:

- Jetty Park
 - Maintaining approximately 90% capacity
 - Preparing for spring break crowds
- Exploration Tower
 - VIP Launch viewing opportunities
 - April: SpaceX
 - Hosting CVB Power Lunch on April 27
 - 44 scheduled events through September totaling \$54k in revenue (ET, Cruise Terminals, etc)
- Upcoming Events
 - April 7: Propeller Club Shrimp Feast at CT5
 - April 15: Race for the Heart Navy 5k at ET
 - April 16: Easter Sunrise Service at Jetty Park
 - April 18: Corvette Club on ET Lawn

ENVIRONMENTAL UPDATE:

- Coordination with Army Corps
 - Maintenance dredging of Trident Basin and Poseidon Wharf in Middle Turning Basin
- Keep Brevard Beautiful
 - Harbor Litter Removal – 2/14 and 2/28
 - Invasive Brazilian Pepper Maintenance – 2/3
 - Landside Litter Removal – 2/23
- Upcoming Events
 - April 1: KBB Trash Bash, Public Boat Ramp
 - April 8: Ice cream Social at ET – Marine Resources Council
 - April 15: Ice cream Social at ET – Sea Turtle Preservation Society

ONGOING PROJECTS:

- Marlin Street
 - Tenant trailers being connected to new lift station and existing lift stations being removed
 - Gate at Sta. 8+50 installed last week
 - Final punch list items being addressed
- SR 401 Overpass Bridge Repair
 - East side concrete and painting complete
 - West steel sections being sand blasted and primed
 - West end concrete work continues on schedule
- Maritime Purchasing Center
 - Metal siding replacement near completion, roof replacement to follow
 - Interior office framing underway
 - Electrical and mechanical rough in installation work continues
- Maritime Facilities Center
 - Metal siding demolition underway, east side complete
 - Interior framing in process
 - Interior underground plumbing installation is complete

PUBLIC COMMENT:

CONSENT AGENDA: The items pulled for discussion were 2, 6, 7 and 10. **Motion was made by Commissioner Loyd and seconded by Commissioner Allender to approve items 1, 3, 4, 5, 8, 9, and 11. Motion passed 5/0.**

2. Consideration of approving entering into a five (5) year Lease Agreement with Space Exploration Technologies Corp. (SpaceX). The lease has been reviewed and approved by General Counsel and Port Attorney. (Scott Shepard)

Scott Sheppard gave an explanation of the SpaceX agreement. **Motion was made by Commissioner Allender and seconded by Commissioner Loyd to accept this item. Motion**

passed 5/0.

6. Consideration of authorizing staff to piggyback off of the US Communities Government Purchasing Alliance contract 15-JLP-023 for the removal/replacement of a HVAC chiller at Cruise Terminal 10 and authorize staff to issue a purchase order to Trane US, Inc. for a total cost not to exceed \$360,000. (AJ Jendroch/Bill Crowe)

Bill Crowe gave a general explanation about the process of the air conditioning at the cruise terminals and importance of the chiller units. **Motion was made by Commissioner Allender and seconded by Commissioner Harvey to accept this item. Motion passed 5/0.**

7. Consideration of authorizing staff to issue a formal solicitation for the Cruise Terminals 6 and 10 Scour Mat Repair project. (Patrick Hammond/Bill Crowe)

Commissioner Justice asked Bill Crowe to give the public a little more on this appreciating the need to do it and also of the bigger ships, bigger bow thrusters, bigger turn in the water and what it truly means to the most important part of the infrastructure of this port. **Motion was made by Commissioner Justice and seconded by Commissioner Loyd to accept this item. Motion passed 5/0.**

10. Consideration of approving a purchase order to Customs and Border Protection (CBP) for the purchase, installation and service of CBP owned and operated security equipment in the newly renovated CT-10 in an amount not to exceed a \$443,284 one-time charge for equipment and a one- time \$2,500 charge for travel cost for installation of Voice equipment in addition to a \$30,000 annual DS-3 Circuit and connectivity cost. Total cost not to exceed \$475,784. (Tom Foxhoven/Bill Crowe)

Commissioner Justice asked John to try to explain this hard to understand cycle that we go through with the Customs and Border Protection equipment. **Motion was made by Commissioner Justice and seconded by Commissioner Loyd to accept this item. Motion passed 5/0.**

PUBLIC COMMENTS: Ken Ketcham of Merritt Island spoke in regards to the Security Personnel from independent companies particularly the security people who do dock watches and the conditions on the docks.

COMMISSIONER REPORTS:

Micah Loyd: None

Wayne Justice: None

Bob Harvey: None

Jerry Allender: None

Tom Weinberg: None

ADJOURNMENT: The meeting was adjourned at 10:50 am until the next regularly scheduled meeting on April 26, 2017 at 6:00 pm.

CANAVERAL PORT AUTHORITY

Tom Weinberg, Chairman

ATTEST

Jerry Allender, Secretary/Treasurer