

MEETING MINUTES

PANAMA CITY – BAY COUNTY AIRPORT AND INDUSTRIAL DISTRICT

Opening:

The Semi-Virtual Board Meeting of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., April 22, 2020 by Chairman Lee. Board members were offered the option of calling in via Zoom, or attending the meeting in person observing the CDC's recommendation of maintaining a distance of at least six feet from others.

The Invocation was given by Ms. Rhonda Marchman.

The Pledge of Allegiance was led by Chairman Lee.

The Executive Secretary called the roll and indicated all the Board members were present. Everyone called into the virtual meeting except for Chairman Lee and Mr. Nelson who were physically present.

The Agenda was presented to the Board. Mr. Nelson made a motion to accept the Agenda. Mr. Johnson seconded the motion. The vote was taken and the motion passed unanimously.

Reports:

Mr. Parker McClellan presented and reviewed the Activity Reports.

Ms. Darlene Nelson presented and reviewed the Financial Reports.

Consent Agenda:

a. Board Meeting Minutes – March 25, 2020

This item provided for Board approval of the March 25, 2020 Board Meeting Minutes.

b. Ratification of Terminal Fire Pump Repair – Hiller Fire Protection

This item provided for Board ratification of repair purchase for the Terminal Building Fire Suppression System water pump.

The Annual Inspection of the Fire Alarm and Fire Suppression System associated with the Terminal Building was conducted on February 20, 2020. The results of that inspection resulted in the Terminal Fire Pump not being tested due to excessive movement and noise coming from the pump. The pump is the primary component of the Airport's Terminal Fire Suppression System and is required to be operational under NFPA fire code.

As this item is considered operationally essential four written quotes were obtained from vendors to perform an emergency replacement of the pump. Two quotes were returned with options to repair the pump rather than replace the pump.

Due to the critical nature of fire suppression system water pump it was necessary for the Executive Director to approve the pump repair.

Funds for the purchase are available in the current FY2020 O&M Budget, and Staff recommended ratification of the Executive Director's authorization to Hill Fire Protection to repair the Terminal Fire Suppression System water pump in an amount not to exceed \$17,360.

c. Approve 5-Year Extension Amendment for James Corry Land Lease

This item provided for Board approval of a 5-year Land Lease Extension between the District and James Corry.

In May 2010, the District and James Corry entered into a Land Lease for the purpose of relocating Mr. Corry's hangar from the Panama City-Bay County International Airport, to the Premises at the Northwest Florida International Airport. This Land Lease is set to expire on May 22, 2020.

Both the District and James Corry have agreed to a new rental rate and wish to extend the Land Lease an additional five (5) years, with the following amendments to the Term and to the Rent:

- Term shall terminate on May 22, 2025
- Rent will be calculated at the rate of \$0.36 per square foot per year
- On each October 1 after the first year the annual rental rate shall be adjusted in accordance with the increase in the Consumer Price Index (CPI) for all items as published by the Bureau of Labor Statistics for the United States Department of Labor for the month of the preceding June; however, such increase shall not be less than 2% nor greater than 5%.

Staff recommended the approval of a 5-year Land Lease Extension between the District and James Corry. The fiscal impact of the Land Lease Extension will be an additional five (5) years of lease revenue to be realized at the end of the lease term.

This item provided for Board approval to extend the agreement with SunTrust Bank for ATM Services for an additional one (1) year term.

d. Approve 5-Year Extension Amendment for Marty Hasek Land Lease

This item provided for Board approval of a 5-year Land Lease Extension between the District and Marty Hasek.

In May 2010, the District and Marty Hasek entered into a Land Lease for the purpose of relocating Mr. Hasek's hangar from the Panama City-Bay County International Airport, to the Premises at the Northwest Florida International Airport. This Land Lease is set to expire on May 22, 2020.

Both the District and Marty Hasek have agreed to a new rental rate and wish to extend the Land Lease an additional five (5) years, with the following amendments to the Term and to the Rent:

- Term shall terminate on May 22, 2025
- Rent will be calculated at the rate of \$0.36 per square foot per year
- On each October 1 after the first year the annual rental rate shall be adjusted in accordance with the increase in the Consumer Price Index (CPI) for all items as published by the Bureau of Labor Statistics for the United States Department of Labor for the month of the preceding June; however, such increase shall not be less than 2% nor greater than 5%.

Staff recommended the approval of a 5-year Land Lease Extension between the District and Marty Hasek. The fiscal impact of the Land Lease Extension will be an additional five (5) years of lease revenue to be realized at the end of the lease term.

e. Approve 5-Year Extension Amendment for Precision Land & Asset, Inc. Land Lease

This item provided for Board approval of a 5-year Land Lease Extension between the District and Precision Land & Asset, Inc.

In May 2010, the District and Precision Land & Asset, Inc. entered into a Land Lease for the purpose of relocating Precision's hangar from the Panama City-Bay County International Airport, to the Premises at the Northwest Florida International Airport. This Land Lease is set to expire on May 22, 2020.

Both the District and Precision Land & Asset, Inc. have agreed to a new rental rate and wish to extend the Land Lease an additional five (5) years, with the following amendments to the Term and to the Rent:

- Term shall terminate on May 22, 2025
- Rent will be calculated at the rate of \$0.36 per square foot per year
- On each October 1 after the first year the annual rental rate shall be adjusted in accordance with the increase in the Consumer Price Index (CPI) for all items as published by the Bureau of Labor Statistics for the United States Department of Labor for the month of the preceding June; however, such increase shall not be less than 2% nor greater than 5%.

Staff recommended the approval of a 5-year Land Lease Extension between the District and Precision Land & Asset, Inc. The fiscal impact of the Land Lease Extension will be an additional five (5) years of lease revenue to be realized at the end of the lease term.

f. Approve 5-Year Extension Amendment for Larry Thacker Land Lease

This item provided for Board approval of a 5-year Land Lease Extension between the District and Larry Thacker.

In May 2010, the District and Larry Thacker entered into a Land Lease for the purpose of relocating Mr. Thacker's hangar from the Panama City-Bay County International Airport, to the Premises at the Northwest Florida International Airport. This Land Lease is set to expire on May 22, 2020.

Both the District and Larry Thacker have agreed to a new rental rate and wish to extend the Land Lease an additional five (5) years, with the following amendments to the Term and to the Rent:

- Term shall terminate on May 22, 2025
- Rent will be calculated at the rate of \$0.36 per square foot per year
- On each October 1 after the first year the annual rental rate shall be adjusted in accordance with the increase in the Consumer Price Index (CPI) for all items as published by the Bureau of Labor Statistics for the United States Department of Labor for the month of the preceding June; however, such increase shall not be less than 2% nor greater than 5%.

Staff recommended the approval of a 5-year Land Lease Extension between the District and Larry Thacker. The fiscal impact of the Land Lease Extension will be an additional five (5) years of lease revenue to be realized at the end of the lease term.

g. Approve 5-Year Extension Amendment for Tin Cup Investments, LLC Land Lease

This item provided for Board approval of a 5-year Land Lease Extension between the District and Tin Cup Investments, LLC.

In May 2010, the District and Youngstown Properties, LLC entered into a Land Lease for the purpose of

relocating Youngstown Properties' hangar from the Panama City-Bay County International Airport, to the Premises at the Northwest Florida International Airport. On October 20, 2014 Youngstown Properties, LLC assigned their Lease Agreement to Tin Cup Investments, LLC. This Land Lease is set to expire on May 22, 2020.

Both the District and Tin Cup Investments, LLC have agreed to a new rental rate and wish to extend the Land Lease an additional five (5) years, with the following amendments to the Term and to the Rent:

- Term shall terminate on May 22, 2025
- Rent will be calculated at the rate of \$0.36 per square foot per year
- On each October 1 after the first year the annual rental rate shall be adjusted in accordance with the increase in the Consumer Price Index (CPI) for all items as published by the Bureau of Labor Statistics for the United States Department of Labor for the month of the preceding June; however, such increase shall not be less than 2% nor greater than 5%.

Staff recommended the approval of a 5-year Land Lease Extension between the District and Tin Cup Investments, LLC. The fiscal impact of the Land Lease Extension will be an additional five (5) years of lease revenue to be realized at the end of the lease term.

Mr. Nelson made a motion to accept the Consent Agenda, and Mr. Mathis seconded the motion. The vote was taken and the motion passed except for Vice Chairman McDonald who didn't vote due to technical difficulties.

Business Items:

a. **ZHA Task Order #50 – Aircraft Apron Parking – Planning, Design & Construction Administration Services**

This item provided for the Board's approval of Task Order #50 to ZHA as the Airport's continuing engineering consultant to perform required Planning, Design & Construction Administration Services for the Aircraft Apron Parking Project.

The Airport and the EDA have been diligently working with several companies on the Aviation Center of Excellence, specifically Projects Gator, Venus and Goodwrench, which will be located between West Bay Parkway and the Airfield Complex. The projects are moving forward at different paces. Project Gator has been approved by Bay County Commission, and Space Florida is moving forward with the financial package. The Aircraft Apron Parking will support transient aircraft at the Airport and will be adjacent to The Transient Apron, which is currently under construction.

The apron will be approximately 75-100 feet x 400-500 feet and designed to accommodate all classifications of aircraft. The apron parking will include paving, drainage, stormwater management system modifications, security, potential relocation of some existing utilities, apron edge lighting modifications, apron markings, final grading, grassing, and other components related to the project. Additionally, the planning will include conceptual planning of the south campus airfield support areas and also grading, drainage and stormwater planning for the areas adjacent to the project on the west side of Johnny Reaver Road.

The Task Order will be for the Planning, Design & Construction Administration Services which include:

1. Interfacing with the Airport, FAA, TSA, FDOT, Bay County and others as Project is developed through design and procurement.

2. Preparing and submitting the FAA Airspace Study Checklist, if required by FAA, for proposed on-airport improvements, after Airport review.
3. Reviewing as-built information available, existing conditions, and inspecting the site to ensure existing conditions are dealt with in the design documents.
4. Commissioning a survey and geotechnical testing required to prepare the design for the Project.
5. Participating in coordination meetings with the Airport and tenants to confirm the tenants' building locations and interface requirements.
6. Preparing 30% design drawings for Airport review.
7. Identifying stormwater management system modifications found by stormwater engineer in order to comply with the stormwater permit, and incorporating those changes or modifications in design.
8. Preparing 90% design/permitting drawings and technical specifications for the Project to be procured under a lump sum bid construction contract, with unit pricing for change orders purposes.
9. Participating with Airport and others in a meeting to review 90% documents and discuss Project and its procurement and implementation.
10. Preparing 100% design/permitting/procurement documents including all review comments of the 90% design documents.
11. Participating in the pre-bid conference and assist Airport, as required, and providing any additional information or clarifications of the procurement documents to the potential bidders as requested by Airport.
12. Participating in the bid opening and evaluation process and formulating and presenting a bid award recommendation to the Airport for consideration.
13. Preparing a conformed set of construction documents incorporating any addenda items, clarifications, additional information, or other requested modifications for the construction contract.
14. Providing Construction Administration Services.

Staff recommended this Task Order with a not-to-exceed cost of \$278,800 to be funded through reserves and other possible funding sources including, but not limited to, USEDA, FDOT, and FAA. Mr. McClellan addressed the Board to further explain this Task Order. He said this Aircraft Apron Parking Project was not included in the FY20 Budget because it was after the Budget was approved that the Aviation Center of Excellence at the Airport developed, Project Gator began moving forward, and a need to design a ramp to connect the Aviation Center of Excellence to the Taxiway was realized.

Mr. McClellan added that the ongoing construction of another piece of ramp – the Transient Apron Project – was approved in the FY20 Budget, and can be used as part of this Aircraft Apron Parking Project. Mr. McClellan said that even if Project Gator does not go through, once this ramp is built, it will reduce costs for future projects in that location.

Mr. Ken Nelson recommended waiting for a month to see what happens with our finances due to COVID-19, and Mr. McClellan explained that we already have accepted the 50% State Grant for the \$800K match on the \$1.6M Construction portion of the Taxiway E1/Transient Apron Project which must be completed by June 2021 to receive funding. Ms Melzer questioned when the CEI and Engineering costs would be billed. Mr. McClellan said that we will not contract for the CEI for this Project until we move forward with the Construction, though the funding for the estimated \$82K is included in the FAA AIP Grant and the FY20 Budget, and was expected to cover all three Projects. He added that it would be advantageous for us to have projects already designed, on the shelf and ready, when more Construction Grants become available.

Mr. McClellan invited Bay EDA President Becca Hardin to add her comments via phone, and she stressed that this Project is very beneficial for the Airport because it does not depend on passenger traffic for the revenues it will generate, and asked that the Board keep it going in a positive direction. ZHA's President Rick Mellin estimated via phone that the Design portion of this Project would take 5-6 months, and AVCON's Site Development Manager Tonya Nation also commented via phone that because a stormwater review had to be done in Phase 1 of the potential three-phase Project, the cost is slightly higher, but that the Design cost would decrease in Phases 2 and 3 because that stormwater review was already done for the area.

Chairman Lee said in his personal opinion, with the Federal Government putting trillions of dollars into the economy to prevent a further recession, he felt we still need to watch our costs, but we should move forward and prepare for the future. Vice Chairman McDonald concurred and theorized that with the money we will receive from the CARES Act, we could have an estimated nine months of Airport operating expenses covered.

Vice Chairman McDonald made a motion to approve ZHA Task Order #50 – Aircraft Apron Parking – Planning, Design & Construction Administration Services, and Mr. Mathis seconded the motion. The vote was taken and the motion passed except for Mr. Nelson who voted “no.”

b. (i) COVID-19 Update/CARES Act Update

Mr. McClellan invited Mr. Darlene Nelson to assist him in presenting to the Board a financial forecast update showing graphic illustrations comparing the Approved FY20 Budget, the Projected Growth Rate, and the Current Projection. The Approved Budget was an estimated \$19.7M in revenues/\$10.5M in expenses, and the Projected Growth Rate through the end of FY20 (projected before the impact of COVID-19 began to affect the industry) was an estimated \$21.8M in revenues and \$9.9M in expenses. The Current Projection (calculated since the onset of COVID-19 in March), shows a steep decline in March revenues, leveling out and matching expenses through the end of the fiscal year.

Mr. McClellan described to the Board provisions for the CARES Act (Coronavirus Aid, Relief, and Economic Security Act). He informed the Board that nearly \$10 billion will provide for eligible U.S. airports to prevent, prepare for, and respond to coronavirus impacts, including support for continuing airport operations. He reported the Act stipulates the Airport must keep 90% of its Staff employed through the end of the calendar year; clarified funds are appropriated by the FAA from a General Fund (not part of an Airport Improvement Program (AIP) or Airport and Airway Trust Fund; and can be used for either 100% operational costs, 100% for development costs, or for both.

Mr. McClellan reported that Staff felt option using funds for both would work best for the Airport, and asked the Board to approve moving forward with Staff completing and submitting the application to use the funds for both operational costs and for development. Mr. Nelson questioned the possibility that we will not receive the funds and Mr. McClellan reported that the FAA already confirmed we are guaranteed \$6.3M, and the prospected date of receiving the funds could be as early as mid-May.

This item was for informational purposes only, and after Board discussion, required no formal Board action.

(ii) COVID-19 Update/Air Carrier Program

Mr. McClellan reported that regarding the Air Carrier Program, all four airlines signed off on and were all very happy with the offer of deferring their rent and fees by extending the payment due dates, with all charges being remitted prior to the end of our fiscal year; and that discussions have started regarding the renewal of their Lease Agreement at the end of September (to come back to the Board for review in the upcoming months).

This item was for informational purposes only, and after Board discussion, required no formal Board action.

(iii) COVID-19 Update/Rental Car Program

Mr. McClellan informed the Board that the Rental Car companies have several hundred cars stored on the Airport that were part of their summer fleet, as well as their winter fleet.

Mr. McClellan reminded the Board that a vote was taken and the motion passed unanimously at last month's Board Meeting to approve the concept of an Airline and Rental Car Relief Program and the development of an agreement for each line of business.

Mr. McClellan explained this Resolution confirms what was approved at the last Board Meeting and authorizes the use of the Customer Facility Charge (CFC) reserves to pay for the Rental Car companies' April MAG, but he also said that the Rental Car companies have since expressed they would prefer to use some of the CARES Act money instead; therefore a modification to the Rental Car plan may come to the Board at the next meeting on how to make that adjustment.

Mr. McClellan asked the Board to adopt the Resolution approving the use the CFC reserves to pay the Rental Car companies' April MAG payments with the requirement that the companies repay the amount to the CFC reserves. The Resolution also ratifies the \$4.50 CFC rate that pays the Rental Car companies' rent during times of extraordinary force majeure.

Vice Chairman McDonald made a motion to adopt this Resolution. Mr. Tusa seconded the motion. The vote was taken and the motion passed unanimously.

(iv) COVID-19 Update/Concession Program

This item provided an update on the impacts of the COVID-19 Pandemic on the Concession Program including the restaurant, news/gift shop, parking, advertising and ground transportation.

The significant reduction in passenger traffic has had a substantial adverse impact on our concessions. The business model utilized by the concessions is passenger based.

In mid-March the Airport's passenger traffic began dropping, resulting in a 95% reduction in the number of passengers utilizing the Airport. This reduction has led to a significant loss in revenue for the concessions and as a result, they have approached the Airport for financial relief.

As a result of the substantial adverse effect of the COVID-19 Pandemic, Staff has implemented or propose the implementation of the following actions:

- Ground Transportation: Ratify the reduction of the fees for the Queue Contracts from \$135 per month to \$20 per month for the months of April and May. The estimated financial impact is \$5,500.
- Parking: Case-by-case basis, reduction of the parking rate by 50% from March 27, 2020 to May 1, 2020 based on COVID-19 impacts.
- Restaurant (Food and Beverage) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April and May, concessionaire would continue to pay 12% of gross revenues. The estimated financial impact is estimated to be \$9,700.
- Gift Shop (News and Sundries) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April and May, concessionaire would continue to pay 12% of gross revenues. The estimated financial impact is estimated to be \$5,500.
- Advertising Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May and June, concessionaire would continue to pay 30% of gross sales. The estimated financial impact is estimated to be \$6,250.

The budget impact for the months of April and May is estimated to be \$28,250, and Staff recommended acceptance of the relief efforts to the concessions as presented.

Mr. Johnson made a motion to accept Staff's recommendation of the relief efforts as presented for the Concessions, and Ms. Melzer seconded the motion. The vote was taken and the motion passed unanimously.

c. **Presentation: Construction Update (information only)**

Mr. McClellan informed the Board that this presentation would combine the Terminal Expansion, Transient Apron, Taxiway E1, and the State Road 388 Updates, and invited Mr. Richard McConnell to address the Board. Mr. McConnell reported that a great deal of activity has taken place on all four Projects.

Mr. McConnell reported that all but one of the Terminal Expansion modules had been delivered, with the last one expected to be delivered by the end of the week. He said that as of this morning three of the modules had been set (with the remainder expected to be set by end of week), all the trades were present (plumbers, electricians, HVAC, etc.), and the Project was slightly ahead of schedule.

He said that everyone has been moving quickly and much of the prep work is finished on Taxiway E1, with the lime stabilization being delivered, and the first asphalt expected to be laid by end of next week.

Mr. McConnell reported that the State Road 388 Project had also been taking advantage of the reduced traffic, with the final surcharge being added on the west side of West Bay Pkwy resulting in two 15-foot areas of surcharge on either side of the Airport Entrance.

d. ~~**Presentation: State Road 388 Construction Update (information only) (this Item was combined with Business Item 4(c)**~~

The Bay EDA Update:

Bay EDA President Becca Hardin addressed the Board via phone and reported that they are taking advantage of all the options for federal funding assistance that might be out there. She reported that Bay EDA hopes to be receiving CARES Act funding as well, to help support Airport project development.

The Moore Agency Update:

Ms. Katie Spillman of The Moore Agency reported via phone on their March marketing and advertising activity. Ms. Spillman reported that they had planned to run the same digital campaign ads as last month, including paid search and social campaigns targeting travelers and promoting the DCA nonstop offering, however, social ads were paused mid-March due to COVID-19.

Ms. Spillman reported that as a result of COVID-19, search volume and interest in travel search terms continued to decrease during the month of March. To help mitigate the impact on our Paid Search campaign, they added new negative keywords for COVID-19, and advisory and cancellation-related searches to prevent our ads from matching to irrelevant search queries. Ms. Spillman reported that website traffic was down 24%, organic traffic was down 26%, and new visitors were down 24.59%.

Ms. Spillman reported that in March there were 579 airline website click conversions and 129 assisted conversions as a result of our campaign; 4,174 Escape page views; 16,017 new website visitors; 33,732 total website sessions; 1,744,384 earned media impressions; and 33.3% of our subscribers opened the newsletter. Ms. Spillman shared a logo the The Moore Agency creative team designed to celebrate ECP's upcoming 10th year in operation that could be used the remainder of the year on social media, on balloons, on the website, and in email signature blocks.

Executive Director Report:

Mr. McClellan addressed the Board by informing them that there will be some kind of soft celebration on May 23 to acknowledge ECP's 10th year, with something more in the future as the country and state opens up. Mr. McClellan reported on the Airport getting a lot of "Projects Without Passengers" done, i.e. painting, replacing cracked gray floor tiles, etc.; and he asked everyone to recognize Executive Assistant Kathy Gilmore, and Denise Beach in the Public Safety Building, on this Administrative Professionals Day.

Public Comments:

There were no public comments.

Adjournment:

The meeting was adjourned at approximately 10:22 a.m.

Kathy Gilmore, Executive Secretary

Del Lee, Chairman