

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., August 26, 2020 by Chairman Glen McDonald. Board members were offered the option of calling in via Zoom, or attending the meeting in person observing the CDC's recommendations and Governor DeSantis' Executive Order.

The Invocation was given by Mayor Mark Sheldon.

The Pledge of Allegiance was led by Mr. Will Cramer.

The Executive Secretary called the roll and indicated all the Board members were present except Vice Chairman Holly Melzer, and Mr. Jay Tusa. Those present in person were Chairman McDonald, Mr. Del Lee, Mayor Sheldon, and Mr. Cramer. Mr. James Johnson was present virtually. Mr. Jay Tusa joined the meeting virtually at 9:18 a.m.

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

Presentation:

Board Chairman McDonald announced a presentation to recognize Captain Ali C. Frohlich, Delta Air Lines. Captain Frohlich received a plaque recognizing his service as the Air Line Pilots Association (ALPA), International Liaison to the Airport Authority since December 2000, and would be retiring from Delta Air Lines September 1, 2020.

Mr. Parker McClellan read a Resolution recognizing Captain Frohlich, Mayor Sheldon made a motion to adopt the Resolution, and Mr. Lee seconded the motion. The vote was taken and the motion passed unanimously.

Presentation:

Mr. Paul Puckli of CHA reported virtually on the Master Plan Update (MPU). Mr. Puckli's presentation was Board Briefing #6 and included the progress to date, the summary of facility needs, alternatives evaluation update, and the next activities.

Mr. Puckli reported we are at the end of the Development Concepts and Environmental Overview; that this presentation has already been shared with the Planning Advisory Committee (PAC); the Preferred Development Strategy will be prepared next; and the Implementation Plan, Financial Plan and Airport Layout Plan (ALP) will be developed as part of that – all final documents to be adopted by the Board, FAA and FDOT. Mr. Puckli estimated that we should be wrapping up the MPU in October.

Mr. Puckli explained that the method of planning using Planning Activity Levels (PALs) is more important than "planning by year," and is evident as we saw activity level changes since the pandemic began in March.

Mr. Puckli reported that the total facility needs through PAL 4 (the greatest activity level planned for the future in the MPU) include 12 Gates, and 292,000 sq. ft., essentially doubling the footprint of what we have now. He reported we have 7 Gates and 141,000 sq. ft. with the new Terminal Expansion. The

facility needs would also include on-going Apron and Hangar Expansion construction of 180,000 sq. ft., and Landside Expansion (additional parking for all types of users, and access roadway circulation improvements).

Mr. Puckli reiterated the Crosswind Runway Analysis using weather data and wind data from ECP, and how it justifies the need for federal funding assistance from the FAA and FDOT. He showed what the layout would look like for both a 3,600' (AIP-Eligible) and a 7,500' (Full Length) runway, and also the taxiway alternatives.

General Aviation showed the existing construction of the Larger Aircraft Transient Apron; and the proposed additional box hangars near Sheltair, additional proposed T-Hangars, and proposed locations for apron pavements that would all be needed in PAL 4.

Mr. Puckli showed six different alternatives for Terminal development taking into consideration walking distances, non-aeronautical revenue, environmental concerns, RON parking, cost, operational efficiency, flexibility for aircraft parking, taxiway access, ECP vision compatibility and passenger experience, and constructability/implementation complexity. He explained that Concept Alternative No. 4 had the best score when compared with the other alternatives. Alternative No. 4 expands the Terminal Central Core further north, with additional clearance from the Existing Concourse for ADG Group III Aircraft Parking, dual Taxilanes, and opportunities for Concessions along the Concourse.

Mr. Puckli reported on the Landside Alternatives which include Ground Access and Parking, informing the Board that we currently have 1,800 surface parking spaces for short-term, long-term, employee, and rental car ready/return parking, with an additional 300 spaces for overflow parking and 885 spaces for rental car QTA (Quick Turnaround). Mr. Puckli reported that the current parking demand will be exceeded by PAL 1, and presented a three-phase approach to take us through PAL 4 activity.

Mr. Puckli reported draft of Working Paper #4 will be sent to Staff to review in the next two weeks and then posted on the ECP website presenting these Alternatives. He said that a Public Meeting will be held virtually in September with advertising, Staff, and The Moore Agency getting the word out, and we would be able to wrap up the Master Plan within the next couple of months, with the possibility/probability of the FAA and FDOT taking longer than two months to respond and approve.

Chairman McDonald expressed concern that the new Terminal Expansion was not included in the Master Plan, and Mr. Puckli explained that we will get good use of the Terminal Expansion, that there is flexibility in that area regarding aircraft parking and passenger circulation, and it will still be in use for a long time to come as it has a 25-year lifespan, through at least PAL 2. Chairman McDonald asked for the Terminal Expansion to be added to the Master Plan, and Mr. Puckli and Mr. McClellan responded that a transition can be included in the Plan should we reach an activity level sooner than planned.

Chairman McDonald inquired about the standoff area from parking to the Terminal, and Mr. Puckli responded that the 300-ft. requirement has not been an issue since 9-11, but even during high alert periods, there are ways to evaluate risk to accommodate security levels.

Mayor Sheldon asked about the Crosswind Runway and a cost estimate for the two lengths, and Mr. Puckli stated that the Financial Plan will include them. Mayor Sheldon also asked what the timeline might be to reach Terminal Expansion # 4, and Mr. Puckli responded that had we not had the COVID-19 pandemic, we would have likely reached PAL 4 in a 20- to 25-year milestone.

This presentation was for informational purposes only and required no formal Board action.

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 – July 29, 2020

This item provided for Board approval of the July 29, 2020 Board Meeting Minutes.

b. Audit Engagement – Tipton, Marler, Garner & Chastain

This item requested approval by the Board for the acceptance of a Letter of Engagement with Tipton, Marler, Garner & Chastain (TMGC) to perform the FY20 financial audit.

TMGC has submitted an Engagement Letter which details their audit procedures and a proposal of their fees. The audit will meet or exceed the requirements specified by Florida Statute for Special Districts.

Staff believes it to be in the best interest of the District to continue its working relationship with TMGC and is satisfied with the audit services provided. A not-to-exceed budget of \$24,310 is proposed for this work effort. Funding will be provided in the Airport FY21 Operating and Maintenance Budget.

c. Approve Contract Extension – ERMV IV, L.L.C

This item provided for Board approval to extend the contract and exercise the final one-year option for the Airport Gate Services and Conveyor System Operation and Maintenance Program Agreement at the Northwest Florida Beaches International Airport.

At the November 16, 2016 Meeting, the Board selected and entered into a contract with ERMV IV, L.L.C. for the operation and maintenance of the Airport's passenger boarding bridges and baggage conveyance system at the Airport. The initial contract was for a three-year period and was set to expire in November 2019. The initial agreement provided for an additional two (2) one-year renewal options at the same conditions as the initial agreement. The Board exercised the first one-year option period at the September 25, 2019 meeting.

The Contract and Renewal Option will be modified to include the addition of the new loading bridges as part of the Terminal Expansion Project. Gate 6 is a relocated passenger loading bridge, which is owned by the Airport and Gate 7 is new passenger loading bridge procured as part of the project with a 12-month warranty.

The gate services and conveyor operation and maintenance provider is responsible for the operation and maintenance of the passenger boarding bridges, on all seven (7) of the Airport's Terminal Gates, and the Baggage Conveyance System, consisting of conveyance belts, a bag makeup carousel, and three (3) baggage claim carousels.

ERMV has performed well over the previous terms of the Agreement and is responsive to the needs and requirements of the Airport and the Airlines. The reliability of the systems maintained by ERMV is a key and essential part of the operation of the Airport.

This renewal will be the second of the two (2) one-year extensions to extend the agreement and to add the passenger boarding bridges for Gates 6 and 7. The Extension will expire on November 30, 2021.

Staff recommended approval to extend the contract with ERMV IV, L.L.C. for continued operation and maintenance services of the gate services to include new Gates 6 and 7 and baggage conveyor system at the Northwest Florida Beaches International Airport through November 30, 2021. The option year two (December 1, 2020 – November 30, 2021) price for services will be \$316,580.99, and provided for in the

Airport FY2021 Operating and Maintenance Budget. The option year two price of \$316,580.99 represented an annual increase over current price of \$8,363.04 or 2.71%.

d. Approve ZHA Task Order 19-K – Qualified Mitigation Supervision (QMS) and Mitigation Monitoring

This item provided for the Board's approval of a Task Order to ZHA as the Airport's continuing engineering consultant to perform the required qualified mitigation supervision (QMS) and mitigation monitoring at 19 sites as required under our environmental permits, for September 2020 through August 2021.

The Airport is required to provide QMS to oversee all aspects of mitigation site implementation, management, and corrective actions and mitigation monitoring in accordance with the FDEP WRP Permit #03-0212186-004-DF. These services were provided by the ZHA and their sub-consultant ERC over the past eight years (September 2012 thru August 2020). The Permit requires continuous inspection presence on-site to monitor mitigation activities.

The required services include qualified mitigation supervision of all aspects of mitigation construction activities on the Airport's mitigation site located south of SR 388 and the Airport. Up to 170 days of on-site coordination and inspection of mitigation construction activities will be provided each year. ZHA shall also provide annual mitigation monitoring in accordance with the Airport Relocation Mitigation Plan dated October 2006 and monitor the stations and methods established during the initial baseline quantitative monitoring conducted in the of Fall 2006.

This includes quantitative monitoring for ecological community classification, description, and mapping. Established permanent photo-point stations will also be utilized for each quantitative field plot for photographs recording each monitoring event. Qualitative reconnaissance and inspection of larger mitigation areas, characterization, ground-truth stations, and specific work plan areas (hydrologic restoration sites, road removal areas, thinning units, burn units, etc.) will be conducted in association with the quantitative monitoring, based on set travel routes that are repeated over time.

Statistical analysis of the quantitative monitoring data will be evaluated based on before and after comparison of overall community classification. Individual vegetation layer components from the quantitative data will also be evaluated. Comparisons with similar natural communities will be used as supporting documentation.

The consultant shall meet regularly with the Contractor to review work plans, schedule of work activities, in-field progress, quality of the work inspections, and other related construction issues. The consultant will review the monthly payment requests of the contractor, determine their appropriateness for payment, revise as necessary, approve the revised payment application and process them for payment. The consultant will provide in-field inspection of the Contractor's activities, monitoring progress, quality of work, compliance with contract requirements, Permit, approved work plans and record and log findings and observations.

Additionally, the consultant will provide aerial photography and photo interpretation as required to assist in the mitigation efforts required by the FDEP Permit as well as by the Airport.

The consultant shall prepare two reports per annual period: an annual report for each period, Sept. to August; and a mitigation monitoring report for each period, September to August. The annual report shall be prepared within ninety (90) days after the end of the data collection and submit it to the Airport for review and approval to send to the agencies.

The total Task Order 19-K, including fees and expenses will be \$205,100 and is contained in the FY21 Operating Budget.

e. Accept Staff Recommendation on Republic Parking Annual Bonus

This item provided for Board approval of an incentive bonus for Republic Parking for the period from June 2019 through May 2020.

The Republic Parking Management Contract provides for a bonus of up to 100% of the annual management fee for operation and management of the parking operation based on an evaluation of performance completed by Airport Staff. The rating based on this evaluation is 94.5%. When this rating is applied to the annual management fee of \$31,212.00, a bonus of \$29,495.34 is calculated.

Republic Parking continues to provide excellent service to our Airport and focuses on customer service, and the bonus amount is within the current approved budget.

f. Adopt Administration Policy – Family and Medical Leave Act Policy (FMLA)

This item provided for Board approval of a proposed new administrative policy regarding Family and Medical Leave Act (FMLA).

The administrative Policy 9.3 will be in the Leave section of the Employee Manual. This Policy adheres to the Federal Family and Medical Leave Act imposed by The United States Department of Labor Wage and Hour Division, Title 29 CFR Part 825. The new Policy addresses the employee's eligibility, type of leave covered, amount of leave, status and benefits during and after leave, use of paid and unpaid leave, intermittent leave or reduced work schedule, certifications required, and procedures for requesting FMLA leave.

Staff has drafted the proposed administrative Policy 9.3 to include the necessary language for compliance with the Family and Medical Leave Act as well as to provide guidance to the Authority's employees, and it has been reviewed by legal counsel.

There is no impact to the Airport's Operating and Capital Budget.

g. Approve Administrative Policy Change – Drug-Free Workplace

Staff recommended Board approval of a policy change regarding the Drug-Free Workplace.

The current Policy 3.3 – Drug-Free Workplace was last updated and approved by the Board effective March 1, 2015. The current Policy is updated to comply with Florida State Statute Section 440.101 and 440.102. The changes made in the "Proposed Policy" are quite extensive and more clearly define The Authority's position on mandatory testing, testing results, consequences of positive testing, and Employee Assistance Programs. The proposed policy also addresses the reporting of alleged crimes including drugs or alcohol.

Staff has updated Policy 3.3 to include the necessary language for compliance with State Statute as well as to provide guidance to the Authority's employees, and it has been reviewed and approved by legal counsel.

There is no impact to the Airport's Operating and Capital Budget.

Mr. Lee made a motion to accept the Consent Agenda, and Mayor Sheldon seconded the motion. The vote was taken and the motion passed unanimously.

Business Items:**a) COVID-19 Update****i) COVID-19 Financial Update**

Mr. McClellan addressed the Board and illustrated with a bar graph the passenger counts of last year vs. this year. Mr. McClellan invited Ms. Darlene Nelson to assist him in presenting to the Board a financial forecast update showing graphic illustrations comparing the Approved FY20 Budget, projected growth rate, current projections, and actual revenues and expenses.

Ms. Nelson reported the July actual revenues were \$300,000 higher than in June and continue to trend upward, and we are closing the gap between the actual revenues, the approved budget revenues, and the revenues projected with growth rate.

Ms. Nelson reported that we continue to hold our expenses down and under what we originally projected.

Ms. Nelson reported that July revenues exceeded expenses by \$845,000.

This Item was for informational purposes only and required no formal action by the Board.

b) Triumph Application – Project Gator (information only)

Mr. McClellan reported that the Airport went to the Triumph Board last week and got the approval to develop a term sheet for Project Gator, the aircraft refurbishing company, and it has been sent out to Space Florida partners, as well as local financial institutions, to find out who would be interested in financing the Project, and the FDOT has also been approached for some participation.

This Item was for informational purposes only and required no formal action by the Board.

c) Exercise Option to Extend Food and Beverage Concessions Agreement – First Class Concessions

This item provided for Board approval to extend the contract for the Food and Beverage Concessions Agreement with First Class Concessions at the Northwest Florida Beaches International Airport for an additional five-year term.

In November 2005, a Request for Proposals for the development and operation of a Food and Beverage Concession in the Panama City-Bay County International Airport was advertised and distributed. The District received two proposal packages, one of which was deficient in many areas, and the second being submitted by First Class. The First Class proposal met the intent and the requirements of the RFP, including their conceptual plans for the restaurant and lounge.

In January 2006, the Board awarded the Food and Beverage Concession to First Class, and an agreement between the District and First Class was entered into in February 2006.

When the contract was awarded to First Class, it was with the intention that they would move to the new airport. Business in the final years at PFN was slow, which had a definite impact on the profits recognized by First Class. However, the company stayed with the Airport through the years of diminished profits and looked forward to the move to ECP, which occurred in May 2010.

As part of the relocation process, a new agreement was drafted to address circumstances at the new airport. The agreement had a termination date of May 2015, with the opportunity for the concessionaire to be considered for additional five-year option periods. The agreement was subsequently extended through

September 2015, at which time a five-year extension was granted with an expiration date of September 30, 2020. The extension agreement contained language as follows:

- Requiring First Class to make proposed upgrades to its facilities expeditiously, after obtaining final approval from the District and working with the District to schedule construction at time that would be least disruptive to Airport passengers.
- Increasing the level of enplanements from 500,000 to 600,000 for First Class to retain the exclusive food and beverage rights.
- Upon reaching the 600,000 enplanement level, First Class will be offered the opportunity to expand food and beverage services, at the discretion of the District.

Following the execution of the extension in 2015, First Class Concessions made a significant investment in ECP. By envisioning and developing a new concept, First Class gave the food and beverage locations a fresh, new look that was appreciated and enjoyed by both passengers and airport employees. The new concept has been very successful with the addition of a coffee kiosk, updating of the restaurants and bars, with increased sales and a variety of options.

As the Terminal Expansion became reality, Staff approached First Class about concession options in the Expansion and what type of service it might provide, if space were to be available. First Class developed several alternatives for discussion.

In March 2020, the COVID-19 Pandemic impacted the aviation industry in an unprecedented manner with passenger traffic dropping by 95% in April and future passenger levels uncertain. With the uncertainty of the passenger traffic and after a review of activities throughout the industry, it was determined that developing a new food and beverage concession program would potentially be detrimental to the Airport's financial position. Because concessionaires base their proposals and responses on the number of enplanements and passenger activity, Staff believed it in the best interest of the Airport to forego a formal proposal process due to the many unknowns at this time.

Based on this assumption, Staff approached First Class about investing in the Terminal Expansion as well as refreshing the concessions to ensure a clean and fresh look. First Class has agreed to invest in the development of the concession area in the Expansion and refresh the kitchen area of the upstairs restaurant, which is approximately 75-80% of the business. It is estimated these improvements would be approximately \$125,000.

The plan includes being fully operational in the Expansion and in the updates to the upstairs kitchen prior to Spring Break 2021. This time allows for design, permitting and construction during historically lower passenger activity levels.

Additionally, Staff reached out the FAA DBE Office to ensure compliance with the DBE Program (First Class Concessions is a Woman-Owned Business) and received approval for a lease extension. First Class Concessions has been an excellent partner at the Airport day-to-day, during Hurricane Michael, and during the COVID-19 Pandemic.

Staff recommended approval to extend the contract with First Class Concessions for continued Food and Beverage Concessions at the Northwest Florida Beaches International Airport for an additional five years based on historical performance and the proposed investment in its facilities, but added the importance of going out on the street for Bids when this extension runs out in five years. The budgetary impacts will be minimal. Additionally, the updated concept will attract additional passenger activity, thus increasing revenues.

Mr. Johnson made a motion to approve the extension of the contract with First Class Concessions for continued Food and Beverage Concessions at the Northwest Florida Beaches International

Airport for an additional five years, and Mayor Sheldon seconded the motion. The vote was taken and the motion passed unanimously.

d) Extension of Advertising Concession Agreement – Clear Channel Interspace Airports

This item provided information to the Board for extending the Airport Advertising Concession Agreement with Clear Channel Interspace Airports (Clear Channel).

In June 2005, the Board awarded the Advertising Concession to Interspace Airport Advertising, now Clear Channel, and an agreement between the District and Clear Channel was executed. The original Agreement also allows for one or more additional five-year extensions with the mutual agreement of the parties.

In June 2009, before the relocation of the Airport, the Board agreed that Clear Channel had met or exceeded all of the standards, and an extension of the term was granted through September 2015.

In September 2015, an additional 5-year extension was granted based on the several improvements and additions to the contract and advertising program. These improvements and contract modifications have proven to be successful and improved our ability to deliver messaging as you leave the main doors in the Terminal.

Clear Channel has contacted Staff about exercising an extension option, and was preparing to submit a proposal for future activities at ECP. The recent COVID-19 Pandemic has had a significant impact on the advertising business and our industry.

The Terminal Airport Advertising Program is based on impressions and the number of times an advertisement has the opportunity to be seen at the Airport. With the reduction in passengers and the unknown future demand, it was mutually determined that a one-year extension under the same terms and conditions would be the best approach to ensure the continued success of our Terminal Airport Advertising Program.

Throughout the term of the existing agreement, Clear Channel has been a great business partner and tenant and has always been responsive to requests.

The revenues will be consistent with the existing agreement and included in the FY 2021 Budget, and staff recommended that the Board extend the advertising concession with Clear Channel for a one-year period.

Mr. Lee made a motion to approve the extension of the advertising concession with Clear Channel for a one-year period, and Mr. Cramer seconded the motion. The vote was taken and the motion passed unanimously.

Construction Update (information only):

Mr. McClellan addressed the Board beginning with an update on the Terminal Expansion Project. He informed the Board that today American Airlines will be moving from old Gate 6 to new Gate 6 and begin operating in the new space tomorrow; Gate 7 is estimated to be operational in mid-October due to COVID-19.

Mr. McClellan addressed the Board with an update on the Transient Apron and Taxiway E1 Project. He reported that we are waiting for signage and striping to be done; the concrete mix with a certain type of sand is getting straightened out without delay, and that was confirmed by Mr. Lee Lewis of AVCON who was present in the meeting.

Mr. McClellan addressed the Board on the new S.R. 388 and reported the surcharge at the Airport Entrance

has taken effect and the compression needed has been met, so the height levels of those mounds are being brought down to an elevated intersection – the same level of the highest part of the road we have today.

The Bay EDA Update:

Bay EDA President Becca Hardin addressed the Board via phone and reported the amount of detail required by the Triumph Gulf Coast Board process is always extensive, and gave a public shout out to Parker, Garrett, and Darlene for getting the application prepared allowing us to get to this point with Project Gator; the term-sheet negotiation process will still require some work, but she really feels this will be the first step in forming an infrastructure at the Airport to be utilized for years to come. Ms. Hardin reported that Space Florida was visiting today, and proposals from banks will be reviewed to see who we want to work with to finance the project and hopefully we will be able to announce the name of this company in September. Ms. Hardin reiterated that Project Gator will be in a position to provide 96 jobs with a capital investment of approximately \$26.5 M and would build a double-wide, narrow-body hangar adjacent to the Runway, and once again thanked the Board for approving the Project.

Ms. Hardin reported that project interest activity has finally started to pick back up, and an MRO (Maintenance, Repair, and Overhaul) company – Project Emerald, a lead from Florida’s Great Northwest – is visiting the Airport today. She reported that they do not need access to the Runway so Bay EDA is showing them build-to-suit locations, including Venture Crossings, and it is exciting because they would eventually offer 368 jobs, and have a \$90 million capital investment.

Ms. Hardin reported that Project Venus, the European MRO (Maintenance, Repair, and Overhaul) company offering 250 jobs, \$50 million capital investment, and needing access to the Runway – has been put on hold because of COVID-19 travel limitations, but conversations with them will start again in September.

Ms. Hardin reported work continues with Project Purple who is looking at possibilities in Venture Crossings, would offer 115 jobs and \$8 million capital investment; and concluded by reporting we found out last night we made the cut with Project Domino, another aviation-related MRO company, that would provide 400 jobs with a \$100M capital investment, who would need access to the Runway.

Chairman McDonald asked for the Triumph Application amount we requested and Ms. Hardin responded \$4.8 million.

The Moore Agency Update:

The Moore Agency Senior Vice President Ms. Jordan Jacobs addressed the Board in person and reported that research shows 50% of American adults who flew at least once a year before the pandemic currently say they are not comfortable flying. She informed the Board that making them feel safe was the goal which led to the ECP Ready When You Are Campaign (increased cleaning frequency, floor decals for social distancing, use of plexiglass shields and face masks). She said new signage has been installed throughout the Terminal; and the use of a warm, friendly face of an airline attendant in ads.

Ms. Jacobs reported that Google Paid Search (if someone was actively searching on travel) was the only paid channel running since March, but starting in September, more will be done to get the public proactively thinking about getting on a plane and visiting. She added that for three weeks in September the new ECP TV commercial is slated for WMBB, WJHG, and our digital channels.

Executive Director Report:

Mr. McClellan addressed the Board and reported that we were ready for Hurricane Laura that never affected our area, and are providing a safe refuge for aircraft which had to be temporarily relocated due to the storm. Mr. McClellan invited the Board to the September 2, 2020, 9:00 a.m. Board Budget Workshop.

Public Comments:

There were no public comments.

Adjournment:

The meeting was adjourned at approximately 10:26 a.m.

Kathy Gilmore, Executive Secretary

Glen McDonald, Chairman