

## MEETING MINUTES

### PANAMA CITY – BAY COUNTY AIRPORT AND INDUSTRIAL DISTRICT

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#### **Opening:**

The Board Meeting of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., June 29, 2022 by Chair Glen McDonald.

The Invocation was given by Vice Chair Holly Melzer.

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

Roll was called. In attendance were: Mr. Brian Kellenberger, Mayor Mark Sheldon, Mr. Will Cramer, Mr. Les McFatter, Vice Chair Melzer and Chair Glen McDonald.

Chair McDonald asked if there were any Public Comments. There were no Public Comments.

Chair McDonald asked if there were any items on the Agenda, including the Consent Agenda, that any Board Member would like to move to a Business Item for further discussion, and if not, to make a motion to accept the Agenda.

**Vice Chair Holly Melzer made a motion to accept the Agenda, and Mayor Mark Sheldon seconded the motion. The vote was taken and the motion passed unanimously.**

#### **Presentation: Proclamation Recognizing Randy Iler's Retirement**

Chair McDonald recognized Mr. Randy Iler for 33 years of service with Panama City – Bay County Airport and Industrial District and presented him with a Proclamation making June 29, 2022 “Randy Iler Day”.

#### **Reports:**

Mr. Parker McClellan presented the Activity Reports. Airfares are up 37-40% with increased fuel prices and are impacting discretionary travel, so numbers are down a little, but Mr. McClellan says there should be no need for concern. We are still in positive growth over 2019, and still on course to have a very good year. The load factors are very high and the airlines are doing extremely well at capacity management. We are at 23% of the Market Share and we are a positive part of the success across our Region; showing growth especially in Bay and Walton Counties.

Mrs. Darlene Gordon presented the Financial Reports for the 8 months ending May 31, 2022. Our cash increased \$1.1 million in the month of May. Our total cash balance is \$34.1 million; a \$7.6 million increase over this time last year. Revenues are strong and continue to exceed our budget. YTD our Operating Revenues at 133% of budget. Income from the Rental Cars is up 19%, and Parking Fees are up 74% over May YTD of last year. Both continue to be big assets. Overall, financials are very positive and we are in a very strong financial position.

**Consent Agenda:**

**a. Board Meeting Minutes – May 25, 2022**

This Item provided for Board approval of the May 25, 2022 Board Meeting Minutes.

**b. Approve Lease with DADE GSE**

This item provides for Board approval of a Cargo Building Lease between the District and Dade GSE.

In September, 2019, Dade GSE began leasing space from the Airport to provide Ground Support Equipment maintenance services to Delta and United at the Airport. This lease is set to expire August 31, 2022. Dade GSE continues to provide Ground Support Equipment maintenance services at the Airport and has requested to continue leasing same space in support of the services to Airport airline tenants. Dade GSE has requested no lapse in the lease agreement and will enter a new lease to be effective September 1, 2022. The terms of the lease will be as follows:

- Lease term is one year with two, one-year renewal options
- Starting rental rate will be \$1,949.85/month, with an annual adjustment based on the CPI
- Proof of general liability, casualty and automobile insurance is required, with District named as an additional insured
- Area leased will be approximately 1,000 square feet, located in the air cargo building at the Airport.

The Airport Operating and Maintenance Budget will be positively impacted by the amount of revenue from this lease. Monthly revenue generated would be approximately \$1,949.85 (\$23,398.20 annually).

Staff recommends Board approval of the Lease with Dade GSE

**c. Ratify Acceptance of FAA Grant Offer for Environmental Mitigation**

This item provides for Board Ratification of the Acceptance of an FAA Grant for use of Entitlement Funds that provides funding for Environmental Mitigation construction efforts on the approximately 9,600 acres south of the Airport. This is an ongoing partnership between the FAA and the Airport to continue mitigation efforts.

This FAA Grant Offer represents one of the Airport's FY22 requests for entitlement funds under the FAA Airport Improvement Program. This Grant provides for:

Mitigation Site Development (Phase 6 of 8)

- Ongoing project to improve the mitigation property; and
- Includes tasks identified as construction projects, including, but not limited to, construction of low water crossings, replanting, and burning.

The total cost of construction phase of the project is \$143,676 and is reimbursable under this FAA Grant at a 90/10% split for eligible items.

Funding for this project will be included in the FY23 Airport Budget.

Staff recommends Board Ratification of the Acceptance of the FAA Grant Offer for Environmental Mitigation Site Development.

**Mr. Les McFatter made a motion to accept the Consent Agenda, and Mr. Will Cramer seconded the motion. The vote was taken and the motion passed unanimously.**

**Business Items:**

**a. Approve Lease Amendment #6 – Sheltair Panama City, LLC**

Mr. McClellan explained that Sheltair has been a great partner to the Airport since 2010 and have a very successful facility. He showed an aerial view of Option Parcel #4 that Sheltair is asking to be added to the lease where they plan on building an additional ramp, hangar, parking and other buildings. This Item is to approve Amendment #6 to their lease.

We have received a request from Sheltair to modify their lease to transfer the Option Parcel 4 to the permanently leased area. Sheltair intends to construct an additional ramp, vehicle parking and a hangar on the additional area.

Amendment #6 will incorporate the area included in Option Parcel 4 into the permanently lease area. This Option Parcel 4 includes approximately 81,338 square feet or 1.867 acres.

Exhibit A of the Amendment reflects the estimated acreage that will be included in the amendment and a final survey will be attached at the time of execution reflecting as built conditions as well as boundaries.

The Amendment will be effective July 1, 2022. Rent will remain at the Option rate of \$0.03 per square foot until the improvements are complete, but not later than December 31, 2023, at which time the rent will be approved rental rate per square foot.

The fiscal impact of the Amendment #6 will increase revenues for the future budgets based on the approved rental rate at time of beneficial occupancy, with the rental continuing throughout the term of the lease unless further amended.

Staff recommends that the Amendment #6 to Sheltair's Lease be approved.

**Mr. Will Cramer made a motion to approve Lease Amendment #6 – Sheltair Panama City, LLC, and Mayor Mark Sheldon seconded the motion. The vote was taken and the motion passed unanimously.**

**b. Approve FBO Lease with Southern Sky Aviation, KECP, LLC**

This project, known as “Project Tiger”, began as a discussion with the Airport, the Bay Economic Development Alliance and Southern Sky Aviation as a Maintenance Repair and Operations (“MRO”) type project. As the process began to move forward, it was redefined as an FBO Project.

Mr. McClellan explained that Southern Sky Aviation is headquartered in Birmingham, AL and has locations in Pascagoula, MS and Birmingham, AL. The FBO leadership team has more than 40 years of experience in FBO operations and maintenance and other types of aircraft services and support services. They wish to build a new FBO facility at ECP. He presented slides with the aerial view of the approximately 11-acre parcel of land (Exhibit A) that they would like to lease for the build. The second FBO will be complimentary to the already existing Sheltair.

Mr. Donald Howell, President and CFO of Southern Sky Aviation, KECP, LLC introduced his team and presented the site plan and the conceptual views for the proposed FBO. If approved, groundbreaking is expected in in mid-October 2022. They have tentatively planned to start operating with a partial facility, as soon as it is safe to do so, while the rest of the project is being completed. Project completion is anticipated to be in December 2023.

Southern Sky Aviation will lease the parcel between the Fuel Farm and the corporate hangars, which is approximately 11+/- acres at a rental rate of \$0.38/ square foot. The Facility will include a terminal, hangars, aircraft tie-downs and ramp space, and will have a capital investment estimated to be in excess of \$25 million dollars. The facilities will meet the minimum standards for an FBO, providing services for general and commercial aviation.

The term of the lease is thirty (30) years, with two (2) ten (10) year options and has rate adjustments throughout the term. Additionally, the District will provide \$400,000 to Southern Sky to be spent on the construction of the infrastructure on the FBO site.

As part of the development process, Staff and Legal Counsel have performed diligence as to the financing of the project.

Acceptance of this agreement will positively impact the Airport’s Operating and Capital Improvement Budget with an initial estimated annual income of \$182,000 along with rate escalations as outlined in the lease. The \$400,000 investment from the Airport will be paid with funds from the CARES grant.

Staff recommends Board approval of the FBO Lease Agreement with Southern Sky Aviation – KECP, LLC and the \$400,000 infrastructure investment provided by the Airport.

**Mr. Will Cramer made a motion to approve FBO Lease with Southern Sky Aviation, KECP, LLC, and Vice Chair Holly Melzer seconded the motion. The vote was taken and the motion passed unanimously.**

c. **Adopt Resolution for FDOT – State Infrastructure Bank (SIB) Loan Application for Terminal Expansion**

Mr. McClellan explained that as we look to the future, we want to make sure funding is available to begin future developments. At the moment, we are waiting for funding from the FAA as well as other grants. This loan would be for \$25 million and would give cash flow that will allow work to begin on the North expansion or other while waiting for the possible grant monies to become available.

The adoption of this Resolution will allow for the filing of an application with the Florida Department of Transportation State Infrastructure Bank (“SIB”) for financial assistance. The assistance will be in the form of a loan to provide partial funding for the purpose of expansion of the Northwest Florida Beaches International Airport according to the Master Plan Update as approved and adopted by the Board on April 20, 2022. The Resolution also authorizes the Executive Director to act on matters related to the application.

While Staff is actively pursuing grants to fund the projects, it is not probable that the Airport will receive adequate grant funds to complete the construction of the projects. Complicating the process of the SIB loan application is the timing of the Bipartisan Infrastructure Law (BIL) Grant funds award notification administered through the Federal Aviation Administration (FAA). The expected date of the announcement of the first round of awards is end of June or later. There are additional awards that will follow the first round, annually.

With the timing deadline of the SIB loan due date being end of June, Staff believes it is in the best interest of the Airport to begin the application process. Should the original application amounts need to be reduced, SIB representatives have indicated that would be acceptable prior to the loan’s issuance.

Staff recommends the adoption of this Resolution to file an application for financial assistance from the Florida Department of Transportation State Infrastructure Bank in an amount not greater than \$26,000,000, which is approximately 50% of the project cost and to allow the Executive Director to act in all matters related to the application.

**Mayor Mark Sheldon made a motion to Adopt Resolution for FDOT – State Infrastructure Bank (SIB) Loan Application for Terminal Expansion, and Mr. Will Cramer seconded the motion. The vote was taken and the motion passed unanimously.**

**Construction Update (information only):**

a. **Airport Entrance Roundabout and State Road (SR) 388 Realignment**

Mr. Richard McConnell reported on the S.R. 388/Airport Entrance Roundabout. The Airport’s Entrance Sign is now up in the center of the future Roundabout. They have begun the curb and gutter for the Roundabout. FDOT has asked us to look into drilling a third well to supply water to the landscaping that will be added to the center of the Roundabout. It is anticipated that the work should be mostly completed by October. Mr. McClellan added that the power to the sign should be connected by August and the sign will be illuminated at night.

**Bay EDA Update (Information Only):**

Bay EDA President Ms. Becca Hardin reported that the Southern Sky project was a collaborative effort and thanked everyone involved. Since the last Board Meeting, Central Maloney had a ribbon cutting and grand opening at Venture Crossings. They will start hiring in the fall through CareerSource. Resia is a new company that will be building a 200,000 square foot manufacturing facility in Venture Crossings across from Central Maloney and will be creating 200 jobs and \$45 million in capital investment. Resia manufactures modular rooms for the construction of high-rise apartments. A Canadian company that Becca and her team met at Project Maple is coming to our area for a site visit at the end of July or first part of August. Becca and Ben will be travelling to the 2022 Farnborough International Air Show with Enterprise Power and Florida Power and Light in July to represent our area. It is the first event like this to take place in 2 years since the Pandemic, so everyone is excited.

**The Moore Agency Update (Information Only):**

Ms. Katie Spillman of The Moore Agency reported on marketing. She announced the Wheels Up Summer Music Series is kicking off in July. We will have local musicians entertaining passengers in the Terminal every Saturday in July. She also presented a video project hosted by Dennis Quaid that will be aired through public television on the program “Viewpoint” in all 50 states. It will start to roll out in September 2022.

**Executive Director Report:**

Mr. McClellan gave the Executive Director Report. He talked about the additional staff that have been added over the last month. He introduced Beth Harless, Accounting Assistant, Mikko Huttunen, Airport Planner and Lauren Bakun, Intern who all began employment at the Airport.

**Public Comments:**

There were no Public Comments.

**Adjournment:**

The meeting was adjourned at approximately 10:00 a.m.

Next meeting is scheduled: July 27, 2022 – Board Meeting 9:00 a.m.

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Lisa Brady, Executive Assistant

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Holly Melzer, Chair