

## 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., February 26, 2014 in the Airport Board Room by Chairman Pilcher.

The Invocation was given by Ms. Patty Mitchell.

The Pledge of Allegiance was led by Chairman Pilcher.

The Executive Secretary called the roll and indicated that all Board Members were present.

#### **Approval of Minutes:**

The January 22, 2014 Board Meeting Minutes were approved as distributed.

#### **Reports:**

Mr. McClellan presented and reviewed the activity report.

Ms. Henderson presented and reviewed the financial report.

#### **Presentation:**

Mr. Paul Puckli with CHA Consulting, Inc., provided a presentation to the Board reviewing the development concepts and further recommendations that resulted from the Workshop held this past December. Mr. Puckli summarized the progress of the master plan process and discussed the projections for the airfield and land use areas, the transient apron area, the security screening checkpoint expansion, the outbound baggage handling system expansion and the potential terminal expansion options.

Mr. Puckli stated that with the Board's concurrence regarding the master plan progress, the next phase would include refinement of the cost estimates by phase, preparing a 10 year financial plan, drafting the master plan report and airport layout plan drawings and scheduling a third and final public workshop. After FAA concurrence, the final document would be prepared and presented to the Board for adoption.

**Following Board discussion, Mr. Scott made a motion to recognize the Board's consensus with the master plan status and approval for CHA to move forward with the master plan process and prepare the next phase of draft documents. Ms. Moliterno seconded the motion. The vote was taken and the motion passed unanimously.**

**Consent Agenda:**

**a. Banner Tow Agreement – Aerial Banners, Inc.**

This item provides for Board approval of a Banner Tow Agreement between the Panama City – Bay County Airport and Industrial District and Aerial Banners, Inc., for the operation of aircraft banner tow activities at the Northwest Florida Beaches International Airport.

**b. Banner Tow Agreement – Aerial Messages of Daytona and Sales, Inc.**

This item provides for Board approval of a Banner Tow Agreement between the Panama City – Bay County Airport and Industrial District and Aerial Messages of Daytona and Sales, Inc., for the operation of aircraft banner tow activities at the Northwest Florida Beaches International Airport.

**Following Board discussion, Mr. Bruett made a motion to approve both Banner Tow Agreements and authorization for the Board Chairman or his designee to execute any necessary documents. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.**

**Business Items:**

**a. FY-13 Financial Audit Report**

This item provides for Board approval and adoption of the audit report for the fiscal year ending September 30, 2013.

Tipton, Marler, Garner & Chastain have recently completed the airport's annual financial audit. Mr. David Tipton addressed the Board regarding the audit report and stated there were no findings regarding violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse regarding the airport's accounting practices.

The audit report indicated that the general-purpose financial statements represented the true financial position of the District and that operations and cash flows were in accordance with generally accepted accounting principles and that no reportable conditions were disclosed during the audit.

Following Board discussion, Ms. Moliterno made a motion to adopt the audit report as prepared by Tipton, Marler, Garner & Chastain for the fiscal year ending September 30, 2013. Mr. Scott seconded the motion. The vote was taken and the motion passed unanimously.

**b. FY 2013 Rates and Charges for the Signatory Air Carriers**

This item provides information to the Board concerning signatory airline rates and charges for Fiscal Year 2013 in accordance with the airline use and lease agreements that went into effect October 1, 2011.

The framework of the agreement charges one rate for landing fees and one rate for terminal rental. The landing fee rate represents the total costs associated with operating the airfield cost center and includes all operating and maintenance costs along with debt service costs for constructing the airfield. The terminal rental includes both the debt service and O&M costs in the terminal complex cost center and is charged on a rentable square foot calculation.

This framework also provides for a revenue sharing program with the signatory airlines after the airport has paid all operating expenses and annual debt service. In conjunction with the FY 2013 financial audit the airport has finalized rates and charges for the signatory air carriers and determined the revenue sharing amount for FY 2013.

Listed below are the overall results for FY 2013 rates and charges:

| <u>Description</u>                   | <u>FY 2013 Budget</u> | <u>FY 2013 Settlement</u> |
|--------------------------------------|-----------------------|---------------------------|
| Landing Fees per 1,000 lbs           | \$ 5.35               | \$ 5.95                   |
| Terminal Rental per square foot      | \$56.37               | \$49.79                   |
| Signatory Cost per Enplanement       | \$ 6.51               | \$ 6.71                   |
| Settlement for Delta Airlines        | \$507,624             | \$636,149                 |
| Settlement for Southwest Airlines    | \$572,426             | \$714,603                 |
| Southwest Airlines Incentive payment | \$467,600             |                           |

This item is for information purposes only and required no Board action.

**c. Amendment to Food and Beverage Concession Agreement**

This item provides for Board approval to amend the Food and Beverage Concession Agreement to allow for vending machines and an airside kiosk.

In an effort to increase nonairline revenues, Staff has been working with First Class Concessions, the food and beverage concessionaire, to amend the current Food and Beverage Concession Agreement by adding an airside kiosk and vending machines in the terminal.

The concourse kiosk would be located upstairs across from the existing restaurant location. It would be decorated to highlight a coastal theme, and would offer grab-n-go snacks and refreshments for passengers who may not have time to eat at the restaurant. The kiosk would offer coffee, juice, and muffins in the morning, with ready-made sandwiches, salads, cookies, chips, ice cream and beverages available in the afternoon and early evening. Due to the seasonal nature of passenger traffic, the kiosk would operate from March through August. From September through February, the kiosk will be converted to a self-serve snack station, with gumball-style dispensers that dispense nuts, various candies and other popular snacks.

The vending machines would be located downstairs in the baggage claim area. The machines would be wrapped in a full color vibrant vinyl print displaying Northwest Florida beaches with accompanying signage to match. One machine would dispense cold beverages and the other would dispense a variety of chips, cookies, trail mix, candy, gum, and power bars.

During the seasonal operational months of March through August, First Class Concessions has proposed a tiered fixed rent for the airside kiosk as follows:

- Revenues greater than \$5,000 per month = \$500 per month
- Revenues between \$2,500 and \$5,000 per month = \$250 per month
- Revenues less than \$2,500 per month = \$100 per month

For September through February, the District would receive 12% of revenues generated from the self-serve station. The District would receive 12% of revenues generated by the vending machines year-round.

Approval of this amendment would have a positive impact on the budget. Overall, the District is projected to receive an additional \$6,500 in revenues over the course of a year.

**Following Board discussion, Mr. Bruett made a motion to approve the amendment to the food and beverage concession agreement to allow for the airside kiosk and vending machines, and authorization for the Board Chairman to execute the required documents. Ms. Moliterno seconded the motion. The vote was taken and the motion passed unanimously.**

**d. Ad Valorem Tax – T-Hangars**

Mr. McClellan advised the Board that he and the airport's legal counsel had attended the final hearing of the Value Adjustment Board regarding the ad valorem tax issue for the t-hangars. He stated that the judge had ruled that Special Districts are not exempt from taxes and the Airport Authority would be assessed the 2013 taxes and would have to make payment. He further stated that the taxes paid on behalf of any t-hangar lessee would be collected back from the lessee.

**Executive Director Reports:**

**Consent Order:** Mr. McClellan advised the Board that all the requirements under the Consent Order had been fulfilled and the airport had been released from further obligation.

**Diverted International Flight:** Mr. McClellan advised the Board that during the month of January there had been an international flight diverted to ECP due to bad weather in Atlanta, and that the Airport Police Department and United States Customs were both on scene to ensure there were no issues with the flight.

**Delta Airlines Meeting:** Mr. McClellan advised the Board that Delta Airlines now considers ECP a Mainline Station, which means that due to passenger demand, only Delta jets service this airport.

**Ramp Project:** Mr. McClellan advised the Board that the ramp project had begun and was on schedule and moving forward.

**Ground Transportation Update:** Mr. McConnell advised the Board that a meeting had been held with owners and managers from the ground transportation companies in order to prepare for the Spring Break traffic.

**Public Comments:**

There were no public comments.

**Adjournment:**

The meeting was adjourned at approximately 10:30 a.m.

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Patty Mitchell, Executive Secretary

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John Pilcher, Chairman