

MEETING MINUTES**PANAMA CITY – BAY COUNTY AIRPORT AND INDUSTRIAL DISTRICT**

Opening:

The Board Meeting of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., March 23, 2016 by Chairman Bruett.

The Invocation was given by Ms. Patty Mitchell.

The Pledge of Allegiance was led by Chairman Bruett.

The Executive Secretary called the roll and indicated that all Board Members were present except Ms. Cindy Meadows, Mr. Del Lee and Mr. Carey Scott.

Presentation:

Mr. Kristopher McLane, Director of Operations with the Panama City Beach Chamber of Commerce, presented the Board with the 2016 First Quarter Business Excellence Award.

Approval of Minutes:

The February 24, 2016 Board Meeting Minutes were approved as distributed.

Reports:

Mr. McClellan presented and reviewed both the Activity Report and the Financial Report.

Consent Agenda:**a. Purchase for Spring Fertilization**

This item provides for Board approval for the purchase and application of fertilizer and lime for approximately 500 acres of Airport property.

Mr. Mathis made a motion to approve the purchase and application of fertilizer and lime from Altha Agronomy in the amount of \$31,445.00, and authorization for the Executive Director to execute any necessary documents. Mr. Pilcher seconded the motion. The vote was taken and the motion passed unanimously.

b. Lease Amendment – 646MB, LLC

This item provides for Board consent to amend the Lease between the District and 646MB, LLC increasing the amount of lease square footage by 442 square feet.

Mr. Pilcher made a motion to approve amending the Lease between the District and 646MB, LLC increasing the amount of lease square footage by 442 square feet, and authorization for the Board Chairman or his designee to execute any required documents, following review by legal counsel. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

c. Land Lease – 646MB, LLC

This item provides for Board approval of a new Land Lease between the District and 646MB, LLC to locate a second hangar.

Mr. Pilcher made a motion to approve the Land Lease with 646MB, LLC, and authorization for the Board Chairman or his designee to execute the necessary documents contingent upon FAA approval and on 646MB, LLC obtaining any required permits. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

d. Land Lease – James T. Lee, Sr.

This item provides for Board approval of a Land Lease between the District and James T. Lee, Sr.

Mr. Mathis made a motion to approve the Land Lease with James T. Lee, Sr., and authorization for the Board Chairman or his designee to execute the necessary documents contingent upon FAA approval and on Mr. Lee obtaining any required permits. Mr. Pilcher seconded the motion. The vote was taken and the motion passed unanimously.

Business Items:

a. Property Tax Discussion

Mr. McClellan opened discussion regarding property taxes assessed by the Bay County Tax Collector's office on Tenants at the Airport. He provided background information to the Board regarding the fact that the Panama City – Bay County Airport and Industrial District is tax exempt, and at the former Panama City – Bay County International Airport there were no taxes assessed to any Tenant.

Mr. McClellan stated that he had met with Mr. Dan Sowell, Bay County Tax Collector, regarding the tax issue several times and he was currently trying to work with his office regarding the taxes assessed to the corporate Tenants.

Mr. Franklin Harrison, the District's legal counsel, advised the Board that he had spoken both with Mr. McClellan and Mr. Sowell regarding the outstanding taxes due from corporate Tenants. Mr. Harrison stated that every Tenant, with the exception of one, had Lease Agreements with the District that requires the Tenant to pay any taxes assessed. He stated that some of the Tenants had been paying taxes, and some had not.

Mr. Harrison further stated that there were Tax Certificates that had been sold on the unpaid taxes from prior years. He stated that for the Tenant not to be assessed any tax on the leasehold, the Lease Agreement would have to be changed and ownership of the hangar would have to go to the Airport. He also acknowledged that for those Tenants who had been paying the taxes on time and who were not in arrears may not wish to transfer ownership of their hangar to the Airport, and that there would need to be a decision made from each Tenant individually

Mr. James Finch requested to address the Board regarding the tax issue. Mr. Finch stated that he was a Tenant at the former Airport site and never paid any taxes during his leasehold there. He further stated that he had met with Mr. Dan Sowell regarding the taxes assessed and that he felt he should not pay taxes on the hangar because ownership belonged to the Airport.

Mr. Finch further stated that he had requested a Lease Agreement from the District several times, but never received one. He acknowledged that the Board had approved a Lease Agreement for him at the last Board Meeting, but he had an issue with one of the terms of the Lease Agreement. Mr. Finch stated that he wanted payment for pipe work completed at the Airport in the amount of \$18,000 instead of a rent credit as was approved by the Board.

Mr. Finch also stated that he would be willing to transfer ownership of his hangar over the Airport and work out payment on the taxes in arrears, with the Airport bearing some of the responsibility of payment, inasmuch as he does not have a current Lease Agreement in effect.

Mr. McClellan addressed the Board and stated that he had already been in contact with Mr. Finch regarding the payment of the invoice for the pipe work and that the Lease Agreement could be amended to allow for payment instead of a rent credit.

Mr. John Pilcher, Board Member, addressed the Board Chairman regarding the tax issue. He stated that he felt the Airport should work with the Tenants regarding the taxes owed and leave the decision regarding hangar ownership up to each individual Tenant. He further stated that he felt the Airport should pay the interest or penalty amounts on any Tax Certificates that had been sold in an effort to resolve this issue.

Mr. Till Bruett, Board Chairman, stated that he agreed with Mr. Pilcher and that legal counsel and Staff needed to work with the Tenants regarding the Lease Agreements and payment of the back taxes.

Following Board discussion, Mr. Pilcher made a motion to have the Airport attorney contact the hangar owners regarding a Lease Amendment after all taxes have been agreed upon and cleared up, and further that all principal amounts of taxes be paid by the lease holder, and any interest due on tax certificates be paid by the Airport. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

Following additional Board discussion, Mr. Pilcher made a motion to authorize Staff to pay Mr. James Finch \$18,000 instead of applying a rent credit and amend the FY 2016 budget to reflect the payment. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

b. Ground Transportation Rules and Regulations – Revisions

This item provides for Board approval of the revisions to the Ground Transportation Rules and Regulations at the Airport.

Staff recently completed an update of the Ground Transportation Rules and Regulations reflecting formatting changes, and an update to the current ongoing operations. The following items were addressed in the update:

- Additions to Section 20.00 “Definitions”.
- Additional procedural detail regarding the physical permitting of drivers, companies, and vehicles.
- Inclusion of an Exhibit identifying approved staging, parking, and queuing locations for ground transportation operations.
- Updated Section 50.00 “Insurance Requirements”.
- Updated “Meet/Greet Personnel” or “Pre-Arranged Rides” procedures.
- Updated Section 70.00 “Vehicle Specifications” to include a requirement for UL-rated fire extinguishers and first aid kits.
- Updated Exhibit B “Penalties for Violation”.

Mr. McClellan advised the Board that in the event Uber begins operating from the Airport, Staff would prepare an update to the Ground Transportation Rules and Regulations for Board approval.

Following Board discussion, Mr. Mathis made a motion to approve the revised Ground Transportation Rules and Regulations with an effective date of April 1, 2016. Mr. Pilcher seconded the motion. The vote was taken and the motion passed unanimously.

c. FY 2015 Rates and Charges for Signatory Air Carriers

This item provides information to the Board concerning signatory airline rates and charges for Fiscal Year 2015 in accordance with the Airline Use and Lease Agreements that went into effect October 1, 2011.

The Airline Use and Lease Agreement charges two basic rates, one for landing fees and one for terminal rent. 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 business framework also calls for a revenue sharing program with the signatory airlines after all the operating expenses and annual debt service have been paid.

In conjunction with the FY 2015 financial audit, Staff has also finalized rates and charges for the signatory air carriers and determined the revenue sharing amount for FY 2015.

Listed below are the overall results for FY 2015:

<u>Description</u>	<u>FY 2015 Budget</u>	<u>FY 2015 Settlement</u>
Landing Fees per 1,000 lbs	\$ 5.53	\$ 5.46
Terminal Rental per square foot	\$ 56.43	\$ 51.77
Signatory Cost per Enplanement	\$ 7.87	\$ 5.58
Nonsignatory Cost per Enplanement	\$ N/A	\$ 6.25
Settlement for Delta Airlines	\$ 636,149	\$1,295,242
Settlement for Southwest Airlines	\$ 714,603	\$ 942,408
Southwest Airlines incentive payment	\$ 467,600	\$ 467,600

Due to the increased number of passengers during Fiscal Year 2015, a lower cost per enplaned passenger (CPE) was achieved than had been anticipated. This allowed Staff to increase the

amount of the Capital Reserve to the Airport from \$100,000 to \$500,000, while maintaining a competitive CPE. The amount had been decreased at the time of budget preparation to allow the Airport to project a more competitive CPE at the time of budget approval. As a result, Staff is requesting an amendment to the FY 2015 Budget to increase the Capital Reserve contribution to \$500,000.

It should be noted that this is the final year of the incentive repayment to Southwest Airlines.

Following Board discussion, Mr. Mathis made a motion to approve amending the FY 2015 budget to increase the Capital Reserve contribution from \$100,000 to \$500,000. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

d. FY 2015 Financial Audit Report

This item provides for Board approval and adoption of the Audit Report for the Fiscal Year ending September 30, 2015.

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, Mr. Mathis made a motion to adopt the Audit Report as prepared by Tipton, Marler, Garner & Chastain for the Fiscal Year ending September 30, 2015. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

Executive Director Reports:

Mr. McClellan advised the Board that Moore Communications Group would provide the Board with an update regarding marketing efforts at the next Board Meeting.

Mr. McClellan advised the Board that a Press Release would be disseminated regarding United adding additional flights beginning in June. He stated that United would be bringing in bigger planes and that the airline was very happy with the results of the first year's activity.

Public Comments:

No public comments.

Adjournment:

The meeting was adjourned at approximately 9:50 a.m.

Patty Mitchell, Executive Secretary

Till Bruett, Chairman