

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., September 24, 2014 in the Airport Board Room 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.

Presentation:

Mr. Harry Friends, Project Manager with RESPECT of Florida, presented the Northwest Florida Beaches International Airport a plaque in honor of being selected Customer of the Year.

Mr. Ian Crelling, Principal Planner with Bay County, provided a presentation to the Board regarding the recent updates to the West Bay Sector Plan.

Approval of Minutes:

The August 27, 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.

Consent Agenda:

a. T-Hangar Lease Modifications

This item provided for Board approval of modifications made to the standard T-Hangar Lease at the Northwest Florida Beaches International Airport regarding the renewal term and utility usage fees.

Following Board discussion, Mr. Scott made a motion to approve the modifications to the T-Hangar Lease, pending satisfactory review by legal counsel. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

Business Items:

a. Airport Insurance Program

This item provided for Board selection of a company to provide insurance coverage for liability, workman's compensation, commercial fire (buildings), vehicle, public officials and employment practices liability and law enforcement liability insurance.

The various insurance coverages associated with the Airport's Insurance Program will expire on October 1, 2014. As part of this year's budgeting process, Staff solicited insurance quotes by providing local insurance agents with existing coverage limits and policies, and as a result, received quotes from two local insurance agents. The two agents who submitted proposals were Mr. Bob Bell, representing Brown & Brown Insurance for the carrier Preferred Governmental Insurance Trust (PGIT), and Mr. Joseph Ashbrook, representing Fisher Brown Bottrell for the carrier Public Risk Management (PRM).

There were many differences between the two proposals received, including differences in premiums, deductibles and coverage amounts. Fisher Brown Bottrell, the agency which provided the PRM quote, did not provide a quote for liability insurance. This is an essential part of the airport's required coverage. The agent relayed that the airport could either continue to purchase the liability insurance from Brown & Brown, or sign a letter authorizing Fisher Brown to provide the coverage quoted by Brown & Brown. Staff prepared a detailed review of the proposals submitted for Board consideration.

Both Mr. Bob Bell and Mr. Joseph Ashbrook addressed the Board and answered questions regarding their respective proposals.

The proposed FY-15 Airport Operating and Capital Improvement Budget includes sufficient funds to cover the amounts quoted by either agency.

Following discussion by the Board, Mr. Forehand made a motion to select Fisher Brown Bottrell through their carrier PRM to provide the airport's insurance coverage. Ms. Meadows seconded the motion. The vote was taken and the motion passed 6 to 1 with Mr. Lee opposing.

b. FY 2015 Operating and Capital Improvement Budget

This item provides for Board approval of the FY 2015 Operating and Capital Improvement Budget.

A draft of the FY 2015 budget was provided to the Board and discussed in detail at the September 16, 2014 Board Workshop. During the budget workshop, the Board expressed concern over the estimated cost per enplaned passenger. After amendment to the draft budget, the capital reserve was reduced to \$100,000 in order to keep the cost per enplaned passenger below the \$8.00 level. At the time of settlement, the capital reserve can be adjusted to increase the reserve amount, based on passenger activity.

The FY 2015 Operating and Capital Improvement Budget includes operating revenues of \$12,243,957 with operating expenses of \$7,971,379. The budget incorporates the debt service requirements for principal and interest payments of 3,089,600 for the two SIB loans, along with passenger facility charges of \$1,606,592 leaving a net requirement from airport revenues of \$1,482,982.

The remaining net revenues available for the capital program and reserve accounts are \$1,130,081. The budget contains a .6% decrease in operating expenses over the estimated FY 2015 expense budget, and a 4.3% increase in operating revenues for the same period.

Following Board discussion, Mr. Mathis made a motion to approve the FY 2015 Airport Operating and Capital Improvement Budget, with the capital reserve reduced to \$100,000. Mr. Forehand seconded the motion. The vote was taken and the motion passed unanimously.

c. Rental Car Concession Agreements

This item provides for Board approval of the Rental Car Concession Agreement that has been negotiated with the rental car companies for the Northwest Florida Beaches International Airport.

In October 2011, the District entered into a Rental Car Concession Agreement with Avis/Budget, Enterprise, Hertz, Alamo/National and Dollar/Thrifty to operate at the airport. Those agreements allowed for each concessionaire to pay a monthly concession fee of 10% of gross receipts and a \$4.50 per rental day Customer Facility Charge (CFC) in lieu of paying rents for service sites, ready return areas and terminal counter facilities.

At the end of each year, Staff then calculates the annual rental cost for land value, operating and maintenance costs and debt service for the construction of the rental car facilities, and compares that to the amount collected in CFCs for the year. If there is a shortfall, the rental car companies are assessed an additional amount to cover the shortfall. If there is a surplus, that funding is held for future rehabilitation and expansion of the rental car facilities.

The current agreements are due to expire on September 30, 2014. The new term requested is for a three year period beginning October 1, 2014 and expiring on September 30, 2017. There are two one-year options which may be exercised at the discretion of the District.

In addition to updating the rental rates reflected in the agreement, a clause has been added that will reallocate the ready return spots, if there is a 10% change in market share.

Approval of the updated Rental Car Concession Agreement will have a positive effect on the FY15 Operating and Capital Budget.

Following Board discussion, Mr. Scott made a motion to approve the Rental Car Concession Agreement and authorization for the Board Chairman to execute the necessary documents. Mr. Pilcher seconded the motion. The vote was taken and the motion passed unanimously.

d. Lease Amendment – Sheltair Aviation

This item provides for Board approval of an amendment to the Lease Agreement between the District and Sheltair Aviation.

Sheltair Aviation has provided FBO support services to general aviation travel since the opening of the airport in 2010. In optimistic view of the growth projected for the airport, Sheltair executed Amendment 1 to the original Lease Agreement in August of 2010 requesting their premises be expanded to 20.12 acres with the rent commencing two (2) years following the original lease commencement date of June 29, 2010. In 2012, Sheltair executed Amendment 2, which created Option Parcels, and added a small parcel to address administrative issues.

Sheltair has requested to modify their lease and develop Amendment 3. Amendment 3 would include; modifying the Option Parcel in Amendment 2 by removing approximately 5 acres, which will be developed as an aircraft parking ramp; adding Option Parcel 3 and; a modification of the effective date of the Lease Agreement for rent calculations only.

The financial impacts would be as follows:

- Option Parcel 2 would continue as defined in Amendment 2 and would be modified upon substantial completion of the additional ramp space. The ramp and the areas required as part of the ramp would be added to the lease at \$.33 per square foot.
- Option Parcel 3 would begin as a new Option Parcel under the same cost structure as defined in Amendment 2.

Approval of Amendment 3 would be additional revenue estimated to be \$77,625 annually.

Following Board discussion, Ms. Meadows made a motion to approve Amendment 3 to the Sheltair Lease Agreement and authorization for the Board Chairman or his designee to execute the Amendment following satisfactory legal review. Mr. Pilcher seconded the motion. The vote was taken and the motion passed unanimously.

Executive Director Reports:

FEMA: Mr. McClellan updated the Board regarding the FEMA claim and the repair status. He stated that two small projects would be going out for bid within the next two months.

Chairman Bruett addressed Ms. Meadows about the recent article regarding the expiration of the Walton County bed tax. Ms. Meadows stated that the issue would be going back before the Walton County Board of County Commissioners and stated that she would coordinate a meeting with Mr. McClellan and the staff from Walton County to discuss the issue.

Mr. Pilcher asked that Staff continue to monitor the budget very closely to ensure that the airport is receiving the most in return for the money budgeted through the various line items.

Public Comments:

There were no public comments.

Adjournment:

The regular meeting was adjourned at approximately 10:15 a.m. (CST).

Patty Mitchell, Executive Secretary

Till Bruett, Chairman