

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., July 29, 2020 by Chairman Del Lee. 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 Ms. Holly Melzer.

The Pledge of Allegiance was led by Chairman Lee.

The Executive Secretary called the roll and indicated all the Board members were present. Those present in person were Chairman Lee, Vice Chairman Glen McDonald, Mr. James Johnson, Ms. Holly Melzer, Mayor Mark Sheldon, and Mr. Will Cramer. Mr. Jay Tusa was present virtually.

The Agenda was presented to the Board. Mr. Johnson made a motion to accept the Agenda. Ms. Melzer seconded the motion. The vote was taken and the motion passed unanimously.

Board Chairman Lee introduced and welcomed two new Board Members: Mayor Mark Sheldon, appointed by the Panama City Beach City Council; and Mr. Will Cramer, appointed by the Bay County Board of Commissioners. He also recognized Mara Clements in the audience, former Board Chairman Gerry Clemons' granddaughter, who is interning with Airport attorney Hand Arendall Harrison Sale, LLC.

Election of Officers:

Ms. Melzer nominated Vice Chairman McDonald as Chairman, and Mr. James Johnson seconded the motion. The vote was taken and the motion passed unanimously. Mr. James Johnson nominated Ms. Melzer as Vice Chairman, and Mayor Sheldon seconded the motion. The vote was taken and the motion passed unanimously. Mr. Lee passed Chairman McDonald the gavel, and Chairman McDonald thanked Mr. Lee for his service as Chairman, and thanked the Board for all they have done these past years to help weather and prepare the Airport for the COVID-19 storm.

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 – June 24, 2020**

This item provided for Board approval of the June 24, 2020 Board Meeting Minutes.

b. Accept FAA Grant Offer – 3-12-0159-017-2020 – Aircraft Rescue and Fire Fighting Vehicle

This item provided for Board acceptance of a FAA Grant Offer for acquisition of a 1,500-gallon, Class 4, Aircraft Rescue and Firefighting (ARFF) vehicle to be used in support of operations at the Northwest Florida Beaches International Airport.

This FAA Grant Offer represents one of the Airport's FY20 requests for grant funds under the FAA Airport Improvement Program.

Under Federal Aviation Administration Airport Certification Regulations, the Airport is required to maintain an established level of aircraft firefighting capabilities based on the size and number of daily operations for commercial aircraft operating at the Airport. Up until the Summer of 2019, the Airport operated as an ARFF Index B airport. Substantial growth and change in aircraft fleet mix have elevated the Airport to an ARFF Index C, thus requiring additional requirements and equipment to meet FAA Certification standards. The Grant will be used for the acquisition of a second required 1,500-gallon ARFF vehicle in support of Index C airport operations. This will allow for continued growth and allow the Airport to accommodate a greater variety of commercial aircraft.

Sufficient funds will be provided in the Airport's proposed FY21 Operating and Capital Budget. Total purchase cost is \$716,400. Cost is reimbursable under this FAA Grant at 100 percent for eligible items. It should be noted this FAA Grant would normally be a 90/10 percent grant with FAA participation at 90%, but as a result of the pandemic and the CARES Act, this FAA Grant is for 100%.

Staff recommended acceptance of the FAA Grant Offer for the Aircraft Rescue and Firefighting (ARFF) vehicle.

c. Accept FAA Grant Offer – 3-12-0159-016-2020 – Mitigation Site Development

This item provided for Board 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 FY20 requests for entitlement funds under the FAA Airport Improvement Program.

Mitigation Site Development (Phase 4 of 8)

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

Sufficient funds are provided for in the Airport's proposed FY21 Operating and Capital Budget. The total cost of construction phase of the project is \$143,675 and is reimbursable under this FAA Grant at a 100 percent for eligible items. It should be noted this FAA Grant would normally be a 90/10 percent grant with FAA participation at 90%, but as a result of the pandemic and the CARES Act, this FAA Grant is for 100%.

Staff recommended acceptance of the FAA Grant Offer for Environmental Mitigation Site Development as outlined above.

d. Approve Runway Rubber Removal

This item provided for Board approval for the purchase of airfield runway rubber removal services for the Airport from Hi-Lite Airfield Services, LLC.

Work must be performed periodically to remove accumulated rubber deposits that have built up on runway surfaces over time. Accumulated rubber on runway surfaces reduces the friction coefficient of the runway causing the runway surface to become slick and slippery when wet thus reducing the effectiveness of aircraft braking. The rubber deposits also fill the grooves in the runway surface reducing the runway draining effectiveness during rainy inclement weather conditions.

Approval of this item will provide for the purchase of State of Florida Contract Services to remove rubber buildup on runway surfaces to comply with Federal Aviation Administration pavement maintenance requirements.

This is a budgeted maintenance item in the Airport's operating budget. This service is offered under a State of Florida Department of Transportation (FDOT) contract for airfield rubber removal and painting services.

Staff recommended Board approval of the purchase of airfield rubber removal services from Hi-Lite Airfield Services, LLC in amount not to exceed \$26,676.00.

e. **Cancel Fertilizer Bid – Altha Agronomy**

This item provided for Board approval to cancel purchase and application of fertilizer and lime for approximately 500 acres of Airport property.

During the February 26, 2020 meeting, the Board approved a bid to provide and apply bulk fertilizer and dolomite lime to airport grounds in support of the Airport's Turf Management Plan. Since that time the Airport, as is the case worldwide, has been negatively impacted by effects of the COVID-19 pandemic. In an effort to reduce costs as a result of the loss of revenues, the Airport informed Altha Agronomy that it may be necessary to postpone or cancel the Spring Fertilization bid for 2020 as an economic result of COVID-19.

Based on soil testing, it was determined we could not apply the Spring Application and focus on Spring of 2021. The fertilizer and lime provide the necessary nutrients and supplemental fertilizer to the turf surfaces on the Airport.

The Spring Fertilization application is provided for in the Airport's FY20 Airport Operating and Capital Improvement Budget. As a result of cancelling the 2020 application, an expense reduction to the Airport Operating and Capital Budget will be realized in an amount of \$27,720.

Staff recommended Board approval to cancel the purchase from Altha Agronomy for the Spring Fertilization application in amount of \$27,720.

f. **Cancel Bid-Part Door Bid – Gulf States Door**

This item provided for Board approval to cancel purchase of the removal and replacement of two (2) doors and the furnishing and installation of two (2) new, bi-part sliding automatic doors.

During the March 25, 2020 meeting, the Board approved a bid to remove and install two bi-part sliding automatic doors for the terminal building. Since that time the Airport, as is the case worldwide, has been negatively impacted by effects of the COVID-19 pandemic. As a result, the Airport informed Gulf States Door that it may be necessary to postpone or cancel the door replacement bid as an economic result of COVID-19.

In support of the Airport's efforts to be financially responsible during the COVID-19 pandemic it has been determined prudent to cancel this project at this time.

The door replacement project is provided for in the Airport's FY-20 Airport Operating and Capital Improvement Budget. As a result of cancelling the project, an expense reduction to the Airport Operating and Capital Budget will be realized in an amount of \$56,600.

Staff recommended Board approval to cancel the purchase from Gulf States Door for the acquisition and installation of two (2) bi-part sliding automatic doors per specification, in amount of \$56,600 to include the base amount of \$46,000 plus the Hurricane-Rated add option of \$10,600.

Vice Chairman Melzer made a motion to accept the Consent Agenda, and Mr. Cramer 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 beginning in March revenues were down, but since then have been trending upward, and revenues are doing better than expected. She reported that we revise the monthly projections for revenues and expenses after each month is completed.

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

Ms. Nelson reported that in April we lost \$221,000, in May we had a profit of \$128,000, and in June revenues exceeded expenses by \$536,000.

(ii) COVID-19 Airline Carrier Program

Mr. McClellan reported that the Airline Relief Program continues to move forward as planned; we have begun receiving payments as of July 1, all the airlines are making their payments, and everything should be paid up from them by the end of the fiscal year.

(iii) COVID-19 Rental Car Relief Program

Mr. McClellan informed the Board that the Rental Car Relief Program is status quo. He reported that the Rental Car company revenue to the Airport is down 38%, and that closely correlates with the passenger counts.

Items (i), (ii), and (iii) were for informational purposes only and required no formal Board action.

(iv) COVID-19 Concession Relief Program

This item provided an update on the impacts of the COVID-19 Pandemic on the Concession Program including the restaurant, news/gift shop, parking, advertising and ground transportation.

The significant reduction in passenger traffic has had a substantial adverse impact on our concessions. The business model utilized by the concessions is passenger based.

In mid-March the Airport's passenger traffic began dropping, resulting in a significant reduction in the number of passengers utilizing the Airport. In April the passenger traffic was down 95%, in May 72%, in June 43% and early estimates indicate a decrease of 25-30% for July and 35-50% in August and September. These reductions have led to a significant loss in revenue for the concessions and as a result, they have approached the Airport for financial relief.

As a result of the substantial adverse effect of the COVID-19 Pandemic, Staff has implemented or propose the implementation of the following actions;

Ground Transportation: The reduction of the fees for the Queue Contracts from \$135 per month to \$20 per month for the months of April, May, June, July, August and September. The estimated financial impact is \$33,000.

Passenger Parking: Mr. McClellan informed the Board that the number of cars parking in the lots is down over 70% each month because our locals are not feeling confident to fly yet. This weekend the Airport is filming a commercial to air in August showing what the Airport is doing to make it safe for passengers to fly (spraying all public areas with disinfectant each day).

Restaurant (Food and Beverage) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June, July, August and September. The concessionaire would continue to pay 12% of gross revenues. The maximum estimated financial impact is \$29,100.

Gift Shop (News and Sundries) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June, July, August and September. The concessionaire would continue to pay 12% of gross revenues. The maximum estimated financial impact is \$16,500.

Advertising Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June, July, August and September. The concessionaire would continue to pay 30% of gross sales. The maximum estimated financial impact is \$18,750.

It should be noted that the recommendations above were previously approved for April, May, June and July and this item adds August and September. The consolidation allows for better tracking of the continued impacts of COVID-19.

The maximum consolidated budget impact for the months of April, May, June, July, August and September is estimated to be \$80,475.

Staff recommended approval of the continued relief efforts to the concessions as presented.

Mayor Sheldon made a motion to approve the continued relief efforts to the concessions, and Mr. Cramer seconded the motion. The vote was taken and the motion passed unanimously.

b) Triumph Application – Project Gator (information only)

Mr. McClellan reported that the Airport applied for a Triumph application for Project Gator, a total amount of funding being \$6,144,000. He said the Project will have a two-bay narrow body hangar, and invited Garrett Wright from Bay EDA to give a status on the financial “teaser.” Mr. Wright informed the Board that Space Florida “has the financial “teaser out on the streets.” He said 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. Mr. Wright said the non-binding terms are expected to be submitted by the end of this month, and then sent to the company to review.

Mr. McClellan added that Bay EDA President Becca Harden, Mr. Wright, and he will be in a Zoom Meeting with the Triumph Board on August 13 with Mr. McClellan presenting the Project to the Triumph Board, answering any of their questions, and the Triumph Board could then agree to move forward with the development of a term-sheet (the official approval of the Project) in the next six weeks following the Meeting. Chairman McDonald asked how much funding the ECP Airport Authority would be responsible for, and Mr. McClellan answered \$2.6M.

c) **Review Airport Board Guidelines**

(i) **Annual Review of Guidelines**

Mr. McClellan informed the Board that the Board Operating Procedures (referred to internally as “Guidelines”) are reviewed each year, and were formerly called “By Laws.”

Following Board discussion, there were no changes to the Board Operating Procedures, therefore this item was for informational purposes only and required no formal action by the Board.

(ii) **Sunshine/Ethics Update (information only)**

Mr. McClellan asked Airport Attorney Nick Beninate to address the Board. Attorney Beninate reported no changes in the Florida Sunshine Law (public meetings law) since last year, and so provided a brief overview of the rules which included the following: notice must be given to the public regarding Board Meetings, it must be open to the public, minutes must be taken, and only at the Meeting can Board members discuss Airport issues with each other.

He added that public records (almost all the documents received by Board members, including text messages, emails, Facebook posts, etc.) need to be saved and accessible in case someone requests them. He suggested the Board members not use texts, but instead use emails, letters, other ways to keep organized and keep them in one file or leave at the Airport with Airport Staff.

He explained “conflicts of interest,” and made it clear that Board members or their private company cannot do any business with the Airport; or, do business with a company doing business with the Airport.

He concluded by explaining “gifts,” and explained that Board members can never ask for anything, even if it is a drink at a restaurant, but that it is acceptable if someone walks up to them telling them they want to buy them a cheeseburger, for example, but they cannot accept anything over \$100 from Airport contractors, vendors, lobbyists, etc. If a non-contractor, or non-lobbyist, friend, neighbor, etc. wants to give a Board member a gift over \$100, it must be disclosed to the State unless the gift is from a relative.

d) **Approve ZHA Task Order – Environmental Assessment and NEPA Section 404 Permit for Proposed Florida Army National Guard Parcel**

This item provided for Board approval of a Task Order to ZHA as the airport’s continuing engineering consultant to complete the Environmental Assessment (EA) and the National Environmental Policy Act (NEPA) and Clean Water Act - Section 404 Permit Modifications for the Florida Army National Guard.

The initial Environmental Assessment (EA) and 404 Permit for the Airport (Phase 1) included approximately 1,200 acres and is the area that includes the runway system, terminal and support facilities, hangar facilities and the future crosswind runway.

The Federal Aviation Administration (FAA) and the United States Corp of Engineers (USACE) are the two participating agencies involved with the EA and 404 Permit Modifications when potential projects and uses are defined. The proposed Armory is located outside Phase 1 and therefore requires an EA and 404 Permit Modification.

Based on new legislation passed in 2018, the FAA may determine, based on location and the proposed use of the land, that the EA and 404 Permit Modification could be handled by the USACE. The Airport has made the initial request for concurrence that the Armory parcel meets the criteria for exemption under the

legislation. The FAA has verbally concurred with this request and written concurrence is expected in the near future.

The Staff, General Consultant, Environmental Consultant and the USACE have met to develop the scope for the EA and have developed an expeditious method to complete the EA in a timely manner. The Task Order further defines the scope and impacts of the EA.

The overall budget impact of this Task Order is \$128,500 and Reserve Funds will be utilized to complete this Task Order. The funds will be reimbursed to the Airport with the sale of the Lisenby (old Armory) parcel.

Staff recommended Board approval of the Task Order to ZHA for the Environmental Assessment and 404 Permit for Florida Army National Guard Parcel (an approximately \$25-35M project with ten buildings near the Airport Entrance) at ECP with funding from Reserves and reimbursement upon the sale of the old Armory.

Mr. Cramer made a motion to approve the ZHA Task Order, and Mayor Sheldon 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 there would be a ribbon-cutting ceremony after the Board Meeting. He reported the building is roughly 99.9% complete with only a few wires missing to complete the Project, and it is anticipated to open next week.

Mr. McClellan addressed the Board with an update on the Transient Apron and Taxiway E1 Project. He reported a completion date on the Taxiway E1 Project to be in two to three weeks and that a notum would go out to all pilots with taxiway re-designations as they occur. He reported that 14 inches of concrete will be added to the top of the 300' x 600' Transient Apron pavement.

Mr. McClellan addressed the Board showing a photo of the four lanes being constructed going west on the new S.R. 388 and reported that when the construction of the Entrance Roundabout does happen, for approximately a year to 1 ½ years, vehicles planning on turning east from the Airport will need to turn west instead, and cross over to come back east – a great inconvenience. He added that approximately four feet of the current substrate will be removed on either side of the Entrance to construct the Roundabout, and that will increase the current elevation of the Entrance. He said the finished Roundabout will be at the elevation level of West Bay Pkwy (before the current dip in the road where the Entrance terminates at the current S.R. 388) – and that change in elevation should prevent the flooding at the Entrance seen in past years during heavy rains.

The Bay EDA Update:

Bay EDA President Becca Hardin addressed the Board via phone and reported Project Gator is moving along in a positive way, and thanks to the Airport Authority sharing Bay EDA's vision of the Transient Apron and Taxiway E1 as a vital project with strategic direction for the Airport, Project Gator will be in a position to provide 96 jobs with a capital investment of approximately \$26.5 M and will really pave the way for economic development efforts by creating an infrastructure for long-term development. She reported that after the Triumph Board approves Project Gator, a formal announcement can be made in the Fall as to the name of the company.

Ms. Hardin reported that Project Purple is also moving forward, an aviation-related company with a large military contract looking at Venture Crossings, and that it, and Project Gator, were able to get certified for the Qualified Target Industry Tax Refund Program (QTI) tax credit with the State of Florida.

Ms. Hardin reported on Project Venus, the European MRO (Maintenance, Repair, and Overhaul) company that she and Mr. McClellan visited late last year. She said they are moving forward with this project, but because they cannot travel here, and we cannot travel there, they want to pause the project until the end of September.

Ms. Hardin concluded by reporting they submitted a proposal to another aviation-related MRO company, Project Domino, that would provide 400 jobs with a \$500M capital investment, and that it is on a fast track so they should have more information on the proposal in the next week or two.

The Moore Agency Update:

Ms. Katie Spillman of The Moore Agency addressed the Board in person and reported on their June marketing and advertising activity. Ms. Spillman reported that they are seeing promising signs that interest in travel is starting to increase as seen in our website traffic results and our paid and non-paid online traffic. Ms. Spillman reported that digital traffic has almost returned to the numbers we saw in early March, and Paid Search traffic is seeing improvements in cost efficiency.

Ms. Spillman reported that just as passenger counts are increasing, in June there was increased interest in travel as seen with 631 airline website click conversions and 200 assisted conversions as a result of our campaign; 2,946 Escape page views; 18,362 new website visitors; 32,769 total website sessions; 876,822 earned media impressions; and 27.7% or 2,233 of our subscribers opened the newsletter (the highest number to date), with 3,591 total opens suggesting repeat opens and shares. She said website traffic was up 33.9%, organic search up 31% month over month (MoM), and paid search was up 33% MoM.

Ms. Spillman reported Mr. McClellan was interviewed for an upcoming issue of *850 The Business Magazine* of Northwest Florida, and the Fall issue will feature a section surrounding ECP's 10th anniversary, recent facility improvements, and uncover what is on the horizon for the airport, including moving through COVID-19 safely.

Ms. Spillman reported over 179K views since our launch in May of our ECP branded animated GIFs and stickers, the fun and engaging way for our users to share more about their experience at the Airport.

Ms. Spillman reported her team is preparing to produce the new ECP Ready campaign, to include a TV commercial and integrated assets and graphics for print and social media that will provide the customer with a cohesive campaign journey through the end of the fiscal year and beyond.

Executive Director Report:

Mr. McClellan addressed the Board and reported that the Master Plan Update Working Paper #3 was posted to our website and that CHA's Paul Puckli will probably report next Board Meeting via Zoom on the progress and the results of the PAC (Public Advisory Committee) Zoom meeting scheduled for mid-August.

Mr. McClellan reported that we would still like to do a "Thank You to Airport Staff" at the end of the summer, but we are reviewing how we could do that and still have social distancing and everything that goes along with that.

Public Comments:

Dr. David Artman and Mr. Harold Parker addressed the Board requesting the Board approve a ten-year lease agreement based on continuing the terms of the existing Hangar agreement, not the three-year phase in to the current market price approved by the Board in May 2020. Mr. Artman stated that when the original Panama City Airport (PFN) closed, 22 private T-hangars were told they would not be permitted to move their hangars to ECP, and a ten-year agreement that afforded credit toward hangar rent at the new airport (ECP) was executed, they turned over their titles, and their hangars at PFN were sold for scrap metal. Mr. Artman said that within months after opening the new airport, six T-hangars from PFN were permitted to be moved/erected at ECP on land leases and retain the equity in their hangars, in contrast to what he saw as significant financial losses to himself and the individuals with the ten-year agreements, eight of which remain at ECP.

Dr. Artman conceded that he has heard such comments as “why did you sign the 10-year Agreement 10 years ago”; “why didn’t you complain when the other hangars were erected”; “why didn’t you attend the Board Meeting when you knew the Agreement was ending”; “you bought a hangar knowing the new Airport was coming” (he said he bought a portable one that he thought he would be able to move); etc., and he said that he wished he knew about the Board Meeting, he wished he was able to move his hangar here, what happened was wrong but not intentional, and he asked the Board to rectify it by continuing the current 10-year terms for another 10 years.

Chairman McDonald informed the two gentlemen – and there was no disagreement by the other Board Members present (Mr. Tusa had dropped from the Zoom meeting during Dr. Artman’s presentation) – that the decisions approved by the Board in February 2010, and in May 2020, would not be overturned and no action would be taken. Mr. Artman asked for clarification, and Chairman McDonald reiterated that the Board decision from May 2020 – a three-year phase-in to bring the 2010 Hangar Tenants’ rental rate up to the current market rental rate would stand, and continuing the current terms for another ten years would not be considered.

Adjournment:

The meeting was adjourned at approximately 10:11 a.m.

Kathy Gilmore, Executive Secretary

Glen McDonald, Chairman