

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 9:01 a.m., June 24, 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 recommendation of maintaining a distance of at least six feet from others as approved by Governor DeSantis' Executive Order.

The Invocation was given by Mr. Russ Mathis.

The Pledge of Allegiance was led by Chairman Lee.

The Executive Secretary called the roll and indicated all the Board members were present except Mr. Jay Tusa. Those present in person were Chairman Lee, Vice Chairman Glen McDonald, Mr. Mathis, Mr. James Johnson, Mr. Ken Nelson and Ms. Holly Melzer. No Board members were present virtually.

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

Presentations:

The Board was presented with a Resolution recognizing Mr. Joseph K. Tannehill, Sr. who was appointed to the Board in 2004 and was instrumental in the relocation of the Airport to the current location; and in his memory, the Resolution resolved that West Bay Parkway between State Road 388 and the Terminal Complex would have the honorary designation of "Tannehill Parkway."

Mr. Mathis made a motion to adopt the Resolution. Vice Chairman McDonald seconded the motion. The vote was taken and the motion passed unanimously.

Mr. Mathis read the Resolution, and it was presented to the Tannehill Family, along with a mockup of the sign that will be installed along the roadway.

Mr. Joe K. Tannehill, Jr. approached the Board, remembering how much Bay County and this Airport meant to his father, and thanked the Board for recognizing him.

Mr. Russ Mathis was presented with a plaque by the Board Chairman in recognition of his eight years of service as a Board Member, and for all he achieved while serving as Board Chairman.

Mr. Ken Nelson was presented with a plaque by the Board Chairman in recognition of his four years of service as a Board Member.

Board Chairman Lee introduced Mayor Mark Sheldon, appointed by the Panama City Beach City Council; and Mr. Will Cramer, appointed by the Bay County Board of Commissioners; who will begin their Airport Authority terms as Board members at the next month's Board Meeting.

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 – May 27, 2020**

This item provided for Board approval of the May 27, 2020 Board Meeting Minutes.

b. Approve TSA Lease for Office Space

This item provided for Board approval of an Office Space Lease Agreement between the Panama City-Bay County Airport and Industrial District and the Transportation Security Administration (TSA).

In 2010, a 10-year Lease was drafted by Government Services Administration (GSA) for space to be occupied by TSA in the “new” Airport (ECP) which consisted of 2,618 sq. ft. of space at a rate of \$36.97 per square foot per year resulting in monthly rent to the District of \$8,065.53. This square footage rental rate was the amount being charged at the “old” Airport (PFN). The Board approved the TSA Lease Agreement and the Lease was executed.

Staff has been working with TSA to establish a new Lease for 2,789 sq. ft. of office space utilized in the Terminal. The square foot rate for the space will be determined annually on October 1 based on the approved square foot rate in the Budget. The rate for FY20 is \$63.64 per square foot, with resulting rent to the District of \$14,791.00 monthly. The term has yet to be determined.

The FY20 Airport Operating and Capital Improvement Budget will be positively impacted by the rent collected for a total of \$26,901.88, and Staff recommended the Board approve the Lease between the District and GSA, contingent upon review and approval by Airport Counsel.

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

Business Items:**a. Approve Airline-Airport Lease and Use Agreement Extension**

This item provided for Board approval of a 6-month lease extension with a 6-month option to the Airline-Airport Lease and Use Agreement (Agreement) as a result of the COVID-19 Pandemic, and authorization for the Chairman or designee to execute any documents associated with Lease Extension of the Airline-Airport Lease and Use Agreement, following satisfactory legal review.

In 2015, the Airport executed a new Agreement with Delta and Southwest, and in 2018, American and United were added as signatories to this Agreement. The term of the Agreement was for 5 years ending September 30, 2020. The Agreement has worked well for both the airlines and the Airport.

In early 2019, Staff began discussions with all four signatory airlines on a new Agreement. The new Agreement was agreed upon by all parties with a few exceptions. As Staff and our consultant were finalizing the new Agreement in February/March 2020, there was a significant impact on the aviation industry, COVID-19.

COVID-19 has had a significant adverse impact on the airline industry, with passenger volumes dropping down below 95% of the previous year and changes in the business model in the short and long term. As a result of this economic instability, the Airlines have requested a lease extension of 6 months with an option for an additional 6 months to evaluate the industry and better understand the recovery.

The Extension would be under the same terms and conditions, thus allowing the Airport and the Airlines to better understand the financial impacts of COVID-19 on their respective operations.

It should be noted the new Agreement was substantially complete, but because of the COVID-19 impacts and the demands at the various headquarter offices as a result of COVID-19, the review process and execution of new agreements with airports is greatly extended. There is no impact to the FY20 Operating Budget.

Mr. Johnson made a motion to approve a 6-month lease extension with a 6-month option to the Airline-Airport Lease and Use Agreement, and Vice Chairman McDonald seconded the motion. The vote was taken and the motion passed unanimously.

b. Approve Lease with National Guard Lease

The Florida National Guard has an Armory and Readiness Center located on Lisenby Avenue near Sweet Bay (Old Airport). The facility is the headquarters for the 1st Battalion – 153rd Cavalry, a mounted infantry force with approximately 100 soldiers and civilian support personnel.

Following Hurricane Michael, the existing Armory and Readiness Center was significantly damaged. As a result, the Florida Guard established a “Tent City” at ECP, which was used for soldiers from other units assisting with various recovery efforts. While at ECP, Staff was approached as to the availability of land for relocating the Armory on Lisenby to the Airport. Other locations in Panama City and Bay County were also being identified.

In late January, Staff was advised the Florida Guard, while at the Guard Bureau Meeting, had determined the Airport to be their preferred location in Bay County. Staff has identified a location at the corner of Johnny Reaver Road and West Bay Parkway, as an ideal location that works with present and future conditions at ECP. This site would allow for the current facility requirements as well as the addition of other operational components in the future.

At the February 27, 2019 Board Meeting, the authorization to proceed was approved with a Letter of Intent. In late 2019, the Florida Guard – JAG and Hand Arendall led by Mr. Nick Beninate began working on long-term land lease for the approximately 25 acres of property at ECP. The lease was a combination of previous airport leases as well as excerpts from other leases with the Florida Guard. The lease term is for 40 years with a 10-year option, the long term is required for funding purposes.

The rental rate established in the lease was developed utilizing appraisals for both the Armory on Lisenby Avenue and the unimproved parcel on the Airport, input from development professionals and establishing fair market value over the term of the lease. The intent of agreement is to transfer ownership of the Florida National Guard Armory and the associated land to the District as prepayment of the lease, based on the rate established of \$0.036 per square foot for 25 acres which equates to \$39,204 annually.

Additionally, prior to moving forward with a lease, it was required that we received approval from the FAA Compliance Office to ensure we were in compliance with our grant agreements. The approval was received from the FAA Airports District Office – Orlando and the FAA Compliance Office – Southern Region.

The proposed lease will result in the prepayment of lease based on the appraisals of the Lisenby Parcel, and Staff recommended Board approval for the Chairman to execute the lease with the Florida National Guard for an Armory and Readiness Center at ECP following satisfactory legal review.

Vice Chairman McDonald made a motion to approve the Lease with the Florida National Guard, and Mr. Mathis seconded the motion. The vote was taken and the motion passed unanimously.

c. **COVID-19 Update**

(i) **COVID-19 Financial Update**

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. She reported the Approved FY20 Budget included an estimated \$19.7M in revenues and \$10.5M in expenses, and with the projected growth rate applied through the end of FY20 (projected before the impact of COVID-19 began to affect the industry) revenues were estimated to be \$21.8M.

The current financial model (calculated since the onset of COVID-19 in March) shows a steep decline in projected revenues, with a revised budget amount of \$13.6M. Monthly revenues, however, exceeded expenses in May, a trend that is expected to continue through July. She reported the month of May actual revenues rebounded more than expected exceeding expenses by \$127K.

Year-to-date operating revenues are \$1.3M under budget through May. Ms. Nelson confirmed this does not include any CARES Act money.

(ii) **COVID-19 Airline Carrier Program**

Mr. McClellan reported that the Airline Relief Program continues to move forward as planned; we anticipate a payment for some of it the first of July with all the repayments coming back at the end of July, and everything being done at the end of the fiscal year.

(iii) **COVID-19 Rental Car Relief Program**

Mr. McClellan informed the Board that we are still not collecting the Rental Car companies' MAG, but we are collecting their percentage because our passengers are still down.

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%, and early estimates indicate a decrease of 45-50% for June and 20-25% in July. 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 and July. The estimated financial impact is \$22,000.

Passenger Parking: Case by case basis, reduction of the parking rate by 50% from March 27, 2020 to May 1, 2020 based on COVID-19 impacts. The estimated financial impact is minimal.

Restaurant (Food and Beverage) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June and July. The concessionaire would continue to pay 12% of gross revenues. The maximum estimated financial impact is \$19,400.

Gift Shop (News and Sundries) Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June and July. The concessionaire would continue to pay 12% of gross revenues. The maximum estimated financial impact is \$11,000.

Advertising Concession: Waive the Minimum Annual Guarantee (MAG) for the months of April, May, June and July. The concessionaire would continue to pay 30% of gross sales. The maximum estimated financial impact is \$12,500.

It should be noted that the recommendations above were previously approved for April and May, and this item adds June and July. 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 and July is estimated to be \$64,900, and Staff recommended approval of the continued relief efforts to the concessions as presented.

Mr. Mathis made a motion to approve the Concession Relief Program, and Ms. Melzer seconded the motion. The vote was taken and the motion passed unanimously.

Construction Update (information only):

Mr. Richard McConnell addressed the Board beginning with the Terminal Expansion Update. Mr. McConnell reported that with the exception of the second Passenger Boarding Bridge, the Project is proceeding very well and is approximately 80% finished. He reported there have been some COVID-19 vendor-related delays, such as the doors, air conditioning units (being installed today), and light fixtures (delayed delivery – the first item to impact the projected schedule), all of which are resulting in code inspection delays. Mr. McConnell reported permanent power and plumbing have been transferred to the Expansion, the Gate 6 Jet Bridge has been set (burnt out circuit boards will be delivered any day and that will put the Passenger Boarding Bridge into play), and stormwater diversion piping is being installed. Mr. McConnell asked ZHA's Rick Mellin to comment, and Mr. Mellin addressed the Board informing them that the contractor would like to have a ribbon cutting ceremony at the next Board Meeting at the end of July. Mr. Mellin reported that the Project is going financially very well with approximately \$60K previously budgeted expected to be leftover.

Mr. Mellin continued to report on the Construction Updates. He reported the Taxiway E1 Project is almost finished except for the grass, striping and some signage; and C.W. Roberts is moving full speed and on schedule on the Transient Apron Project by stabilizing the subgrade, adding an asphalt sub-base, and finally a layer of concrete.

Mr. McConnell reported that the State Road 388 Project surcharge on the east side has been completed, and the final grade will be done once they remove five feet from the top for the Roundabout and roads. He reported that on the west side, there is approximately 30 days of surcharge, and once settled, a layer on top will be removed. He said the next phase of the Roundabout Project cannot begin until a portion of the road moving west is completed to allow for needed detours during the Entrance and Roundabout construction. Mr. McConnell reported that power has been distributed to the south side of S.R. 388 at the Entrance where a permanent overhead light will be installed. He said the work on the bridges has begun, and the Project is on schedule.

The Bay EDA Update:

Bay EDA President Becca Hardin addressed the Board via phone and reported Project Gator is moving along and both it and Project Purple have qualified for the Qualified Target Industry Tax Credit (QTI) – which was designed to encourage the creation of high-skill jobs and encourage the growth of corporate headquarters and other targeted industries as a nice incentive. She reported that Bay EDA has been working very closely with Space Florida and is in the file stages with the financial package going to the banks by the end of the week for Project Gator. She reported that Project Gator will offer 96 jobs and have a capital investment of \$24M.

Ms. Hardin reported that Bay EDA is still moving Project Purple forward especially now that it qualified for the QTI tax credit. She said it will have 115 jobs and has a capital investment of \$6.5M.

Ms. Hardin reported the third Project that Bay EDA is still pushing forward and looks very promising is Project Venus, an international company, who would have 250 jobs and has a capital investment of \$65M. She said that all three Projects would require access to the Runway.

The Moore Agency Update:

Ms. Katie Spillman of The Moore Agency reported via phone on their May marketing and advertising activity. Ms. Spillman reported that the team spent the month developing script creative for the new batch of creative considerations, including the new TV commercial, evaluating our media flight plan considerations for the remainder of the fiscal year compared to what was slated, securing follow up media opportunities as a result of the 10-year anniversary, and daily media monitoring and community engagement of social media.

Ms. Spillman reported that in April there were 487 airline website click conversions and 153 assisted conversions as a result of our campaign; 3,314 Escape page views; 14,103 new website visitors; 24,472 total website sessions; 1,364,312 earned media impressions; and 17.9% of our subscribers opened the newsletter. She said website traffic was up 66%, organic search up 124% month over month (MoM), paid search was up 57% MoM, and clicks to airline websites from our page was up 168% from April.

Ms. Spillman reported all digital advertisements remain paused, but Google Paid Search continued because it serves up ads only to those with the intent to find flight travel and Airport information. She said the online traffic increased greatly in May with 67.34% more pageviews than in April. Ms. Spillman reported over 70K views 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 Mr. McClellan was the featured guest live on-air on WKGC-FM The Moring Mix sharing more details about ECP's 10th anniversary and the Airport's ECP Ready plan which outlines new health and safety precautions to keep passengers and employees safe.

Executive Director Report:

Mr. McClellan addressed the Board and recognized Mr. Ron Jarmon, aerial photographer, who provides the photos showing the ongoing construction Projects each month.

Mr. McClellan reported that with more passengers, the Projects without Passengers have slowed, however, most of the gray tiles have been replaced with those remaining being mapped out. He reported that the Florida Governor announced an executive order extending Zoom meetings through the first of August, and invited the Board to tour the Terminal Expansion following this meeting.

Public Comments:

There were no public comments.

Adjournment:

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

Kathy Gilmore, Executive Secretary

Del Lee, Chairman