

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 9:03 a.m., March 25, 2020 by Chairman 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.

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. Everyone called into the virtual meeting except for Chairman Lee and Ms. Melzer who were physically present.

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.

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 – February 26, 2020**

This item provided for Board approval of the February 26, 2020 Board Meeting Minutes.

b. **Special Board Meeting Minutes – March 12, 2020**

This item provided for Board approval of the March 12, 2020 Special Board Meeting Minutes.

c. **Board Workshop Minutes – March 12, 2020**

This item provided for Board approval of the March 12, 2020 Board Workshop Minutes.

d. **Exercise Option for Suntrust ATM Concession Agreement**

This item provided for Board approval to extend the agreement with SunTrust Bank for ATM Services for an additional one (1) year term.

Effective June 21, 2019, the Airport entered into a non-exclusive agreement with SunTrust Bank for two ATMs in the Northwest Florida Beaches International Airport Terminal Building, one (1) in the pre-security area and one (1) in the post-security area. The contract was for a one-year term with two additional one (1) year options and the rental payment is \$4,400 per year.

The contract will automatically renew unless either party provides sixty (60) days written notice prior to the renewal date. The annual rental payment is included in the FY20 Operating and Capital Improvement Budget, and will also be included in the upcoming FY21 Budget. Staff recommended Board approval of the SunTrust Bank ATM Services contract first one (1) year renewal option.

e. Approve 6-Month Extension to Matthew Marshall Sublease

This item provided for Board approval of a 6-month extension to Sub-Lease of Hangar 4 between Matt and Amy Marshall and Sunset Eagle Aviation.

In June 2011, Matt Marshall and Amy Marshall executed a Land Lease Agreement with the District to construct a hangar. The hangar was originally used to store company aircraft. The company aircraft subsequently sold. Since that time Marshall has had 2 sublease requests approved prior to this request.

Sunset Eagle Aviation is an aircraft maintenance business operating at the Calhoun County Airport located near Blountstown. Following Hurricane Michael, the hangar that Sunset Eagle occupied at the Calhoun County Airport was significantly damaged and is unable to be occupied at this time. The hangar is scheduled for repair/replacement.

At the March 27, 2019 Board Meeting, a Sub-Lease of Hangar 4 for one year between Matt and Amy Marshall and Sunset Eagle Aviation was approved. Presently, Sunset Eagle Aviation is operating out of Matt and Amy Marshall's Hangar.

Both Sunset Eagle and the Marshall's are aware of the location in our corporate hangar area and the expectations of "quiet enjoyment" as defined in the lease. In the event this sublease has an impact on the other tenants all parties have agreed to terminate this sublease at the discretion of the District.

In the interim, Sunset Eagle Aviation has requested to sub-lease the Marshall Hangar 4 for their aircraft maintenance business from Mr. and Mrs. Marshall for an additional 6 months. The approval of this Sub-Lease will have no impact on the FY20 Operation and Maintenance Budget. Staff recommended that the Board approve the Sub-Lease of Hangar 4 to Sunset Eagle Aviation.

Mr. Nelson made a motion to accept the Consent Agenda, and Mr. Tusa seconded the motion. The vote was taken and the motion passed except for Mr. Johnson who was unable to place his vote due to technical difficulties.

Business Items:

a. ZHA Task Order #39-F – Terminal Gate 6 & 7 Hold Room Expansion

This item provided for the Board's approval of Task Order #39-F to ZHA as the Airport's continuing engineering consultant to professional services to include project management and construction management services.

Earlier this year the Airport designed and competitively bid the Gate 6 and 7 Terminal Expansion project. There was one bid received and it was significantly over the project budget. Based on the present construction market in Bay County and around the Region, the Airport utilized a Construction Manager @ Risk (CM@R) delivery method of construction to provide a better opportunity to receive competitive sub-contractor bids and bids within the proposed project budget. Bids were solicited and received for three distinct portions of the Project: procure the modular building units (which had a long lead time for deliver);

the build out of the expansion and terminal connection; and the procurement and installation of passenger boarding bridges for Gates 6 and 7. Task Order 39-D which was approved at the October 30, 2019 Meeting included project management through June 1, 2020.

Based on the addition of the rebidding effort and additional time required and the resulting increase in project scope, this Task Order will include extended project management and construction management services based on the completion of Gates 6 and 7.

The overall cost of this task order is \$48,400 and will be funded through the Terminal Expansion Project. Staff recommended Board approval of the task order for extended project management and construction management services for the Terminal Expansion Project.

Mr. McClellan addressed the Board and reported that as a result of changes we have made to the Terminal Expansion Project scope, ZHA has asked for an increase in their fees. Mr. McClellan asked ZHA President Rick Mellin to explain Task Order #39-F. Mr. Mellin addressed the Board via phone explaining that the Project began in February 2018 with a planning process, moved through a design process and got to design and construction bidding, but because of Hurricane Michael the bidding environment was challenging with only one Bid for \$7.3M, well over our budget. Because of this, we went out for a CM@R contract, and ultimately got a contract with Allstate Construction. Mr. Mellin reported that we went through a series of Amendments – initially to the GMP for the modular buildings, then for the interior of the buildings, then a third Amendment at the last Board Meeting to add Gates 6 and 7.

Mr. Mellin reported that Gates 6 and 7 have come through variations to find the most economical way to hit our target budgets. He said that on Gate 6 we are reusing an existing Passenger Boarding Bridge and adding new Passenger Ramps up to that Boarding Bridge; and buying a new Passenger Boarding Bridge for Gate 7. He reported that the time to get those Gates in is extending the time the work was to be completed, originally scheduled for December 1, 2019 – and now is set for December 1, 2020, extending the project management efforts for that time period (this Task Order).

Vice Chairman McDonald asked for clarification of the schedule of services with the completion date of December 2020 when he had understood the Project would be completed in June 2020. Mr. Mellin explained that the Terminal Building would be completed in June, but not the Passenger Boarding Bridges. Until then we will be using mobile ramp/stairs to get up to the plane if necessary.

Vice Chairman McDonald questioned the necessity of additional support since we are paying the contractor, and Mr. Mellin explained that generally the contractor assembles everything and provides it to the owner, but most times it is lacking the warranties and manuals and training, and there needs to be a close out process which ZHA would provide. Mr. Mellin explained that their fee for the entire Project is roughly 6-6.5% of the entire cost, and is generally considered very reasonable.

Vice Chairman McDonald asked Mr. McClellan and Chairman Lee for their opinion and Chairman Lee explained that ZHA is operating on our behalf as an owner representative and that without the professional Staff available to monitor the Project, this Task Order from ZHA is legitimate. Mr. McClellan concurred, but added that ZHA should be directed to adhere to the not-to-exceed part, and minimize efforts as we are about to go into a huge cost savings mode due to COVID-19.

Lastly, Vice Chairman McDonald asked if this would be the final Task Order associated with the Terminal Expansion Project, and Mr. Mellin said that assuming there was nothing that would take the Project past December 2020 – no Change Orders or additional Scopes to the Work – there would be no more Task Orders.

Vice Chairman McDonald made a motion to approve ZHA Task Order #39-F – Terminal Gate 6 & 7 Hold Room Expansion, and Ms. Melzer seconded the motion. The vote was taken and the motion passed except for Mr. Johnson and Mr. Nelson who were unable to place their votes due to technical difficulties. Mr. Johnson later texted Mr. McClellan with his “yes” vote and Mr. Nelson called with his “yes” vote.

b. Presentation: COVID-19 Update

This item provided for Board approval of the proposed Relief Programs for Signatory Airlines and Rental Car Companies at ECP.

As a result of the COVID–19 pandemic, the airline and rental car industries have been significantly impacted. The number of passengers utilizing the nation’s airports, and ECP specifically, has decreased significantly. It is estimated the drop nationwide is in excess of 80% and at ECP, it is estimated to be between 70-80%.

At ECP, we had the benefits of Spring Break and tourist visitation for much of the month of March. Over the last 5-7 days, we have seen a dramatic reduction in passenger traffic, and, as a result, airlines cancelling flights. The reduction in passenger and flight activity has impacted our landing fees, concessions, parking, and rental car revenues.

The signatory airlines at ECP have asked for relief, and following numerous discussions, Staff proposed a deferment of charges. This deferment of charges would only extend the payment due dates, with all charges being remitted prior to the end of our fiscal year.

The rental car companies operating in our Terminal have also asked for relief and the ability to store vehicles. Following numerous discussions with several of the companies, Staff would like to propose an ECP Rental Car Relief Program which will allow the rental car companies to only pay the 10% concession fee of their Gross Receipts beginning in May 2020; and utilize funds available in the Customer Facility Charge (CFC) account – the fund where we save their excess revenues to be used for future rental car development; i.e. facility improvements, canopies or a portion of a garage for rental car operations – to pay the difference in the Minimum Annual Guarantee (MAG) and the concession fees payable for the month of April 2020 with repayment in 18 months.

Additionally, Staff will implement an Austerity Program to reduce costs and defer projects. The intent of the program is to postpone or defer costs until later in the fiscal year and minimize the fiscal impacts as much as possible. There will be a need to utilize Unrestricted Cash Reserves to fund the operation of the Airport as many of our revenue sources may be severely impacted. It should be noted that any agreements with the rental car companies or the airlines will include “clawback” clauses in the event of a federal or state relief package.

The budget impact is unknown at this time, based on the uncertainty of the length of time that travel will be impacted by COVID-19. Approximately 70% of operating revenues are derived from variable rentals; therefore, Staff will closely monitor the financial impacts and inform the Board as more facts are known.

Mr. McClellan addressed the Board saying that COVID-19 is probably the most challenging issue he has had to deal with in his entire career, counting SARS, Bird Flu, and 9-11 because it is changing so frequently and causing us to do things we do not normally do. He said because of the success of our Airport over the last ten years, we have the opportunity to do things other airports do not have the ability to do. He said there is a Federal Package hopefully being voted on later today. He said he estimates Staff is in four to six conference calls each day with the Governor’s Office, FDOT, various associations, the Police, Fire; and everyone is focused on safety. He said the number of passengers screened by TSA has

been very good until last Friday, and nationally, it is down 87%. He said we've been seeing 1,500 passengers daily, but looking at today, we will probably be at 250. He said that our restaurant concessions have been the only network here making any money in the last three weeks. He said we have had requests from the airlines, rental car companies, and Clear Channel to waive their fees, but instead, Staff came up with this Relief Program, and the airlines are very much appreciative that it would give them time to get back on their feet. He said if there is a relief package from the Federal Government, we will reassess how to make repayments.

Per our Austerity Program, Mr. McClellan said that Staff has already begun limiting overtime; would like to defer the Cellphone Lot Expansion and put it on hold (we will not be able to meet the construction dates set by the State) until later in the fiscal year when we have a better handle on the economic airline recovery period (and our economic recovery period) as a result of COVID-19; and each vacant job position will be filled only as based on need.

Staff recommended Board approval of concept of the Airline and Rental Car Relief Programs and development of an agreement for each line of business.

Ms. Melzer made a motion to approve the concept of the Airline and Rental Car Relief Programs and the development of an agreement for each line of business, and Vice Chairman McDonald seconded the motion. The vote was taken and the motion passed unanimously.

c. Presentation: Terminal Expansion Update (information only)

Mr. McClellan invited ZHA President Mr. Rick Mellin to address the Board regarding the Terminal Expansion Project. Mr. Mellin reported via phone that last week we received our full building permit; Allstate has laid out the locations for the Passenger Board Bridge pedestals; a dumpster and the steel foundation beds have been delivered to the site; the electrician has begun laying out all the conduit runs and existing electrical rooms back to the PBBs; the concrete subcontractor has begun mobilizing to begin foundations; and the modular buildings are about complete, with delivery to begin on April 13. Mr. McClellan added that we received an email from Allstate saying there may be delays as a result of COVID-19 and lack of subcontractor staff, but Mr. Mellin said he had not seen any delays with other subcontractors' staff as of this moment. Mr. Mellin added that even with the "Stay-at-Home" restrictions issued by some Florida cities, for example all the cities in Orange County, the language exempts all construction sites, as well as other businesses that operate with social distancing, and they will continue to be allowed to operate.

d. Presentation: State Road 388 Construction Update (information only)

Mr. Richard McConnell provided a S.R. 388 Project update to the Board and reported that yesterday there was a virtual meeting with the contractor and constituents, and they reported they are ahead of schedule and ahead of budget, but that the workers are concerned that they may get an order to remain at home and not be allowed to earn a living, so they are noticing an uptick in eagerness to get to work and stay on the job. Mr. McConnell said that they continue to work on the surcharge – three feet remains to go up on the east side of the Entrance, and seven to eight feet remains to go up on the west side. He said the wick drains are working as they are seeing discharge come out of those drains, however they did take a delay on the start of the bridge constructions until June or July as they wait on Coast Guard permits. Mr. McClellan added that Staff continues to check on the lighting every night, and the signage is working, and that as the surcharge goes up another three feet, it will be a challenge.

The Bay EDA Update:

Bay EDA President Becca Hardin addressed the Board via phone and reported that this is a good time to strategize and look at how now more than ever Bay EDA and ECP need to work together to diversify sources of income so that revenue is not dependent on passenger traffic, specifically pushing the MRO and aviation projects forward. Ms. Hardin reported that the international prospects are stalled but still interested, and are awaiting the COVID-19 pandemic outcome in the next week or so. She said that the federal stimulus will definitely help, and that Project Gator is moving forward as the project executives realize their business has taken a hit, so they do not want to slow down this project. Ms. Hardin reported that Bay EDA met with the Bay County Commissioner last week and they approved the qualified industry incentive the project has since been sent back to the Department of Economic Opportunity.

Ms. Hardin reported Bay EDA continues to have dialog with Project Purple – a defense-related project – regarding a location in Venture Crossings, and are confident the project will move forward as well. She reported that a press release will go out tomorrow regarding Project Cobia, a project they have been working on since before Hurricane Michael.

Ms. Hardin encouraged everyone to go to the Bay EDA Corona Virus web portal on bayeda.com for federal, state and local resources to help provide businesses the information they need during this pandemic. Ms. Hardin invited Bay EDA Vice President Mr. Garrett Wright to add his comments via phone, and he reiterated the importance of their web portal for struggling businesses, including restaurants, to find out about assistance programs they may not know about.

The Moore Agency Update:

Ms. Katie Spillman of The Moore Agency reported via phone on their February marketing and advertising activity. Ms. Spillman reported that they ran three digital ads on Facebook – the “always on” campaign targeted those visited the ECP website; the Super Bowl launch campaign which targeted users interested in travel and likely to visit the ECP website; and the campaign that promoted the new daily nonstop flight between ECP and DCA. Ms. Spillman reported that the Google paid search campaign serves ads to people searching for travel-related terms, and that February activity also included earned media engagement surrounding the FAA required emergency drill which took place at the end of the month. She said the ECP to DCA ad campaign performed significantly well with 341 conversions (airline website clicks).

Ms. Spillman reported that in February there were 1,847 airline website click conversions and 443 assisted conversions as a result of our campaign; 6,698 Escape page views; 22,825 new website visitors; 42,786 total website sessions; 959,463 earned media impressions; and 18% of our subscribers opened the newsletter.

Ms. Spillman reported that the ECP TV commercial ran six times throughout the day before and during the Super Bowl, as well as through the week on all Panama City TV stations, and an additional week on FOX.

Executive Director Report:

Mr. McClellan addressed the Board by informing them the ECP Anniversary event has been postponed, and Staff will continue to be updated with the latest on COVID-19 to keep them informed. Mr. McClellan reported the impact from the virus really began to be seen here four days ago even though for a month it has been in our focus, and there has been no talk of closing the Airport. He added that since the impact of the virus started, we have seen very little military activity. He said the Air Traffic Control Tower is still operating but has a plan in place to reduce staff if necessary. Ms Melzer asked for clarification on the Florida Governor’s order to restrict travelers from the areas having substantial community spread of the

virus, and Mr. McClellan explained that we are lucky because the restrictions are for direct flights only, and we do not have any direct or nonstop flights from Louisiana, New York, New Jersey and Connecticut. Mr. McClellan added Staff has been meeting with our local department of health and they are putting together a plan as we are when connecting cities become an issue. Vice Chairman McDonald asked if we have increased our cleaning procedures for high-touch areas and Mr. McClellan confirmed that we began that several weeks ago.

Public Comments:

There were no public comments.

Adjournment:

The meeting was adjourned at approximately 10:18 a.m.

Kathy Gilmore, Executive Secretary

Del Lee, Chairman