



July 7, 2020

Ms. Susan Skelton
Triumph Executive Director
P.O. Box 12007
Tallahassee, Florida, 32317

Re: Project Gator, Triumph Gulf Coast Application

Dear Ms. Skelton:

Please find the enclosed the Triumph Gulf Coast, Inc. Application for Project Gator from the Panama City – Bay County Airport and Industrial District. This project was developed in partnership with the Bay County – Economic Development Alliance and many other community partners to enhance the development opportunities at ECP.

This project (Project Gator) will support the creation of 96 full-time private sector jobs in the aviation sector in Bay County and further enhance the development of the ECP - Aviation Center of Excellence at the Northwest Florida Beaches International Airport.

Thank you for the opportunity to submit this application. We look forward to providing additional information on this Proposal and on the proposed Project Gator.

Respectfully Submitted,

NORTHWEST FLORIDA BEACHES INTERNATIONAL AIRPORT

A handwritten signature in blue ink, reading "Parker W. McClellan, Jr." in a cursive style.

Parker W. McClellan, Jr. A.A.E.
Executive Director

CC: Bay EDA

Triumph Gulf Coast, Inc. Application for Funds

July 2020

***** IMPORTANT *****

Required for ALL Projects in Bay, Franklin, Gulf and Wakulla Counties

Hurricane Michael Application Addendum

For ALL regular project applications not yet approved by the Triumph Gulf Coast Board in Bay, Franklin, Gulf and Wakulla counties:

Please provide documentation of support or continued support for the proposal as a component of the county's post-Hurricane Michael recovery efforts made by the Board of County Commissioners (for each Hurricane Michael impacted county included in the project) on a date after October 10, 2018.

Triumph Gulf Coast, Inc. TrustFund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.
- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.

Project Gator Application

- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): N/A

Name of Entity/Organization: **Panama City – Bay County Airport and Industrial District
(Northwest Florida Beaches International Airport)**

Background of Applicant Individual/Entity/Organization: The Northwest Florida Beaches International Airport opened in May of 2010 offering the Region new opportunities in air travel as well as aerospace manufacturing and repair. Air travel from Panama City prior to the opening of the Airport was from PFN, which served the City of Panama City and its surrounding communities with regional jet service to Atlanta. In May 2010, PFN closed and ECP opened with a 10,000 foot runway plus land for development. ECP brought to the Region, Southwest Airlines and the up-gauging of Delta aircraft, thus becoming the first Main Line Station for Delta Airlines in the Panhandle. Since the opening, United Airlines has added service to Houston's George Bush Intercontinental Airport with connections to cities worldwide and American Airlines to Charlotte, Dallas- Ft Worth, and Washington D.C. to more than 32 countries around the world. In addition to adding new service routes to locations, ECP has continued to surpass expectations for passenger traffic. In 2009, one of the final years of operation at the prior airport location, the airport saw approximately 312,500 total passengers. In just 10 years, the annual passenger traffic reached nearly 1.3 million.

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: 59-6002804

Contact Information:

Primary Contact Information: Parker W. McClellan, Jr., A.A.E.

Title: **Executive Director - Panama City- Bay County Airport and Industrial District
(Northwest Florida Beaches International Airport)**

Mailing Address: 6300 West Bay Parkway, Suite A, Panama City, FL 32409

Phone: (850) 636-8965

Email: pmcclellan@pcairport.com

Website: www.IFlyBeaches.com

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

Project Gator Application

- **Panama City- Bay County Airport and Industrial District
(Airport Authority/ECP/Airport/District)**
- **Bay District Schools -Tom P. Haney Technical Center-Aviation Academy**
- **Bay Economic Development Alliance (Bay EDA)**
- **Bay County Commission**
- **CareerSource Gulf Coast**
- **Gulf Coast State College**
- **Florida State University-Panama City**
- **Enterprise Florida**
- **Department of Economic Opportunity**
- **Florida Department of Transportation**
- **Triumph Gulf Coast**
- **Space Florida**

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: **\$6,144,000**

Project Gator Application

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☐ Yes ☒ No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

N/A

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

The Panama City-Bay County Airport and Industrial District (District) was established pursuant to a special act of the Legislature in 1967, decodified and amended by Chapter 2005-311, Laws of Florida, and subsequently amended by Chapter 2010-274, Laws of Florida.

The District is an independent special district governed by a seven-member board. The District traditionally generates revenue from airport fees and charges paid by the users. The Airport receives no local tax dollars and does not have taxing authority. Additionally, the Airport maintains a reserve for emergencies and debt service and reinvests available funds into upgrading and new facilities, equipment, and capital improvement projects. Funding for capital improvements projects utilize a variety of funding mechanisms including support from State and Federal agencies.

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☐ Yes ☒ No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

N/A

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- ☐ Ad valorem tax rate reduction within disproportionately affected counties;
- ☒ Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☐ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

Title: ECP Aviation Center of Excellence - Project Gator

Project Description: Project Gator is an aviation and aerospace company based in the southeast United States. Currently, Project Gator has facilities and operations in three states and desires to expand to Florida because of its proximity to key customers. Founded 10 years ago, the Company has grown to be a renowned leader as an aviation refinishing specialist. The company has seen record growth in sales in their business due to their reliable and meticulous approach to servicing customers and their business needs. The company has experienced substantial growth in sales, 53% in 2017, 134% in 2018, and 16% in 2019.

The company has a strong anchor customer base that includes large multinational aviation companies such as Delta Airlines, Northrop Grumman Company, and AAR MRO Services. To expand its customer base, the company has leveraged their 25-year relationships in the industry to win several new clients with the intent to diversify. In 2019, the company secured paint projects with cargo carriers, regional carriers, and additional military carriers. Because of the company's growth and vision, the company is evaluating siting a new business location in Panama City, Bay County, Florida. This potential expansion will have no impact to the company's current operating locations.

For the proposed project, Project Gator is negotiating with the Airport, Bay Economic Development Alliance (Bay EDA), and Space Florida for the construction and lease of a two-bay narrow body hangar (~65,000 sq. ft.) to be located at the Northwest Florida Beaches International Airport. Once operational, the project will allow Project Gator the opportunity to begin operation in a fourth location and service additional customers and contracts to support their growing business. When fully staffed, Project Gator is estimating that they will hire 96 employees at the new location with an average wage of \$45,895, which is over 115% of the Bay County average. The estimated capital investment is approximately \$21M for the Project Gator facility and equipment. An additional \$5,200,000 is needed for necessary ramp improvements and extensions.

By Project Gator locating at the Northwest Florida Beaches International Airport, it will be the first major investment from a private aviation maintenance company at the Airport. Additionally, the investment would be a major milestone in the establishment of the ECP Aviation Center of Excellence. The locating of Project Gator to the Airport would add approximately \$4.5M of private payroll to the Bay County region annually. This new company would contribute significantly to one of the main

economic priorities for Bay County - further diversification of the employment base in the community.

To support Project Gator and complete the first private investment into the ECP Center of Excellence, the Airport is requesting \$6,144,000 from the Triumph Gulf Coast, Inc. to support Project Gator. These funds will be specifically used by the Airport and its partner Space Florida to support the construction of the hangar which will be leased to Project Gator. Once constructed, the proposed hangar for Project Gator will be owned by Space Florida, which is a governmental entity designed by the State of Florida. Upon completion, Project Gator will enter into a long-term lease on the facility and the Airport Authority will hold a long-term ground lease on the Project.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

In Northwest Florida and in the Gulf South, the aerospace and aviation industry are prime targets for economic development growth and economic diversification. Northwest Florida has established itself as a burgeoning region for growth in this sector because of its military assets and its geographical proximity to several large original equipment manufacturers (OEMs) and aviation company headquarters. With the aviation and aerospace sector being such a major component of the U.S. economy, Northwest Florida and Bay County specifically, must work to ensure that the proper investments are made now to keep pace with the national growth of the sector.

According to the Aerospace Industries Association (AIA) 2019 report, there are currently 2.55M U.S. jobs that support the aerospace and defense industry. Additionally, the total revenue sales for the industry in 2018 exceeded \$929B, an increase of 4.17% from the prior year. The sector represents 1.8% of the entire GDP. According to AIA, based on global demand, the growth seen over the past several decades is not likely to subside and the projected outlook for the industry is only set to increase in the coming years.

Because of the importance of this Sector for the U.S. economy and for U.S. global security, Northwest Florida must take the required steps now to remain a key region for the Sector. As stated in the Northwest Florida Forward Strategic Plan, the Northwest Florida Region has a location quotient of 1.05 in this Sector. However, according to EMSI projections from the University of West Florida - HAAS Center within the Strategic Plan, this targeted cluster is projected to decrease in employment by 16% between 2016 to 2026 within Northwest Florida. Strategic activities in our region must occur to prevent a decrease in aviation companies and jobs.

Specifically, for the Northwest Florida Beaches International Airport, Airport officials, community officials, and economic development officials, have a vision to establish the ECP Aviation Center of Excellence. This vision combines educational and Airport assets directly to private sector companies. This Center would accomplish several goals for the community. First, it would establish Bay County as a prime location for private sector aviation related companies to invest within. Secondly, it would diversify the regional workforce further beyond the established pillars of tourism and military, helping to remain resilient in the face of unforeseen disasters. Additional details regarding the necessity for this goal to occur are in the proceeding text.

Upon reviewing the chart below, it can be deduced that a large portion of the employment within the Panama City Metropolitan Statistical Area (MSA) is clustered within hospitality and retail trade. On average the Panama City MSA hospitality employment base is approximately 6% higher than the U.S. average and 5% higher for retail trade. In addition, the manufacturing and transportation employment levels

are 4% and 1.5% lower than the U.S. average, respectively. While these sectors are key drivers for the economy, when the tourism industry is impacted by unexpected changes, these sectors are heavily hit. The establishment of the Aviation Center of Excellence at ECP and Project Gator will provide new employment opportunities in the “Transportation Services” Sector, which helps provides a new differentiating employment opportunity for residents of the community. With each economic development project ‘win’ the community is more diversified, which supports the economic recovery in the wake of unforeseen events.

Panama City MSA
Nonagricultural Employment by Industry

Industry	2019 Average	2019 Percentage
Total Nonfarm	80,450	
Private Service Providing	57,167	71.06%
Mining, Logging and Construction	6,892	8.57%
Manufacturing	3,042	3.78%
Trade, Transportation, and Utilities	15,742	19.57%
Wholesale Trade	2,233	2.78%
Retail Trade	11,608	14.43%
Transportation, Warehousing, and Utilities	1,900	2.36%
Information	800	0.99%
Financial Activities	4,475	5.56%
Professional and Business Services	11,175	13.89%
Education and Health Services	9,525	11.84%
Leisure and Hospitality	12,775	15.88%
Other Services	2,675	3.33%
Government	13,350	16.59%

Source: U.S. BLS

Finally, the establishment of this Center of Excellence will also assist in the stabilization of the regional economy in the wake of a major disasters. Economic disasters have become more common in the recent decade. In 2010, Bay County was directly impacted by the Deepwater Horizon Oil Spill, in 2018 Bay County suffered through Hurricane Michael, and in 2020 Global Coronavirus Pandemic substantial adverse effect on our largest existing sectors. The establishment of the ECP Center of Excellence and specifically Project Gator would further diversify the revenue streams for the Airport, which has proven to be necessary in the wake of disasters. This Project also provides diversified employment opportunities as previously mentioned

which help distribute the employment clusters into various sectors which is necessary when disaster strikes a community for a quick economic recovery.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

Since its opening in 2010, ECP has become a spotlight for site selection consultants and companies for business locations due to it being one of the newest International Airports in the U.S., its 3,000 (+/-) developable acres, global air traffic network, and ready development sites adjacent to the 10,000 foot long runway. These key assets are the prime contributors to making the Airport a desirable location for economic development projects.

Because of these opportunities available at ECP, the Airport Authority, Bay EDA, Bay County Commission, and several partners have come together and assembled the first two phases of establishing the Aviation Campus called the ECP Aviation Center of Excellence.

To bring the ECP - Aviation Center of Excellence to fruition the establishment of private aviation facilities will be necessary. From maintenance repair and overhaul operations (MRO operations), training schools, painting facilities and more, the need to have private sector involvement is crucial to ensure the success of the ECP Aviation Center of Excellence. Private company investment will provide the full-time private sector jobs that are necessary to sustain growth at the Airport and act as a pipeline for students coming out of training centers such as Haney Technical Center's FAA Certified A&P Program. Because of the vision of the community leadership and the goal to grow the Airport into an economic development hub, community leaders are working to solidify the establishment of private sector companies at the Airport. The creation of this ECP Aviation Center of Excellence will also create alternate sources of revenue flowing to the Airport, which diversify its financial position. Adding this diversity to the revenue streams has become crucial in the wake of disasters and when air travel is depressed.

For the company, adding the Project Gator facility will allow the company to expand the company and establish a presence at on "on line" airport. Currently, with one fixed and two remote locations, the company has capacity for 12-14M of annual revenue. Adding Project Gator would put the company in a position to grow to capacity of >25M of annual revenue. The pattern of the 4-year revenue history proves that it is now the time to sustainably add capacity for their network of clients and the company is desirous of making this expansion at ECP. The chart below showcases the proven history of the company and the projections for sustainable growth into the future.

and planned contracts. Space Florida staff has completed this due diligence and is the process of securing a financial partner for the financing of the Project.

(If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

The addition of Project Gator to the ECP Aviation Center of Excellence will be a major ‘win’ for the Northwest Florida and the Airport. The Project further diversifies the Airport’s revenue streams, diversifies the established pillars of the regional economy and creates a significant job creation project for residents of the region.

To measure the success and impacts of Project Gator, to Bay County and the surrounding communities, the net new job creation will be measured, the average wages of the new positions, overall capital investment of the project, the annual payroll increase for the community, and additional aviation activity to the Airport. These areas will help support the economic diversification of the Bay County economy and support the region as it was so heavily affected by the Deepwater Horizon Oil Spill (2010), Hurricane Michael (2018), and COVID-19 (2020). These reoccurring impacts to our economy, reinforce the need for our community leaders to attract diversified companies to our community, helping to stabilize the Region for future unforeseen crises.

For Project Gator, this Project is projected to create 96 net new full-time jobs in Bay County in the aviation sector. The average wages of the project will be \$45,895. The project will also spur the investment of approximately \$21M in facility and equipment investment and \$5,200,000 in ramp improvements and extensions. The investments for the facility and equipment will occur through Space Florida financing and leased back to the company. If not for Project Gator, the capital investment would not occur within Bay County. Another positive impact that will be tracked from Project Gator will be the additional aviation activity that occurs directly from the establishment of this new facility. As the company continues to expand at ECP, there will be an increase in the aeronautical activity derived from Project Gator and its support facilities.

The success of Project Gator will support the marketability of Bay County and Northwest Florida for additional aviation related business investments. Once Project Gator is established and because of their customer list, our Region will see worldwide exposure to attract other MROs and aviation/aerospace manufacturing companies.

(If additional space is needed, please attach a Word document with your entire answer.)

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

The funding request to Triumph Gulf Coast, Inc. for Project Gator will support the establishment of the company in Bay County at ECP. The funding requested will support the construction of the ~65,000 sq. ft. hangar necessary for Project Gator. The facility financing will occur through Space Florida, however the Triumph Gulf Coast, Inc. funds will be designated to support the construction of the hangar including but not limited to site work, foundations, utility extension, parking areas, and other facility requirements. The Triumph Gulf Coast proceeds will be used in combination with funding that is secured through Space Florida for the construction of the facility. The amount of funding requested is a one-time financial support to help reduce the financial burden on Project Gator and the necessary financed amount through Space Florida. For Project Gator, all reoccurring financial burdens shall be on partners and beneficiaries of the Project and not Triumph Gulf Coast, Inc. Space Florida will maintain ownership of the Project Gator hangar and enter into a long-term lease with the company.

For the financing of Project Gator, the company is working with Space Florida to finance and lease the building and equipment needed for the project. It is estimated that the amount to be financed through Space Florida for the Project Gator is \$14,803,000. Once completed and purchased the facility and equipment will be synthetically leased back to the company through Space Florida. Through this lease, the Company will be financially obligated for an estimated \$14.8M.

(If additional space is needed, please attach a Word document with your entire answer.)

7. Describe how the deliverables for the proposed project or program will be measured.

The deliverables for Project Gator and the financial award by Triumph Gulf Coast will be through the construction of the new Project Gator facility by Space Florida at ECP. With this facility being located at the Airport and owned by Space Florida, the facility will be a public infrastructure project. The project provides funding to support necessary construction activities on the Project Gator facility. The economic benefits to the Bay County community and Region will be the in direct new aviation/ aerospace related jobs created at ECP, the increase in average wages, the addition of the annual payroll to Bay County, and the overall capital investment from the Project.

Below is the project job creation schedule for Project Gator.

Phase	Number of net new full-time equivalent Florida jobs created in the business unit	Date by which jobs will be created
I	25	12/31/2021
II	45	12/31/2022
III	67	12/31/2023
Total	96	

(If additional space is needed, please attach a Word document with your entire answer.)

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

☐

Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.

☐

Increase household income in the disproportionately affected counties above national average household income.

☐

Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.

- ☒ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- ☒ Benefit the environment, in addition to the economy.
- ☒ Provide outcome measures.
- ☒ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ☒ Are recommended by the board of county commissioners of the county in which the project or program will be located.
- ☐ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

The project meets the following priorities:

Generate maximum economic benefits

Growth of the aviation industry in Northwest Florida is crucial to ensure that the Region remains competitive in the decades to come. As previously discussed, AIA projects for the industry to grow significantly over the next decade. However, according to the UWF - HAAS Center report, this industry in Northwest Florida is likely to see a decrease in overall jobs unless changes are made and investments occur to support the continued growth. With the industry being nearly 2% of the U.S. GDP, it is clearly evidenced why Northwest Florida must be on the leading edge of new company investments and educational training. If investments are not made now, our communities will continue to lose exiting military personnel looking to stay in the industry, young professionals who are eager to get into aerospace, and skilled technicians who would otherwise find employment in another Region with a strong aviation cluster.

With the establishment of the ECP Aviation Center of Excellence, Bay County and the Northwest Florida would be creating a hub for skilled aviation employees who are looking to relocate or stay in the area for employment opportunities. According to EMSI, careers in "Support Activities for Air Transportation" and "All Other Support Activities for Transportation" have average earnings that are \$76,341 and \$53,474, respectively, within the State of Florida. Additionally, according to EMSI, the average annual earnings for all jobs across the State of Florida is \$46,059.73. The primary careers would be established at the ECP Aviation Center of Excellence would be those identified within Air Transportation. Just from the simple measurement of annual wages, the justification for why this sector is so evident. This Sector provides extremely competitive wages and our region has the assets to grow the sector. From the existing military bases, proximity to large OEMs, and training centers, our communities must make the investments now to leverage these assets and secure private sector investment into our communities. For Bay County and the Northwest Florida Beaches International Airport, Project Gator does just that for the establishment of the ECP Aviation Center of Excellence. Long term, this one investment will help spur future developments with more aviation related companies.

Increase Household Income

Project Gator will be a catalyst for the establishment of new and additional aviation related businesses in Bay County. Currently, the Bay County average wage per the Florida Department of Economic Opportunity is \$38,736. The Bay County average wage is only 78% of the State of Florida average. When evaluating the Bay County household income average, the amount is \$70,630, while the State of Florida average household income is \$78,335. For average household income, Bay County only attains, 90% of the State of Florida average. With the establishment of Project Gator in Bay County, the company intends to bring jobs with an average wage that is over 115% of the Bay County average. When established, Project Gator will support the goal of increasing the household income in Bay County and Northwest Florida.

Leverage existing assets

ECP is a spotlight for site selection consultants and companies for business locations due to it being one of the newest International Airports in the U.S., its 3,000 developable acres, global air traffic network, and ready development sites adjacent to a 10,000 foot long runway. These key assets are the prime contributors to making the airport a desirable location for economic development projects. Additionally, with six major military installations throughout Northwest Florida, there are thousands of exiting military service members annually who are looking for promising careers in our Region. To begin the development of private sector maintenance facilities at the Airport, Project Gator will act as a catalyst for one of the first major private sector investments at the Airport paving the way for future development and attention for new private sector investments.

Partner with local governments

To support the growth of the aerospace and defense sector in Northwest Florida; the Airport Authority, Bay EDA, and its partners including Bay County are working to assemble the ECP Aviation Center of Excellence at the Northwest Florida Beaches International Airport. This Aviation Center of Excellence Campus Concept is being pursued aggressively by local leaders, as it supports the true economic diversification that is needed within the regional economy. As was evidenced in the wake of Hurricane Michael in 2018 and COVID-19 in 2020, having an established industrial base in the wake of a major disaster makes the economy stabilize much quicker. To support Project Gator, the State of Florida and Bay County are supporting the project with matching tax incentives including the Qualified Target Industry Tax Refund (QTI). Through this program, the State will be funding up to \$230,400 in tax refunds back to the company. Bay County will also be supporting the project by providing tax refunds up to \$57,600. The total QTI award in support of the project is \$288,000.

Additionally, the Airport Authority is investing into required infrastructure to support the project. The investment being made by the Airport Authority in partnership with the FL Dept. of Transportation is \$5,200,000.

Benefit the environment

As part of the initial development of the Airport, 9,600 acres south of State Road 388 is being mitigated to allow for the full development of the 4,000 acres Airport. This mitigation effort is an ongoing effort and is required as part of the U.S. Army Corp of Engineers Permit and the Florida Department of Environmental Protection Permit.

Outcome measures

As an infrastructure project, the Project supports the development of aviation related facilities at the Airport. For this establishment of airport infrastructure, Project Gator will create 96 net new full-time jobs in Bay County in the aviation sector. Other measurable outcomes include the 96 jobs having an average wage \$45,895 and the addition of approximately \$4.5M to annual payroll for the Bay County community.

Partner with K-20 Educational Institutions

The vision of the Aviation Center of Excellence includes the establishment of Project Gator, other private economic development projects, in partnership with the FAA Approved Airframe and Powerplant (A & P) Program at Tom P. Haney Technical Center (Haney) at the Airport. For future years, the Haney A&P Program is evaluating the relocation and expansion of the education opportunities for students to the Airport. The present facilities have the capability to allow 60 students per session and the new facility would provide classrooms, labs, engine test and support facilities for more than 120 students.

The unique location and the ability to have the students begin their training and familiarity of working at an airport and a maintenance, repair, and overhaul facility would enhance the employment and growth of the aviation sector in Northwest Florida. The facility would be designed as an MRO allowing students to be familiar with the working environment and as a result increase their employability upon completion of the licensing program.

This relocation will also allow the A & P Program to become a new pipeline for employment opportunities supporting Project Gator, and future MRO facilities. The close proximity to existing employers will also provide opportunities for students to complete internships and co-op positions within these adjacent businesses.

Recommended by Board of County Commissioners

In February 2020, the Bay County Commission voted and approved a resolution in support of the establishment of the ECP Aviation Center of Excellence at the Northwest Florida Beaches International Airport. Bay County Resolution No. 3690 supported the Northwest Florida Beaches International Airport Authority and Bay Economic Development Alliance to establish an Aviation Center of Excellence. The Aviation Center of Excellence includes four different economic development projects and Project Gator being one of the named economic development projects.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

Project Gator meets the priorities established by the Board in terms of development opportunities in Northwest Florida and in Bay County. The Airport is a blank canvas which allows for development projects from start to finish rather than adapting properties to meet the needs of the prospective clients.

The District supports the priorities of the Board as established by the enabling legislation and the efforts of its current and past Board of Directors. The Airport is responsible for acquiring, constructing, improving, financing, operating and maintaining the Airport and for developing projects on land owned or leased buy the District. Additionally, the District will promote the economic, commercial, and industrial development.

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa Okaloosa Walton **Bay** Gulf Franklin Wakulla

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?
☐ Yes ☒ No

If yes, list all Counties that apply: _____

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

☒ Yes ☐ No

****Please attach proof of recommendation(s) from each County identified.**

See attached resolution.

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

The grant agreement would need to be approved by the Airport Authority and then accepted by Space Florida.

(If additional space is needed, please attach a Word document with your entire answer.)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:
3. A. Provide the schedule of upcoming meetings for the group for a period of at least six months.

Airport Authority

- **July 29, 2020**
- **August 26, 2020**
- **September 23, 2020**
- **October 28, 2020**
- **November 18, 2020**
- **December 16, 2020**

- B. State whether that group can hold special meetings, and if so, upon how many days' notice.

Airport Authority: The Airport Authority has the ability to hold a special called meetings for urgent business matters. A special called meeting may be called in accordance with Florida Statutes 189.015, which requires 7 day notice for a special meeting.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

- I. The Airport Authority will contract with Space Florida for the land lease (45 days)**
- II. Space Florida will request proposals for the necessary design-build services for the contracted features of the facility (45 days)**
- III. The Airport and Space Florida will review and approve the proposal and Space Florida will award the contract to the highest and best rated design-build firm and contract execution (60 days)**
- IV. Design, Engineering, Construction will take an estimated twelve months (365 days).**

(If additional space is needed, please attach a Word document with your entire answer.)

5. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

The Board of Directors of the Panama City – Bay County Airport and Industrial District have developed a “Board Operating Procedures” document. This document sets forth the governing board, roles and responsibilities and other facets of the operation, most recently amended August 22, 2018.

Below is the reference to authority to execute this proposal:

ARTICLE V. ADMINISTRATION

Section 1. Executive Director, Chief Executive Officer

The Board shall employ an airport manager with the title of Executive Director, Chief Executive Officer, who shall be its chief executive officer in the management of the

Airport facilities. The Executive Director, Chief Executive Officer shall be given the necessary authority and responsibility to operate the Airport in all its activities, subject only to such policies as may be adopted and such orders as may be issued by the Board. The Executive Director, Chief Executive Officer shall act as the authorized representative of the Airport and the Board, in all matters in which the Board has not formally designated some other person to act.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the timeperiod over which funding is requested.

To support Project Gator, which will act as a catalyst for the establishment of the ECP Aviation Center of Excellence, the Airport Authority is requesting \$6,144,000 from Triumph Gulf Coast, Inc. These funds would be used by Space Florida for the construction of public infrastructure including but not limited to a new ~65,000 sq. ft hangar, utility infrastructure, parking areas, and other necessary items to support the establishment of Project Gator. The overall timeline of the Project can be seen in the included attachments.

For the Triumph Gulf Coast funding, these funds are requested to be allocated to the Airport Authority for the infrastructure improvements beginning in the 1st Quarter of 2021 and should be expended by the 4th quarter of 2021.

(If additional space is needed, please attach a Word document with your entire answer.)

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

For Project Gator, the overall project cost is projected to be \$26,147,000. The amount requested from Triumph Gulf Coast, Inc., \$6,144,000, represents 23.49% of the total project costs. The Triumph Gulf Coast funding will be critical to making the project come to fruition in Bay County.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

Project Gator is desirous of establishing a new aircraft refinishing and aircraft MRO service facility. This facility would be an aircraft refinishing facility that completes work on commercial and military aircraft for various customer. Once fully operational with this project, the Company will employ 96 employees whose primary function is to complete aircraft painting and repair work on various aircraft. The primary NAICS codes for the 96 jobs would be 488190 (Aircraft Paint). The FAA considers Aircraft Paint substantial aircraft maintenance. The average wage projected for the 96 jobs for Project Gator is \$45,895.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

☒ Yes ☐ No

The funding by Triumph Gulf Coast, Inc. will supplement other project funding sources to support Project Gator. For Project Gator, other funding sources include funding directly by the private company through Space Florida, the Airport Authority, the Florida Department of Transportation, and potentially other funding sources to support the required infrastructure.

(If additional space is needed, please attach a Word document with your entire answer.)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	\$ 15,000,000
Reconstruction	\$ N/A
Design & Engineering	\$ 3,00,000
Land Acquisition	\$ N/A
Land Improvement	\$
Equipment	\$ 2,947,000
Supplies	\$ N/A
Salaries	\$ N/A

Project Gator Application

Other (Necessary Ramp Improvements)	\$ <u>5,200,000</u>
Total Project Costs:	\$ <u>\$26,147,000</u>

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

ECP Airport Authority	\$ <u>2,600,000</u>
Private Sources (financed through Space Florida)	\$ <u>14,803,000</u>
FL Department of Transportation.	\$ <u>2,600,000</u>

Total Other Funding- QTI Incentive, Bay County and State of Florida <i>(not included in total)</i>	\$ <u>288,000</u>
Total Amount Requested:	\$ <u>6,144,000</u>

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

- C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

The overall proposed budget for Project Gator is approximately \$26.1M. This level of investment is substantial for our Region and the Bay County community. The breakdown of the proposed budget are as follows, \$18,000,000 for the facility requirements for Project Gator, \$2,947,000 for necessary equipment, and \$5,200,000 for necessary ramp improvements.

To fund the necessary ramp improvements, the Airport Authority is working with the Florida Department of Transportation on securing a matching grant to fund the \$5,200,000 in necessary infrastructure improvements.

For the facility and equipment, the company is working with Space Florida to assist in the financing of the hangar, necessary equipment, and supporting facilities. It is estimated that this cost will be \$20,947,000. To support the project, Space Florida will have an agreement with a financial institution for conduit financing. The amount

sought for conduit financing is approximately \$15M. Upon receiving the financing, Space Florida will construct the needed facility and synthetically lease the facility and equipment to the Company on a long-term lease agreement. To support the facility construction by Space Florida, the Airport Authority is requesting \$6,144,000 to support the facility construction.

Space Florida currently is working to secure a financial partner for Project Gator. This process is projected to be finalized by July 31, 2020. Additionally, for necessary ramp improvements to allow Project Gator to proceed, the Airport Authority will present the request to their board upon the financial partner being secured. It is currently projected to be at the August Airport Board Meeting. The request for matching funds from Florida Department of Transportation will occur immediately following.

(If additional space is needed, please attach a Word document with your entire answer.)

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☒ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes ☐ No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes ☐ No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

- A. Is the infrastructure owned by the public?

☒ Yes ☐ No

- B. Is the infrastructure for public use or does it predominately benefit the public?

☐ Yes ☒ No

The infrastructure predominately benefits the public as the entire project will be owned by Space Florida and the District. Both of which are public entities. Additionally, the ground lease revenues from the proposed project is additional revenue to the Airport Authority supporting the continued investment by the Airport benefiting the citizens of Northwest Florida and Bay County.

- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?

☒ Yes ☒ No

The primary tenant of the facility will be Project Gator. However, much of the ramp improvements completed to support the Project will have multiple users. Additionally, the customer base that is supported by the new Project Gator facility will also include existing airlines at the Airport.

- D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

The vision for the Northwest Florida Beaches International Airport began nearly two decades ago. The vision came to fruition in 2010 with the first landing on May 22, 2010. From the establishment of the Airport, community leaders across Northwest Florida recognized the need for our Region to establish an aviation center that would include world class amenities for traditional travel and premier development sites for aviation related projects. These leaders could foresee the need for a new and expanded airport in the Region, but one with economic development opportunities. They knew that this was essential in order to accommodate the growth of Bay County and to act as a catalyst to spur further development.

To see this vision come to fruition, private investment is necessary for the Airport to be not only a transportation hub, but a hub for economic development activity as well. The Airport Authority, Bay EDA, and several of its partners are working to establish the ECP Aviation Center of Excellence. As previously discussed, the goal for the Aviation Center of Excellence includes an

educational institution, training operations, maintenance, repair, and overhaul operations, and other aviation related businesses. Project Gator is the first project that will enact this vision of hub for economic development success with aviation related companies.

If successful, the investment by the Triumph Gulf Coast, Inc. supports the vision of the community and provides support for the catalyst project to build out the Airport. Once established, Project Gator will add 96 jobs in the aviation industry and provide a key service to airlines who utilize the Airport and bring in new aviation companies showcasing the community for future development.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- Economic recovery
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

Economic Recovery

Northwest Florida has seen its fair share of disasters both man-made and natural. From the 2010 Deepwater Horizon Oil Spill, 2018 Hurricane Michael, and 2020 COVID-19 Pandemic, the Region has endured economic disasters. From these events, the need for a quick recovery becomes paramount as the weeks and months pass by after the event. Residents quickly need to return to work, companies need to become operational, and families need to keep their economic stability in place to ensure our community remains stable after as disaster. As it was evidenced in all three of these disasters, the companies that were able to open up and get paychecks flowing again the fastest after a disaster are the companies in the industrial sector. The reason for this is because of their essential role in supply chains and because of the critical sectors that they operate.

In each of these disasters our industrial companies worked diligently to ensure that they could open up quickly and ensure the safety of their workforce. The industrial sector in Bay County accounts for approximately 40% of our workforce. In total, the broad industrial base in Bay County represents approximately 30,000 employees. Industries ranging from wholesale trade, transportation, manufacturing, construction, among others, have always remained resilient after every disaster. These companies have always helped to keep our economy moving because they are able to continue operating and keep payroll flowing in Bay County.

Project Gator will do exactly that as well. By adding this aviation related business to the Bay County economy and the associated jobs, whenever the next disaster impacts our region, this company will be a contributing factor to the quick economic recovery or our community for decades to come. One of the primary reasons for this is because of the essential nature of their business. The aviation industry is such a vital sector for our nation's safety and our economy. Project Gator supports both commercial operations and military operations.

Economic Diversification

The economic diversification of the Bay County economy is a critical goal of the leadership of the community. To be a strong stable economy, community leaders recognize the need that Bay County must diversify beyond the established pillars of tourism and military. While these pillars will remain strong for the foreseeable future, to weather future disasters, diversification will be also help lead the community to a safer and more resilient economic future. As previously mentioned, the hospitality and retail sectors within Bay County are much higher than on a national average. With such a strong tourism base these numbers are to be expected. However, for the Bay County and Northwest Florida economy to truly be resilient, the need to add businesses beyond the established pillars is necessary. With the long-term goal of more aviation related companies being located at ECP, Project Gator will support the establishment of this campus and help attract additional aviation related companies to Bay County.

Enhancement of the Disproportionately Affected Counties

Bay County and much of Northwest Florida has historically been known as a tourism related community and region. From an economic development perspective and when working with industrial related companies interested in Bay County, this historical pretense acts as a deterrent to some companies. Companies are not familiar with Bay County as an area for traditional economic development projects. Because of the notion, some companies think that the workforce will not be able to fulfill the necessary openings at the facilities. Through many partners, Bay County leaders and many more work to curtail this notion on a regular basis. With every economic development win, the stigma of being just a tourism related economy slowly dissipates.

The Northwest Florida Beaches International Airport is a premier economic development asset. To continue showcasing that Bay County and Northwest Florida is a premier location for private sector investment, our leaders must do what is needed to support new private sector investment. With Project Gator being such a critical component to the start of the ECP Aviation Center of Excellence, investments must be made to support the project. The investment by Triumph Gulf Coast, Inc. would showcase to the aviation industry that Bay County and the surround counties are premier locations for aviation investment and would be another win working to change the historical view of the Region.

Enhancement of a Targeted Industry

According to the Aerospace Industries Association (AIA) 2019 report, there are currently 2.55M U.S. jobs that support the aerospace and defense industry. Additionally, the total revenue sales for the industry in 2018 exceeded \$929B, an increase of 4.17% from the prior year. The sector represents 1.8% of the entire GDP.

As stated in the Northwest Florida Forward strategic plan, the Northwest Florida Region has a location quotient of 1.05 in this sector. However, according to EMSI projections from the HAAS Center within the strategic plan, this targeted cluster is projected to decrease in employment by 16% between 2016 to 2026 within Northwest Florida. Strategic activities in our region must occur to prevent a decrease in aviation companies and jobs. Because of these projects and because of the importance of the sector in the U.S. GDP, the aviation and aerospace sector is a target industry for our state and region. Additionally, from Louisiana to Florida, our region sits in the in a major aviation corridor.

The addition of Project Gator to the Bay County community will represent another addition of an aviation company in the community. Because of the importance of the aviation industry to our national economy and our national defense, we must do all we can to secure aviation related private sector investments in our community.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

A. Is this project an expansion of existing infrastructure project?

☒

Yes

☐

No

B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

The commencement date for the necessary ramp improvements to support Project Gator are slated to begin in January 2021. The timeline to complete these improvements are approximately 12 months.

The commencement date for the facility construction and improvement of public infrastructure at the Airport to support Project Gator is in March 2021. The projected timeline to finish this project is by January 2022. For a total of 300 days.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

The location of the Project Gator facility will be located at the Northwest Florida Beaches International Airport. The address for the Airport is 6300 West Bay Parkway, Suite A, Panama City, FL 32401. The facility will be constructed on the most southern “project-ready” site that will have access to the 10,000 foot long runway.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

For the Project Gator facility and adjacent grounds, the Company will be required by their lease with Space Florida and the ground lease with the Airport Authority for maintenance and upkeep the facility and grounds.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. What permits are necessary for the infrastructure project?

Based upon initial review, the permitting process will include approval by the Airport, Bay County Building Services and Bay County Planning. The site was included in the original siting process for the Airport in terms of Stormwater and other factors.

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

The necessary permitting for Project Gator was included in the original development orders and permitting. The Airport will work with Bay County Planning and Building Services to ensure all permits are modified to reflect this development. It is anticipated the Development Order will be modified to reflect the development of ECP Aviation Center of Excellence.

It is estimated the review and updates will be completed in 45 days from submission.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The current zoning of the proposed project location is A/IND-SP, Airport/Industrial Sector Plan. For Project Gator, this current zoning designation will be appropriate. Additionally, for the overall vision for the ECP Aviation Center of Excellence, this will be the necessary zoning designation as well.

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline

☐ Yes ☒ No

N/A

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☒ Yes ☐ No

To support Project Gator and future development for the ECP Aviation Center of Excellence, the Airport Authority will be investing \$2,000,000 into necessary ramp improvements. There funding will be matched by the FL Department of Transportation for an additional \$2,000,000.

In addition, to support Project Gator, the State of Florida in partnership with Bay County has awarded a Qualified Target Industry Tax Rebate to the company. The amount of this aware is \$288,000 with 20% of the rebate being funded by Bay County (\$57,600).

(If additional space is needed, please attach a Word document with your entire answer.)

- I. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

1. Program Requirements

- A. Will this proposal supports programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.
- ☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Will the proposed program (check all that apply):
- ☐ Increase students' technology skills and knowledge
 - ☐ Encourage industry certifications
 - ☐ Provide rigorous, alterative pathways for students to meet high school graduation requirements
 - ☐ Strengthen career readiness initiatives
 - ☐ Fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors
 - ☐ Encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties (similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission on Education)

For each item checked above, describe how the proposed program will achieve these goals

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer? If yes, please provide details.
- ☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Identify the disproportionately affected counties where the proposed programs will operate or provide participants with workforce skills.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this an expansion of an existing training program? Is yes, describe how the proposed program will enhance or improve the existing program and how the proposal program will supplements but not supplant existing funding sources.
- ☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Indicate how the training will be delivered (*e.g.*, classroom-based, computer based, other).
- If in-person, identify the location(s) (*e.g.*, city, campus, etc.) where the training will be available.

If computer-based, identify the targeted location(s) (e.g., city, county) where the training will be available.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Identify the number of anticipated enrolled students and completers.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Indicate the length of the program (e.g, quarters, semesters, weeks, months, etc.) including anticipated beginning and ending dates.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Describe the plan to support the sustainability of the proposed program.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. Identify any certifications, degrees, etc. that will result from the completion of the program.

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☐ Yes

☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR AD VALOREM TAX RATE REDUCTION:

1. Program Requirements

- A. Describe the property or transaction that will be supported by the ad valorem tax rate reduction.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the ad valorem tax rate reduction will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of the quantitative evidence demonstrating how the proposed ad valorem tax reduction will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the ad valorem tax rate reduction?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the ad valorem tax rate reduction and provide a detailed description of when and how the ad valorem tax rate reduction will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does this proposed project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

**ADDENDUM FOR LOCAL MATCH REQUIREMENTS OF SECTION 288.0655,
FLORIDA STATUTES**

1. Program Requirements

- A. Describe the local match requirements of Section 288.0655 and the underlying project, program or transaction that will be funded by the proposed award.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the local match requirements and the underlying project or program will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of, and quantitative evidence demonstrating how the proposed local match requirements will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the local match requirements?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR LOCAL ACTION PLAN

1. Program Requirements

- A. Describe how the proposed award will establish and maintain equipment and trained personnel for local action plans of response to disasters.
- B. Describe the type and amount of equipment and trained personnel that will be established or maintained by the proposed award.
- C. Identify the specific local action plans (*e.g.*, Coastal Impacts Assistance Program) that will benefit from the proposed award.
- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
 - Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the local action program that will be supported by the proposed award?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the local action plans (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR ADVERTISING/PROMOTION

1. Program Requirements

- A. Is the applicant a tourism entity created under s. 288.1226, Florida Statutes?
☐ Yes ☐ No
- B. Does the applicant advertise and promote tourism and Fresh From Florida? If yes, provide details on how it advertises and promotes tourism and Fresh From Florida.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does the proposed award promote workforce and infrastructure on behalf of the disproportionately affected counties? If yes, describe how workforce and infrastructure is promoted on behalf of the disproportionately affected counties.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Describe the advertising and promotion mediums and locations where the advertising and promotion will occur.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the advertising and promotion (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

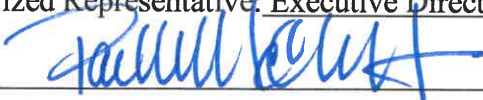
(If additional space is needed, please attach a Word document with your entire answer.)

Project Gator Application

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: Parker W. McClellan, Jr., A.A.E.

Name and Title of Authorized Representative: Executive Director

Representative Signature: 

Signature Date: 7 JUL 2020

7 JULY 2020 FINAL

Attach Financials of Airport

Attach Financials of Company

Attach County Resolution

Attach Project Timeline

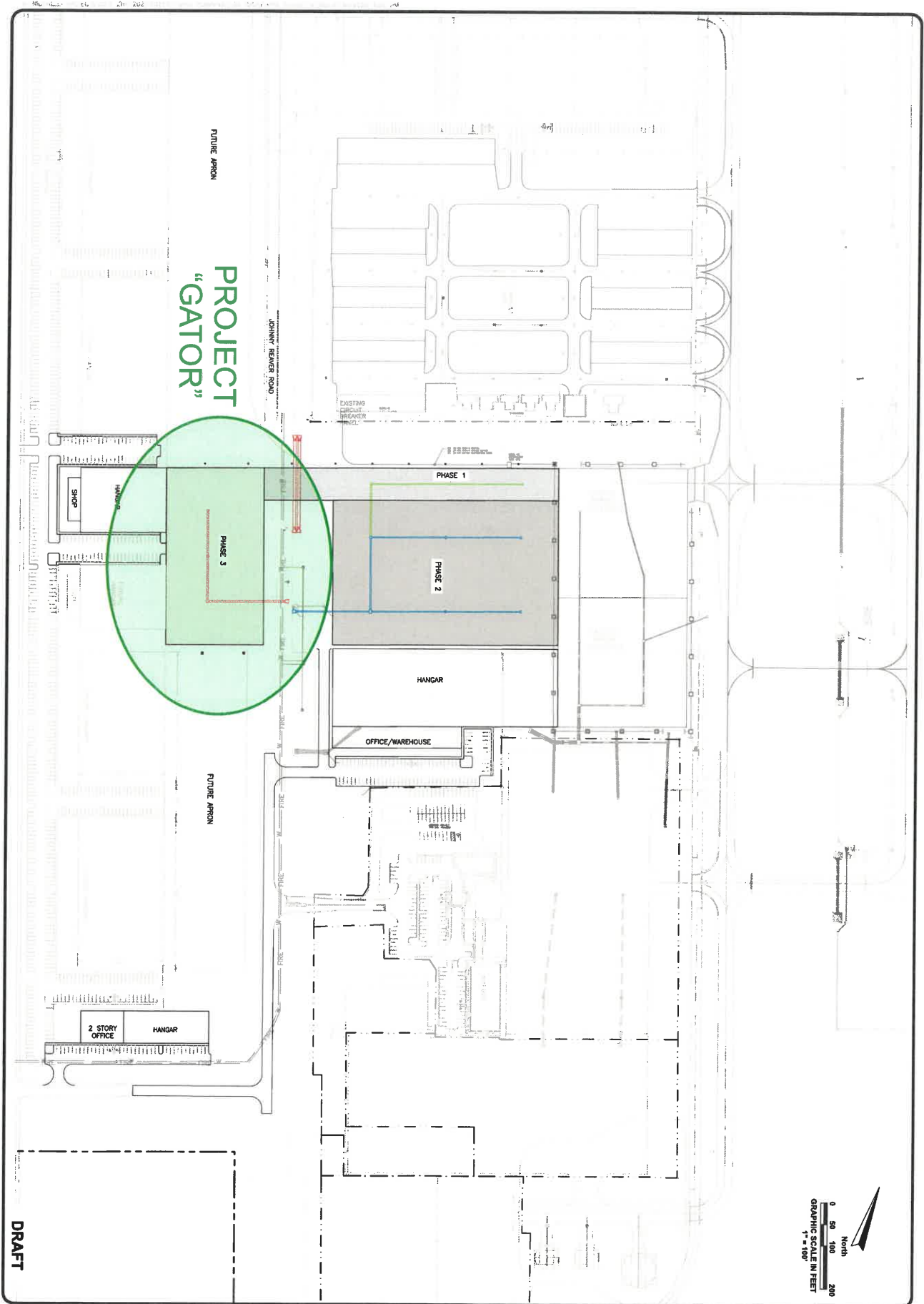


EXHIBIT 4 SHEET NUMBER	DESIGNED BY: T.A. DRAWN BY: M.A. CHECKED BY: T.A. APPROVED BY: V.A. PROJECT NO: 2018-0713 DATE: JUNE 2020	MRO IMPROVEMENTS PREPARED FOR NORTHWEST FLORIDA BEACHES INTERNATIONAL AIRPORT	CONCEPTUAL PHASE PLAN	TONYA D. BARNES FL LICENSE NO. 58451 FIRM CERTIFICATE OF AUTHORIZATION NO. 5527	AVCON 320 DAYTONS DRIVE, SUITE A NICEVILLE, FL 32578-3425 OFFICE (904) 978-6400 www.avconinc.com	ZHA
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A CERTIFIED TRUE COPY
BILL KINSAUL CLERK
OF THE CIRCUIT COURT
By [Signature]
Deputy Clerk

RESOLUTION NO. 3690

A RESOLUTION OF THE BAY COUNTY BOARD OF COUNTY COMMISSIONERS SUPPORTING THE NORTHWEST FLORIDA BEACHES INTERNATIONAL AIRPORT AUTHORITY AND BAY ECONOMIC DEVELOPMENT ALLIANCE TO ESTABLISH AN AVIATION CENTER OF EXCELLENCE.

BE IT RESOLVED BY THE GOVERNING BOARD OF BAY COUNTY, FLORIDA, as follows:

WHEREAS, the Northwest Florida Beaches International Airport is an independent special district of the State of Florida;

WHEREAS, The Northwest Florida Beaches International Airport plans to establish an Aviation Center of Excellence which includes an educational component through Project Good Wrench, which will provide industry certifications and training for students in the aerospace sector. This Center of Excellence will be the assemblage of four different economic development projects including Project Venus, Project Gator, Project Saturn, and Project Good Wrench.

WHEREAS, these four projects will be divided into Phase 1 and Phase 2 components and represent the creation of approximately 400 direct jobs with an average wage of approximately 115% of the Bay County average and the capital investment of \$131M.

NOW, THEREFORE, the Bay County Board of County Commissioners supports these efforts of the Northwest Florida Beaches International Airport and encourages Triumph Gulf Coast, Inc., and other potential funding partners to support this important project.

DULY ADOPTED BY THE GOVERNING BOARD OF BAY COUNTY,
FLORIDA, this 19th day of February 2020.

Seal



BOARD OF COUNTY
COMMISSIONERS
BAY COUNTY, FLORIDA

Philip "Griff" Griffiths, Chairman

ATTEST:

Approved as to form:

Bill Kinsaul, Clerk

Office of County Attorney

Brian D. Leebrick



PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
PANAMA CITY, FLORIDA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018



Tipton, Marler, Garner & Chastain
The CPA Group

PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
PANAMA CITY, FLORIDA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

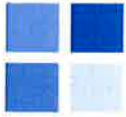
PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
PANAMA CITY, FLORIDA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Panama City - Bay County Airport and Industrial District, as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Panama City - Bay County Airport and Industrial District, as of September 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as specified in the Passenger Facility Charge Audit Guide, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of Panama City - Bay County Airport and Industrial District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Panama City - Bay County Airport and Industrial District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panama City - Bay County Airport and Industrial District's internal control over financial reporting and compliance.

Lipton, Maier, Garner & Chastain

Panama City, Florida
February 19, 2020

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

The following Management's Discussion and Analysis ("MD&A") of the Panama City-Bay County Airport and Industrial District's (the "District") activities and financial performance provides an introduction to the basic financial statements of the District for the year ended September 30, 2019 with comparative information for the year ended September 30, 2018. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and the notes thereto, which are essential to a full understanding of the financial statement data.

District Background and History

The District was established pursuant to a special act of the Florida Legislature in 1967, recodified and amended by Chapter 2005-311, Laws of Florida, and subsequently amended by Chapter 2010-274, Laws of Florida. It is a political subdivision of the state and is an independent special district pursuant to the constitution and laws of Florida. The District owns and operates the Northwest Florida Beaches International Airport (the "Airport"), which opened on May 23, 2010. The Federal Aviation Administration ("FAA") Airport identifier is ECP.

The District is governed by a seven-member Board of Directors who are appointed to four-year terms. The Act requires that two members of the Board be appointed by the City Commission of the City of Panama City, two members be appointed by the Board of County Commissioners of Bay County, two members be appointed by the City Council of Panama City Beach, and one member be appointed by the Board of County Commissioners of Walton County.

The Airport is situated on approximately 4,000 acres located in Bay County, Florida, 12 miles north of Panama City Beach. It is classified as a small hub airport by the Federal Aviation Administration ("FAA"). Phase One of development of the Airport property includes approximately 1,200 acres.

The Airport has one concrete/grooved runway, Runway 16/34. It measures 10,000 feet in length and is used by both commercial and general aviation aircraft.

ECP was the first commercial international airport designed and built after September 11, 2001. The terminal building measures approximately 136,000 square feet and houses seven gates, five of which have jet bridges and two of which are ramp level.

The District is self-supporting, using aircraft landing fees, airline rentals and fees, terminal and airport property rentals, and revenues from concessions and parking to fund operating expenses. Operating expenses of the District are not taxpayer funded. Construction programs are funded by federal and state grants, Passenger Facility Charges ("PFCs"), and District revenues.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Brief Discussion of Basic Financial Statements

This report consists of a series of financial statements that are designed to help the reader understand the District's financial position. Two of these statements, the *Statements of Net Position* and the *Statements of Revenues, Expenses and Changes in Net Position* report information about the District and its activities in a way that helps illustrate if the District is better or worse financially as a result of the year's activities.

These two statements inform the reader of the District's net position and changes in that net position. The District's net position – the difference between assets and liabilities – is one way to measure the District's financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or weakening.

Since the District charges fees to tenants and concessionaires to cover the costs of the services it provides, the District records its activities in one proprietary fund. Proprietary funds are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Under this method of accounting, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Financial Highlights

- Total assets of the District exceeded total liabilities by \$259,938,469 (net position). Of this amount, \$18,239,615 is unrestricted.
- Operating revenues increased by \$923,566, or 7.80%, over prior year operating revenues.
- Operating expenses increased by \$387,670, or 1.85%, over prior year operating expenses.
- Terminal complex revenues increased \$623,105, or 15.67%, compared to prior year.
- The District's outstanding long-term debt decreased by \$1,380,485.
- Total net position decreased by \$3,575,724, or 1.36%, due largely to depreciation expense of \$13,668,371.

Condensed Comparative Financial Statements

The following table provides a summary of the assets, liabilities and net assets of the District for the current and prior year:

	Net Position	
	2019	2018
Current assets	\$ 28,152,920	\$ 23,008,619
Capital assets	272,503,246	282,315,893
Total assets	<u>300,656,166</u>	<u>305,324,512</u>
Long-term debt outstanding	35,773,605	37,154,090
Other liabilities	4,944,092	4,656,229
Total liabilities	<u>40,717,697</u>	<u>41,810,319</u>

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net position:

Net investment in capital assets	236,729,641	245,161,802
Restricted	4,969,213	3,296,694
Unrestricted	<u>18,239,615</u>	<u>15,055,697</u>
Total net position	<u>\$ 259,938,469</u>	<u>\$ 263,514,193</u>

Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the District's largest portion of net assets. These capital assets are utilized to provide services to the public; consequently, these assets are not available for future spending. Unrestricted net position, which is available for future spending, increased by \$3,183,918, or 21.15%.

The following schedule provides a summary of the changes in net assets for the current and prior year:

Changes in Net Position

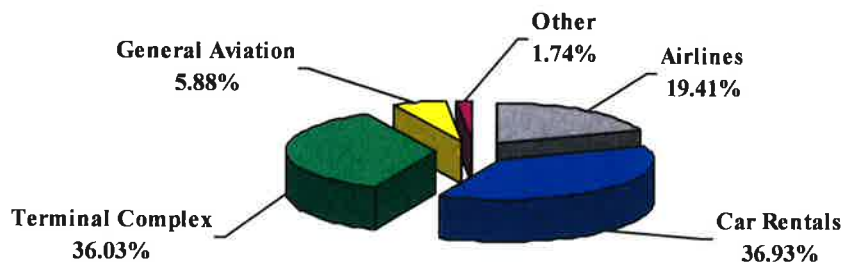
	<u>2019</u>	<u>2018</u>
Revenues		
Operating revenues	\$ 12,769,223	\$ 11,845,657
Grants and entitlements	3,199,856	4,070,819
PFC revenues	2,169,008	1,795,951
CFC revenues	1,256,338	723,898
Interest	<u>6,506</u>	<u>5,622</u>
Total revenues	<u>19,400,931</u>	<u>18,441,947</u>
Expenses		
Operating expenses	21,295,226	20,907,556
Interest expense	<u>1,709,088</u>	<u>1,769,798</u>
Total expenses	23,004,314	22,677,354
Excess (deficiency) before special items	<u>(3,603,383)</u>	<u>(4,235,407)</u>
Special items		
Unrealized gain/loss	(38)	1,605
Insurance proceeds	303,729	36,996
Disaster Expense	(275,287)	-
Gain on disposal of assets	<u>(745)</u>	<u>433,879</u>
Total special items	<u>27,659</u>	<u>472,480</u>
Increase (decrease) in net position	<u>\$ (3,575,724)</u>	<u>\$ (3,762,927)</u>

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

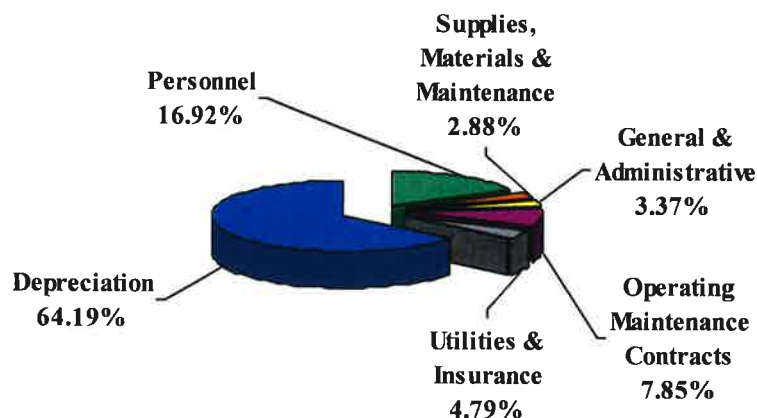
Analysis of Financial Position and Results of Operations

Operating revenues are primarily generated from users of the Airport, and include airline fees and charges, concessions, parking, car rentals, general aviation space rentals and building rentals. These collections are accounted for in the District's one proprietary fund.

The largest sources of operating revenues for the District are rental cars at \$4,716,142, airlines at \$2,478,773, and the terminal complex, which includes parking and concessions, at \$4,600,290. The following chart shows the major sources of revenues for the year ended September 30, 2019:



Depreciation accounts for the largest portion of operating expenses at \$13,668,371. Depreciation is not budgeted, and it also represents a high percentage of the District's expenses compared to other airports. Since the facility is relatively new, having opened in 2010, other airports of similar size may have fully depreciated facilities and depreciation is not such a large portion of expenses. Other major operating expenses include personnel at \$3,602,579, utilities and insurance at \$1,020,067 and operating maintenance contracts totaling \$1,671,370. The following chart shows the major categories of expenses for the year:



**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Budgetary Analysis

As an Independent Special District, the District must adopt a budget each fiscal year. This adopted budget must regulate expenditures of the District. It is unlawful for the District to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations.

The 2019 budget projected revenues of \$14,036,740 and operating expenses in the amount of \$8,279,846. It also included funds for capital projects, capital reserves and capital purchases of \$5,146,310, while debt service was budgeted at \$3,089,574. No budget amendments were made during the course of the year.

Without regard to depreciation, the District's operating expenses were under budget by \$652,990, or 7.89%, due in large part to staff efforts to control costs and operate as efficiently as possible. Actual operating expenses exceeded budget by \$13,015,380, due in large part to depreciation expense of \$13,668,371, which was not budgeted.

The District's agreement with the signatory airlines provides for a rent rebate and revenue sharing based on the financial results of operations of the Airport. Therefore, actual operating revenues were less than budget by \$1,267,517, due to the rebate of rents, fees and profit sharing to the signatory airlines in the amount of \$3,315,607.

Capital Assets

At September 30, 2019, the District had \$393,967,758 invested in a broad range of capital assets, including buildings, furniture and fixtures, police and fire equipment, maintenance equipment and vehicles. This amount represents a net increase (including additions and disposals of capital assets) of \$3,827,132, or .98%, compared to last year.

Capital Assets

	<u>FY 2019</u>	<u>FY 2018</u>
Land	\$ 70,669,561	\$ 70,669,561
Buildings and improvements	186,423,540	186,423,540
Improvements other than buildings	126,722,689	123,736,716
Furniture and equipment	7,832,627	7,420,850
Construction work-in-progress	2,319,341	1,889,959
Totals	<u>\$ 393,967,758</u>	<u>\$ 390,140,626</u>

Major capital asset notables during the current fiscal year included the following:

- Capital equipment additions totaled \$440,369 with disposals equaling \$28,592;
- Mitigation site development was ongoing at a cost of \$365,410, of which \$230,002 was funded by FAA grants;

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

- A security system upgrade multi-year project was completed with a total cost of \$2,057,703, of which Florida Department of Transportation ("FDOT") and FAA grants funded \$1,710,054;
- The Terminal crosswalk improvement project was completed at a cost of \$126,687, of which \$55,040 was funded by an FDOT grant;
- LED lighting was installed on the airport entrance road and on the terminal apron area at a cost of \$257,892, with an FDOT grant covering \$107,324 of the cost; and
- Notable projects in progress include a Terminal expansion with costs in progress of \$207,693, the Terminal apron repair and expansion with costs of \$1,678,506, and an update to the Airport's Master Plan with expenses to date of \$311,441.

Total capital expenditures for fiscal year 2019 were \$3,946,343 for grant and non-grant projects and equipment. Federal and state contributions to these expenditures totaled \$2,880,926, while the remaining \$1,065,417 was funded by the District.

Debt Activity

At year-end, the District had long-term debt of \$35,773,605 with the State Infrastructure Bank of Florida ("SIB") as shown below:

Outstanding Debt

	<u>FY 2019</u>	<u>FY 2018</u>
SIB Loan #1	\$ 19,353,483	\$ 20,097,091
SIB Loan #2	16,420,122	17,056,999
Total Debt	<u>\$ 35,773,605</u>	<u>\$ 37,154,090</u>

These loans mature in Fiscal Year 2036 and are collateralized by a pledge of net revenues and eligible Passenger Facility Charge revenues.

Statistical Information and Rates & Charges

Airport activities during 2019 as compared to 2018 are as follows:

	<u>FY 2019</u>	<u>FY 2018</u>	<u>% Increase (Decrease)</u>
Enplanements	602,686	523,316	15.17%
Total Passengers	1,204,404	1,049,168	14.80%
Aircraft Operations	63,002	67,421	(6.55%)
Aircraft Landed Weight	692,392,787	585,447,669	18.27%

Fiscal year 2019 traffic increased as a result of additional service provided by the airline partners and up-gauging of aircraft. The Airport has signatory airline partnerships with United Airlines, American Airlines, Delta Airlines and Southwest Airlines. ECP set a record by breaking the 1,200,000 mark in total passengers with seven of twelve months seeing over 100,000 total passengers each.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Budgeted Airport Rates & Charges are as follows:

	<u>FY 2019</u>	<u>FY 2018</u>	<u>% Increase (Decrease)</u>
Terminal Rental Rate	\$63.74	\$61.24	4.08%
Landing Fee	\$ 4.78	\$ 5.90	(18.98%)
Signatory Cost Per Enplanement	\$ 6.25	\$ 7.42	(15.77%)

The Airport's agreement with its signatory airline partners requires a "settlement" calculation be done at the end of each fiscal year. This calculation takes into consideration all operating revenues and expenses and recalculates the terminal rental rate and landing fee. Any difference in the recalculated rate and the budgeted rate is either refunded or invoiced to the airlines. The agreement also provides for revenue sharing with the signatory partners, and this amount is calculated at the same time as the settlement. The settlement rates and charges, as recalculated, are as follows:

	<u>FY 2019</u>	<u>FY 2018</u>	<u>% Increase (Decrease)</u>
Terminal Rental Rate	\$57.84	\$60.45	(4.32%)
Landing Fee	\$ 4.23	\$ 5.04	(16.07%)
Signatory Cost Per Enplanement	\$ 4.11	\$ 5.11	(19.57%)

The settlement and revenue sharing calculations resulted in a rebate to the signatory airlines in the amount of \$3,315,607.

Currently Known Facts, Decisions or Conditions

Northwest Florida Beaches International Airport (ECP) opened on May 23, 2010 with increased flights, improved competition and lower air fares than previously enjoyed at Panama City's predecessor airport, Panama City-Bay County International Airport (PFN). Passenger volumes in Fiscal Year 2019 have shown strong growth, which resulted in our market share being 22% of the total of the four airports in the Panhandle region in September 2019. Total passenger traffic for fiscal year 2019 showed a nearly 15% increase over 2018. As we complete the ninth fiscal year of operation, the airport continues the development of a sound financial structure. In order to move forward and carry on this trend, the Airport's goals for 2020 include working with the FAA and FDOT to further efforts in the development of the airfield and working with the Bay County Economic Development Alliance to encourage aviation-related businesses to locate at the airport. The Airport plans to continue to develop additional air service opportunities for our region.

With the increase in passenger counts, the Airport is currently working on construction of an expansion to the terminal facility to meet capacity needs. A new Airport Master Plan Update, which will shape our future growth, continues to proceed, as well as work on a transient apron and related taxiway for aircraft parking.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Additionally, the Airport is working with the Florida National Guard to relocate the Panama City Armory to the Airport and will be working with the FAA and the US Army Corp of Engineers on the basic Environmental Assessment on various parcels not included in the Phase One Permit. Our continued refinement of the business process, improved cost effectiveness and marketing initiatives, and other strategic initiatives will guide our vision for the upcoming fiscal year. The outlook for the Airport and its growth is bright.

Contacting the District's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Director of Finance and Administration, Northwest Florida Beaches International Airport, 6300 West Bay Parkway, Box A, Panama City Beach, Florida 32409.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019 AND 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 17,778,314	\$ 14,524,757
Investments	9,619	9,658
Accounts receivable - trade	1,267,870	1,477,327
Accounts receivable - grants	4,060,670	3,637,335
Prepaid items	67,234	62,848
Total current assets	<u>23,183,707</u>	<u>19,711,925</u>
Noncurrent Assets		
Restricted assets	4,969,213	3,296,694
Capital assets:		
Land	70,669,561	70,669,561
Buildings and improvements	186,423,540	186,423,540
Improvements other than buildings	126,722,689	123,736,716
Furniture and equipment	7,832,627	7,420,850
Less accumulated depreciation	(121,464,512)	(107,824,733)
Construction work-in-process	2,319,341	1,889,959
Net capital assets	<u>272,503,246</u>	<u>282,315,893</u>
Total noncurrent assets	<u>277,472,459</u>	<u>285,612,587</u>
Total Assets	<u><u>\$ 300,656,166</u></u>	<u><u>\$ 305,324,512</u></u>

LIABILITIES AND NET POSITION

	2019	2018
Current Liabilities		
Accounts payable	\$ 4,333,211	\$ 4,011,142
Accrued expenses	372,996	408,856
Current maturities of long-term liabilities	26,596	37,522
Total current liabilities	<u>4,732,803</u>	<u>4,457,520</u>
Long-Term Liabilities		
Long-term debt, less current maturities	35,773,605	37,154,090
Accrued vacation	195,633	186,232
Accrued sick leave	15,656	12,477
Total long-term liabilities	<u>35,984,894</u>	<u>37,352,799</u>
Total liabilities	<u>40,717,697</u>	<u>41,810,319</u>
Net Position		
Net investment in capital assets	236,729,641	245,161,802
Restricted	4,969,213	3,296,694
Unrestricted	18,239,615	15,055,697
Total net position	<u>259,938,469</u>	<u>263,514,193</u>
Total Liabilities and Net Position	<u>\$ 300,656,166</u>	<u>\$ 305,324,512</u>

See the accompanying notes.

	2019	2018
Reconciliation of Operating Income to Net Cash Provided		
By Operating Activities		
Operating loss	\$ (8,526,003)	\$ (9,061,899)
Adjustments to reconcile operating income to net cash provided by operating activities-		
Depreciation	13,668,371	13,314,999
Disaster expenses	(275,287)	-
TSA	110,540	106,980
(Increase) decrease in assets:		
Accounts receivable	209,457	(665,245)
Prepaid items	(4,386)	38,607
Increase (decrease) in liabilities:		
Accounts payable	322,069	877,930
Accrued expenses	(44,284)	36,449
Accrued vacation	6,898	26,045
Accrued sick leave	3,179	5,096
Net cash provided by operating activities	<u>\$ 5,470,554</u>	<u>\$ 4,678,962</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 1,709,088</u>	<u>\$ 1,769,798</u>
Reconciliation of Cash and Cash Equivalents per Statements of Cash Flows to the Statements of Net Position		
Cash and cash equivalents	\$ 17,778,314	\$ 14,524,757
Restricted cash and cash equivalents	4,801,275	3,037,638
	<u>\$ 22,579,589</u>	<u>\$ 17,562,395</u>

See the accompanying notes.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Panama City - Bay County Airport and Industrial District (“the District”) is an independent special district created by an act of the Legislature of the State of Florida and is not considered a component unit of any other local governmental unit. The special act which created the District was Chapter 67-1099 of House Bill 1608 filed June 19, 1967, which was later repealed and replaced by Chapter 98-527 of House Bill 4545 filed May 22, 1998, Chapter 2005-311 of House Bill 939 filed June 14, 2005, and Chapter 2005-311 of House Bill 1635 filed July 1, 2010. The Panama City - Bay County Airport and Industrial District operates the Northwest Florida Beaches International Airport.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial statements are reported using the economic resources measurement focus (accrual basis of accounting). This means that all assets and liabilities (whether current or noncurrent) associated with this activity are included on the statements of net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The annual budget is adopted on a basis consistent with generally accepted accounting principles.

The District is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District operates as a proprietary (enterprise) fund and applies Financial Accounting Standards Board (FASB) Codification pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the District are lease fees and related charges. Operating

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenses of the District include personnel costs, supplies, materials, maintenance, general and administrative expenses, operating maintenance contracts, utilities and insurance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital grants are reported as nonoperating revenue in compliance with GASB Statement No. 33.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Advertising:

Advertising costs are generally charged to operations in the year incurred. Advertising expense was \$253,144 and \$227,282 for the years ended September 30, 2019 and 2018, respectively.

Investments:

Investments are categorized at their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset that prioritizes inputs into three levels; Level 1 – quoted prices for identical instruments in active markets; Level 2 – significant inputs that are observable; Level 3 – significant inputs that are unobservable.

Capital Assets:

Capital assets are recorded at cost and are depreciated principally by the straight-line method over the estimated useful lives of individual assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

Estimated useful lives are generally as follows:

Buildings and improvements	10-39 years
Improvements other than buildings	5-39 years
Furniture and equipment	3-15 years

Cash Equivalents:

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:

Accounts are charged to bad debt expense as they are deemed uncollectible. At September 30, 2019 and 2018, no allowance for uncollectible accounts was considered necessary.

Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Issued Accounting Pronouncements:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2018, the GASB issued Statement No. 90, “*Majority Equity Interests*”. This statement will improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and will improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2019, the GASB issued Statement No. 91, “*Conduit Debt Obligations*”. This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92, “*Omnibus 2020*”. This statement will enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. The District is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

NOTE 2 – RESTRICTED ASSETS

The restricted assets primarily represent cash and investments reserved in accordance with the loan ordinances and with requirements of the Passenger Facility Charge program.

At September 30, 2019 and 2018, restricted assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents –		
CFC Account	\$ 4,005,509	\$ 2,905,167
Construction	19,318	9,576
PFC Excess Cash	754,634	101,084
Forfeiture Funds	1,821	1,821
Law Enforcement Trust	605	605
Escrow Fund	12,000	12,000
Treasury Funds	7,388	7,385
Accounts Receivable - PFC	<u>167,938</u>	<u>259,056</u>
	<u><u>\$ 4,969,213</u></u>	<u><u>\$ 3,296,694</u></u>

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; business interruption; job-related illnesses or injuries to employees; and natural disasters for which the District carries commercial insurance.

There have been no significant reductions in insurance coverage from coverage in the prior year. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

NOTE 4 – LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Due in One Year
State Infrastructure Bank Loan: Agreement dated December 21, 2007 authorized a total principal of \$25,000,000, interest payable at 4.6% beginning October 1, 2011 with principal and interest payments of \$1,668,074 due annually beginning October 1, 2011 and maturing in 2036; The loan is collateralized by a pledge of net revenues and eligible PFC revenues.	\$ 20,097,091	\$ -	\$ 743,608	\$ 19,353,483	\$ -
State Infrastructure Bank Loan: Agreement dated April 27, 2009 authorized a total principal of \$20,000,000, interest payable at 4.6% beginning October 1, 2011 with principal and interest payments of \$1,421,500 due annually beginning October 1, 2012 and maturing in 2036; the loan is collateralized by a pledge of net revenues and eligible PFC revenues.	17,056,999	-	636,877	16,420,122	-

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Due in One Year
Total Long-Term Debt	<u>37,154,090</u>	<u>-</u>	<u>1,380,485</u>	<u>35,773,605</u>	<u>-</u>
Total Compensated Absences	<u>236,231</u>	<u>1,654</u>	<u>-</u>	<u>237,885</u>	<u>26,596</u>
Total Long-Term Liabilities	<u>\$37,390,321</u>	<u>\$ 1,654</u>	<u>\$ 1,380,485</u>	<u>\$ 36,011,490</u>	<u>\$ 26,596</u>

Debt service requirements to maturity for long-term debt subsequent to September 30, 2019, are as follows:

Fiscal Year Ended	State Infrastructure Bank Loan Agreement		State Infrastructure Bank Loan Agreement	
	Principal	Interest	Principal	Interest
2021	\$ 777,814	\$ 890,260	\$ 666,174	\$ 755,326
2022	813,593	854,481	696,818	724,682
2023	851,018	817,056	728,872	692,628
2024	890,165	777,909	762,400	659,100
2025	931,113	736,961	797,471	624,029
2026-2030	5,338,822	3,001,548	4,572,543	2,534,957
2031-2035	6,685,038	1,655,332	5,725,536	1,381,964
2036-2037	<u>3,065,920</u>	<u>211,821</u>	<u>2,470,308</u>	<u>167,106</u>
	<u>\$ 19,353,483</u>	<u>\$ 8,945,368</u>	<u>\$ 16,420,122</u>	<u>\$ 7,539,792</u>

The Florida Department of Environmental Protection (“DEP”) required the District to establish a management endowment to earn interest, which would be used to pay mitigation costs. In lieu of an endowment, the District established a \$6,000,000 letter of credit as agreed upon with the DEP. The DEP is authorized to draw down on the letter of credit. As of September 30, 2019, there were no draws on the letter of credit.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 5 – LEASES

The District leases a substantial portion of its property to various organizations under operating leases. Rental income was as follows:

	<u>2019</u>	<u>2018</u>
Noncancellable leases –		
Minimum rentals	\$ 7,016,189	\$ 6,349,128
Contingent rentals	<u>4,383,634</u>	<u>3,762,145</u>
	<u>\$ 11,399,823</u>	<u>\$ 10,111,273</u>

The bases of rentals are as follows:

Airlines — A fixed amount annually, plus a variable amount based on aircraft operations and enplaned passengers.

Rental Cars — The greater of an amount fixed annually or a percentage of revenues, and a fixed amount for terminal area and maintenance facility rent.

Restaurant/Gift Shop — The greater of a fixed annual amount or a percentage of revenues, which percentage is periodically renegotiated.

Fixed Base Operations — Fixed amounts annually based on amounts of acreage plus a variable amount based on gallons of fuel flowage.

All Others — Advertisements in the airport are the greater of a fixed annual amount or a percentage of revenues; all others are fixed monthly amounts.

Future minimum rental commitments as of September 30, 2019, for the next five years are as follows:

2020	\$ 6,281,907
2021	543,175
2022	527,553
2023	522,323
2024	508,433

The approximate carrying value and accumulated depreciation pertaining to property held for rental included on the Statements of Net Position at September 30, 2019 is not readily determinable.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 6 – PASSENGER FACILITY CHARGE

The District imposes a passenger facility charge (“PFC”) of \$4.50 per enplaned passenger (except for those passengers exempt under the application or the regulation) at the District. The air carriers receive an \$0.11 handling fee per passenger, so the District nets \$4.39 per enplaned passenger. The PFC application allows PFC funds to be collected up to five years in advance of an anticipated project or an alternative project in the event the anticipated project is not undertaken.

NOTE 7 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Litigation:

There is no pending or, to the knowledge of the District, threatened litigation.

Contract Commitments:

At September 30, 2019, the District had contractual commitments of approximately \$1,984,952 for construction of airport projects. Funding of these future expenditures is expected to be received from federal grants, state grants, and current operations.

Subsequent Events:

The District did not have any other subsequent events requiring disclosure or recording in these financial statements through February 19, 2020, which is the date these financial statements were issued.

NOTE 8 – COMPENSATED ABSENCES

All full-time employees of the District earn vacation pay based on years of service.

Employees are not paid in lieu of vacation except in the event of resignation or termination, in which case unused vacation pay is paid up to the amount earned. Vacation benefits are accrued in the period they are earned. The liability for accumulated annual leave at September 30, 2019 and 2018, is \$195,633 and \$186,232, respectively.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 8 – COMPENSATED ABSENCES (Continued)

All full-time employees, excluding firefighters, of the District earn or accumulate sick leave with pay at the rate of one day per month and may accumulate a maximum of 60 days. Firefighters earn or accumulate sick leave with pay at 4.89 hours per pay period or 127 hours annually and may accumulate a maximum of 636 hours. Employees accumulating the maximum sick leave may be paid annually for one-third of the excess sick leave earned over the maximum, provided the maximum accumulation is maintained. A percentage of accumulated sick leave may be paid upon termination. The liability for accumulated annual sick leave at September 30, 2019 and 2018, is \$15,656 and \$12,477, respectively.

NOTE 9 – RETIREMENT PLAN

The District provides pension benefits for all of its full-time employees through the Panama City - Bay County Airport and Industrial District Money Purchase Plan, a defined contribution plan. The plan is administered by the District with Regions Morgan Keegan Trust serving as trustee and can only be amended by an action of the Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate one month after the date of employment. Benefits fully vest after six years of employment. Plan forfeitures are used to pay Plan administrative fees. Contributions in the amount of 10% of the preceding month's compensation are made each month by the District, as outlined in the adoption agreement which was approved by the Board on November 2, 1982. The Plan is noncontributory. Plan assets are invested in annuity contracts. Contributions made equaled required contributions for the current and two preceding years. The plan had 70 active participants at September 30, 2019.

The District's total personnel costs in fiscal year 2019 and 2018 were \$3,602,579 and \$3,436,203, respectively. The District's contributions were calculated using the salary amount of approximately \$2,682,836 and \$2,400,080 for September 30, 2019 and 2018, respectively. The retirement expense by the District was \$253,787 and the amount contributed was \$253,787 for the year ended September 30, 2019; the expense for the year ended September 30, 2018 was \$242,041 and the amount contributed was \$242,041.

NOTE 10 – DEPOSITS AND INVESTMENTS

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 Florida Statutes. The Authority may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 10 – DEPOSITS AND INVESTMENTS (Continued)

- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct Obligations of the U.S. Treasury.

Securities listed in c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Included in the District's cash balances are amounts deposited with banks in interest bearing accounts, non-interest-bearing demand accounts, and interest-bearing time deposit accounts. The bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida.

The District held the following investments:

<u>Investment Type</u>	<u>Investment Maturities</u>			
	<u>9/30/19</u>		<u>9/30/18</u>	
	<u>Less than 1 Year</u>	<u>More than 1 Year</u>	<u>Less than 1 Year</u>	<u>More than 1 Year</u>
Other	\$ 0	\$ 9,619	\$ 0	\$ 9,658

Fair Value

A summary of the investment under the requirements of the fair value hierarchy follows:

	<u>9/30/19</u>		<u>9/30/18</u>	
	<u>Quoted Prices</u>		<u>Quoted Prices</u>	
	<u>Total</u>	<u>Level 1</u>	<u>Total</u>	<u>Level 1</u>
Investments by Fair value level				
Stocks	\$ 9,619	\$ 9,619	\$ 9,658	\$ 9,658

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 11 – BUDGET TO ACTUAL - REVENUES AND EXPENSES

The annual budget is adopted on a basis consistent with generally accepted accounting principles. Management may not increase a department's total expenditures without seeking the approval of the Board of Directors, who may amend the budget at any time during the fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental amendments.

For the year ended September 30, 2019, the District's actual operating revenues were less than budgeted operating revenues by \$1,267,517, due to revenue sharing with the airlines of \$2,684,887, and actual operating expenses exceeded budgeted operating expenses by \$13,015,380. The actual operating expenses increase over budgeted operating expenses was due to the following:

- \$13,668,371 in depreciation expense that was not budgeted by the District in 2019.

For the year ended September 30, 2018, the District's actual operating revenues were less than budgeted operating revenues by \$1,137,796, due to revenue sharing with the airlines of \$1,997,464, and actual operating expenses exceeded budgeted operating expenses by \$12,990,728. The actual operating expenses increase over budgeted operating expenses was primarily due to the \$13,314,999 in depreciation expense that was not budgeted by the District in 2018.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 12 – CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 9/30/17	Increases	Decreases	Balance 9/30/18	Increases	Decreases	Balance 9/30/19
Capital assets, not being depreciated:							
Land	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561
Construction work-in-process	466,698	4,245,285	2,822,024	1,889,959	3,789,996	3,360,614	2,319,341
Total capital assets, not being depreciated	71,136,259	4,245,285	2,822,024	72,559,520	3,789,996	3,360,614	72,988,902
Capital assets, being depreciated:							
Buildings and improvements	186,423,540	-	-	186,423,540	-	-	186,423,540
Improvements other than buildings	120,273,723	3,462,993	-	123,736,716	2,985,973	-	126,722,689
Furniture and equipment	7,054,178	470,631	103,959	7,420,850	440,369	28,592	7,832,627
Total capital assets, being depreciated	313,751,441	3,933,624	103,959	317,581,106	3,426,342	28,592	320,978,856
Less accumulated depreciation for:							
Buildings and improvements	34,592,057	4,785,243	-	39,377,300	4,784,485	-	44,161,785
Improvements other than buildings	53,818,106	8,205,218	-	62,023,324	8,560,976	-	70,584,300
Furniture and equipment	6,202,363	324,538	102,792	6,424,109	322,910	28,592	6,718,427
Total accumulated depreciation	94,612,526	13,314,999	102,792	107,824,733	13,668,371	28,592	121,464,512
Total capital assets being depreciated, net	219,138,915	(9,381,375)	1,167	209,756,373	(10,242,029)	-	199,514,344
Capital assets, net	\$ 290,275,174	\$ (5,136,090)	\$ 2,823,191	\$ 282,315,893	\$ (6,452,033)	\$ 3,360,614	\$ 272,503,246

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019		2018
	Budget	Actual	Actual
Operating Expenses			
Personnel costs -			
Salary and wages	\$ 2,701,916	\$ 2,474,850	\$ 2,401,168
Overtime	89,622	98,773	82,507
FICA contributions	208,889	186,681	179,947
Group insurance	585,142	504,225	451,810
Retirement	274,909	253,787	242,041
Workers compensation insurance	79,500	81,106	73,908
Other personnel costs	13,200	3,157	4,822
Total personnel costs	<u>3,953,178</u>	<u>3,602,579</u>	<u>3,436,203</u>
Supplies, materials, and maintenance -			
Airfield and grounds	209,675	160,817	143,078
Computer supplies and software	23,250	22,127	18,674
Machinery and equipment	24,400	27,312	22,070
Miscellaneous supplies	11,200	6,771	12,149
Radio equipment	10,056	10,166	12,196
Safety and security	31,700	30,674	29,820
Small tools and equipment	13,000	11,078	12,062
Terminal facility services and supplies	302,200	262,122	240,747
Uniforms, clothing, and boots	19,300	16,518	19,730
Vehicles, oil, tires, and fuel	72,500	66,717	67,920
Total supplies, materials, and maintenance	<u>717,281</u>	<u>614,302</u>	<u>578,446</u>
General and administrative expenses -			
Bank charges	52,200	53,535	40,950
Bad debt expense	5,000	16,407	480
Business meetings and events	7,500	5,265	7,574
Dues, licenses, publications, and training	73,321	66,798	64,769
Marketing and advertising	275,000	253,144	227,282
Office services and supplies	28,925	27,958	28,317
Financial consulting services	68,000	41,511	40,601
Legal services	85,000	36,573	46,580
Professional services	264,004	198,424	329,027
Travel and conferences	34,700	18,922	20,924
Total general and administrative expenses	<u>893,650</u>	<u>718,537</u>	<u>806,504</u>

See independent auditor's report.

PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019		2018
	Budget	Actual	Actual
Operating Expenses (continued)			
Operating maintenance contracts			
Computer services	\$ 148,633	\$ 136,973	\$ 218,671
Contract cleaning	708,150	730,689	662,758
Elevator and escalator	50,000	38,032	35,470
Passenger loading bridges	298,539	305,837	290,723
Parking lot management	444,812	459,839	419,199
Contract security	-	-	72,866
Total operating maintenance contracts	<u>1,650,134</u>	<u>1,671,370</u>	<u>1,699,687</u>
Utilities and insurance			
Electricity	687,758	637,912	689,059
Telephone	25,500	22,531	26,158
Water and sewer	195,113	201,158	210,243
Building and contents insurance	80,744	84,736	75,111
Liability and auto insurance	76,488	73,730	71,146
Total utilities and insurance	<u>1,065,603</u>	<u>1,020,067</u>	<u>1,071,717</u>
Total	8,279,846	7,626,855	7,592,557
Depreciation	-	13,668,371	13,314,999
Total operating expenses	<u>8,279,846</u>	<u>21,295,226</u>	<u>20,907,556</u>
Excess operating revenues (expenses)	<u>5,756,894</u>	<u>(8,526,003)</u>	<u>(9,061,899)</u>
Nonoperating Revenues (Expenses)			
Interest income	5,389	6,506	5,622
PFC revenues	2,143,413	2,169,008	1,795,951
CFC Revenue	585,499	1,256,338	723,898
Interest expense	(1,709,088)	(1,709,088)	(1,769,798)
Grant revenues	63,556,148	3,199,856	4,070,819
Gain on sale of assets	-	(745)	433,879
Unrealized gain (loss) on investments	-	(38)	1,605
Disaster expenses	-	(275,287)	-
Net insurance proceeds	-	303,729	36,996
Total nonoperating revenues (expenses)	<u>64,581,361</u>	<u>4,950,279</u>	<u>5,298,972</u>
Excess Revenues (Expenses)	<u>\$ 70,338,255</u>	<u>\$ (3,575,724)</u>	<u>\$ (3,762,927)</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS
SEPTEMBER 30, 2019**

<u>Project Number</u>		
FDOT GO309	Terminal expansion	\$ 207,693
AIP 3-12-0159-008-2017/2018	Gate apron	974,627
AIP 3-12-0159-012-2018/FDOT ARB-67	Master Plan	311,441
AIP 3-12-0159-015-2019	Transient apron	75,423
AIP 3-12-0159-015-2019	Taxiway E-1	4,277
AIP 3-12-0159-013-2018/GO309	Terminal ramp expansion	703,880
Airport Funding	Capital	42,000
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		\$ 2,319,341
		<hr/>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF NON-GRANT FUNDED CAPITAL ITEMS
ACQUIRED DURING THE YEAR ENDED SEPTEMBER 30, 2019**

Police utility vehicle	\$	14,119
Cargo trailer		2,650
Tires for fire truck		12,976
Police ballistic shield		1,455
Police ballistic shield		1,455
SCBA unit		7,419
SCBA unit		7,419
Firefighter turnout gear		1,579
Firefighter turnout gear		1,579
Skylight replacement		50,990
Baggage makeup belt replacement		53,435
Bathroom flooring replacement		37,260
4 inch deep well with pump		7,500
4 inch deep well with pump		7,500
LED lighting		43,244
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	\$	250,580
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See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF OPERATIONS, GRANTS, AND CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS**

Year Ended 9/30	Percentage Increase (Decrease) of Operating Revenue Over Prior Year	Operating Revenue	Operating Expense	Net Operating Income (Loss)	PFC Revenues	Contributions/ Grants for Capital Outlay	Net Operating Income, PFC Revenues, and Contributions	Capital/ Grants Expenditures
2019	8%	\$ 12,769,223	\$ 21,295,226	\$ (8,526,003)	\$ 2,169,008	\$ 3,199,856	\$ (3,157,139)	\$ 3,855,724
2018	3%	11,845,657	20,907,556	(9,061,899)	1,795,951	4,070,819	(3,195,129)	5,356,885
2017	3%	11,504,891	20,696,329	(9,191,438)	1,579,988	2,794,938	(4,816,512)	3,141,260
2016	8%	11,152,922	21,281,096	(10,128,174)	1,530,157	1,279,147	(7,318,870)	1,402,366
2015	3%	10,320,416	20,300,887	(9,980,471)	1,503,418	823,494	(7,653,559)	2,002,064
2014	2%	9,973,071	19,950,890	(9,977,819)	1,435,586	2,793,047	(5,749,186)	3,680,103
2013	-6%	9,737,443	20,800,222	(11,062,779)	1,482,204	4,000,105	(5,580,470)	5,773,800
2012	27%	10,339,893	19,309,761	(8,969,868)	1,639,762	2,858,891	(4,471,215)	7,844,991
2011	52%	8,158,802	18,881,027	(10,722,225)	1,646,924	975,501	(8,099,800)	18,115,240
2010	49%	5,380,727	10,112,199	(4,731,472)	1,059,557	49,154,767	45,482,852	87,537,401

The following are omitted from the above data:

- (1) Interest earnings
- (2) Interest expenses
- (3) Gain (loss) on sale of fixed assets
- (4) Miscellaneous nonoperating revenues

See independent auditor's report.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panama City - Bay County Airport and Industrial District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
February 19, 2020

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Zipton, Mauler, Garner : Chastain

Panama City, Florida
February 19, 2020

