

CHARLOTTE COUNTY AIRPORT AUTHORITY

MINUTES OF REGULAR MEETING – FEBRUARY 19, 2015 - 9:00 A.M.

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1. Call to Order

2. Invocation

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Commissioner Herston gave the invocation.

3. Pledge of Allegiance

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4. Roll Call

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Present: Chair Andrews; Commissioners Coppola, Hancik, Herston and Seay; Executive Director Quill; Attorney Garrard; Assistant Executive Director Parish; Mrs. Cauley; Ms. Desguin; Mr. Laroche; Mr. Mallard; Ms. Straw. **Others present:** Andy Stultz, Paul Piro, Dave Goode, Ron Ridenour, Jim Kaletta, Jeff Tuscan, Don Lee, Lionel Schuman, Councilman Cavanaugh, Commissioner Deutsch, Carl Parsons, Mike Mitchell, Bob Mauti, Gary Bayne, other people from the private sector and a member of the press.

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5. Additions and/or Deletions to the Agenda

Mr. Quill deleted 13d.

6. Citizen's Input

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Lionel Schuman - commented that the AOPA has a program where you can donate a car or boat and you can get a tax credit. He commented that whatever money that comes in goes to the AOPA Safety Foundation. He opined that it is a very nice program. He commented on the entrance way signs and that the landscaping worked out well.

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7. Consent Agenda

Commissioner Seay made the motion to approve the Consent Agenda. Commissioner Herston seconded. Motion passed unanimously.

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8. Secretary/Treasurer's Report

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Mr. Quill commented that the Income Statement is a draft because the rental car numbers are not in. He commented that the Authority is making budget. He commented that due to the challenge of getting current numbers starting in April the Authority will be reviewing the prior month numbers. He commented on the operating gain year to date budget numbers. Commissioner Hancik asked if the rental car and parking lot revenues can be broken out rather than combined into airline related revenues. He commented that way the Board will know the revenues for each item. Commissioner Seay asked if that

would affect the fuel and oil sales and any other related revenues. She suggested breaking out all the airline related revenues. Mr. Quill commented that there would be a line item for in-the-plane fees from Allegiant. Chair Andrews suggested starting it with the new schedule of the meetings.

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9. Committee Reports

- 10 a) **Land Use** - Commissioner Herston reported that on the private side Lee and Sarasota Counties continues to remain robust. He commented that he had read that Lee County is the fastest growing county in the state of Florida, and the state of Florida ranks the number one in the nation in development and job creation. He reported that on the government side the County is working on revising the land development regulations. He has a copy of the proposed parking regulations. He commented that under transportation they have specific use of airport and it is basically as per approved parking study.
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- 20 b) **Economic Development** - Chair Andrews reported that he made a presentation on behalf of the Airport at the recent Associated Realtors Economic Outlook Conference. He reported that the economic outlook for the area is good and according to Dr. Jones, who was the key speaker, we will see the biggest boom that we have seen in a decade because of price of gas is so low. He commented that things are looking up for the area and he is looking forward to it.
- 25 c) **Personnel** - Commissioner Coppola had nothing to report.
- 30 d) **Public Relations/Special Events** - Commissioner Coppola reported that she had attended Air Trek's fundraiser for the Homeless Coalition, Charlotte County Republican Club, and the Women's Republican Forum. She reported that she has heard Tom Patton's presentation on the college a few times in different forums. She reported that she attended the grand opening of the Fat Point Brewing welcoming their new business to the community. She reported that the Rotary Club of Punta Gorda is having their 22nd annual testimony dinner honoring Wallace Wayne Keller on March 5th 2015.
- 35 e) **Governmental Liaison** - Commissioner Seay reported that she attended the Florida Airports Council Conference with Chair Andrews and Mr. Quill. She reported that they visited with the Legislative Delegation and discussed the Florida Southwestern State College and Western Michigan University initiative. She commented that it had been a positive experience. She commented that the Authority's representative, Ken Roberson, is very supportive in gaining support in the House, and Senator Benacquisto is taking it up in the Senate. She commented that the Authority is working with the FDOT to find an alternative so the Authority does not have to go through the legislative process. She commented if that is the case the FDOT will be funding the project and not the State. She commented that is the best news that the Authority has heard and if that is the case the Authority will work with the County. She thanked Commissioner Deutsch for his help and support. She reported that the Authority had spoken with Senator Nancy Detert who is very supportive, and she is working with the Authority to gain funding from VisitFlorida to conduct surveys so
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5 the Authority will have the data needed to show the impact of the Airport. She
commented that from the FDOT numbers the Authority has almost twenty million
dollars annually, but the Authority would like to know exactly what the impact is on
businesses and who is staying and where are they going. She commented that she will
10 be going to Tallahassee for seminars but she hopes to talk to some people while she is
there. Commissioner Herston asked if the Authority had met with Jerry Paul while in
Tallahassee. Commissioner Seay commented that they met with Mr. Paul and Rob
Shave, their associate, and they have been guiding this through and they were
extraordinarily helpful in setting up the meetings to make sure that the Authority got
15 an audience. She explained that it is very important during this timeframe for the
legislative delegation to put forward ideas and concepts. She explained that if it is not
done on time and appropriately it doesn't go anywhere. She commented that there are
so many people from aviation wanting money and wanting to meet with these people.
She commented that without the help of Mr. Paul the Authority would not have
gotten to see as many of these people that they did.

20 **f) Metropolitan Planning Organization** - Commissioner Herston reported that the last
meeting of the local MPO was February 12th. He commented that Commissioner
Deutsch and the City of Punta Gorda had attended. He opined that the key points
were modification of some minor funds in the Unified Planning Work Program. He
reported that they had drafted 2040 Long Range Transportation Plan going over the
goals and objectives with their consultant, Jacobs Engineering. He commented that
25 it was nice to approve the draft of the goals and objectives. He reported that they had
handed out FDOT update on the improvements that are going on Murdock and he
brought one for Commissioner Coppola. He reported that the MPOAC Meeting was
held on January 22nd in Orlando. He passed out the 2015 Legislative Priorities and
Policies from the MPOAC Meeting and asked Ms. Laishley to copy everybody on
that. He reported that they had talked about the Florida automatic vehicle initiative.
30 He commented that Florida is one of four states that are leading the nation in these
automatic vehicles.

35 **g) Aviation Activities Report** - Commissioner Hancik reported on the number of
passengers and went over the graph. He reported that everything is continuing in an
upward trend. He commented that the trends are seasonal and there will be a bump in
the next couple of months with the Easter holiday and spring break. He reported on
jet fuel and avgas sold and airline gallons pumped. He reported on total operations by
the tower and hangar vacancies. He reported that the Authority is offering end units
for working on experimental aircraft. Commissioner Herston asked if the newsletter
40 is available showing availability of the T-hangars. Commissioner Hancik commented
that during his effort to get elected to the Board he had wanted to improve
communications. He commented that the Authority's staff had taken that idea and had
put out a great newsletter. He hopes that it will come out quarterly. He commented
that it provides a lot of information for the tenants on the field and it has been very
45 well received. He commented that Mr. Mallard had headed that up. Commissioner
Herston commented that the newsletter is very well done and thanked the staff for
their effort.

10. Attorney's Report

Attorney Garrard had nothing to report.

11. Executive Director's Report

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a) **Development Update** - Mr. Parish reported that the walls for the terminal have been erected. He reported that the metal building will arrive on Monday and within the next three weeks the steel will be up and the roof on, and then most of the work will be inside. He reported that the landscaping on the entrance signs has been finished and the second sign has been installed. He hopes this will help the people find their way to the airport. He commented that there are signs all along Piper Road but still get complaints that people cannot find their way. He reported that the Authority is working with the adjoining Industrial Park to keep their bushes trimmed below the Commerce Park portion of their sign. He reported that the Authority has been following the proposed parking regulations. He opined that when the main terminal was built the County rejected the parking plan because there were too many spots. He reported that the Authority had to show what was needed and what the parking study showed. He commented that the County did not have an ordinance for airports and their plan did not work for the Airport. He explained that the Authority does not have office staff in the terminal all day sitting and then going home. He is glad that the County has something that says it is the Airport's study for how many parking spots are needed.

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b) **ILS Update** - Mr. Parish reported that the ILS bids were opened yesterday and there were seven bidders, slightly above the Authority's estimate. He reported that the Authority's engineers are reviewing the bids. He commented that there is money in the grant to cover the cost. He commented that the bids will be brought to the Board for selection and approval of the contract within the next few weeks.

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c) **ATCT Hours** - Mr. Mallard reported that the extended hours for the tower have been approved and will take effect March 1, 2015. He reported that it will be reviewed throughout the year and hope to get another extension. He reported that the VOR approach is working.

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d) **Western Michigan University** - Mr. Quill commented that the Authority is working with Western Michigan University along with the County, Tom Patton's department, Board of County Commissioners, City of Punta Gorda and Florida Southwestern State College. He reported that the Authority had a meeting with the FDOT assistant secretary and subsequently they offered the Authority a \$2.5 million dollar grant contingent upon Western Michigan University signing. He commented that the grant is available through June 30th. He commented that Western Michigan University will make a decision sometime in April.

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e) **Air Show** - Mr. Quill reported that Tyler Ezzi is working on some new things. He reported that the Authority will be meeting with Mr. Ezzi and a presentation will be brought to the Board at a future meeting.

- f) **Miscellaneous Items** - Mr. Quill reported that the Board had recently approved the purchase of a Kubota to be used as a tug, and research has showed that there may be towing issues so the idea was scratched.

5 He reported that Top-Off Tuesday was two days ago and 30 plus aircrafts took advantage of it. He commented that Tuesday is typically a slow airline day.

He reported that Through the Fence has satisfied their requirements. He commented that they requested an assignment of the Use Agreement. He commented that the Authority's attorney has recommended the Authority do not approve it as proposed.

10 He reported that the Authority had their Part 139 Inspection by the FAA and some painting had to be done.

15 He commented that the passenger count for January was up 25%.

Commissioner Herston asked about the size of the grant that was discussed. Mr. Quill commented that it would be up to 2.5 million, 50/50 match. He commented that the County is proposing to build a training facility that could cost up to 2.5 million on the airport side, and the state would match that so the Authority would be able to construct things like apron, utility extension, roadways and parking lots. He commented that it would be a land lease to Western Michigan University or the County depending on how it is structured. Commissioner Coppola asked if another hangar had to be built for them to work on the planes. Mr. Quill commented that the Authority will be speaking to Florida Southwestern State College about the possibility of an A and P program adjacent to Western Michigan. Commissioner Hancik opined that there would be opportunities for investors to build a facility in exchange for a long term lease with Western Michigan University. Commissioner Seay commented that Mr. Patton has been working with potential investors and coordinating with everybody so they are all on the same page. She opined that Mr. Patton has been successful and doing a terrific job through Economic Development. She suggested talking with Mr. Patton. Commissioner Hancik commented that Mr. Patton is doing an excellent job and he will be hearing him speak. He opined that you do not want to get too many cooks in the pot.

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12. Old Business

- a) **Set Date for Second Workshop** - Mr. Quill reminded the Board of the upcoming Workshop which will cover the Sunshine Law, Public Records Presentation by Ms. Mooney Portale, an attorney that specializes in government law, a presentation on Robert's Rules by Karen Price and development overview by Steven Henriquez of URS. He is proposing to have an additional workshop in April to go over policies and procedures and various other items. He commented that the policies and procedures were written in 90's and have been modified a couple of times.
- 40 Commissioner Hancik suggested having a short Commissioner's meeting and the orientation/workshop after the meeting. Mr. Quill suggested to schedule the workshop after the April 9th Board Meeting. **Commissioner Hancik made a motion to schedule the second Authority workshop on April 9th immediately following the**
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5 **regular scheduled Commission Meeting. Commissioner Herston seconded. Commissioner Seay suggested calling it an orientation and workshop because of the subjects the commissioners want to discuss. Commissioner Hancik made a motion to change the title to orientation/workshop. Commissioner Herston seconded the amended motion. Motion passed unanimously.**

13. New Business

10 a) **Audit Presentation** - Mr. Jeff Tuscan, Tuscan and Company, presented the final draft of the audit to the Board, copies attached. He commented on the process of the audit and the Authority's staff was extremely prepared. He commented that the draft was sent out in January and the only thing that has happened to that draft was the normal proofing and normal typo type things. He stated that the final draft was sent out earlier this week. He explained the procedures of an audit once they are hired. He commented that it is very important that an entity has the ability to put statements together themselves. He stated that the draft and this requirement were reviewed with the Authority's staff. He commented that every year the Government Accounting Office (GAO), O&B and the Florida Auditor General go over this issue. He commented on the history of audits. He commented that by putting this statement in this format is called a non-audit service. He commented that one of the things that the auditor has to evaluate is if the client truly has the ability to put the statements together themselves. He commented that the Authority's staff does have the ability and if they didn't the auditor would put a comment in the statement called "the material weakness" that says the entity doesn't have the ability to put accurate financial statements together to meet the requirements of General Accepted Accounting Principles (GAAP). He commented that it continues to be refined and tweaked with all the new laws. He commented that the Feds are coming out with a new single audit law effective in 2016. He commented that it has become an issue with smaller governments where they have to hire a second CPA firm to prepare the statement. He commented that it is the Authority's responsibility for all reports between Independent Auditor's Report and Additional Reports on the Table of Contents. He commented that the Management's Discussion and Analysis (MD&A) is required to be prepared by the client and the auditor reviews. He commented that it is a nice little synopsis for anyone who wants to read on a comparative between last year and this year. He commented that it has to be written, by law, in non-accounting terms. He commented on the words "present fairly, in all material respects" in the Opinion on the Independent Auditor's Report. He explained that they are the key words to an unmodified audit and it is the highest level an auditor can issue. He commented that Other Reporting Required by Section 218.415, Florida Statutes is new in this report. He commented that the state of Florida has a very active Auditor's General Department and that all government reports have to be submitted to the Auditor General for review. He commented that this year they tweaked the requirement and the auditors have to get an opinion on how the entity invests and holds its excess cash. He commented that in the past they had to have a paragraph in the management report that said the entity complied with this law but, this year the auditor had to issue an opinion which is on page 45 of the audit. He commented that the state's Department of Banking and Finance designates the institutions and approves them. He commented that putting money in the institutions and if the

5 account is public you are covered by FDIC or the collateral. He commented several
years ago when Statue 280 came up the Authority adopted paragraph 17 as part of
their policy. He commented they did a test this year to get the institutions to confirm
that it was held in public funds and therefore the Authority complies. He commented
10 on the Independent Auditor's Report on Internal Control on page 38 and the
conclusions on page 39. He commented that there was no internal weakness in
internal control and noted no non-compliance. He commented that the grants the
Authority acquired the entity is required to be audited depending on who grants the
money, either federal or state single audit. He commented because of that the auditor
15 has to issue a report found on pages 40-44. He commented that the auditor has to test
the grants and the conclusion is on page 41 noting that the Authority had complied
with the terms of the grants. He commented that everything that he has reported on is
summarized on a check list that the Fed requires on page 43. He commented on the
management letter where there are no comments. He reviewed the graphs with the
20 Board, copies attached. He commented on significant changes between 2013 and
2014. He explained that there is a schedule on page 7 that shows every line item in
the Authority's financial statement that changed or affected cash. He commented that
it is important that operations generate net positive cash, which was done this year.
He commented that cash went down this year because the Authority spent cash on
25 capital assets. He commented on depreciation expense and that the Authority has
been very fortunate that a lot of their assets have been replaced with grants and not
come out of reserves. He commented to keep in mind to work towards positive cash
flow after depreciation. He commented no changes in current liabilities and the long-
term liabilities showing a draw out of the state SIB loan to help fund the match on the
30 terminal expansion. He commented that the unrestricted line is holding steady even
though cash is down, which is positive. He commented that after depreciation the
Authority had put \$7 million dollars net into fixed assets over a period of 6-7 years.
He commented on the negative number which the Authority has to work to a positive.
He explained that is the number after deprecation. He commented on the net income
35 over the last fifteen years and that 2005 and 2007 were not typical years. He
commented that all the numbers on the Comparative Operating Activities graph come
out of the audit report and they are major benchmarks. He commented that it shows
the operating income and expenses. He commented on the depreciation line showing
that the numbers changing over the years. He commented that, the jump in numbers
40 in 2008 was the new assets that were rebuilt after the hurricanes that came on line and
it was depreciating a more expensive facility than what was lost in the hurricane. He
commented the Authority has to work towards positive cash and to keep in mind that
in the short period of time the number that the Authority is trying to overcome has
jumped up in the last few years because of the cost of the buildings. He commented
45 that the net income after operation is the key factor and to make sure it says positive.
He commented on how the cost of operating has changed with the added airlines,
expansion and getting back on line after the hurricanes on the operating expenses
graph. He commented the Operating Income (Loss) Before Depreciation highlights
the income before depreciation after operations. He commented that the numbers on
the non-operating income and expenses graph is a net number and was broken out in
the audit and the number did change from last year. He explained that the Authority
has had collected rent money this year that was written off and the Authority received
a refund on the tower building contract. He commented that this came in as non-

operating revenue. He commented that the Comparative Capital Contributions are grants and loans. He commented that the Authority is an Enterprise Fund in government terminology and that means the Authority breaks revenue up in operations and non-operations. He commented that Capital Contributions count as non-operating income and that includes grants and the SIB loan. He commented that it was a very good audit report and came in at the highest level that can be awarded. He stated that he is one of the speakers at the Florida Association of Special Districts this year. He commented on the annual audit contract with the extension clause and will need to have that signed. Commissioner Herston asked what percentage of audits receive the same rating that the Authority received. Mr. Tuscan approximately 75% locally. He gave examples of other audits that were completed. He commented that the audit opinion has a one year life. Commissioner Seay asked if the Authority continues on the path that they are in maintaining operations as the Authority has, the Authority will continue doing as well. Mr. Tuscan replied, yes, if the Authority stays consistent. He commented that staff has changed direction as needed and how the Authority rebuilt from the hurricane. He commented that now the Authority has the ability to use their money to build. He commented that the State wanted to limit how much money can be in reserves and the ones who have been able to survive the economic downturn are those that had reserves. Commissioner Hancik asked if there is anything the Authority should be looking at relative to a policy change or procedure change. Mr. Tuscan commented that cutting costs is a short term fix the real long term goal should be increasing revenues. He commented that there was discussion with staff about various options and which included setting goals, tweak, change or improve policies so that depreciation is covered and cash is set aside. He commented that some grants can be used for certain things but not a lot for maintenance so the Authority needs to build their reserves up to take care of that in the future for air conditioning, etc. He asked the Board to consider a motion to approve the audit. He explained that he would then have the audits bound and the State requires that they be submitted and since there is a grant audit it will be sent electronically to a data base in Indiana. **Commissioner Seay made the motion to approve the audit. Commissioner Coppola seconded.** Commissioner Coppola commented that was good presentation and thanked Mr. Tuscan. She commented that she has always been a big supporter of having reserves. Commissioner Hancik stated that he missed the draft audit that was sent in January but did receive it Tuesday afternoon and had a chance to quickly go through it. **Motion passed unanimously.**

b) DBE/ACDBE Plan – Mr. Quill explained that the Authority needs to update their Disadvantaged Business Enterprise Plan which is a requirement for grants and staff is proposing a contract with URS/AECOM to complete the project to meet the requirements of the FAA. He commented that the contract is in the amount of \$15,000. Mr. Parish commented that the Authority will be submitting for reimbursement from the FAA on next year's grant cycle from entitlement monies. He explained that it is two things. The DBE plan is required for construction grants and the Airport Concessions DBE plan is required for concessionaires. He commented that the Authority wants to get this out before they go out to bid for concessions. Commissioner Hancik asked if anyone else has expressed interest in doing these type contracts. Mr. Parish explained in the State of Florida the Authority goes out every three to five years for general consultants and lists a list of projects. He commented

that this is one of the projects that were already listed. He commented that the only other way to do it, you can't select on price, the Authority has to select on qualifications and there was not enough time to go out. Commissioner Hancik asked where the Authority is on their contract with URS. Mr. Parish commented that the Authority is at four years into a five year agreement and may go out a little early. **Commissioner Herston made the motion to approve the DBE/ACDBE Plan contract with URS/AECOM for \$15,000. Commissioner Seay seconded. Motion passed unanimously.**

c) Build Out of TSA Training Area – Mr. Quill commented that in the second unit of the building the Authority bought from Mr. Koth the Authority put in the restrooms for the rental cars. He explained that in the same foot print the Authority would like to add a training room and offices for TSA along with additional space that could be leased out and utilized by the airline. He commented that the restrooms have been completed. He explained that this would be for the final build out in the amount of \$233,331.00. Commissioner Herston asked if the build out was for 60'x60'. Mr. Quill commented that the overall area is 60'x60' that includes the restrooms. Mr. Parish explained that this space is required space by the TSA and the Authority could not fit it in the terminal due to the space that was needed as public space. Commissioner Herston commented if his calculations are correct the cost seems reasonable. Commissioner Coppola asked what equipment would be needed. Mr. Parish explained that for the Authority, nothing. He commented that the TSA will bring in computers. Commissioner Herston asked about their leases. Mr. Parish commented that the Authority normally signs a twenty year agreement with them that they can break at any time. Commissioner Hancik commented that the investment of \$233,000 will be recovered after a period of time and then the space will be a profit center for the Authority. Mr. Parish explained that the Authority should recover the initial cost within the first five years and that is just on the space that the TSA is leasing. **Commissioner Hancik made the motion to approve a construction contract with Halfacre Construction for the expansion of the TSA office. Commissioner Herston seconded. Motion passed unanimously.**

14. Citizen's Input

Jim Kaletta – Commented that the airport has done a tremendous job in the last few months putting general aviation back in the fold and Mr. Mallard has gone around and met everyone. He commented on Top Off Tuesday.

Lionel Schuman - Thanked Mr. Tuscan for his presentation. He commented that he would like some way to get out to the public that any of the spending does not come from ad valorem taxes. He commented that the air show has no paid people.

15. Commissioner's Comments

Commissioner Herston – Commented that it is great to see everyone including Commissioner Deutsch, Councilman Cavanaugh, Halfacre Construction and Gary Bayne. He commented that staff has done another great job this month. He commented that Western Michigan University is exciting. He thanked Mr. Tuscan for a great report.

5 **Commissioner Seay** – Commented that Mr. Tuscan has done a great job for the Authority. She commented that a good report comes from the good work by staff. She commented that is important that the Board oversee the funding that the Authority receives and that the Authority does not receive money from ad valorem taxes. She opined that is a message that needs to be sent on a regular basis. She commented that there is a high turnover of people in the community. She commented that the Western Michigan University is on track and looking positive and that nothing is set in stone.

10 **Commissioner Coppola** – Thanked everyone for being here. She commented on the Top Off Tuesday being an excellent idea. She thanked Mr. Tuscan for a good presentation. She commented that she knows that he cares about the airport and she thanked staff. She commented on the traffic on Edgewater Blvd. and asked everyone to be careful. She opined that the weather up north should bring people here.

15 **Commissioner Hancik** – Commented that he is looking forward to the orientation/workshop on the 24th and it is open to the public and an opportunity for anyone to throw out questions. He commented that he understands that no decisions will be made. He commented it gives the Airport Authority the opportunity to hear what the public is thinking about and hear the thoughts from the other commissioners.

20 **Chair Andrews** – Thanked everyone for attending. Thanked staff for a great work they've done and Mr. Tuscan. He commented that Mr. Mallard has been working on the general aviation side and was glad that Top Off Tuesday was a success.

25 **16. Adjournment**

Meeting adjourned at 10:27 a.m.

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Paul Andrews, Chair

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Kathleen Coppola, Secretary/Treasurer