CHARLOTTE COUNTY AIRPORT AUTHORITY

MINUTES OF BUDGET WORKSHOP

AUGUST 25, 2015 – 9:00 A.M.

1. Call to Order

Chair Andrews read the meeting notice into the record (copy attached).

2. Invocation

Commissioner Herston gave the invocation.

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3. Pledge of Allegiance

4. Roll Call

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: Maryann Mize, Jim Kaletta, Bruce Laishley, Warren Newell, Tom Patton, Steve Henriquez, Mike Hirsh, Paul Piro, Jerry O'Halloran, Kelly Rubino, Wayne Carr, other people from the private sector and a member of the press.

5. Citizen's Input

Bruce Laishley - Gave a special thanks to Mr. Tom Paton, Mr. Gary Quill and Mr. Warren Newell who all have played a big part in making Cheney Brothers happen. He congratulated and thanked Mr. Warren Newell of Cheney Brothers for his tremendous dedication on what he personally did to promote Cheney Brothers to come to Charlotte County. He gave a history of how Cheney Brothers came to Charlotte County. He commented that Mr. Newell constantly related messages to his bosses to not give up on Charlotte County. He commented because of Mr. Newell's persistence Cheney Brothers did not give up and Cheney Brothers is now in Charlotte County to be opened for business in October 2015. He wanted to publicly thank Mr. Newell for that because he never had a chance to do it before. He commented that he was looking at the budget numbers. He commented that he loves the Punta Gorda Airport and he uses it probably more than most people. He commented on talking to people about the airport and they love the simplicity of the Punta Gorda Airport. He commented that until Punta Gorda Airport commission and administration came up with this successful model to attract Allegiant he has watched the airport stumble and it was not always a success as it is today. He commented that he watched many businesses reach a level of success and because of greediness or carelessness moved away from the operation plan that got them there and sometimes tumbled backwards. He applauded the airport commission for sticking to the long term plan. He

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commented that Punta Gorda has the market that previously was served by Fort Myers or Sarasota airports. He commented that other airports across the country has followed the Punta Gorda Airport model. He commented that Allegiant Airlines are always booked and he wishes that Allegiant had more flights. He commented that increase in the passenger count shows that the model is working for the airport and the community. He commented that his company's weekly, monthly and yearly numbers up, and the tourists are using the Punta Gorda Airport. He commented that the economy is improving, jobs are being created and people are spending money in the community and in the region. He commented that because of the Punta Gorda Airport the Charlotte County local businesses have been striving to gain national market share, and Charlotte County is beginning to achieve national recognition not only in gaining jobs and economic benefits but companies are expanding and new ones are moving in. He commented that Cheney Brothers is thrilled to be across the street from the Punta Gorda Airport. He commented that the Punta Gorda Airport is working and many counties the size of Charlotte County or larger would love to have the economic benefits that Charlotte County is enjoying, and he is looking forward to a bright future for Charlotte County. He thanked the commission for all their help in bringing tourists to Charlotte County.

Warren Newell - Commented that he appreciated the accolades. He commented that he does try to stay in the background because he has already had his day in the sunlight. He commented on his background. He commented that he is a pilot and he knows airports pretty well. He commented that when he checked in he overheard a couple saying that they are moving to Punta Gorda and their children were flying in to visit. He opined they are moving here and the kids are visiting because there is an airport and an access to get to their residence. He commented that the reason Cheney Brothers came to Punta Gorda was because of the airport. He commented that they have a corporate jet and a helicopter and it will be easy for them to access. He commented numerous private corporations that worked for them landed their aircraft at the Punta Gorda Airport, fueled their aircraft and got service at the FBO. He commented from an international standpoint their customers will and have used this airport to get here whether it be a company that they purchased from or sold to. He commented that the airport to Cheney Brothers is critical in their operations because the airports are used every day to get to their customers and to their operations. He commented because of the location Cheney Brothers thought it was the place to be. He commented that when you have a quality airport you create your own identity and it is unique to Punta Gorda and Charlotte County. He commented that airports have a simple equation, they have jobs, the FBO has aircraft mechanics and operations people and car rentals. He commented that Enterprise has a program that specializes in bringing students out of college and giving them a starting job and a place to work. He commented that it may not be the highest paying job at a rental car agency, but it will become a good job and that is what is so cool about these job opportunities. He commented that the airport has the equation and it is correct and to keep moving forward, keep expanding, keep improving your facilities because that is the most important part to get a quality facility so people not only recognize it but enjoy the transportation. He gave a synopsis of Cheney Brothers building. He commented that it provides a tremendous tax base not only for the community but to the school system. He hopes that other companies

will follow. He commented if they have any questions he is always here and he appreciated Mr. Laishley's comments.

6. FY 2015/2016 Budget Workshop Presentation

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Mr. Quill started off with some background information, he talked about the challenges in aviation, airlines, general aviation, airports, some of the trends and then went into the normal budget presentation.

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He stated his power point presentation. He commented that the airport began as a World War II flight training facility. He commented that in more ways than you can count the airport owes being here today to these guys. He went over slides of the airport in different years. He commented that in 1972 the whole area was growing. He commented that deregulation occurred in 1978-1979 and total enplanements across the country was three hundred million and today it is doubled. He commented that with inflation adjusted round trip fares in America had dropped as a result of deregulation. He commented on a slide showing the merged airlines and how bankruptcy has played an effect. He explained that all the carriers had merged into three legacy carriers together with Southwest Airlines. He commented on a slide showing available seat model and that the last 15 years have been flat. He explained that by flying the legacy carriers domestic and regional has shrunk by 20% and the low coast carriers have increased their capacity 127%. He commented that the profits have exploded for the legacy carriers and Southwest because of fuel and with the encouragement of Wall Street. He commented that Allegiant's capacity has jumped awesomely compared to Spirit. He commented that PSA flew within California and had fares of \$25 from Los Angeles to San Francisco and a forerunner to the discount carriers. He commented that the legacy carriers are making money so the US Department of Justice is doing an anti-trust inquiry. He commented on the storms that face general aviation. He commented on the product liability insurance crisis and how it hurt general aviation. He commented that the peak for private pilots was in the early eighties and the numbers have tapered off and he hopes that it is stabilized particularly in Florida. He commented that recreational pilot is price sensitive particularly on retirement income, and the Authority has tried to keep costs down. He commented on an MIT small community air service study in 2013 and they did said small communities will continue to take creative approaches to winning service. He commented that is challenging times for airports. He went over the different airports losing flights, decrease in passenger counts, losing airlines and closures. He commented that Gulfport is receiving a three quarter million dollar grant from the state of Mississippi for air service development. He commented that a lot of airports are under financial pressure. He commented on airports who receive a property tax subsidy. He commented that these airports have a fixed debt that they are struggling to pay with fewer passengers. He commented that in 1985 the Authority lost PBA (Provincetown-Boston Airline) within a year of RSW opening up. He commented that in 1993 the Airport lost their property tax subsidy and in the 90s the Board and staff buckled down and just survived. He commented that on Friday, August 13, 2004 the Airport got hit with Hurricane Charley and the Airport got remodeled in a way that was not anticipated and this gave the Authority an opportunity to go with a modern layout. He commented that it was a hard time and the Authority was not sure the airport was solvent, but it worked out with a lot of

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help. He commented the Airport had fewer customers because a significant number of people got out of flying after the hurricane. He commented the question was should the Authority raise the rent but that will squeeze more people out or find another source of revenue which is what the Authority did. He commented on how the Airport got to where it is today. He commented on how Skybus came to the Authority. He commented that Skybus flew in and the Authority made money on the rental cars. He commented that the Authority was not sure that they would break even but the Authority gave it a try. He commented that the because Punta Gorda is located between two metro areas within sixty minutes and the number of people and lodging exceeds Fort Myers. He commented that there are a lot of second home ownerships in Charlotte County and there is a lot of potential when you add the other counties with second homes. He commented on the challenges that the airport had. He commented on slides comparing what a consultant doing air service study would have drawn and the Authority and a low cost carrier looked at it differently. He commented that in the case of a low cost carrier the people will drive further. He commented on the cost for enplanements at RSW and Sarasota. He gave an example of the cost for an MD80 with 80% load factor landing at RSW and Sarasota. He opined that is why the discounted carrier is here. He commented that within three months Skybus was up to 40,000 passengers a month after coming to the Airport and that got the airlines attention very quickly. He commented that it proved to the Airport that a low cost model is working. He commented on the low cost carriers. He commented that airline travel has become a commodity the same way many computers did. He commented on Allegiant's comment that "they are competing with a couch" meaning they want to pull people off the couch, and they are not looking to compete with another airline. He compared the slope of a jetway and the walk up ramps which are both very steep. He commented that in both of those cases the airline or their ground handling company assist boarding of the physically challenged passengers. He commented that in a jetway you are protected from the rain and the fare difference. He commented that people have a choice if they want to pay to have a jetway by going north or south of the Airport. He commented on the average price ticket difference as of July 2015. He commented on the twenty-eight destinations which do not have daily service. He commented that typically an airport with 400,000 enplanements may have seven destinations and the Punta Gorda Airport has twenty-eight destinations. He commented that it is a different niche and it is having a positive effect in the economy. He commented on an economic study for all Florida airports that FDOT did in 2010. He stated that this calendar year the Airport will have three and half times the number of passengers the Airport had in 2012. He commented that over the years things have gone well at the Airport. He commented typically in Florida in July the passengers drop but the Airports jumped and Allegiant has found that we are not nearly as seasonal as they thought we were. He commented that Floridians go north during the summer and the people from the north go to Florida in the winter. He commented that one day a week ago there was \$11,000 gross on the parking lot. He commented that the growth of the Airport is phenomenal compared with most airports and Sarasota was happy with a 2% increase year over year in traffic. He commented on benefits to general aviation and the instrument landing system has been in the master plan for years. He commented on the taxes collected by the Charlotte County for tourism and the impact on real estate. He opined that the Authority is part of it. He commented that the Authority has been innovative and is the first airport to do the zero cost per enplanement financial model. He opined that the

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spinoffs are good for the airport and off. He commented on a transportation facility owned by the county that private companies can use for free and it is called roads. He stated that buying fuel they pay a tax and the same thing with the airlines, and the airline fuel tax is funding the Authority's AIP grants. He commented that low cost airlines will look for low cost airports. He commented a criteria that Moody uses to get the triple A rating on a bond is the debt per enplanement needs to be less than twenty-five dollars per enplanement. He commented that at 400,000 that would mean the Authority could borrow ten million dollars. He commented that the Authority borrowed \$5.8 million. He commented that the Authority has been prudent in their financial endeavors. He explained that AIP entitlement is tied to enplanements. He commented on 2007 and 2008 where the Airport received one hundred-fifty thousand dollars as a general aviation airport and that when you have more than ten thousand passengers a year you are guaranteed a million dollars of entitlement. He pointed out that in 2015 the Authority will end up with over four hundred thousand enplanements and that means for fiscal year 2017 the Authority will be entitled \$2.7 to \$2.8 million guaranteed from FAA. He commented that it is a benefit to the airfield in terms of projects. He commented on rates and charges and the various ways that an airport could charge an airline. He commented on the residual approach. He explained that when you do the residual approach and you have a million passengers among two airlines the airlines agree to make up the deficit which works out to cost per enplanement and it is divided among the landing areas. He commented on the slide if the Authority would apply the residual approach for the coming year. He commented on Allegiant's related revenue. He commented that the Authority does not sell fuel to the airline and explained that the Authority does not want the credit exposure. He commented that the Authority does run fuel through the fuel system and Allegiant pays the Authority a hook-up fee. commented on what the Authority would need to do if they did not have the four million dollars in revenue. He commented on the slide showing the Authority with and without an airline. He commented that general aviation airports are struggling.

7. Citizen's Input

Jerry O'Halloran - Thanked Mr. Quill for a great presentation. He opined that people needed to hear that and he hopes that this information will get to the general public because there are a lot of questions in the public's mind as to why the Authority does what they do. He commented on people asking why there is not a jetway. He commented that he knows that it is not practical and it does not make any sense, but the public needs to hear it from the Airport. He asked if this presentation will be made to other agencies around town. Mr. Quill answered yes. He asked when the ILS and the radar will be ready, and why it is important for the airport to have them. He commented that aviation people know these things but the general public does not. He commented that the public thinks that the airport has been without radar all these years and why can't they continue to do without it. He asked if the airport will be getting a second carrier. He asked for the dates of completion of the terminal. He asked what will happen to the restaurant. He asked if the terminal building was designed so it is structurally sound enough to add a second floor. He commented that a second floor is important when you think about the jetways. He suggested to include this into the slide presentation and he opined that it would help as you present it around town.

Wayne Carr - Commented that he holds the dubious distinction of being the guy that has worked on the airport the longest. He commented that when he got here in 1976 there was nothing. He commented that he has had an airplane continuously based at the airport since 1976. He commented that what the Authority is doing is fabulous. He commented that the terminal is not always great for general aviation. He commented that he would like to have the quiet nice little airport back. He commented that what the Authority is doing is way bigger than his desire as a private general aviation pilot and a company owner, but it does benefit him. He commented that the community input is fabulous. He commented on people saying there should be jetways, they need to go to Sarasota and Fort Myers and pay the extra fees. He commented if it is good enough for the airline to have their customers go up ramps that is fine. He commented that when he got to Florida in 1971 Fort Myers airport had two gates and had the ramps on back of the trucks that would back up to the airplanes. He commented that they had two airlines coming in. He commented that Punta Gorda Airport is in the middle of two big counties and the people are finding that this is the place to come. He commented that he is proud to be part of seeing what is going on.

8. Part 2 Budget

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Mr. Quill commented on staffing level. He commented as an airport goes the staff is pretty lien. He commented that the Authority operates a FBO where a lot of airports don't. He commented on the projection of Avgas and the Avgas distribution. He commented there is not much growth on Jet-A gallons. He explained that Coral Creek Airport has opened up and have taken some of the aircraft away. Commissioner Coppola asked if the fuel prices at Coral Creek are competitive with Punta Gorda. Mr. Quill commented that he does not know but to you have to join the club to be able to go into there. He commented on Jeta fuel pumped and sold. He commented on total fuel pumped and the good news is that on the airline the Authority does not have the credit exposure for their fuel. He commented on the FBO fuel sales and airline enplanements slide. He projected a substantial growth this coming year based on the schedule that Allegiant has put out. He commented on accounts receivable history and in June 2011 the accounts receivable got astronomical and the Authority tried to work with the tenants to keep them in business. He commented that it work out for the Authority and the tenants. He commented on projection of enplanements by month for next year and the Authority's assumption on the remainder of this year. He commented on parking lot revenue and that the construction on the new lot. He projected an increase in the parking lot revenue for next year. He commented that the Authority is getting 20% of the gross on the car rental concession and is projecting an increase in the car rental for the next fiscal year. He compared the winter months to the summer months and the larger proportion in the summer months is coming from parking because Floridians are going north. He commented that there were four to five week-ends this year where people had to park on the grass. He commented that the Authority does not want to prebuild the parking lot because if it sits empty the Authority will pay debt service, so it is building a little at a time. He commented on T-hangar occupancy. He commented that in earlier years the Authority had much less occupancy and at one point there was talk about repurposing one of the hangar buildings. He commented that the Authority will be talking with the board on the T-hangar door maintenance project. He commented on operating

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revenues slide. He commented on that the bulk airline related operating revenues is coming from car rentals and auto parking. He commented that the food concession will be improving and it won't kick in until mid-year. He commented on projected operating revenues slide for fiscal year 15/16. He commented on the slide on operating expenses and that airline related expense will jump next fiscal year. He commented on non-aviation and aviation lease cost centers and the fuel cost center. He commented that on paper the Authority is losing money which is very misleading. He commented on airline cost center. He commented that on paper there is an operating profit but if the Authority is doing a residual rate that will come down because depreciation and capital improvement costs will be assigned to it. He commented on the slide on the 20 year operating revenue and the upward climb in revenue is the nature of evolving from a general aviation to an air carrier airport. He commented on operating gain budget versus actual slide and the Authority has been very conservative and straight forward about it. He opined that the Authority will not see a big jump like that in the future. He commented that a lot of things are going on this year with expanding the terminal and the cost will come down. He commented that the Authority still wants to be conservative and have been with the budget. He commented on payroll versus revenues and expenses slide and the slide on the 2015 employees by tenure. He commented on the T-hangar door replacement and there is a major maintenance issue on the hangars. He commented that the doors are bi-fold doors and have been getting better results with the hydraulic doors. Commissioner Coppola asked how old the doors are. Mr. Quill commented that the oldest is thirty plus years. Mr. Parish went over the capital improvement plan. He commented that the parking lot has been moved to 2015 and the construction will be in 2016. He commented that most of it will be under the Authority's entitlements estimating to be \$2.3 to \$2.6 million depending on funding. He explained that assumes there is an AIP program next year that the FAA has reauthorized and has more than a three month continuing resolution. He hopes the construction of the new general aviation facility will start early in 2016/2017. He commented that in 2018 there is not a lot planned and the Authority will bank that money for future when the Authority has some big overlay projects. He commented that the north ramp was built in 1995 and has reached its lifetime and needs to be redone. He commented the parking lot exit in 2019 has been moved forward to be included with the 100 spaces parking lot which is funded 50/50 with the FDOT. He commented that the Authority will be doing an overlay and fixing a few spots on runways 15/33 and 4/22. Commissioner Coppola asked what does the SIB mean. Mr. Parish commented that the SIB is the loan that the Authority took out from the state infrastructure bank. Mr. Quill commented that a 5% raise is included in the salaries. He commented that the city and county are doing similar raises. He commented that the Authority did a pay band adjustment because the Authority's starting pay has not been increased for many years. He commented that the pay band will cover everyone except the Executive Director and the Assistant Executive Director because they are under contract. He commented that the Authority is bumping up the starting salaries up and adjusted a couple of salaries in administration and a position has been added. He commented that on the operating income the Authority comes out ahead but the Authority does not when you take into account the depreciation. He commented on the issue of depreciation and government as to what is the appropriate thing to do with the depreciation. He comment that the Authority included deprecation on the terminal, parking lots, rental car facility and a portion of the airfield on the residual approach. He commented that the Authority makes

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the assumption that on the airfield improvements the Authority will always be able to get a grant, but on T-hangers and commercial leases in the current market you can't recover a decent return much less depreciation. He commented that it is a function of the economy on commercial leases and hopefully over time that will change. He commented that historically the Authority has been able to get 50% matches from FDOT. He commented that the large commercial airports are able to do that, but the airlines make up a small percentage of operations and make up the majority of the revenue and at the same time the Authority can't expect the airline to cover deprecation. He stated that a lot of airports are in negative operating gain much less the depreciation. He commented that he did a little research and depreciation appears to be treated somewhat differently at each airport. He commented that the Authority is paying their bills. He commented that the Airport is not a standard model. He commented that airports and airlines are evolving and he opined that right now to stay with what the Authority has. He commented that in two to three years the Authority might consider some other alternatives like the passenger facility charges. He commented that Allegiant is in a growth mode and additional cities will be added in the next few years. He commented that the T-hangar rates have been the same for a long time and it is a plus because the majority of the Authority's tenants are retired. He commented that it is challenging for them to stay in aviation. Commissioner Hancik commented that Mr. Quill done an excellent job on the budget. He commented that it is important that his position as a commissioner is looking for additional airport revenues to take care of replacing runways and capital development improvements that aren't ten or fifteen years out when the need is today. He commented that Allegiant Airlines is well established in Punta Gorda and they have established a minimum market in excess of forty million dollars on an annual basis, and it is difficult for him to accept the fact that they are using the county and citizens assets without paying for it. He suggested that it could be a landing fee. He commented that he understands the model, but he does not agree with the model. He commented that he has been historically supportive of airports providing incentives to get airline service, however that comes with a caveat which is usually limited by time, establishment of the market or in dollars. He commented that the Authority is in an endless stream of continuing to look at a tenant that is not paying anything. He commented that he did not agree with the chairman's guest editorial in The Sun with the analysis in his conclusion. He commented that he is fine with those things as long as they are kept open. He commented that if he had a business he would not be giving away assets. Chair Andrews commented that Mr. Parish gave a very good presentation on the PFC at the last meeting and Mr. Quill had addressed it again. He commented that it is on the table. He opined that the Authority should work with the model as it is and let it evolve and develop. He commented the benefit of being a small board is they can meet if something needs to be addressed and make adjustments. He commented that nothing is etched in stone and unchangeable. Commissioner Hancik agreed with the Chairman's article in saying that the PFC can only be utilized for approved FAA projects. He commented on the debt service of \$648,000 and most of it is for the terminal building. He commented that debt service is an eligible item for PFC's. He commented that it is a matter of shifting funds but you have to have the revenue source in order to shift those funds around. Chair Andrews commented that he looked at the market that Allegiant is serving and it is very price sensitive and they are attracting leisurely travelers off the couch. He commented this was done with ATA being a low cost carrier who did charter flights for travel charters and key tours and the

people were looking for price, and for some people price is the difference between going or not going, and that is the niche the Punta Gorda Airport has. Commissioner Hancik understands the price sensitivity, but he also understands that Allegiant would not be here if there was not a market and they have established that there is a huge market. He doesn't know where the Authority fits in Allegiant's system of cities that they go to. Mr. Quill commented that there are nine focus cities and Punta Gorda is in the middle. Commissioner Hancik commented that is very profitable to Allegiant and suggested to try to extract some additional dollars from Allegiant. He commented that he wants to keep all this open and on the table as the Authority adjusts this budget and future budgets and there may be a need for a revenue source. Chair Andrews commented that it is on the table and the Authority should only focus on spending money on what is needed. Commissioner Hancik commented that there is a list of improvements that go to 2020 and the reason it tends to stretch out that far is you have to have a revenue source to take care of it and become competitive. He commented that the chances in the future of getting any more terminal money is zero and there is one shot at a terminal building. Mr. Quill commented that being in a small hub category limits certain things the Authority couldn't receive. Mr. Parish commented that the Authority can still compete for discretionary funds. Chair Andrews opined that everything is on the table and it is just when. Commissioner Hancik commented that it is a subject for conversation sometime in the near future. His problem is that Allegiant has a huge market here and they should kick a little bit into the pot to maintain their operation. He opined that it would not hurt the traffic. Chair Andrews commented that he understand kicking in a little but who is paying. He commented that those costs are passed through. Commissioner Hancik commented that is what the Authority is doing with the parking lot and rental car. He commented that if you need a building you pay the rent for it. Chair Andrews commented that the world changes quickly. Commissioner Hancik read part of an article on Airport Fees. He commented that at some point in time these huge costs will catch up with you. He commented that he understands trying to be a low cost airport and if the Authority collects a little off Allegiant that position will not change. Commissioner Seay commented that she understands and it is important that the issues be discussed because that is how the Airport progresses. She commented on an article in the Wall Street Journal regarding international travel and the changes in cheap fare, and the model that they are following is like the Punta Gorda Airport model. She commented that the Punta Gorda Airport is a trend setter for this kind of financial model for an airport. She commented that over time changes happen and the Authority can continue doing the same as in the past without looking at what is happening in the industry. She commented that the industry and the market is telling us that low cost is important. She commented that an ultra-low carrier like Allegiant Air will need the type of format that the Authority is offering. She commented that Allegiant would not be here if there was not a market. She commented that there is a market here because the costs are low, and if the Authority raises their costs would Allegiant continue to come to Punta Gorda. commented until she sees that Allegiant is firmly rooted here she does not want to rock that boat. She commented that the Authority should make sure they are following what is happening in the market place and in the industry to make sure the Authority is not going too far adrift. She commented that the Authority had an opportunity when the hurricane came through to make changes. She commented that the airport was a blank and the Authority could have done things that everybody had done forever and duplicate what

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everyone else had or the Authority could do something unique and different. She commented that is success no matter how you slice it through creative and unique business model that is functioning and operating as well or better than any others. She commented that the Airport cannot compete with Fort Myers and that is not the goal of this Airport. She commented that someday maybe the Airport will have jetways but not right now because the cost is astronomical for the needs of this Airport. She commented that the terminal does not need to be a Taj Mahal. She commented that the Airport does not want to compete with Sarasota. She commented if the Airport is doing something well and doing it successfully and making money it benefits everybody in the County. She commented that Mr. Patton has been instrumental in a lot of that. She commented on Mr. Laishley's comment where he talked about businesses becoming greedy and straying away from a plan that got them the success. She commented that the Authority has a plan that has gotten the Authority to success. She opined if the Authority is looking at how the Authority can get more money in the Airport that will not be successful. She commented on Mr. Newell's comment if you have an equation that works you need to stick with it. She commented that the Authority has a model that works and that is what should be followed. She commented that in the past ten years the Authority created and worked this model into an opportunity that has given Charlotte County hundreds and millions of dollars of economy impact and the upcoming budget reflects that. She commented that the Authority's projection are conservative and based on these conservative numbers the Authority is still looking at an increase in the revenues. She commented that the Authority is expanding in small steps so the Authority will not be millions of dollars in debt, and the Authority has the ability to continue that success. She commented that she is very happy with the budget and all the work that has gone into it to reach the Authority's goals. She complimented the staff for their hard work. Commissioner Hancik commented on the word greedy and looking at the previous slide which is a portion of the Authority's Mission Statement to maintain the safety and improving the airport by providing a safe and cost efficient aviation service to our tenants and to our community. He commented that will cost money and at some point in time the revenue will be about where the expenses are. He commented that you have to plan for the future. He commented that he is not saying to get greedy and collect money out of the airlines and tenants, but he wants to make sure the Authority has enough dollars to maintain the airport to meet the mission statement. Chair Andrews agreed with that. He commented that he had done his own study and did a quite a bit of research looking at everything before he wrote that article. He commented that he wants to see the Airport succeed and be an asset for the community. He commented there are things that will have to be addressed in the future. He commented that everything he has read on business models is you have to stay true to your model. He commented that as times goes on this model will evolve and there will be changes and opportunities for growth. He commented that the ultimate goal for him is the success of the Airport. He commented that he has seen the benefits in the community both as a realtor and a member of the community. Commissioner Coppola commented that the key word is benefits. She has seen tremendous benefits since Allegiant has been here. She commented on the terminal, car rental business, parking lots and the restaurant businesses. She commented that this is phenomenal from someone who has been here as long as she has been to see the growth, the constant improvements and the image in the community. She commented that the Authority is paying all their bills and have money in reserve. She commented that the Authority has a

good model and to stick with it. She commented that the Authority is doing great. She commented that a lot of businesses are failing, have over extended, have not done the right thing and the Authority has employees that are happy, got a beautiful airfield with runways that are new and improved. She commented that the airport has done well with Allegiant Air. She commented that the Authority have gone through the growth process of having other airlines that have come and gone. She commented that the Authority has a good and successful airline that have made the Authority successful. Commissioner Herston commented that Mr. Quill had presented some very compelling evidence that every indication of the operation is heading upwards. He commented that we all have our own ideas on how to operate a business. He opined that the Authority should seek council and have a workshop with an accountant and a financial advisor presenting them with some what ifs. He commented because the Authority can raise fees, tax or a toll doesn't mean the Authority should. He commented that he feels patriotic every time he is in the terminal seeing people walking around and being happy and knowing that the Authority had a little bit to do with that by keeping their cost low. He commented that the Authority doesn't charge a fee just because the Authority can. He commented that it isn't the fact that our Airport is making everything happen, our Airport is making everything else work better and the Airport is making their business models work better. He commented that he is not opposed to analyzing a cost but he is proud that the Authority does not charge it. Chair Andrews liked the suggestion of the workshop. Mr. Parish commented that next year as part of the CIP is the master plan update and a significant portion of the master plan update is a twenty year analysis of the financial model. He commented there will be board meetings and public meetings where there will be discussions of the model and how it progresses. He commented that he spoke with the engineers and that project will be moved forward so it will happen earlier in the year and the Authority can have it in place for the next budget analysis. Commissioner Seay commented that it is important to remember that the board is not blind to changes and saying everything is going to stay exactly the same because it doesn't. She commented that the Board has staff in place to help and guide the Board, the Board does their own homework to see what is happening in the industry and there are different areas of expertise on the board. She commented that staying the same doesn't always work and the Board needs to be adaptable and to make sure that the board is doing what is best for the future. She commented that there is nothing going on in the industry that would indicate there should be changes. She commented that the industry is changing to what the airport does. She commented that the Authority needs to be aware, needs to be watch, needs to be careful and needs to reassess and that is what makes this She opined that it is important that the questions are raised. Commissioner Hancik commented that the workshops are good because it informs the commissioners of what each commissioner is thinking about. He commented because of the Sunshine Law the Board had to have these open discussions. He commented that the Board should be thinking on the process of finding Mr. Quill's replacement. commented that the Board needs to decide whether it will be a national search or use a head hunting firm, and there is the question about Mr. Parish. He commented that the Authority has to make sure that there is adequate money in the budget in case you have to bring somebody in for an interview process. He commented if Mr. Parish ends up being the best one for job then you have to fill his position or eliminate his position. He commented that it is a little bit early but sometime after the first of year the Board needs to make a decision

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on how the Board is going to find a new leader. Chair Andrews commented that he is glad that it was brought it up as it has been on his mind and he agrees. Commissioner Hancik commented that there is going to be quite a bit of movement in Florida airport mangers. He commented that Orlando/Sanford just got a new one. He commented that the older generation of the airport industry have had enough of it and are all retiring and ending up on boards. He commented that the Naples and Daytona Beach manager's positions are open and a couple of other ones. He commented that there is going to be a movement in the market and if there is an advertisement for a national search, there will be 150 people that would apply for that position. He questioned how would you sort that out in a public form when you can't discuss personnel things in a closed meeting. He commented that this has to be open and there will be a lot of situations when you get down to a group of ten or three candidates and people tend to back out when they find out that their names will be published in newspapers. He commented that the Board has talked about an possibility that Mr. Quill would stay on for a period of time acting as a consulting service in the transitional period if one is needed. He commented that the Board needs to be thinking about how to go about it, to have a consultant or not, who will make that evaluation and then one on one interviews. Commissioner Seay commented that technically that is not part of the budget. She commented that it would be a line item within the budget. She commented that discussing how you would go about it is outside the scope to begin discussion at this kind of workshop is inappropriate. She explained that there is a significant amount of information that would need to be shared and it has not been advertised. She opined that it would not be appropriate at this point to continue that Commissioner Hancik commented that he doesn't want to get into any arguments, but there is counsel here, and as he understand it you can bring up anything that you want at a workshop. Commissioner Seay commented that it has been brought up and she opined that the Board should not discuss it because it would be a very lengthy one. Chair Andrews commented that it was brought up, it has been discussed and the meeting should move on. Commissioner Coppola asked if the hangars are occupied where the doors will be replaced. Mr. Parish commented that the doors are for the cheaper hangars and they are occupied. He explained that they are the oldest hangars on the airport. He commented that the Authority has a caveat in the lease nd if the Authority cannot repair the doors they have to move. He explained that the doors are significantly older than the others on the airport, parts are becoming difficult and some had to be custom fabricated to keep them operational. He commented that the newer doors are significantly simpler. He commented that the goal is to get an updated system that will last another twenty years. Commissioner Coppola thought that if the hangars were not being used the Authority should take them down and not spend the money. Mr. Parish commented that the Authority can run from thirty empty hangers to eight or nine empty hangers throughout the year and when the Authority talks about twenty-four units next year those are hangars that have airplanes in them that are operational. He commented that the Authority has been doing a lot of research on the types of door the Authority wants to use and the door is similar to the hydraulic door. Commissioner Herston asked if there is a fire rating required on the doors. Mr. Parish commented that the doors meet all the current codes.

9. Citizens Input

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Jim Kaletta - Commented that Mr. Quill did a nice job on the presentation. He commented that the Authority has to stay competitive and the Authority seems to be putting blinders on as far as Punta Gorda is concerned. He commented that Allegiant Air goes to twenty-eight destinations from Punta Gorda and he suggested that the Authority check those twenty-eight destinations to see what they have done. He commented that in most cases when bringing an in airline they charge them no fees for one or two years. He commented that if the other cities are charging fees why is the Punta Gorda Airport different. He commented that the model doesn't work then because Allegiant is going back and forth to these different cities. He commented that he has heard that Coral Creek sold sixty packages at \$125 or \$150 and they will go to eighty. He commented that they have taken all of the cream off the crop out of Punta Gorda. He commented that they are building a third big hangar and they have complete service. He commented because these people are tenants and pay the fee they probably get the fuel at cost or close to it.

Alan Boynton - Commented that he is not hung up on passenger facility charges or landing fee and that is not the issue. He commented that there is an undercurrent that if Allegiant is charged any fees they are going to go away. He commented that they are not going to go away. He commented that there are nineteen of twenty-one airports in Florida that charge fees. He commented on the passenger fees in Sarasota and Fort Myers. commented that he doesn't think anybody has talked about charging \$4.50/passenger fee and we absolutely want to be a low cost model. He commented that success today can be calamity tomorrow. He commented that he had asked if there is a contingency plan if Allegiant went away and the answer was no. He commented that Allegiant will not go away. He asked if there is a contingency plan if the Allegiant's pilots goes on strike, which is a more realistic possibility. He commented that Allegiant is the most profitable airlines in the United States followed by Spirit published by Aviation Week & Space Technology Magazine. He commented that Allegiant is here because it is low cost and they have a market. He commented that good business practice says never give up the opportunity to raise money. He commented that you do not want to gouge Allegiant. He commented on his tenor with General Electric Company as a world-wide manager of GE business and the one thing that could have gotten him fired is if he gave away something of value. He commented that there is nothing wrong with building a bank for whatever comes up. He commented that Mr. Quill made it very clear and said one of the things that came up in his discussion was that the airport has value. He commented that the Authority has something of value to Allegiant. He commented that the Authority has a market, has an airport facility, has a control tower, getting an ILS, getting radar and all those things make sense to Allegiant, and it would be more of a reason why they should contribute something. He commented that Allegiant is not poor and they expect to pay costs. He commented that all of the destinations that Allegiant flies into are paying something. He commented when the Authority says that they have a unique model, it is unique of giving it away. He commented that what bothers him is not whether it is a dollar or five dollar fee, it is a business issue and people who are in business expect to pay for things. He commented how many county facilities give away services that they provide. He hopes that the board would reconsider a workshop to cover creative ways to generate additional revenue. He commented that the Authority probably doesn't need it today. He commented that it is a great airport and it is growing. He opined that the Board needs to consider these things.

10. Adjournment	0.	Adiour	nment
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	Meeting adjourned at 10:56 a.m.		
		Paul Andrews, Chair	
Kath	nleen Coppola, Secretary/Treasurer		