

**CHARLOTTE COUNTY AIRPORT AUTHORITY**

**MINUTES OF REGULAR MEETING – JUNE 16, 2016 - 9:00 A.M.**

5    **1. Call to Order**

**2. Invocation**

          Commissioner Herston gave the invocation.

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**3. Pledge of Allegiance**

**4. Roll Call**

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**Present:** Chair Andrews; Commissioners Coppola, Hancik, Herston, Seay; Executive Director Quill; Attorney Garrard; Assistant Executive Director Parish; Mrs. Cauley; Ms. Desguin; Mr. Laroche; Mr. Mallard; Mr. Montoya; Ms. Smith and Ms. Straw. **Others Present:** Commissioner Deutsch, Councilwoman Prafke, Bob Mauti, Jim Kaletta, Jeff Tuscan, Joe and Janet Gentry, Alan Boynton, Dave Goode, Brett White, Andy Stultz, Bobby Lamoreaux, Jerry O’Halloran, Gary Harrell, Jack Cox, Harold Wilkie, Ned Rose, other people from the private and members of the press.

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**5. Citizen’s Input**

25    **6. Additions and/or Deletions to the Agenda**

          Mr. Quill moved 14 a) Audit Presentation to the next item.

**14. New Business**

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**a) Audit Presentation** - Mr. Jeff Tuscan presented the Authority’s 2015/2016 audit, copy attached. Below are some of the comments that were made during Mr. Tuscan’s presentation.

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- Audits were on hold this year until the FRS, Florida Retirement System, completed the audit of that plan so that data could be incorporated.
- GASB68 law came in to affect this year and the law was explained.
- Difference between the Defined Contribution and Defined Benefits Plan was explained.
- The law states that you can participate in the plan, but as a participant you have a liability for the unfunded portion. The law and the State of Florida does not provide any means if an entity desires to pay off the liability. The law states that the fluctuation in market has to be taken into account over a five-year period and whatever the market does, the contribution rate will change, and the liability will be spread over five years and there might a move in the legislature to increase those contribution rates.

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- Went over the accounting standards explaining the new law.

- There was discussion on the new law, the liability, should the Authority be concerned to ensure the monies are there for the Authority's employees and not have a shortfall. Mr. Tuscan referenced page 33. He commented that the Authority can't encumber but to be aware of what the plan is doing and talk with your legislature members about what they are going to do with the contributions rates. The Authority's responsibility as far as the plan operations go is to make the contribution that the legislature has approved.
- Pointed out the unmodified opinion which is the highest level of opinion an auditor can issue.
- A report about Florida Statutes 218 was issued that the Government Auditing Standards was used. Since the Authority is a government the Auditor has to have certain qualifications and perform other procedures that a normal entity being audited does not have to go through. An internal control is part of that and no deficiency was noted and internal control is considered of being material weakness. They did not note any instances and non-compliant, and there is one comment in the back.
- The Authority complied on the paragraph "Opinion" and explained that the grants had to be tested and the Authority complied.
- The auditors have to test the way the Authority pays, holds cash and investments. It is a specific statute that the Authority has to abide by and the Auditors had to test that and the Authority complied.
- The state requires the Authority to budget for any expenditure disbursements that the Authority is going to do. The Board had approved the payment and principle on the SIB loan last year, but it was never formerly amended into the budget. The budget law in Florida was explained.
- The difference between Enterprise Fund and Governmental Funds was explained and the Authority is in the Enterprise fund.
- Commissioner Herston asked about the public funds test on page 63. Mr. Tuscan explained the reasons for the Public Fund Test.
- He went over the graphs, attached, summarized the report with an unmodified report, no internal control issues noted, the deposits were held in qualified accounts and there was one small non-compliance issue with the budget.
- No non-compliance with the grants and commented on how much grant money that the Authority had taken in last year. The SIB Loan counts as a grant for audit purposes which means that the Authority disbursed over thirteen and a half million dollars of grant related dollars last year. Every one of those funding sources and the related expenditures have to be tracked separately by the Authority's staff and the auditors have to test them separately. The Authority's staff did a great job in acquiring and tracking the grants and the quickest way to not be awarded grants is to have non-compliance.
- The financial statement was summarized showing the changes in cash. Governments who do not have a lot of fixed assets or a lot of invested cash their net position will go negative when they booked that liability. The Authority has enough equity to keep the net position positive.
- After review of the audit the results showed cash and net income from operations are up which are the two goals that the Authority had established back in 2004/2005. Depreciation is a little less important because the Authority has been able to track the grants and loans. He commented that operations should generate revenue.
- Noted that keeping the operating reserves is really important.

- A section titled MD&A was highlighted which has to be written by management, the auditors have to review making sure it is consistent with the auditor's results. This section can be pulled out to use as a hand-out.
- **Commissioner Herston made a motion to approve Mr. Tuscan's acceptance of the draft auditors report as presented. Commissioner Seay seconded. Motion passed unanimously.**

## 7. Consent Agenda

- 10 Commissioner Seay asked to remove the item on the Three Palm Speedway write-off which will become old business 13 a). **Commissioner Seay made a motion to approve the balance of the Consent Agenda. Commissioner Herston seconded. Motion passed unanimously.**

## 15 8. Secretary/Treasurer's Report

Mr. Quill reported that the Accounts Receivable is the best it has looked in a long time. He reported on the Income Statement and commented on the fluctuation of fuel prices.

## 20 9. Committee Reports

- 25 a) **Land Use** - Commissioner Herston reported that the land use on the private side on both sides of Charlotte County continues to be brisk. There was nothing to report on the public side. He commented on the potential swap for property involving the closed rest area on Jones Loop. Mr. Quill gave some background on the properties that may be involved. There was discussion on an interchange access road. Commissioner Deutsch gave an update indicating that the IDA is recommending in moving ahead with the land swap and are looking at it as a win-win for the Airport and IDA.
- 30 b) **Economic Development** - Chair Andrews had nothing to report.
- c) **Personnel** - Commissioner Coppola had nothing to report except for the excellent staff in finance.
- 35 d) **Public Relations/Special Events** - Commissioner Coppola reported that the Airport's grand opening got a big headline in the Florida Weekly. She commented on the different people that came and it was a terrific turn-out. She reported that Governor Rick Scott had sent a letter to Mr. Quill commending the efforts of the Authority in helping Florida create an economy where industries create jobs and lasting careers. She met with residents from the Burnt Store Meadows over the noise situation. She encourages everybody to talk to the candidates for the different offices and to become educated on what is happening in Charlotte County.
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- 45 e) **Governmental Liaison** - Commissioner Seay commented on the impact of the GASBY68 and the Florida Retirement System has had on the Authority. She welcomed City Councilwoman Prafke and Commissioner Deutsch. She suggested to put on the

agenda for the August meeting a discussion of the Authority’s priorities for the legislative session and to review the enabling legislation to assure that the Authority is in good shape.

5 f) **Metropolitan Planning Organization** - Commissioner Herston reported on the MPO last month and the MPOAC next meeting will be in July. Chair Andrews suggested moving the Metropolitan Planning Organization back to back with the Land Use.

10 g) **Aviation Activities Report** - Commissioner Hancik reported on Avgas, Jet A, airline gallons pumped and the number of total passengers. He commented that there are no vacancies in the T-hangars. He reported that the FEDS had approved the policy that will be effective in July for the use of T-hangars for aviation purposes only.

15 **10. Attorney’s Report**

Attorney Garrard had nothing to report.

**11. Executive Director’s Report**

20 a) **Development Update** - Mr. Parish reported that the work continues on Taxiway Alpha and should be in operation before the next meeting and the Master Plan is waiting for the grant to be issued. The parking lot expansion is underway and the Authority is talking with the contractor and the FDOT to see if a change-order can be done for additional construction to the project. He explained that the existing parking lots are at capacity and with the last holiday it would have been over capacity with the new lot. He reported that the rehabilitation of runway 4/22 is scheduled for the 2020, 2021 and 25 2022-time frame and with the potential to rebuild 15/33 to handle traffic during the reconstruction. He reported that Allegiant will be adding a couple of park stands north of the existing ramp which has been in the Master Plan.

30 b) **Historical Marker** - Mr. Quill reported that the County Historical Group has a historical marker that they want to put in the Airport referencing World War II. The Authority will get with the Historical Group to have a dedication ceremony this summer.

35 c) **Misc. Items** - Mr. Quill commented on the T-hangar’s being full. He commented that the Maintenance Repair and Overhaul (MRO) Company whose lease was approved last month will bring five jobs to the Airport. He thanked Mrs. Cauley’s finance staff for the good audit. He thanked Mr. Parish’s staff for addressing all the number aspects and 40 the construction has gone well. Commissioner Seay commented that Florida Southwest State college will have a press conference in July announcing the opening of their courses in aviation and health programs. The entrance on Airport Road will have Florida Southwestern on one side and the other side will have Western Michigan University. She suggested to have an update at the next meeting. Commissioner Herston asked when did the site plan get approved from the County on the T-hangar 45 locations. Mr. Parish commented that the Authority permitted the five new units on

Henry Street in 2005 and another five units were approved from SWFWMD, which is the area that the Western Michigan hangar and the new FBO is going to be.

## 12. Citizen's Input

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**Anne Marie Recardi** - Commented that she is a race car driver, owner and a racing fan. She commented on Joe Gentry managing the race track and she hopes that the Authority will bring the asset back to life. She commented that the Authority has the commitment of Joe Gentry and a group of racers and fans dedicated to make sure the local track stays open. She opined that this track will be another part of the Airport facility that you could be proud of.

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**Bobby Lamoreaux** - Commented that he is here on his own accord, not Mr. Fitch. He would like to see the fence stay and asked the Airport Authority to work with Mr. Gentry with some of the cost of the fence. He gave a couple of suggestions to the Authority on how to keep the fence.

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**Commissioner Deutsch** - Commented that he has been contacted by someone who has some outside suggestion about bringing economic operation to the Airport. He wanted to know who he should be dealing with. Chair Andrews commented to bring it through Mr. Quill. Commissioner Deutsch commented that he has been the liaison for the County Commission for about six years and has a good relationship. He commented that the Board of County Commissioners has requested that the Airport Authority make an effort to increase their level of transparency by getting the agendas out earlier and put everything on the website. He commented that the County offered to help if the Authority needs help on their website. He commented that his role as a commissioner he has people come to him with concerns of the Airport and every time he tells them to deal with the Airport.

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**Harold Wilke** – Asked why the security deposit money that Mr. Haase paid cannot be allocated to cover the problem with the fence. The fence was put on property without a permit, without permission from the Authority and he basically gave the fence away and why is there liability with the fence.

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**Jerry O'Halloran** - Congratulated the Authority on the great audit report. He had asked Commissioner Hancik to go over the FAA T-hangar policy. He opined that the FRS is a designed benefit plan and the country seems to be shifting away into designed contribution plans, which is more cost effective and stable. He suggested looking to see the cost trade-offs in those benefits.

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40 Chair Andrews called for a recess 10:35 a.m. The meeting reconvened at 10:45 a.m.

## 13. Old Business

a) **Three Palms Speedway Write-Off** - Commissioner Seay commented the Three Palms Speedway had apparently made an agreement with the people who installed the fence. She commented that they installed the fence without a permit, without permission from

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5 the Authority which in her opinion seems to be an illegal operation. She wants to find  
out if there are any ramifications for someone who is an unlicensed person/local  
contractor who would install a fence on government property without the Airport's  
permission. She commented on the Authority giving up the value of the property that  
is going to adversely impact the ability of the people to use that property for the purpose  
of which the Authority is getting ready to lease it. She commented that Three Palms  
Speedway earned money because of the fence being installed, not the Authority and  
the Authority lost money. She commented that if the fence is removed it is a direct  
10 destruction of the value of the property. She opined that the Authority should in turn  
sue Three Palms and the people who are getting ready to remove the fence for the  
destruction of the property. Commissioner Hancik commented that this was turned  
over to the attorneys and are facing litigation. He opined the Board should not be saying  
anything or giving opinions. Commissioner Seay does not want to write off anything  
to Three Palms Speedway and the Authority should pursue them for the loss of value  
15 of the property. Attorney Garrard commented that this has been going on for quite a  
while and the initial demand was made several months ago for \$83,000 on the basis  
that the Authority would get unjustly enriched to keep the fence and the formal  
response was the Authority was not paying and to come get your fence. A letter was  
sent out to them giving them thirty days to remove the fence and that timetable runs  
20 out on June 20<sup>th</sup>, 2016. In Attorney Garrard's letter to them he deliberately did not put  
anything in the letter as to what is going to happen if the fence is not removed. There  
was discussion on the fence being removed. Chair Andrews commented that it will be  
a Board decision later on if the fence is not removed by the 20th.

25 **b) Speedway Lease** - Mr. Quill commented that the ironclad aspects of the lease that are  
set in stone are the guidance elements the Authority received from the Federal Aviation  
Administration. He is asking for approval of the lease from the Board, subject to the  
approval of FAA, Board review and Mr. Gentry's acceptance of the lease. Mr. Parish  
30 explained that the lease terms are exactly what was discussed at the last meeting and  
the reason it was put on the agenda was to speed it up since there is not a July meeting.  
He commented once the lease goes through the FAA, Attorney Garrard and Kaplan  
Kirsch, then Mr. Gentry can sign the lease so it can be executed prior to the August  
meeting. There was discussion on signing the lease. Mr. Quill stated that the lease is  
35 \$3,000 a month for five years and then it goes to fair market value, and no invested  
money on the Authority's part. Mr. Parish explained that typically the Lessee signs the  
lease before it is presented to the Board but this is an attempt to speed it up.  
Commissioner Seay commented that there have been many instances in the past that  
the Board has approved staff to go ahead based on the presentation by staff of the  
40 contents of the lease because of canceled meetings over the summer. The Board  
authorizes staff to continue with that based on the approvals of the Authority's  
attorneys, the FAA and all the parties, and she feels that there is no reason way it can't  
be done for this. Chair Andrews commented that this has been ongoing and opined that  
it should be brought back to the Board and he is not opposed to an emergency meeting.  
Mr. Gentry commented that the only change that was given to Mr. Quill was in the  
45 original lease he had put in for a longer term and the FAA came back with the five-year  
term with a one-year extension. The only major change he had asked for was instead

of a permanent bleacher he would put in portable bleachers and portable kitchen equipment because of the amount of money. He commented that a permit was acquired by a demolition contractor to remove the fence. He commented if the fence is gone he will not proceed with the lease. **Commissioner Herston made a motion to approve the draft lease as drafted by the Authority’s staff for submission and execution to the tenant. Commissioner Seay seconded.** There was discussion on installing the fence without a permit. Commissioner Herston commented that when you put up something that is unpermitted and code compliance catches you they require you to pull the permit and pay a fee at four times the normal amount. Commissioner Seay suggested to pursue that. **Motion passed unanimously.**

**14. New Business**

b) **Set Budget Workshop and Hearings Dates** - Mr. Quill is asking for dates for the 2016/2017 Budget Workshop and Hearings. **Commissioner Herston made a motion to move the regular meeting scheduled for September 15<sup>th</sup> from 9:00 am to 3:00 pm. Commissioner Seay seconded. Motion passed unanimously. Commissioner Herston made a motion to approve August 31<sup>st</sup> at 9:00 am for proposed Budget Workshop, September 15<sup>th</sup> for the proposed Tentative Budget Hearing at 5:01pm and September 29<sup>th</sup> for the proposed Final Budget Hearing at 5:01 pm. Commissioner Seay seconded. Motion passed unanimously**

c) **Contract with James Parish, P.E.** - **Commissioner Herston made a motion to approve the employment agreement subject to Mr. Parish’s execution as presented to the Board. Commissioner Seay seconded. Motion passed with Commissioner Hancik casting the nay vote.**

**15. Citizen’s Input**

**16. Commissioner’s Comments**

**Commissioner Herston** - Commented that the Auditor’s report indicates how important it is to keep a project team intact. He commented that Commissioner Hancik wants to do a national search for replacement and he questions that wisdom and he opined that it could get expensive. He is honored to be on a Board that is served by Mr. Quill and Mr. Parish and he opined that all the staff is amazing as presented by the auditor.

**Commissioner Seay** - Commented that the meeting was very good. She congratulated the staff on the good work that was consistently done on the audit process and presentations. She is looking forward to Western Michigan University joining the Airport and it is exciting for the area. She is requesting some time to speak with Mr. Quill, Executive Director, about the comments made from the County to the Airport Authority which she believes are ill founded. She opined that it is not appropriate to speak ill of another governmental body in a public meeting.

