Corrected Minutes
September 19, 2019
Regular Meeting

A. ROLL CALL

Meeting was called to order by Chair Messer at 8:30 a.m. in the Council Chambers at City Hall.

Also present were Vice Chair Lenhard, Commissioner Brousseau, Commissioner Dustin and Commissioner Rideoutte.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Ms. Terrill, Mr. Frost, Mr. Keith, Mr. Warriner, Mr. Jefferson, Ms. LeDuc and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

Chair Messer led the Pledge of Allegiance.

C. AGENDA

There were no changes to the agenda.

D. MINUTES

1. August 15, 2019 Regular Meeting

Chair Messer noted a typographical error in the first sentence under Item 7 on page 5. She said that there was an extra "that" in the sentence and the word should be removed.

Commissioner Rideoutte moved approval of the August 15, 2019, Regular Meeting minutes as corrected by Chair Messer. Commissioner Dustin seconded. Motion passed unanimously 5-0.

E. PRESENTATIONS AND TIME CERTAIN ITEMS

F. PUBLIC COMMENTS

Mr. Ken Boynton, 8284 Laurel Lakes Boulevard, Naples, expressed concern with the proposed increases on tenant leases. He added that it will be difficult to see these folks sell their planes due to the rising rates and requested the Board to think carefully about this decision.

Mr. Carlos F. Claudio, 5483 Rattlesnake Hammock, B-101, Naples, expressed concern with the proposed rental increases. He stated that general aviation is getting more and more expensive for working class people and harder for themselves and future generations to enjoy.

Mr. David A. MacGregor, Jr., 640 21st Street Southwest, Naples, objected to the pending rent increases. He said his biggest contention was the 14% increase all at once and was uncertain how the appraisal firm arrived at that amount. He said that he is retired, living on a fixed income and a 14% increase would hurt anyone's wallet.

Mr. M. Richard Mellon, 116 Edgemere Way South, Naples, representing the Naples Pelican Bay Rotary Club, a civic and charitable organization, provided a brief summary of the Club's mission to help people in Collier County. In preparation for next year's event, he requested the Board's consideration to hold

their "Autoberfest" fundraiser at the airport in October, 2020 on the grassy area and concrete parking area at the Commercial Air Terminal.

Mr. Bruce Buchanon, 852 Belville, Naples, expressed concern regarding the proposed 10% rent increase on his hangar rental this year and potentially a 10% increase for each of the next three years. He commented on the Authority's cash reserves that have been earned over a period of time without substantial rent increases occurring and cited several high-end airport projects underway that do not benefit the small general aviation user. Mr. Buchanon stated that he will need to re-evaluate whether he can continue to own an aircraft because he is on a fixed income. He added that he has had a leaky hangar for 12 years. Mr. Buchanon requested Board reconsideration of the rent increases and where expenses are directed.

In response to the public comments, there was lengthy Board and staff discussion regarding the Authority's obligation to charge fair market value rates as recommended by Slack, Johnston & Magenheimer, the consultants who conducted the analysis to determine whether the rents currently charged for t-hangars, shade hangars and storage units were reasonable.

Chair Messer addressed the comments regarding the Authority's cash reserves and explained that the airport is a capital intense business and funds can dwindle very quickly. She added that in the past federal and state governments provided much more grant funding than what they are able to do this year and in the future. She encouraged the audience to stay for the FY 2020 budget presentation for a better understanding of the financial challenges.

Mr. Rozansky said he spoke directly to everyone who made public comments with the exception of Mr. Boynton. Mr. Rozansky disagreed with some of the comments and added that general aviation is not dying in Naples. He said that the wait list consists of nearly 90 customers and noted that half of the aircraft on the t-hangar wait list includes owners of high performance aircraft. He explained that there is a fundamental real estate issue of supply and demand and that rents were determined to be far below the market. He echoed Chair Messer's comments regarding the cash reserves and stated that over the next 5-10 years, a substantial amount of capital will be required. He said this is about the highest and best use of the available real estate for the public's benefit. Mr. Rozansky stated that over the past 10 years, rent increases totaled cumulatively 11%, with no increases in four of those years. He said that does not compare in any way to what is happening in the broader real estate market where real estate values in Southwest Florida and Naples have increased 40-50% in that time. Mr. Rozansky commented that the improvements at the airport do benefit the general aviation community. He noted that t-hangar door replacements were being upgraded to provide the highest and most current wind load requirements for protection against hurricanes at a cost of about $25,000 per door. In FY 2020 he said that a t-hangar apron rehabilitation project is planned, without any available grant funds, at an estimated cost of $2-3 million. He noted several other airport improvements that will take place including the Air Traffic Control Tower and Aircraft Rescue Fire Fighting projects as well as the plan to construct new t-hangars to help meet the demand. Mr. Rozansky said that should there be a change in the economy, staff would review the schedule of increases and make a business decision about whether or not those continued increases are appropriate.

Commissioner Dustin requested information on the t-hangar tenants' utilization of aviation services. Mr. Rozansky reported that 15% of the current t-hangar tenants have bought no fuel and have had no flight activity in the past nine months.

Commissioner Brousseau expressed his dissatisfaction that none of the Southwest Florida airports were used as a comparable for the appraisal and stated that he supported 99% of the public comments today. There was discussion regarding the appraisal process in comparing airports based on similar-sized communities, operations and socioeconomic characteristics. Mr. Rozansky added that Marco Island Executive Airport rents were 20% higher than the Naples Airport.

Commissioner Dustin expressed his concern regarding the 15% of tenants who are using the airport as storage and requested that attention be given to the matter.

Regarding the public comment concerning the leaky hangar, Commissioner Dustin asked if the Authority is responsible for fixing it. Mr. Rozansky stated that when work orders are received, staff does respond to them, and he agreed with Commissioner Dustin that this is something a tenant shouldn't have to deal with.

Chair Messer thanked everyone for bringing their concerns forward and said that it was important to hear from our customers. She said that change is difficult, but the Board wouldn't be doing their jobs if they weren't paying attention to the fact that the market is changing. She said that the Board has an obligation to run this business in a manner that is financially prudent and to prepare for the future.

G. ACTION ITEMS (Public comments accepted for each item; 5-minute limit)

1. Resolution 2019-3, Adoption of Fiscal Year 2020 Operating and Capital Budget

Mr. Warriner requested Board authorization for the Chair to execute Resolution 2019-3, adopting the FY 2020 Operating and Capital Budget. He stated that the Draft Budget was originally presented in June, an update was provided in August, a presentation was made to the Naples City Council in early September and that the Final Draft was being presented today. He reviewed changes from the August Draft, presented the final budget.

A question and answer period followed.

Commissioner Rideoutte moved Board approval of Resolution 2019-3, adopting the FY 2020 Operating and Capital Budget. Commissioner Dustin seconded. The motion passed unanimously 5-0.

2. Renew Certain Insurance Policies in an Amount Not to Exceed $121,000

Mr. Warriner requested Board authorization for the Executive Director to bind certain insurance policies in an amount not to exceed $121,000.

Mr. Warriner stated the policies were competitively bid out to the insurance marketplace by our broker, Public Risk Insurance Agency. He noted a 16 percent or $16,296 increase in premiums, mostly due to an increase in insured equipment and property values.

Vice Chair Lenhard moved Board approval for the Executive Director to bind certain insurance policies for coverages listed above as presented by Mr. Warriner. Commissioner Dustin seconded. Motion passed unanimously 5-0.

3. **Professional Services Agreement with Crawford Landscaping for Annual Horticultural Services in the Amount Not to Exceed $105,105**

Mr. Keith requested Board authorization for the Executive Director to execute a Professional Services Agreement with Crawford Landscaping for annual horticultural services in areas outside the secure area of the airport in an amount not to exceed $105,105. Mr. Keith provided a brief summary of the Request for Proposal process that began on August 11th. He said that two bids were received. Crawford Landscaping, the lowest bidder, at $105,105 and Big Tree at $159,270. Mr. Keith said that by hiring an outside firm, it will alleviate some of the difficulties experienced in hiring full time landscapers and the contract would be offset by a reduction of two vacant landscape positions. Mr. Keith stated that this Agreement is an annual, one-year contract with three possible renewal periods. He added that there is an allowance for potential increases based on the Consumer Price Index (CPI) at each renewal period.

Commissioner Dustin moved approval for the Executive Director to execute a Professional Services Agreement with Crawford Landscaping for annual horticultural services as presented by Mr. Keith in an amount not to exceed $105,105. Vice Chair Lenhard seconded. Motion passed unanimously 5-0.

4. **Assignment, Assumption and Amendment of Leasehold Agreement between Eller Aviation, LLC, Northern Jet Management, Inc. and the Authority**

Ms. LeDuc stated that Eller Aviation, LLC is the current leaseholder of a 30-year land lease in the South Quadrant of the airport and the lease holder has entered into an agreement to sell their leasehold interest to Northern Jet Management. In anticipation of that purchase, Northern Jet Management submitted a request to the Authority to assume and amend the Eller Aviation lease to permit them to conduct charter operations on the leased premises. Ms. LeDuc said that staff sent a letter to the neighboring tenants on July 16th to advise them of the proposed change and solicited comments for consideration by the Authority. She reported that no comments were received. Ms. LeDuc requested Board authorization for the Executive Director to execute an Assignment, Assumption and Amendment of City of Naples Airport Authority Leasehold Agreement between Eller Aviation, LLC, Northern Jet Management, Inc. and the Authority. She noted that the Amendment was updated to include lease language as provided for in our current standard agreement.

A question and answer period followed.

Commissioner Dustin moved approval for the Executive Director to execute the Assignment, Assumption and Amendment of Leasehold Agreement between Eller Aviation, LLC, Northern Jet Management, Inc., and the Authority as presented by Ms. LeDuc. Commissioner Rideoutte seconded. Motion passed unanimously 5-0.

5. **Grant Agreement with the Federal Aviation Administration to Conduct a Noise Study Update in Amount of $300,000**

Following the Board's approval in June for staff to submit a grant application to the Federal Aviation Administration (FAA) to conduct a Noise Study Update, Mr. Rozansky reported that the FAA notified us during the Board's summer break that we received a grant award in the amount of $300,000 for FY 2019 and FY 2020 to conduct this Study. He added that organizing an emergency meeting to approve the Grant Agreement was not possible since three out of the five Board members were out of town. Mr. Rozansky said that he executed the grant in accordance with the Delegation of Powers and was

requesting Board ratification of his action so that the Noise Study Update can commence beginning in calendar year, 2020.

Mr. Rozansky noted that he expected the FAA to provide an additional $300,000 for FY 2021 and FY 2022.

Commissioner Rideoutte moved Board ratification of the Executive Director's execution of a Grant Agreement with FAA for AIP Project No. 3-12-0053-037-2019 in an amount of $300,000 to conduct a Part 150 Noise Compatibility Study. Vice Chair Lenhard seconded. Motion passed unanimously 5-0.

6. **Interlocal Agreement Between Collier County and City of Naples Airport Authority - Airport Hazard and Incompatible Land Use Zoning**

Mr. Rozansky provided an overview of the Interlocal Agreement between Collier County and the Authority. He said the Agreement was dictated by a change in Florida Statutes about 3½ years ago where municipalities were required to update their zoning ordinances for compatible land use around the airport. He reported that staff and Authority legal counsel worked closely with Collier County and are satisfied with the Agreement and the process laid out in the Agreement. Mr. Rozansky said that this Agreement will ensure that we will receive adequate notice and a period to comment on any proposals for potential obstructions in the approaches to the runways of the airport.

Mr. Rozansky requested Board approval for the Chair to execute the Interlocal Agreement before County staff brings the Agreement to the Board of County Commissioners in October.

A question and answer period followed.

Vice Chair Lenhard moved approval for the Chair to execute an Interlocal Agreement between Collier County and City of Naples Airport Authority – Airport Hazard and Incompatible Land Use Zoning. Commissioner Rideoutte seconded. The motion passed unanimously 5-0.

H. NEW BUSINESS

1. **Investment Policy**

Mr. Warriner stated that staff, Authority legal counsel and Mr. John Grady, outside investment advisor and Managing Director of Public Trust Advisors, have been working to create an Investment Policy for the Authority in accordance with Florida Statutes. He said that while we currently earn 2.5% interest on cash reserves in bank money market accounts, the Authority would like to have the future ability to diversify and invest in different areas. He said that the team reviewed the City of Naples policy which was developed about two years ago and the Florida statutes on investment policies to draft a policy that would fit the Authority's needs.
Chair Messer congratulated staff for preparing this comprehensive document.

Commissioner Dustin commented that parts of the policy are too broad and it permits investments in corporate notes, which he was not comfortable with. He said that the policy needs to be studied further and pared back because it gives too much authority to the management team and to the investment advisor to make investments that may not be prudent.

In response to Commissioner Dustin's concerns, Mr. Owens clarified that it was the Board's decision and fiduciary responsibility to determine what types or classes of investments should be included in the menu of investment options. He added that staff was looking for comments and consensus today to move forward with some type of policy and was not asking the Board to vote on it today.

Mr. Rozansky suggested that the Board could have a discussion here today, set up a Workshop Meeting to review the policy or defer the review to the Audit Committee.

Vice Chair Lenhard suggested that in Section IX, Item (f), the words, "in good standing", be added after "Member of the Financial Industry Regulatory Authority, Inc. (FINRA)."

After discussion, there was consensus for staff to move forward with reviewing and revising the draft Investment Policy to be more restrictive. Mr. Rozansky added that staff would schedule an internal meeting and request individual Board feedback beforehand.

Mr. Owens provided the statutory reference, Section 218.415, Subsection 16, that lists authorized investments under the Statutes as well as the section that authorizes the Board of Commissioners as a governing authority of the Naples Airport Authority to offer and authorize additional types of investments. He said the policy does provide additional investments beyond what the statute specifies and that the Board may choose investments within the statute, limit the specific options or expand the options. He said that staff would like each Board member to provide feedback individually.

I. OLD BUSINESS

1. Noise Compatibility Committee (NCC) Update

Chair Messer announced that the next Regular Meeting of the NCC is scheduled for Thursday, October 31st, at City Chambers, at 8:30 a.m., and that a Joint Workshop Meeting with the Authority Board and NCC would be held immediately following the NCC Meeting to discuss the Master Plan Update. She encouraged the public to attend.

J. LEADERSHIP TEAM REPORT

1. Leadership Team Report

As noted in the last paragraph on page 4, Eagle Scout prospect, Joshua Lewis, completed the repairs to the Observation Deck exercise area. Chair Messer congratulated him for a job well done.

Regarding the online surplus equipment auction held on August 27th, as noted in the second to the last paragraph on page 4, Commissioner Dustin asked how much money was raised from the event. Mr. Rozansky stated that $17,000 was raised.

Regarding the Fuel Farm Expansion topic referenced on page 4, Mr. Rideoutte asked if the two 40,000 gallon Jet A fuel tanks were received. Mr. Rozansky said that they were.

Chair Messer requested an explanation for increased curfew operations as reported in the noise report for last month. Mr. Rozansky stated that staff noticed an uptick in curfew operations and tracked down

one flight school on the East Coast of Florida that was contributing a significant amount of activity during the nighttime curfew. After exchanging several calls with them about our concern, he reported that the school found that Naples was listed as a destination for student, cross-country flights at night. Mr. Frost was recently notified that the school has removed Naples from their list of nighttime cross-country flights and that we expect to see a reduction in curfew operations going forward. Chair Messer expressed her thanks to Mr. Frost for investigating this and effecting that change. She said that we are a good neighbor and want to continue to be a good neighbor.

In response to Commissioner Rideoutte's concern regarding the increased turnover rate over the last four years, as reported in the Human Resources Metrics Report, Mr. Rozansky stated that some of it is attributed to his coming on board initially and making some changes, other folks have chosen to retire, and more recently the trend is specific to the economy.

Commissioner Dustin made a comment regarding August flight operations being down 10%. Mr. Rozansky stated that the reduction is in flight training. He explained that jet operations fly IFR (Instrument Flight Rules) and those operations are up 6.3%. He said VFR (Visual Flight Rules) operations are down and are an indicator of flight training activity.

K. FINANCIAL REPORTS

1. Financial Summary

Mr. Warriner provided a review of the financials and reported favorably on actuals against budget for the month of August and for the fiscal year to date.

Commissioner Dustin and Vice Chair Lenhard commented on the miscellaneous expense of $24,000 in the August period. Mr. Warriner said that it was attributed to bad debts that have accumulated over an extended period of time, and one of the accounts has a balance of $7,000. Commissioner Dustin suggested that more detail be provided as to why we are not collecting it. Mr. Rozansky stated that more detail can be provided. For clarification, he added that in accordance with the Delegation of Powers, the Executive Director must report any uncollectible account receivable in an amount in excess of $10,000 to the Board for consideration. To date, no individual account has exceed that threshold.

Commissioner Dustin moved acceptance of the August Financial Summary. Vice Chair Lenhard seconded. Motion passed unanimously 5-0.

L. COUNSEL'S REPORT

1. Counsel's Report

Mr. Owens reported that there were no pending legal matters or material issues to discuss.

PUBLIC COMMENTS (5-minute limit)

There were no public comments.

M. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

N. ADJOURN

With no further business, the meeting adjourned at 10:11 a.m.

Christopher A. Rozansky
Secretary

NOTE: Printed copies of all visual presentations and handouts are on file in the Executive Assistant's Office.

CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Regular Meeting

Naples AIRPORT AUTHORITY
Celebrating 50 YEARS | 1969-2019

FINAL AGENDA

City Hall Council Chambers
735 Eighth Street South
Naples, FL 34102

Thursday, September 19, 2019
8:30 a.m.

Commissioner Donna M. Messer – Chair and NCC Liaison
Commissioner Michael Lenhard – Vice Chair and Consultant Selection Committee Chair
Commissioner James Rideoutte – Audit Committee Chair, Consultant Selection Committee Member
Commissioner Ted Brousseau – Legal Liaison
Commissioner Kerry C. Dustin, Audit Committee Member
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

Welcome. If you wish to address the Board of Commissioners regarding an item listed on the Agenda, please complete a Speaker Registration form (available at the rear of the room) and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Board or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

NOTICE

Formal action may be taken on any item listed on the Agenda below, or added to the Agenda before or during the meeting, or discussed during the meeting without being added to the Agenda. Also, the sequence of items may be changed as the meeting progresses.

Any person who decides to appeal a decision of this Board with respect to any matter considered at this meeting (or hearing) will need a record of the proceeding and may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be heard.

Any person with a disability requiring auxiliary aids or services in order to participate in this proceeding for meetings at the City Council Chamber may call the City Clerk's Office at 213-1015, or for meetings at the Airport Office Building, the NAA Executive Assistant's Office at 643-0733, with requests at least two business days before the meeting.

Information on Action Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. MINUTES

1. August 15, 2019 Regular Meeting

E. PRESENTATIONS AND TIME CERTAIN ITEMS

F. PUBLIC COMMENTS ON GENERAL TOPICS NOT ON THE CURRENT AGENDA

G. ACTION ITEMS (Public comments accepted for each item; 5 minute limit)

1. Resolution 2019-3, Adoption of Fiscal Year 2020 Operating and Capital Budget
2. Renew Certain Insurance Policies in an Amount Not to Exceed $121,000
3. Professional Services Agreement with Crawford Landscaping for Annual Horticultural Services in the Amount Not to Exceed $105,105
4. Assignment, Assumption and Amendment of Leasehold Agreement between Eller Aviation, LLC, Northern Jet Management, Inc. and the Authority
5. Grant Agreement with the Federal Aviation Administration to Conduct a Noise Study Update in Amount of $300,000
6. Interlocal Agreement Between the Collier County and City of Naples Airport Authority – Airport Hazard and Incompatible Land Use Zoning

H. NEW BUSINESS

1. Investment Policy

I. OLD BUSINESS

1. Noise Compatibility Committee Update

J. LEADERSHIP TEAM REPORT

1. Leadership Team Report

K. FINANCIAL REPORTS

1. Financial Summary

L. COUNSEL'S REPORT

1. Counsel's Report

M. PUBLIC COMMENTS (5 minute limit)

N. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

O. ADJOURN