

KEYSTONE AIRPARK AUTHORITY
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MINUTES OF THE BOARD MEETING OF THE KEYSTONE AIRPARK AUTHORITY
Tuesday, April 20, 2010
CONFERENCE ROOM, KEYSTONE AIRPARK

Chairman, Noel Thomas called the board meeting to order at 6:00 p.m.

Prayer was given by Mr. Kirkland followed by the Pledge of Allegiance.

PRESENT: Noel Thomas, Dean Weaver, Glen Harris, David Kirkland, Ron Blake, Scott Roberts,
Col. Mauzey, Don Ramdass, Karen Nelson, Jim Young, Cindy Ward,

ABSENT: Roland Luster

Mr. Thomas turned over the meeting to the Auditor, Brad Million of Reddish & White. Mr. Million referred to the draft of the audit report and explained that the format had changed from the previous year to include a Management Discussion and Analysis Report. In previous years the Audit included a Special Purpose Report instead. This report was prepared with his guidance by Cindy Ward and Mr. Thomas. The audit report presented was for year ending 9/30/09. Highlights of the report included 1.9 million dollars in Grants received which resulted in Capital Asset increases. Subsequently Current Assets and Liabilities increased. The report showed that the infrastructure of the Airport is strong. The Operating Revenue has been on a continual decline for the past couple of years, with the Fuel Sales down 33% and the Lease Income down 16% from the previous year. Cost of fuel represents about 85% of the Fuel revenue. Fuel Revenue is only contributing about \$30,000 to \$40,000 to the bottom line each year. Fortunately the Depreciation can be taken out which is not really a cash item, but there is still a loss. Administrative expenses have stayed basically the same. There have been a lot of one-time repair and maintenance expenses, such as the fuel equipment upgrades and repairs due to lightening strikes, which have contributed to the loss. There was a bad debt expense which was due to Aquila Aviation and back taxes for the same which were paid. After going through the rest of the Audit report, Mr. Million suggested that if the trend for the operations continued, there would be a stress of the Cash. He suggested that keeping operating costs to a minimum would help.

Mr. Weaver asked a question about the determination for the life of assets. Mr. Million stated that the life could be adjusted and would subsequently increase the depreciation expense. Mr. Million explained that the Assets were held in the Construction in Progress account until completed and then were moved to the Asset accounts and depreciated. Mr. Million reported that there were no significant findings when he looked at the internal controls, but that there were two recommendations made. The first one was made due to the fact that there were old outstanding deposits showing on the General Ledger. The recommendation was that there should be no outstanding deposits older than one month. The other recommendation was made because there were some tenants without proof of insurance on file. Mr. Million also stated that if the Board were trying to lower costs, they might consider reducing the role of the Rebecca Williams, the accountant who comes in monthly to reconcile the bank statements. If they did that, the Board may have to set some other controls in place, such as having a Board member open and review the bank statements each month before letting Cindy reconcile them. Mr. Kirkland asked if it would be appropriate for the Treasurer to open the bank statements. Mr. Million replied that it would be better if someone who didn't sign checks were to review them. After answering some additional questions regarding internal controls, Ms. Nelson made a comment that the City uses the Accountant on an hourly basis and it is not as costly as having a monthly contract. Mr. Thomas stated that it would be reconsidered when the budget was prepared for the next year.

A motion was made to approve the March Financial Statements and the March 16, 2010 and April 6, 2010 minutes.

Motion By: Dean Weaver

Seconded by: Glen Harris

All Ayes

Mr. Thomas announced that two Board Members had been reappointed. Ms. Nelson swore in the newly reappointed Board Members, Mr. Ron Blake and Mr. Scott Roberts.

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Mr. Ramdass stated that after the special meeting of April 6, 2010, support documentation was submitted, which included a letter signed by Mr. Thomas and letters from tenants stating the reasons that Runway 5/23 should stay at the designed 100' width. He said that Andrew Holesko of Passero had spoken with Richard Owens with the FAA and that the Airport should be receiving the new Grant Offer at any time. He then introduced Mr. Virginia Johns and Mr. Paul Huff of Hipps Construction. Mr. Ramdass said that they had been very good about holding their price for the Runway project. He then asked Mr. Thomas if the Board would need to reconvene once the Board received the Grant Offer. He suggested that they go ahead and pre-approve the Offer to expedite submission back to the FAA.

A motion was made to pre-approve the grant offer when it was received.

Motion By: Ron Blake

Seconded by: Dean Weaver

All Ayes

Mr. Weaver reported that he did not have an update of the Appraisal, but that he had sent an email, and they had asked for a document, which they had received. He also reported that Cougar Aircraft was still working on funding their project. He then referred to the Draft of Wildlife Rules included in the Board information. The Draft was actually a 2nd draft that had been forwarded to him by the Florida Airports Council. After reviewing the rules, there were two areas which he felt pertained to Keystone Airport. The first area was regarding gopher turtles. Now if the turtles are relocated, it is allowed to fill-in or collapse their burrows for safety areas. The other item related to the disposal of any problem species which were exterminated for cause, they now had to be incinerated.

Mr. Weaver commented that the fuel sales were up a little over last year. That was because Jet Fuel sales had increased, while 100LL sales had decreased. He stated that he thought that 100LL sales would continue to decrease, while Jet Fuel would continue to increase.

Mr. Harris reported that there would be a Firewise meeting next Thursday (April 29, 2010) at 1:00 pm. He also stated that several years ago, before the Fire Worthiness had gotten started in the area, we had hired a contractor to mow and clean up all the hardwood brush along 100 and in other areas. He had asked Jim before the meeting if we had the equipment and labor to clean up these areas again, because we might be able to get refunded for the costs by a Grant. He further stated that in the long run it might pay us to do the work to prevent fires. Mr. Thomas stated that the infield had been burned and looked much better.

Mr. Blake reported that he had received some inquiries into renting the Boda building and the office space in the large hanger next door and asked for direction on how to proceed. Mr. Thomas recommended that because Cougar was still looking for funding, and due to the state of the economy, if someone was interested in leasing the Boda building, we should let them. He asked if anyone else had an opinion about it. Mr. Weaver stated that he agreed. Mr. Blake then asked about the other office space. There was some discussion about separating that space and using it for non-aviation purposes. Mr. Weaver stated that it would be difficult to get that approved due to the proximity of it to the active runway. Mr. Weaver also stated that if we did get viable offers for leasing the Boda building or the whole hanger and offices next door, we should send Cougar a letter to notify them out of courtesy and give them the opportunity to respond. Mr. Kirkland asked if the interested party had given a time frame for how long they wanted to lease the building. Mr. Blake responded that had initially wanted a 3 to 5 year term. Mr. Weaver said that we would need to submit any lease to FAA for approval.

Mr. Thomas asked about the status of the online AWOS project. Mr. Weavers said that he would need to check with the Chamber about the grant that was written.

Mr. Young reported that the PAPI systems were up and running without any parts needed. He had a technician from Orlando come in to check the system over because it was blowing light bulbs. The technician had found loose wires and had repaired them and he was waiting to see if that would correct the problem. Mr. Young stated that two of the light fixtures Mr. Kirkland had arranged to be donated had been installed on Hangar A and were working. He was waiting to hear from tenants to see if they were providing enough illumination in comparison to the lights that were there before. He reported that we had had another tree fall and damage about 30' of fence. He was going to get an estimate for the repair, but anticipated it to be less than \$500. Mr. Weaver asked where the damage was located and Mr. Young replied that it was just past the corner where Camp Blanding's fence ended.

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Mr. Thomas reported that next month was the time for new officers to be appointed and asked for the Board to consider if they wanted any position changes made. He asked that they let the office know so that recommendations could be made for the next meeting. He then reported that there would be a balloon payment of approximately \$74,000 due M & S Bank in October of 2010 which would need to be refinanced. He said that there was another note outstanding for the new Hangars and that it was scheduled to be paid off with the FDOT Grant balance that was due to be received in August. He also reported that the Airport's portion of the Runway 5/23 Rehabilitation Project would be about \$50,544 and would have to be paid at the end of the project. He concluded that the Airport would need approximately \$125,000 and recommended that a motion be made to seek financing options. There was some discussion on local Banks and interest rates and a motion was made to proceed with the financing work.

A motion was made to begin refinancing procedures.

Motion By: David Kirkland Seconded by: Ron Blake All Ayes

Mr. Thomas asked for volunteers to form a committee to look over the Hunting Club Lease for the Airport to prepare for submission to the FAA for approval. Volunteers were Mr. Thomas, Mr. Harris and Mr. Roberts. A meeting would be scheduled and advertised for Friday morning at 8:30 am.

Mr. Thomas then asked about the lighting devise for the AWOS. Mr. Young reminded him that the estimated cost for replacing the devise was \$8,000.00. Mr. Kirkland asked that the issue be revisited when we hear more on the Grant for funding because the costs might be able to be incorporated with the costs of going online.

Mr. Thomas reported that the audit issue of the insurance had brought about another issue. He said that the current requirement for the tenants was to have \$100,000 in aircraft liability insurance, but some tenants who have Ultra-lights might have trouble getting the insurance for them with that limit. However he said the insurance was to protect the Hangars and also the other aircraft stored. Mr. Roberts said that \$100,000 limits were not extreme on the liability side. He said the Ultra light value wasn't the issue. Mr. Kirkland added that his insurance company would not write a policy with less than a 500,000 limit. He asked Mr. Roberts if he might have some insight into that area. After some discussion regarding the required limits and the liability involved, Mr. Roberts stated that from a liability standpoint, he thinks that the Board should set the limits, which would be the same for all tenants; but that he would check into the specifics of the insurance and report back.

Mr. Thomas asked if anyone else had anything to report. Mr. Johnny Arpen with the Sportsmen's Club stated that he was in a holding pattern and had been prepared to step down, and have someone else from the Sportsmen's Club come and attend the meetings, which would be a disadvantage because he was on their Board. He wanted to know if the lease was going to be renewed or not. Mr. Thomas said they were working on it. Mr. Weaver asked that if after the committee meeting, a sample lease could be submitted to the FAA for approval. He said the security rules had been changed and we had to make sure everything was in compliance. Mr. Thomas stated that everything had to be looked at and reworked. Mr. Arpen said that a lot of time and research had been put into their Club rules and that they were serious about security. He also stated that a lot of the Club's activities have been put on hold due to the waiting on this to be resolved. Mr. Harris asked if the extension expired at the end of May. Mr. Arpen replied that yes it would expire and that the Club didn't want to put any more money into it if it wasn't going to happen. Mr. Thomas replied that the committee would work on it at the meeting.

There was no further discussion. Meeting Adjourned at 7:05 p.m.

Noel Thomas, Chairman

Attest

Secretary