

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 625 Charlotte Co. Airport Authority
SPONSOR(S): Representative Harrington
TIED BILLS: None. **IDEN./SIM. BILLS:** None.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government & Veterans' Affairs</u>	<u>18 Y, 0 N</u>	<u>Morris</u>	<u>Cutchins</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The Charlotte County Airport Authority (CCAA) is an independent special district under federal supervision and the sole provider for aviation fuels on site at the Charlotte County Airport. The CCAA is a self supporting special district which derives its revenues from the sale of fuels and the leasing of property. The CCAA has no competition in setting fuel prices but the authority does compete with commercial development and is seeking to update its bonding language for consistency with Florida Statutes.

This bill gives the CCAA the authority to limit the amount of compensation which may be paid to a member of the authority to \$7,500 annually, not including per diem expenses. Since board members currently earn \$2,000 annually, this could cost the authority up to \$27,500 if the board decides to increase the level of its members' salaries.

This bill provides language that would allow the board to cancel regular monthly meetings due to an emergency or a majority vote of the board. Furthermore, this bill amends the term "special meeting" to "emergency meeting" as defined in Florida Statutes.

The bill also substantially amends numerous subsections of section 10 of the CCAA's Charter, relating to the authority's powers and bond finances. According to the CCAA, the updating of this language should enable the airport to move forward with the development of its industrial facility. For example, the bill authorizes the CCAA to sell bonds at private and public sales.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

B. EFFECT OF PROPOSED CHANGES:

This bill amends an act relating to the Charlotte County Airport Authority, amending chapter 98-508, Laws of Florida.

Currently, CCAA board members receive \$2,000 annual salary for their services and contribute to the Florida Retirement System (FRS). Board members are also compensated for expenses incurred while on official business. This bill gives the CCAA the authority to limit the amount of compensation which may be paid to a member of the authority to \$7,500 annually. The bill also allows the board members to set their annual salary by a majority vote. The board may set by resolution per diem expenses for authority members and staff to be reimbursed, while on official business, not pertaining to the \$7,500 annual limitation.

Currently, the CCAA is required to meet once a month and refers to irregular meetings as “special meetings.” This bill provides language that would allow the board to cancel regular monthly meetings due to an emergency or a majority vote of the board. Furthermore, this bill amends the term “special meeting” to “emergency meeting.” Emergency meetings must provide reasonable notice and cannot be used to approve the annual budget.¹

The existing charter of the CCAA contains more than five separate provisions dealing with incurring debt, whether they are specified as borrowing money, issuing revenue bonds, issuing general obligation bonds, issuing certificates, or issuing notes. Under Florida law, bonds, notes, certificates, etc., are all treated the same. The various provisions in many cases are inconsistent and at times are directly in conflict with each other. The authority determined that it would be legally more accurate and less confusing to eliminate all of the existing debt provisions and replace them with one omnibus debt provision. The new omnibus debt provision is more consistent with current debt provisions contained in chapter 159, part I, Florida Statutes, and with the type of provisions commonly found in other special acts and debt instruments of bond issuers in Florida.

The bill gives the CCAA additional authority for:

- Variable rate bonds
- Selling bonds at private or public sales

The bill removes the requirement or authority to:

- Sell bonds by sealed bids
- Award bonds to lowest net interest cost

¹ Section 189.417, F.S., relating to special district meetings, notice, and required reports.

- Provides good faith deposit
- Provides for publication of bond sales in a newspaper for negotiated bonds²

According to the CCAA, the updating of this language should enable the airport to move forward with the development of its industrial facility.

C. SECTION DIRECTORY:

Section 1 revises the definitions in section 2 of section 2 of ch. 98-508, L.O.F., relating to the CCAA board and provides a definition for “authority” and “airport facilities”.

Section 2 amends section 8 of section 2 of ch. 98-508, L.O.F., which gives the CCAA the authority to limit the amount of compensation which may be paid to a member of the authority annually to \$7,500. The members of the authority shall set their annual salary by a majority vote, not exceeding \$7,500 annually.

This section also allows the authority to set, by resolution, per diem for expenses incurred by authority members and staff to be reimbursed pursuant to s. 166.021(10), F.S., and s. 112.061(14), F.S.

Section 3 amends section 9 of section 2 of ch. 98-508, L.O.F., which provides language that would allow the board to cancel regular monthly meetings due to emergency or a majority vote of the board. Also, this section changes the term referring to irregular meetings called upon by the chair or any three members of the authority from “special meetings” to “emergency meetings.”

Section 4 substantially amends numerous subsections of section 10 of the CCAA’s Charter relating to the authority’s powers and bond finances.

Subsection (4) permits the authority to borrow money, incur debt, and issue bonds, notes, certificates, or any other instruments of indebtedness for any lawful purpose that promotes, enhances, or otherwise furthers the purposes of the authority. This authorization includes financing the cost of any project, capitalizing interest, funding any reserves, refunding or refinancing any existing indebtedness, and paying costs and expenses associated with such indebtedness.

Any indebtedness may be secured by any revenue source or in any manner as is allowable under applicable law. No general obligation bonds may be issued by the authority unless the Florida Constitution and all other applicable laws regarding the issuance of general obligation bonds are satisfied.

This section defines “bonds” to include all forms or instruments of indebtedness. Bonds may be issued as serial bonds or as term bonds or both. The authority may issue capital appreciation bonds or variable rate bonds.

Bonds must be authorized by resolution of the board; bear the date or dates; mature at the time or times; not exceeding 40 years after their respective dates; bear interest at the rate or rates; be payable at the time or times; be in the denomination; be in the form; carry the registration privileges; be executed in the manner; be payable from the sources and in the medium or payment and at the place; and be subject to the terms for redemption; including redemption prior to maturity, as the resolution may provide.

The board may sell bonds for public or private sale, competitively or negotiated, for a price that the authority shall determine.

² Section 218.385(1), F.S., requires bonds sold competitively to have a ten day notice.

The board may delegate an officer, official, or agent of the authority, to determine the time, manner of sale, public or private, competitive or negotiated, maturities, rate of interest, which may be fixed or may vary at the time and in accordance with specified formula or method of determination.

Subsection (5) relating to the issuance of revenue anticipation certificates is stricken.

Subsection (8) relating to the issuance of revenue bonds, paid solely from revenues, for the cost of acquisition, construction, extension, enlargement, improvement, or modernization of any project is stricken.

A new ss. (11) is created requiring the CCAA to fix the rates and collect rents on the land and buildings owned by the authority.

Paragraphs (21)(a) through (21)(f) and ss. (22) are stricken relating to the authorization, notice for, and procedures of bond and note issuance. Much of this information removed from these paragraphs is reinserted in the revised section 10 of section 2 of ch. 98-508 L.O.F., via section 4 of this bill listed above.

Section 5 amends s. 17 of section 2 of the CCAA Charter by authorizing the authority to receive and draw money using wire transfers, electronic transfers, ACH transfers, or other legal and customary means. This section also prohibits the authority from using warrants to receive or draw money.

Section 6 provides that this act shall take effect upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN?

January 10, 2004.

WHERE?

The notices were published in the *Charlotte Sun*, *Englewood Sun*, *DeSoto Sun*, *North Port Sun*, and the *Venice Gondolier Sun* located in Charlotte, Sarasota, and DeSoto Counties, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

No funds are requested of the legislature for the bill. The CCAA is an independent special district under federal supervision and the sole provider for aviation fuels on site at the Charlotte County Airport. Therefore, there is no competition in setting fuel prices but the authority does compete with commercial development.

This bill will give the board members the authority to increase their salaries from \$2,000 to \$7,500 annually. Since the CCAA is a self supporting special district which derives its revenues from the sale of fuels and the leasing of property, it will have increase its revenues to compensate up to a \$27,500 salary increase if approved by the board.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

There does not appear to be constitutional issues.

B. RULE-MAKING AUTHORITY:

This bill does not appear to effect county or municipal governments.

C. DRAFTING ISSUES OR OTHER COMMENTS:

There are no drafting issues or other comments.

IV. AMENDMENT/COMMITTEE SUBSTITUTE CHANGES

There are no amendments to this bill.