

1 ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

2 First Public Budget Meeting

3 held at 4796 U.S. 1 North

4 St. Augustine, Florida

5 on Monday, September 11, 2006

6 from 5:01 p.m. to 6:10 p.m.

7 * * * * *

8 BOARD MEMBERS PRESENT:

- 9 BOB COX, Chairman
- WAYNE GEORGE, Secretary-Treasurer
- 10 RANDY BRUNSON
- JOHN "JACK" GORMAN

11 * * * * *

12 BOARD MEMBERS ABSENT:

- 13 SUZANNE GREEN

14 * * * * *

15 ALSO PRESENT:

- 16 DOUG BURNETT, Esquire, Rogers, Towers, Bailey,
- 17 Jones & Gay, P.A., 170 Malaga Street, St. Augustine,
- FL, 32084, Attorney for Airport Authority.

- 18 EDWARD WUELLNER, A.A.E., Executive Director.

- 19 BRYAN COOPER, Assistant Airport Director.

20

21

JANET M. BEASON, RPR, RMR, CRR

22

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1 P R O C E E D I N G S

2 CHAIRMAN COX: Like to call to order the
3 first public hearing of the 06-07 annual budget
4 meeting for the St. Augustine-St. Johns County
5 Airport Authority. And if you wouldn't mind,
6 please, first order of business, everybody stand
7 up and say the Pledge of Allegiance.

8 (Pledge of Allegiance.)

9 CHAIRMAN COX: Well, thank you, citizens, for
10 attending this evening. And we're going to have a
11 little discussion on the budget here.

12 A couple of remarks I'd like to make just
13 right off the bat. And I know it brings to --
14 every year we go through this, because it shows --
15 some of the mailings you get in your tax notices
16 indicate that a proposed -- proposed percentage of
17 change from last year to this year shows a 27
18 percent increase in your taxes, and that's --
19 that's absolutely not true. We're not raising the

20 taxes. The taxes to the individual have not --
21 from the airport have not been raised.
22 What occurs is, is that the taxable -- the
23 assessed value of taxable property has gone up,
24 and therefore, the tax base increases and the
25 airport realizes a higher number of dollars coming

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1 into the airport.

2 And actually, we're just under discussion. I

3 think it's very misleading for -- and this is my

4 personal opinion. This is not really from the

5 board. But for the County to send out information

6 that says a proposed percent of change from '05 to

7 '06, which -- which insinuates that we're

8 proposing to raise taxes by whatever percentage

9 they put on there. But we're not, and we're going

10 to talk through that this evening.

11 So, with -- with that in mind, if we could

12 move forward here in the presentation of the

13 proposed budget by Staff.

14 Did that pretty much cover the points, Ed,

15 that we were discussing earlier trying to get

16 across to the public?

17 MR. WUELLNER: Yes. Yes. The issue is more

18 with the tax base than the individual.

19 CHAIRMAN COX: Right.

20 MR. WUELLNER: Can you turn me down a little

21 bit, please?

22 CHAIRMAN COX: Ed, just one second.

23 Mr. Brunson?

24 MR. BRUNSON: Mr. Chairman, in every

25 political forum you go to, this is discussed so

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1 erroneously that it's just unbelievable, even with
2 the news media asking people questions about
3 this --

4 CHAIRMAN COX: Right.

5 MR. BRUNSON: -- one sheet of paper. So, I
6 agree with you. It needs to be addressed.

7 3. - PRESENTATION OF PROPOSED BUDGET

8 MR. WUELLNER: Okay. By way of an overview
9 of the proposed 2006-2000 (sic) budget, the
10 Airport Authority is proposing revenues. And
11 the -- and the spreadsheet that's on the screen up
12 there, I'll try to talk through with the
13 assistance of the laser pointer.

14 But basically, the -- the numbers we'll be
15 talking about are under column H up here, or the
16 fiscal year 2006-2007 numbers (indicating).
17 Everything else is either historical or analytical
18 in nature and designed to aid in understanding
19 the -- the differences in the budget.

20 The 2006-2007 numbers, as we are projecting
21 them, would result in home revenues of \$55,480;
22 T-hangar revenues of \$230,679; conventional hangar
23 revenues of \$339,981; commercial leases of
24 \$598,738; other lease revenues amounting to
25 \$3,800; and fees, which are primarily made up of,

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1 but not exclusively made up, of fuel flowage fees,
2 amount to \$206,616 as projected.

3 Nonoperating revenues to include cash
4 forward, as projected for this year, bringing
5 forward into next fiscal year, so at the end of
6 September, moving into October 1st, of \$721,303;
7 interest to be derived from -- this is interest
8 income to us on money currently held by SBA, which
9 is the State Board of Administration accounts,
10 which are interest-bearing accounts for the
11 Authority, of \$40,000; State grants of \$3,602,500;
12 federal grants of \$3,325,000; and ad valorem
13 proceeds projected, at least at this point, of
14 \$4,456,000. All combined results in a proposed
15 total budget, revenue budget of \$13,580,096.

16 Against a proposed expenditure budget --
17 bring it down just a little bit more here -- of
18 personnel expenditures totaling \$694,799;
19 operating budget items, operating expenditures,

20 which are routine budget items, of \$1,191,000;
21 debt service of 0 dollars; reserves of \$1,493,598;
22 equipment expenditures projected at \$325,700; and
23 construction capital of \$9,875,000, for a total
24 expenditure budget matching that of projected
25 revenues of \$13,580,097.

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1 I would be happy to detail any particular
2 line of this. We have, as you know, backup sheets
3 for most major categories within the budget, both
4 expenditure and revenue. We have made a few
5 adjustments since the last time you saw it. One
6 primary was the carry-forward of cash.

7 The secondary item that's been changed is
8 the -- in the construction budget. The previous
9 versions of this -- of this spreadsheet carried
10 the total capital projects forward as the
11 construction number. That has been adjusted to
12 reflect strictly the construction element of that
13 on the budget summary. That resulted in about a
14 \$370,000 total change, which was added to the
15 reserve line item. So, it served to bring
16 projected reserves from 1. -- in round numbers,
17 \$1.1 million to \$1.4 million.

18 Are there specific questions related to any
19 particular line item in the budget or particular

20 classification that I can provide some more

21 details? Yes, Mr. Brunson?

22 MR. BRUNSON: Just clarification. Go back to

23 your revenues.

24 MR. WUELLNER: Yes, sir.

25 MR. BRUNSON: And -- and the federal grants,

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1 4 million 8, compared to 3 million 3 budget,
2 that's simply because of construction --

3 MR. WUELLNER: That is correct.

4 MR. BRUNSON: -- that --

5 MR. WUELLNER: It's really one project.

6 MR. BRUNSON: Yeah. And then -- and then
7 explain the -- the loans of \$409- in '05 and '06
8 to -- compared to zero and --

9 MR. WUELLNER: Originally, if -- if you
10 recall, last year, the board struggled with
11 balancing the budget based on holding the
12 ad valorem rate last year. That resulted in us
13 projecting in the budget that if everything were
14 accomplished within the budget, including all
15 capital expenditures, that the Authority would
16 need to go into its line of credit an amount of
17 \$409,000. That did not occur. It did not happen.

18 As a result, there's no -- and we're not
19 projecting having to go into the line of credit

20 based on the budget as it's presented today. As a
21 result, there's also no corresponding debt service
22 line item in the expenditure budget.

23 MR. BRUNSON: Uh-huh.

24 MR. WUELLNER: Is that -- does that answer
25 your question?

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1 MR. BRUNSON: Yes, it does.

2 MR. WUELLNER: So, when you look at --
3 another way of looking at this is in your -- in
4 your cash forward number, in a sense, when you
5 look at it as -- in the framework of the 05-06
6 budget, when you're carrying \$721,000 forward into
7 this year in cash, the reality is it's also
8 another \$409,000 money that was not expended. It
9 is not real cash, because you didn't go actually
10 borrow it. But it's \$409,000 of money that did
11 not have to move forward, either.

12 Mr. Gorman, did I see your hand up? Did you
13 have a specific question, too?

14 MR. GORMAN: No. No. I just -- we actually
15 could -- could you go into a -- just a quick
16 discourse about reserves, about the situation with
17 reserves and why we maintain that level of
18 reserve?

19 MR. WUELLNER: The current -- the current

20 thinking -- this -- this probably details it a
21 little bit, the center section there (indicating).
22 It's not hard to see here that the fiscal
23 year 05-06, which is the current fiscal year, at
24 least through the end of the month, there are no
25 current budgeted reserves for the Airport

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1 Authority. And the -- the reason there is no
2 money in reserves is that the -- in an effort to
3 manage the cash portion of the Airport Authority's
4 budget over the last couple of years, we have
5 spent down reserves in lieu of borrowing money.

6 CHAIRMAN COX: Right.

7 MR. WUELLNER: And as a result, have not
8 occurred -- incurred a debt service to the Airport
9 Authority. That debt service, the previous debt
10 service the Airport Authority has, has been paid
11 off. There are currently no -- technically no
12 reserves, although we are carrying forward
13 \$731,000 (sic) into the next fiscal year.

14 So, it's a de facto reserve, even though it's
15 really -- it's really more appropriately titled
16 capital expenditures that were not made last year
17 that are moving forward into next year.

18 CHAIRMAN COX: Become reserve.

19 MR. WUELLNER: Yes.

20 CHAIRMAN COX: Okay. That -- that fairly
21 well sums up your presentation for the time being,
22 right?

23 MR. WUELLNER: Unless you have questions. I
24 would be happy to try to --

25 CHAIRMAN COX: Let's open it up to discussion

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1 for the -- of the budget for the board.

2 Discussion.

3 4. - BOARD COMMENT ON PROPOSED BUDGET

4 MR. GEORGE: I've got one item that I'd like

5 to see the staff do for me at a future time. Our

6 10-year financial plan, which is what we're basing

7 on getting off the tax rolls, is basically

8 oriented toward getting enough revenue coming in

9 from the lease of product -- of product --

10 equipment -- of services, hangars, to offset the

11 expenses.

12 We've got a -- a forecasted revenue here,

13 operating revenue. Forget the capital. I tried

14 to pull the capital out of these numbers. That's

15 about \$400,000 short of the expenses. That's

16 about a \$200,000 increase over last year, but if

17 you go back and look at the line items of

18 insurance, medical, and things like that, that

19 just about eats that \$200,000 up.

20 I would like to see Staff give us a chart.
21 I'll take it -- it doesn't have to be on the
22 thing, but just an Excel spreadsheet, that would
23 show us our operating -- forget the capital now --
24 but our operating expenses versus operating
25 revenues, say starting back three years ago, you

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1 know, a plan versus actual -- you know, budget
2 versus what actually came in, so that we can see
3 how we're progressing, you know, on this.

4 We've had very little capital projects that
5 have come to fruition over the last year. So, I
6 don't expect -- and we -- and we didn't plan for a
7 big increase in revenue coming in this year,
8 because we've got the infrastructure, the southern
9 development area, that is predicating everything
10 that we're trying to do to get the land so that we
11 can do some other thing.

12 But anyway, I'd like to see those. I think
13 it would be very interesting, that we probably
14 need to track it.

15 MR. WUELLNER: Okay.

16 MR. GEORGE: I also have --

17 MR. WUELLNER: Is a summary version of that
18 fine or --

19 MR. GEORGE: Huh?

20 MR. WUELLNER: Is a summary version of that

21 fine?

22 MR. GEORGE: Oh, yeah. Fine.

23 MR. WUELLNER: Okay.

24 MR. GEORGE: Summary's fine. And, you know,

25 I don't have a problem because I'm -- I'm aware of

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1 what's in the -- the budget that's the \$200,000
2 increase this year. I know where those increases
3 are. And I'm just saying that for future planning
4 and everything, it would be nice if we had that --
5 that information to see how we're doing, kind of
6 our report card, if you will.

7 MR. WUELLNER: Okay.

8 MR. GEORGE: One other thing I've got to add
9 to -- kind of to your opening comments that I
10 think might --

11 CHAIRMAN COX: Counter to?

12 MR. GEORGE: Huh?

13 CHAIRMAN COX: Counter to my --

14 MR. GEORGE: No, no, no. Never, never,
15 never, never. That if you will bear with me, I
16 think now might be the time to present those
17 charts.

18 MR. WUELLNER: Yeah, sure.

19 MR. GEORGE: Okay. Before you put the first

20 one up there, I got in touch with Cindy, and had
21 Cindy get in touch with the taxing authorities
22 and -- or the -- the tax department. And they
23 came up with a nice five-year spreadsheet, which I
24 will be glad to give to anyone.
25 And basically what I asked for is, tell me

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1 what the millage rate was and what the tax base
2 was for that taxing authority as far back as you
3 can go.

4 And they said, "How about 1999?"

5 I said, "Okay. 1999 would be good."

6 So, what I've done is I've taken these
7 numbers and I've put them into a spreadsheet and
8 basically multiplied the millage rate, because
9 that's here, too, by what the tax base was, to
10 come up with what the taxes that they should have
11 received.

12 Now, nobody ever receives those. It's
13 usually about 95, 96 percent, because you've got
14 cost of collecting it and you've got some that,
15 you know, go into problems and stuff like that.
16 But it's a good, you know, analysis of what I was
17 trying to do.

18 Can I have the first chart, Ed? What I did
19 is I took the tax dollars that was there for each

20 one of these taxing authorities in 1999. And I
21 said 1999 is zero year, okay? Could have been
22 2000, could have been 1995. I'm just trying to
23 get a base.

24 And rather than looking at raw dollars going
25 up 27 percent, you know, or 3 percent personal

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1 property taxes going up on homesteaded property,
2 let's just see what's happening. This is what has
3 happened.

4 MR. WUELLNER: It's on.

5 MR. GEORGE: This is what has happened to St.
6 Johns County (indicating). This is their
7 percentage increase from 1999. And I think that
8 number up here is about 139 percent (indicating).
9 So, they have -- from 1999, they have increased
10 their budgets 139 percent.

11 Next chart. I took a few other ones, too.
12 Here's the School Board (indicating). Here's the
13 City of St. Augustine (indicating). And you
14 notice how they basically track. And they're
15 all -- you know, that -- now, you've got one or
16 two that -- that had some unusual things in there,
17 but I thought that these were more representative.
18 And they're all sitting up at the 120 to 139.

19 Now let's put the Airport Authority. Next

20 chart. Oh, here. This line is the Airport
21 Authority (indicating). Decisions made back here,
22 we did not track how everybody else was going
23 (indicating). So, we are coming in at about 80
24 percent increase since 1999, compared to the other
25 taxing authorities at 120 to 140 percent.

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1 One interesting thing in my opinion, as one
2 member of the board, okay, all of these
3 organizations (indicating) have recurring
4 revenue -- I mean, recurring expenses that are not
5 going away. Those recurring expenses are paid for
6 by taxes.

7 If you take our five -- our 10-year plan and
8 you continue this (indicating) in the year 210 --

9 CHAIRMAN COX: 2010.

10 MR. GEORGE: -- 2010, this drops to zero
11 (indicating). None of these other ones have the
12 capability of doing it. So, I'm asking the public
13 to kind of get behind us, that we're trying our
14 best to get it to zero, but we've got to get in a
15 good financial position before we can do that.

16 And it's like any other company that -- you
17 know, that would operate at. I've always said
18 let's run the airport like a business. There are
19 certain things that businesses don't do that the

20 airport does do. But you pick and choose the good
21 things about it and you make wise investments.
22 We established four years ago a minimum
23 return on the investment of 7 percent; whereas
24 before, it could have been, well, we're going to
25 lose money on it, but we'll make up in 10 or 15

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1 years.

2 So, one of the assumptions that we've made
3 because of construction costs going up, because of
4 other things going up with adding our new
5 facilities, is we didn't increase the budget.

6 What we said we would do is we will decrease the
7 amount of square footage that we're actually going
8 to build.

9 Now, if I take the same dollars, and I can
10 only build 80 percent of the square footage
11 because of costs, then guess what? To maintain a
12 7 percent return on investment, the rental rate
13 for those new hangars are going to go up.

14 So, we're sitting, I think, at a good
15 position, you know, of -- of being able to belly
16 up to the bar and make the investments that our
17 money can be returned to us, and that's how we
18 get, in the year 2010-11 budget of being able to
19 say zero.

20 If anybody wants copies of this --

21 MR. BRUNSON: That's great, Buzz. I do.

22 CHAIRMAN COX: Great work. So, what it looks

23 like is, from that chart right there, that we've

24 actually given St. Johns County a 60 percent tax

25 break.

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1 MR. GEORGE: That's one way of looking at it,
2 yes. But I'm sure the ones that are paying the
3 tax bill --

4 CHAIRMAN COX: I know.

5 MR. GEORGE: -- wouldn't look at it that way.

6 CHAIRMAN COX: Further discussion?

7 MR. BRUNSON: No.

8 CHAIRMAN COX: Oh, wait. There was 20 -- no,
9 never mind. Go on.

10 MR. GORMAN: Just one quick comment?

11 MR. GEORGE: Yeah.

12 MR. GORMAN: And this one begs to be asked,
13 and this is what the public asks me. And the
14 question begs to be asked, can the airport run
15 with the same amount of money or less than we used
16 last year? If so, can one adjust the ad valorem
17 tax rate as closely as possible to reflect in
18 actual taxation of the same or hopefully less
19 money? And this is what we tell the public we're

20 trying to do.

21 And I would like to see us start to show a

22 trend. In other words, if we actually can operate

23 with the same amount of money as we did last year,

24 then let's adjust the rate to reflect that income

25 to us so that we actually -- the actual tax

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1 dollars that we use is equal to last year or less.

2 Is that possible? That's the question
3 everyone asks me, so I ask you and the rest of the
4 board.

5 CHAIRMAN COX: Yes, sir.

6 MR. GEORGE: I don't think it's possible.

7 And the reason I don't think it's possible is
8 concrete went up from \$40 a yard to \$120.
9 Shingles for roofs went from \$20 for a bundle to
10 what, \$80-something now?

11 MR. BRUNSON: Ninety.

12 MR. GEORGE: And you put on top of that, if
13 you look at the expenses we've had, you've got
14 three or four line items that just jump out at
15 you. And one of those that jumps out is
16 insurance.

17 CHAIRMAN COX: Insurance.

18 MR. GORMAN: Insurance, yes.

19 MR. GEORGE: Every time we -- you know, every

20 year, you get socked with a bigger insurance bill.

21 Now, this whole 10-year plan called for,

22 let's build a reserve of \$6 million, you know,

23 while she's going up, and any large projects --

24 and I think that all of us know and hopefully the

25 public know that once a month, once a quarter,

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1 somebody real big comes in here and says, what if
2 we did X, Y, Z? What if we took the 70 acres that
3 Grumman wants and that they have an option on and
4 we had to build some facility? Where is the money
5 going to come from? It's probably going to come
6 from outside financing, be it a bond issue or
7 something like that.

8 But if we can hold to the theory that we are
9 going to get off the tax rolls and keep focused on
10 it, I think this is a good approach.

11 MR. GORMAN: That begs a second question.
12 This is probably not exactly the time to do it,
13 but if insurance -- and I agree it's one of the
14 worst and most onerous situations -- then can we
15 proactively develop a plan to put some of the
16 ad valorem taxes we get into a reserve to be able
17 to self-insure in the future? Because obviously
18 the insurance situation is not going to heal
19 itself.

20 MR. GEORGE: One of the things that we have
21 done is we have gotten with the County to see if
22 we can have our employees added to their
23 self-insured program. That should save us 20
24 percent.
25 But they said for this year, you better go

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1 ahead and budget it at the same as it was last
2 year.

3 The other thing that Ed is looking into is to
4 try to get all of the Florida airports to get
5 self-insured for hurricane damage and the like,
6 because guys, we're putting --

7 MR. GORMAN: Yes.

8 MR. GEORGE: -- well over a quarter of a
9 million dollars a year just into liability
10 insurance.

11 MR. GORMAN: My -- the -- yeah, the point to
12 my question was liability. I think we're doing a
13 really good job in trying to get onto the County
14 for the employees, but -- but the liability
15 insurance --

16 MR. GEORGE: Yeah, that's the biggie.

17 MR. GORMAN: -- for the replacement of
18 buildings is -- is the issue.

19 CHAIRMAN COX: I'd like to add just a

20 comment. And I -- I appreciate Jack's position
21 and your position both. But I think we need to
22 keep in mind that as -- as a board, our
23 responsibility is to look out into the future, and
24 instead of trying for -- just for the sake of
25 saying we're getting off the tax rolls and reduce

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1 the -- you know, the spirit of getting the tax
2 down to zero is great, but instead of trying to
3 move forward and -- and reduce tax -- or the
4 millage rate, and this is just consideration, just
5 for the sake of saying we'll reduce taxes, instead
6 of actually looking out in the future at some
7 point and -- and actually getting the citizens of
8 the county off -- you know, get the airport off
9 the tax rolls, we need to consider that as -- as
10 opposed to just saying -- you -- you understand
11 what I'm saying?

12 The spirit of the intent is, yes, we want to,
13 as opposed to -- or moving forward and -- and just
14 for the sake of saying that, hey, folks, we
15 reduced the taxes, and then in 2010, because we
16 did that now, we can't get off the tax roll.

17 MR. GEORGE: That's right.

18 CHAIRMAN COX: You see my point? So, we just
19 need to take that into consideration. And, you

20 know, unfortunately, we may have to take a little
21 bit of heat, which is -- you know, comes with the
22 elected position.

23 MR. BRUNSON: This is -- Mr. Chairman, this
24 is the reason that I proposed the millage rate and
25 I've been proposing this increase in monies go

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1 into reserve. And same statement as Buzz said,
2 that we might need this money to do the right
3 business decisions. And it's a hard call, but --

4 CHAIRMAN COX: Well, it's hard to look out
5 into the future and tell -- very specifically what
6 insurance is going -- it might increase another 50
7 percent, depending on what happens with the storms
8 in three years. Who knows what, you know, the
9 insurance industry's going to do? But it's nice
10 to have a large revenue moving forward into the
11 next year as -- as reserve.

12 I'd like to try to wrap up our discussion
13 here so we can move into public comment.

14 You guys want to have any other discussion
15 you want to offer? I'd like to open up the -- the
16 floor to public comment. Please. Yes, sir.

17 5. - PUBLIC COMMENT OF PROPOSED BUDGET

18 MR. HICKOX: Wayne Hickox, 881 Queen Road. I
19 have a question actually for Mr. Wuellner, if I

20 could.

21 CHAIRMAN COX: Yes, sir.

22 MR. HICKOX: On the -- on the reserves, I --

23 I notice that the interest rate that is projected

24 is actually less than it was last year, and yet

25 you have more money in the bank, if you know what

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1 I mean. And I understand it's a state reserve.

2 How does that happen?

3 MR. WUELLNER: All we can do is estimate on
4 what the rate of return's going to be off of SBA.

5 MR. HICKOX: But even though you've got
6 \$300,000 or so or more of money in the bank, you
7 figure you're not going to get as much?

8 MR. WUELLNER: Well, there's also a piece of
9 the puzzle where last year, we had -- or this
10 current year, up to a point, we had actually more
11 money in reserves, but for a shorter period of the
12 year.

13 If you -- if you recall the discussion, since
14 you attend most of the meetings and go to this
15 level of detail, the Airport Authority made the
16 decision in January -- or effective in January,
17 made it actually before that, to -- to retire a
18 debt service equating to about a million dollars,
19 which was money in reserves --

20 MR. HICKOX: I see.

21 MR. WUELLNER: -- generating more for a

22 shorter period of time. So, all we're doing is

23 trying to annualize an interest estimate based on

24 what -- what actual cash is in SBA at -- at any

25 one time.

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1 MR. HICKOX: Maybe I could make a suggestion
2 of the two gentlemen that are seeking reelection.
3 You're talking so much about the --
4 getting-off-the-tax-rolls issue. And you and I
5 have talked about this publicly. The tax issue is
6 a red herring, gentlemen. Nobody wants to pay
7 taxes. I'm not going to argue that point. But
8 the fact of the matter is that the level of
9 taxation even now is a relatively small part of
10 the tax bill.

11 I, if I were you, would be selling the point
12 of the importance of the airport to the community
13 and saying, you know, it's a public function, we
14 all have to help pay for the public function, we
15 feel it's worth it, and tell them why. It's a
16 very, very good chart.

17 I'm sure that my friend, Joe Ciriello, is not
18 going to agree with me, but the fact of the matter
19 is, I don't think you're going to get off the tax

20 rolls either, not because you're doing anything
21 wrong; I think the sheer cost of doing business is
22 going to prevent it.

23 And if you're going to build new stuff, the
24 cost of concrete is going to keep going up. Thank
25 you, gentlemen.

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1 CHAIRMAN COX: Thank you very much for your
2 comments. Sir?

3 MR. KUMPF: I'm going to take the opposite
4 view. My name is Carl Kumpf. I live in Crescent
5 Beach. And the first time I've appeared here.

6 Frankly, I've been following the situation
7 with the Airport Authority through the press a
8 lot. I've only been down here about five years.
9 Admittedly, it's not a lot of money in my taxes.

10 But I have a few questions I'd like to ask and
11 then make a comment. Is the Airport Authority a
12 business? Yes or no?

13 CHAIRMAN COX: No.

14 MR. KUMPF: What is it, then?

15 CHAIRMAN COX: Well, I'm not -- I don't want
16 to engage in debate with you, but --

17 MR. KUMPF: No, I don't -- I want you to tell
18 me what it is.

19 MR. BURNETT: It's -- I'll answer that

20 briefly.

21 MR. KUMPF: I'll listen to the --

22 MR. BURNETT: It's a -- it's a political

23 subdivision of the State of Florida, no different

24 than a county municipality or special taxing

25 district, although generally it's referred to as a

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1 special district.

2 MR. KUMPF: So, you're not in business to
3 make a profit? You're not in business to -- to
4 ever get off the tax rolls? That's not your --
5 that's not your perspective. In other words, you
6 can go out here and build 60 more hangars and put
7 it on -- put it on the taxpayer to pay for those;
8 is that what you're telling me?

9 CHAIRMAN COX: Wait, wait, Jack. Let him
10 finish.

11 MR. BURNETT: Generally, because it is a
12 government entity, it can do anything that the --

13 MR. KUMPF: I'm having trouble hearing you.

14 MR. BURNETT: It's a government entity so
15 that it can act as though any other government
16 entity within the State of Florida. It has
17 similar powers as any other government entity
18 would within the State of Florida.

19 MR. KUMPF: But when I look at St. Johns

20 County --

21 MR. GEORGE: Could you stand close to the

22 mic, sir?

23 MR. KUMPF: I'm sorry. When I look at St.

24 Johns County and -- and contrast it, that's a

25 governmental situation that's providing services

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1 throughout the -- throughout the particular
2 county. What's the airport doing for me as a
3 person? What -- what, when I pay my taxes to you,
4 is my benefit that I'm getting from the Airport
5 Authority, from a -- from a selfish point of view?

6 CHAIRMAN COX: Go ahead, Mr. Gorman.

7 MR. GORMAN: Could I answer that partially?

8 There is -- there is, for instance, an entity on
9 the field that is the largest employer in St.
10 Johns County, and that's Grumman. They have to
11 have this airport as part of their infrastructure
12 to operate. They have -- we have law enforcement
13 that flies out of here. We have another firm that
14 flies actually medical flights with time
15 critical -- actually, they're hearts. They
16 actually fly beating human hearts out of here.

17 The airport itself is part of the
18 transportation infrastructure of the country. And
19 lots of airports start small and get larger. And

20 I think as part of the transportation
21 infrastructure, it's our hope that -- to run it as
22 part of the transportation infrastructure at a
23 zero cost to the public, but that -- that is
24 actually what it is as an entity.

25 MR. KUMPF: Okay. And I -- I appreciate

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1 these things, because really I'm not trying to get
2 into a down-to-dirt fight. I'm new here and I'd
3 just like to try to get a handle on what's going
4 on. Because I don't see personally a particular
5 benefit to me for the Airport Authority.

6 I see it as -- as being beneficial for
7 Grumman and for people that are working there.
8 And if I wanted to work there and have a job
9 there, that would be beneficial to me, but I don't
10 see, sitting down at Crescent Beach, that it's a
11 particular benefit to me.

12 MR. BRUNSON: May I comment?

13 CHAIRMAN COX: Mr. George wanted first.

14 MR. GEORGE: I can appreciate your -- your
15 comments, sir, because I get this from a lot of
16 people, also. What are you -- you know, what are
17 you doing for me?

18 And I pose the question: Do you play golf or
19 do you have a boat? And if not, then why in the

20 world is the county building golf facilities
21 and -- and boating facilities? It's because it's
22 part of the infrastructure of providing hopefully
23 a better way of life for all of the residents.
24 Now, by having an airport here, we have
25 Grumman that has people that -- there are 2,000

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1 families that get their living from having this --
2 this airport. That's 2,000 families that go to
3 the grocery store, that pay taxes to help do roads
4 to Hastings that you might never go to Hastings on
5 a road. But it's just part of the -- I guess the
6 way things are.

7 And back to the comment of why are we here, I
8 look at it a little bit more simplistic. Our main
9 mission here, as I see it, is to provide for the
10 aviation needs of this county today and in the
11 future down the road. And if we can do that with
12 our taxes, then we've got -- we've got a winner.

13 MR. KUMPF: Well, that's true. But your --
14 your simile or your comparison with golf, if I go
15 out to St. Johns County and play golf, which I do,
16 I pay a fee for that privilege. And -- and so,
17 what you're telling me, I'm paying -- basically I
18 have to pay a tax to the Airport Authority whether
19 I ever use it or not.

20 MR. GEORGE: I think that the example you
21 use, the St. Johns County golf course has always
22 lost money, and it has been augmented by county
23 funds, and the county gets those from taxes.

24 Every person that uses this facility -- I
25 personally have a hangar here --

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1 MR. KUMPF: Right.

2 MR. GEORGE: -- and spend \$252 a month, every
3 month in revenue coming in for the use of that
4 hangar, everybody else that's on this field that
5 uses it. Now, we don't charge a landing fee, and
6 I think that's because FAA says, hey, we gave you
7 a grant to help you build this and to help you
8 build that; you're not going to charge a landing
9 fee.

10 MR. KUMPF: Okay. Now, I just want to touch
11 on two other things.

12 MR. GEORGE: I'm sorry.

13 MR. KUMPF: A year ago -- I think it was a
14 year ago or more, there was quite an article in
15 the air -- in the -- in the paper about the
16 Airport Authority. And Mrs. Green was chairman.
17 Is she still on the board or not?

18 MR. GEORGE: Yes.

19 MR. KUMPF: Oh, okay.

20 CHAIRMAN COX: She's not here today.

21 MR. KUMPF: Okay. Well, the -- the thrust of

22 the majority of this article was that, A, that

23 evidently the public has been feeling for a lot

24 longer than I've been here the fact that it should

25 come off the tax roll.

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1 Secondly, she says we can agree that
2 self-sustaining airport operation continues to
3 support the needs as -- as paramount importance.
4 But then it says the good news is the Authority's
5 commitment to implement the strategic financial
6 plan will likely result in the elimination of
7 direct taxpayer contributions to the airport
8 within the next seven years.

9 Yet what I hear tonight is ten years. So,
10 has that --

11 CHAIRMAN COX: No, it's 2010, was the time
12 line that we enacted this.

13 MR. KUMPF: Oh, okay. That wasn't said in
14 here.

15 MR. GEORGE: Well, I think the confusion is
16 we have a 10-year fiscal plan that's updated every
17 year. So, we talk about the 10-year plan, but it
18 shows that we can be off the tax rolls in another
19 four.

20 MR. KUMPF: Okay.

21 CHAIRMAN COX: Because we've actually
22 shortened that time frame.

23 MR. BRUNSON: Go ahead.

24 MR. KUMPF: One final thing. I've been a
25 self-employed individual for the better end of 50

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1 years in the insurance business. I'm retired now,
2 and there's a lot of things going on in the
3 insurance business I'm not happy about.

4 But running a business, you're going to
5 always have increasing costs. I mean, whether we
6 get a hurricane or we don't, the insurance costs
7 are going to increase. Liability's going to
8 increase into the future. So, you're always going
9 to have an increase, and what I consider to be
10 increase in cost, increase in payroll, increase in
11 the whole shooting match.

12 So, to me, you've got to go beyond just
13 trying to get it off the tax rolls. You've got to
14 be able to somehow recuperate or raise your rents
15 or --

16 MR. GEORGE: We do every year.

17 MR. KUMPF: -- do enough to -- do enough to
18 offset that. Is that a valid point?

19 CHAIRMAN COX: Absolutely.

20 MR. GEORGE: Yes. And we do raise the rates

21 every year.

22 MR. BRUNSON: May I make --

23 CHAIRMAN COX: Mr. Brunson, go ahead.

24 MR. BRUNSON: And thank you so much for all

25 of these inquiries. And we wish we had more

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1 people like you that would come and make their
2 comments known.

3 But I will say that this county has a big
4 problem in taxes, and mainly because that 70
5 percent of the income comes from the homeowners.

6 MR. KUMPF: Right.

7 MR. BRUNSON: The airport is a -- I think the
8 chairman of the Economic Development Council says
9 that it's the St. Augustine-St. Johns County is
10 the jewel in the sky of bringing industry into
11 this county. And -- and as Mr. Gorman said, the
12 Grumman and National Guard and Sheriffs and safety
13 and -- and the people flying in here to attend
14 functions at the World Golf Village and the Super
15 Bowl and different things. And as Mr. Buzz
16 said -- excuse me, Buzz -- this is just part of
17 the whole system of the aviation industry, and
18 we're proud of that.

19 And sure, we want to make this

20 self-sufficient, and we have a plan. And it's
21 going to be a hard plan, because you are so right.
22 I'm in the construction business and I fight with
23 this every day.

24 MR. KUMPF: Right.

25 MR. BRUNSON: But -- but we have to do it.

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1 We have to cut here -- and because things are just
2 going up.

3 Luckily, things have slowed down just a
4 little bit, and -- and costs have come down a
5 little bit in -- in construction. But it's --
6 every day it's a problem. But keep -- keep asking
7 the good questions and keep helping us.

8 MR. KUMPF: For just one last comment, and
9 I'm going to sit down. You need a new press agent
10 to tell you -- to tell these guys that you only
11 got four more or five more years to get off the --

12 CHAIRMAN COX: We're working on that. We're
13 working on the PR plan of that.

14 MR. KUMPF: Because here -- here I am, a new
15 guy on the block, and I'm thinking -- I'm coming
16 to this meeting for my first time and here you
17 guys are talking ten years, and they're saying
18 seven, so --

19 CHAIRMAN COX: You made some very -- very

20 lucid and valid points. Very good points.

21 MR. KUMPF: Thank you for your time.

22 CHAIRMAN COX: Appreciate your comments.

23 Yes, sir. Mr. Ciriello?

24 MR. CIRIELLO: Joe Ciriello, 5318 Shore

25 Drive. Wayne made a statement and mentioned my

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1 name. I'm not sure which way he meant it.

2 MR. GEORGE: Positive.

3 MR. CIRIELLO: But there's an old saying,
4 real old saying that any community that has an
5 airport has a great asset.

6 Now, the gentleman asked what good this
7 airport is to him, and some of you guys gave him
8 some reasons. A couple you didn't mention is a
9 few years ago, when we had all these bad fires,
10 you had helicopters out here going out and dumping
11 water. You had the Sheriff's helicopter there
12 going out and directing, you know, where fires are
13 at and everything like that. And like Jack said,
14 there's medical assistance. They -- they --
15 people use their private planes for heart
16 transplants, liver transplants and whatnot.

17 The Marine Patrol is scheduled here to patrol
18 the beaches. The Sheriff is here. The airport is
19 more than just a playground for people with

20 airplanes.

21 But the statement about running the airport

22 like a business, it's a government entity. You

23 guys said that. You don't run government entities

24 like a business.

25 I was in the steel industry for about 38

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1 years, and I went through good times and bad.
2 When a company got in trouble, the first thing
3 they did was attack the payroll. Well, two
4 things; they stopped making so many products
5 because they had a storeroom full of them that
6 they couldn't get, then they attacked the payroll.
7 They cut down the number of hours worked, and then
8 if that didn't work, they lay off the people so
9 they have less people to pay.

10 Government entities don't do that. When they
11 get in hard times, they just raise taxes or they
12 get more people to work, you know, whatever. You
13 don't run this airport like a private business.
14 You can't.

15 Whether you're going to get off the tax rolls
16 or not, I think is what Wayne referred to, we
17 disagree with. I don't know. I'd say it won't
18 get off the rolls. Some people might, when I tell
19 them that, think that I don't want it to. Yeah, I

20 want it to, but I don't think it will, because
21 like Wayne said, there's nothing you people are
22 doing wrong, but when you can -- continue your
23 capital improvements and capital buildings and
24 whatnot, it -- it outstrips the revenue and you
25 spend more than you make.

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1 I say to get off the tax rolls, you just stop
2 right now. Don't build another thing. Live off
3 of what you have. And I think you'll show that
4 the revenues daily brought in will break you even
5 or even make a few bucks if you don't spend
6 another penny on building another hangar, another
7 runway or whatever. I could be wrong.

8 The other way I think you can get off the tax
9 rolls is being a landlord only. Make everybody
10 who is a tenant out here -- you have to change all
11 the leases, and they would never do it -- be
12 responsible for whatever they do.

13 Right now, the Authority's responsible for
14 everything. Aero Sport had that tie-down, and it
15 went belly up and needed some repair work. I went
16 in to see Jim one day when he was there
17 complaining about the tie-down, an airplane, you
18 pick up a cable that high, "Oh, wait a minute,
19 don't get on me." He said, "That's the

20 Authority's business."

21 "What are you talking about?"

22 He says -- I said, "Well, you're renting it

23 from him."

24 "Yeah, but it's their responsibility to fix

25 it."

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1 And so then I come into the meeting and the
2 Authority did it. Took them a year, but fixed it.

3 Hangars -- even if they own the buildings and
4 everything over there, and they're paying lease
5 rent on it, we have to maintain it. So, if there
6 is a landlord only, let them pay for everything.

7 If they want a runway, they -- well, not the
8 runway, but they want a new building, they put it
9 up, just like Grumman did for the North 40, and
10 you know, then eventually it would be ours. If
11 something has to be repaired, they have to repair
12 it, you know. And we just collect fees for being
13 a landlord.

14 So -- but anyhow, my budget from the county
15 for next year for taxes shows that I'm going to
16 pay \$11 taxes to the airport. If you get off the
17 tax rolls, if you think I'm going to go out and do
18 cartwheels because you saved me \$11, forget it, I
19 won't. I still have to pay county taxes, school

20 board taxes, and everything else. That \$11 means

21 nothing to me.

22 But I wouldn't mind getting off the tax

23 rolls. It'd make a lot of people happy. But

24 realistically, not going to happen.

25 CHAIRMAN COX: Thank you, sir. Any further

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1 public comment?

2 (No further public comment.)

3 CHAIRMAN COX: Seeing none, we'll move
4 forward to discussion of the millage rate by the
5 Airport Authority.

6 Open for discussion on millage rate. Why
7 don't you start us out, Mr. Gorman?

8 6. - DISCUSSION OF MILLAGE RATE

9 MR. GORMAN: Well, we can go back to what I
10 had said before, and then we'll leave it like
11 that. I'm not going to --

12 CHAIRMAN COX: Okay.

13 MR. GORMAN: -- going to go --

14 CHAIRMAN COX: Belabor the point.

15 MR. GORMAN: -- and belabor the point, but
16 what is the millage rate that would allow the
17 actual income for this airport to be the same as
18 it was last year?

19 CHAIRMAN COX: Mr. Director?

20 MR. GORMAN: And that computation, I'm sure

21 the director could do. He's --

22 MR. WUELLNER: Yeah. It's already here. It

23 would be -- you have a proposed budget of .2055

24 mills. In order to achieve a zero net increase in

25 ad valorem revenues, the ad valorem rate would

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1 need to be decreased to .1716.

2 MR. GORMAN: And that actually would then be
3 a zero increase in dollars.

4 MR. WUELLNER: Yes, sir.

5 MR. GORMAN: And then the second question
6 was, I've already said before is, is it possible
7 for us to maintain our operations, using that
8 rate?

9 MR. WUELLNER: Well, that's -- that's a
10 question y'all would have to wrestle with, but
11 the -- the simple -- the simple solution is that
12 it would be -- the net effect would be gutting the
13 reserves, if you were to maintain all the projects
14 and all the current -- currently projected
15 expenditures, and assuming all the revenues were
16 met per budget, you're approximately \$1.1 million
17 difference between last year's ad valorem receipts
18 and projected ad valorem receipts for this year.

19 So, the logical line item for that or the

20 discussion to begin would be a reduction of --
21 effectively of \$1.4 million in reserves down to
22 approximately \$300,000 in reserves.
23 So, it would -- depending on what the
24 Authority's long-term goal is for reserves at the
25 elimination of ad valorem taxes, it -- it's,

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1 again, a question you guys would have to wrestle
2 with.

3 CHAIRMAN COX: Mr. Brunson?

4 MR. BRUNSON: And, Ed, if we did the rollback
5 rate, how much would that increase the dollar
6 amount over the dollar amount of last year?

7 MR. WUELLNER: There -- there's a -- I want
8 to say it's about a \$40,000 increase that had
9 nothing to do with the -- the rate. We
10 technically get slightly more money, but it has to
11 do with the treatment of exempted property or
12 something within the county.

13 CHAIRMAN COX: What's the rollback rate?

14 MR. WUELLNER: The rolled-back rate would be
15 .1716 mills.

16 CHAIRMAN COX: Oh, that's okay.

17 MR. BRUNSON: Now, that -- that's -- that's
18 not the rollback rate, is it?

19 MR. WUELLNER: That's not the rate. That

20 is -- that would be the rolled-back millage rate.

21 The percentage of increase currently is 19.76

22 percent.

23 MR. BRUNSON: Okay. But --

24 MR. WUELLNER: I'm trying to -- I'm trying to

25 answer your question, but I'm not sure I've

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1 answered it.

2 MR. BRUNSON: And I thought the -- instead of
3 the .2055, the rollback millage rate was like
4 19 --

5 MR. WUELLNER: No, no, no, it's point -- last
6 year was that. It is .1716, would be the -- the
7 rolled-back rate.

8 CHAIRMAN COX: Okay.

9 MR. BRUNSON: But -- but you answered the
10 question before. So, that would be no difference
11 in the income coming in.

12 MR. WUELLNER: Effectively, yeah.

13 MR. BRUNSON: Which would defeat, in my
14 opinion, our long-range plans of putting the
15 overage into reserve to have monies to --

16 MR. WUELLNER: Yeah. Certainly your reserve
17 account would grow at a much slower rate with --
18 with that approach.

19 MR. BRUNSON: So, I'm -- I'm --

20 MR. WUELLNER: But that's a policy that --

21 MR. BRUNSON: -- not in favor of the rollback

22 rate.

23 CHAIRMAN COX: Okay.

24 MR. BRUNSON: But I would like to have some

25 rate that increased the money to go into reserve.

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1 And I'd like to hear from other commissioners on
2 what they thought about it.

3 CHAIRMAN COX: Mr. George?

4 MR. GEORGE: The -- I think the question that
5 Jack brought up was what do we do to keep our
6 expenses -- you know, our revenue for the expenses
7 the same. This year, we've got a \$203,000
8 increase in expenses. Okay. And last year, we
9 were at \$307,000.

10 I've got some numbers screwy here, because
11 the total is \$450-, is what we're short. So, if I
12 keep it the same as it was, we're taking \$450- now
13 out of those tax revenues coming in to pay for
14 day-to-day operating expenses. So, you've --
15 you've hurt the long-range plan, because the
16 long-range plan is not just build the revenue to
17 \$6,000 (sic) and then hold it flat.

18 MR. WUELLNER: Six million.

19 MR. GEORGE: The long-range plan is to build

20 the revenue to \$6,000 (sic) while you are building
21 X number of thousand square feet of rental space
22 which could be rented and then bring in enough
23 revenue so that we are self-sustaining on a daily
24 basis -- on a yearly basis, which is what you're
25 after. For that reason, I would have to go along

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1 with Mr. Brunson.

2 MR. GORMAN: Well, again, then, common sense
3 would dictate that if you were actually going to
4 take into account these increases in costs, then
5 you would again compute the rate, taking into
6 consideration those increases in costs, but just
7 those increases in cost. Then you would compute
8 yet another rate, slightly over .1716, but less
9 than the current rate. That's option two.

10 MR. GEORGE: Right. Option two.

11 CHAIRMAN COX: My question would be to you is
12 how are we going to forecast what may come out to
13 be instead of \$300,000 or \$200,000, \$600,000,
14 or -- you know? I would prefer to see us in a
15 position where we're very fat with reserves to be
16 able to take care of any situation that we run
17 into, you know? At least that's my personal
18 opinion on it.

19 So, I'm not really in favor of the rollback

20 rate, and I don't really have any -- I'm not
21 really negatively -- or opposed to going somewhere
22 below the TRIM rate that we set, either, .2055.
23 So, anyway...
24 Further discussion? And we're going to open
25 up to public comment here shortly. Jack? Any

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1 other discussion?

2 MR. GORMAN: That's as far as I can take it
3 right now.

4 CHAIRMAN COX: Okay. That's fine.

5 MR. GORMAN: You've got -- you've got some
6 kind of a compromise to strike, and that sounds
7 like that is the compromise we need to work at.
8 If that's -- if every -- the rest of the board is
9 very worried about reserves and being, going to
10 zero, what is the magic number? I mean, I
11 can't --

12 MR. GEORGE: .2055, in my opinion, is the
13 magic number if you want to protect all of the
14 statements that you've made to the public that
15 originally said seven years. Last year, it was --
16 no, seven years, and then it was six. Last year,
17 it was five, and now it's four. We are on target
18 with these increases that go in.

19 You want to drop the millage rate back, then

20 you jeopardize, in my opinion, the four years and

21 go to five or six.

22 MR. GORMAN: You're saying that the --

23 keeping it at the TRIM rate allows the insurance

24 of a reserve so that you can then go forward with

25 our plans.

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1 MR. GEORGE: Right.

2 MR. GORMAN: This is what you're saying.

3 MR. GEORGE: Yes.

4 MR. GORMAN: Okay.

5 MR. BRUNSON: Could I --

6 CHAIRMAN COX: Yes, sir.

7 MR. BRUNSON: I would like to say that when
8 we first started looking at being self-sufficient,
9 and how I analyzed the tax rolls, I did not
10 anticipate the high fair market value, appraisal
11 values to be this high.

12 So, I think we're getting -- we're getting a
13 windfall at this .2055. And -- and even though as
14 desperately I think it would be a good decision,
15 business decision to do the .2055, I'm -- I'm
16 having -- I'm having a time in -- even though, as
17 Mr. Ciriello says, it's a very small amount, but I
18 would like to compromise that this millage rate be
19 something like to -- instead of bringing in a

20 million dollars, bring in \$700,000.

21 CHAIRMAN COX: But just as a question, if --

22 if you do anything other than .1716, it will go

23 out to the public that it was a tax increase,

24 period.

25 MR. BRUNSON: Yeah.

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1 CHAIRMAN COX: So, I mean, to say you got
2 \$700,000 or \$1.4 or \$200,000, it really makes no
3 difference, because everybody will -- you'll still
4 get hit with the negative -- negative questions --

5 MR. BRUNSON: Yes.

6 CHAIRMAN COX: -- that you raised that --
7 which would be --

8 MR. BRUNSON: But it's not the 27 percent.
9 That is false.

10 MR. GEORGE: The total dollars --

11 CHAIRMAN COX: It's not a 27 percent increase
12 anyway.

13 MR. BRUNSON: Right. That's what I'm saying.

14 MR. BURNETT: The -- if I -- just -- and I
15 know y'all know this, but from a -- I'm reading
16 the statute.

17 CHAIRMAN COX: Right.

18 MR. BURNETT: And -- and the issue that you
19 all know is exactly where all of this comes from,

20 is it comes from the statute, and as misleading as
21 it may be, the statute specifically provides is
22 that you recompute the -- the proposed millage
23 rate and publicly announce the percent, if any,
24 which -- by which the recomputed proposed millage
25 rate exceeds the rolled-back rate. That

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1 percentage shall be characterized as the
2 percentage increased in property taxes. You know,
3 and that's -- that's --

4 MR. GEORGE: Thank you.

5 CHAIRMAN COX: My comment again is, is to
6 caution everybody to consider that we want to look
7 out into the future and -- and actually get, if we
8 can, reach that target out there at 2010, or
9 whatever the year happens to be, to -- to move us
10 off the tax rolls instead of just trying to, for
11 the sake of saying we reduced the millage rate,
12 just for the simple sake of saying that to the
13 public for this year.

14 MR. BRUNSON: Are you -- are you saying that
15 if we don't adopt the rollback rate, then we
16 cannot -- that we have to adopt the tax base of
17 the .2055?

18 MR. BURNETT: No, sir. I'm just telling you
19 that -- that what -- where this language comes

20 from, which is what -- whether it's here at the
21 Airport Authority or the County Commission or the
22 City Commission or the School Board, what you
23 always hear said is exactly what y'all were saying
24 earlier, the chairman started out the meeting
25 with, is any increase over the rollback rate gets

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1 announced to the public --

2 MR. BRUNSON: Oh, yeah.

3 MR. BURNETT: -- according to the statute as
4 being a tax increase.

5 MR. BRUNSON: We know that.

6 CHAIRMAN COX: Right.

7 MR. BURNETT: And it's a statutory creature
8 as to why it happens that way.

9 CHAIRMAN COX: Mr. George?

10 MR. GEORGE: Just a quickie. I'd like to
11 point out that the .2055 is the same as last year.
12 So, the millage rate is a zero percent increase.

13 MR. WUELLNER: That's correct. The rate is
14 the same.

15 MR. GEORGE: Yeah.

16 CHAIRMAN COX: And -- and I had --

17 MR. WUELLNER: Unfortunately, you can't
18 advertise it that way.

19 CHAIRMAN COX: -- a minor debate with the

20 director earlier, was that due to inflation,

21 that's actually a tax decrease.

22 MR. GEORGE: Okay. You need to write the

23 letter to The Record to explain that.

24 CHAIRMAN COX: I'll open the -- entertain

25 comments on the millage rate and millage rate

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1 only, not to expand into the budget comments, but
2 please, millage rate only. Please, public
3 comment.

4 7. - PUBLIC COMMENT ON MILLAGE RATE

5 MR. HICKOX: I'll try to observe your
6 restrictions, Mr. Chairman.

7 CHAIRMAN COX: You'll just -- yeah, you know
8 what I'm talking about. I don't want to --

9 MR. HICKOX: I -- I understand.

10 CHAIRMAN COX: Okay.

11 MR. HICKOX: I just want to pose one
12 question. In dealing with the millage rate, and
13 in dealing with what this gentleman brought up, I
14 think everybody here realizes the airport is an
15 important facility; we're all in support of the
16 airport and the work you're doing.

17 The question is, why could we not put a
18 moratorium on proposed new construction for a
19 period of time, at least until the market shakes

20 itself out, so that you know what concrete's going
21 to cost. Maybe we get some kind of feel on how
22 the insurance rate's going to go.
23 I know that's heresy, gentlemen, but it would
24 strike me that this way, you could solve your
25 millage rate problem, have your cake and eat it

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1 too, and still reach your goal of 2010.

2 CHAIRMAN COX: Very good point. Thank you
3 very much. Mr. Havard?

4 MR. HAVARD: Jamie Havard, St. Augustine. I
5 just want to bring up a comment. I know you want
6 to reduce it back to taking us off the tax rolls.
7 I'm looking at the reserves as they're projected
8 out to 2010. We're taking a huge reserve this
9 year, or you're planning one in 2006, as opposed
10 to the rest of the five years. I don't know why
11 this reserve cannot be spread out over the five
12 years.

13 As you noticed, we're taking a million -- or
14 \$1.5 million this year, a million the next year,
15 and slowing it down to \$500,000, and then none,
16 basically, after that. If you want to -- as you
17 say, you want to take a compromise, this may be
18 the area where you can find that. I don't know.
19 That's just my -- just looking at the numbers,

20 instead of taking such a huge hit this year,
21 spreading out the reserve over the five years.

22 CHAIRMAN COX: Mr. Gorman?

23 MR. GORMAN: Again, you're saying compromise
24 the issue between the TRIM rate and the actual
25 zero. Maybe --

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1 MR. HAVARD: Exactly.

2 MR. GORMAN: -- that's a compromise.

3 MR. HAVARD: Well, your rolled-back rate and

4 your -- the TRIM rate from last year of .2055. It

5 may be a way to slide it in there -- and, you

6 know, it is a tax reduction of some -- of some

7 type, but maybe not a full one that everybody's

8 saying, well, take us down to \$300,000 on the

9 reserve. Maybe take a piece of each year's

10 reserve and break it up.

11 CHAIRMAN COX: Mr. George?

12 MR. GEORGE: We have 165, -66 people on the

13 waiting list for hangars.

14 MR. HAVARD: Oh, absolutely.

15 MR. GEORGE: That's for T-hangars. We have

16 another 18 to 20 on the list for corporate

17 hangars. We have another 12 or so for businesses

18 that want to come in.

19 MR. HAVARD: Yeah.

20 MR. GEORGE: The reason that reserve is there
21 is because -- Mr. Brunson said that he could
22 support a millage rate as long as that money went
23 into reserves.

24 Now, if we get it into the reserves, and we
25 find out through matching programs through the

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1 state that we can build those hangars quicker,
2 then that's quicker revenue coming in, and so
3 where do we get that money to build those hangars
4 quicker? Out of the reserve.

5 So, if you take it slowly and build it up,
6 you don't have that option that's in there.

7 MR. HAVARD: Okay.

8 MR. GEORGE: I'm kind of looking at it that
9 the reason it's four years, you know, and it
10 started at seven, is because we've got
11 construction coming on line that's going to
12 generate recurring revenue that's in there.

13 MR. HAVARD: Oh, that -- that's great.

14 MR. GEORGE: So --

15 MR. HAVARD: And I was going to say, I agreed
16 with you before that, you know, this is a
17 market-driven type of thing.

18 MR. GEORGE: Exactly, right.

19 MR. HAVARD: And when we have 160 people on

20 waiting lists, we should take advantage of that

21 and not just give them a rate that everybody --

22 MR. GEORGE: Yeah. Now, we know last time it

23 was a 50 percent fallout. But 50 percent says

24 there's 80 people, okay --

25 MR. HAVARD: And you've only got 60 spaces,

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1 so...

2 MR. GEORGE: And we only came up with -- how
3 much was it, Mr. Gorman? Fifty-six?

4 MR. GORMAN: Talking about what?

5 MR. GEORGE: For T-hangars.

6 MR. GORMAN: Fifty-six Ts and a possible six
7 50 x 60s. That's quite a few hangars.

8 MR. HAVARD: Absolutely.

9 MR. GEORGE: So, we're not going out there
10 and trying to overbuild for the demand that we've
11 got there. We've got a lot of people that have
12 been on the list that, you know, are not going to
13 be satisfied.

14 I was in Atlanta at PDK about a month ago,
15 and I stopped by the administrator's office and --
16 just to talk to them about, what are you charging
17 for T-hangars, you know, and this, that, and the
18 other. And the lady there says, "Oh, I remember
19 you, Mr. George."

20 And I said, "I thought your face looked
21 familiar," but she said, "You're still on the
22 list."

23 I said, "Oh, yeah, I did put my name on the
24 list, you know, that's right."

25 She said, "You're now number 42 on the list."

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1 And I said, "How long is the list?"

2 "Eleven years is the list."

3 MR. HAVARD: And it's not going to -- the
4 demand is not going to go down around this area --

5 MR. GEORGE: No.

6 MR. HAVARD: -- the way it's growing. And,
7 you know, like you said, there's people who
8 probably have hangars at PDK that want hangars
9 here, too.

10 MR. GEORGE: That's right. Exactly.

11 MR. WUELLNER: Except maybe one.

12 CHAIRMAN COX: Sir?

13 MR. KUMPF: I came in here tonight figuring
14 that I'd get my taxes -- my stuff, money -- you
15 guys and everything that you've said has convinced
16 me completely to the opposite.

17 I think you should have your millage rate the
18 way that you proposed it with the higher amount.

19 Being a businessman, I went back to reserves don't

20 hurt you, and if the insurance rates go up or
21 if -- if there's some -- something that happens
22 that you don't get your construction or whatever,
23 you've got the reserves.

24 The other thing that I wonder, a lot of
25 people I don't think are thinking about, but I'm

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1 thinking about next year, the real estate market's
2 not hot anymore. And these -- these appraisers
3 that have come in and reappraised -- I happen to
4 have a condo in addition to my home, and it's down
5 at Four Winds Condominium.

6 Last year -- so, I don't have any -- any
7 homestead on it. Last year, that condominium was
8 appraised at \$325,000. I think this year they
9 banged it to \$450-. If this real estate market
10 goes down 9 percent and -- and you're going to
11 really -- we're looking at a shorter, in quotes,
12 increase. So, I would encourage you to --

13 CHAIRMAN COX: That's a very good point.

14 MR. BRUNSON: May I ask -- may I ask -- and
15 you don't have to answer this, but on your condo,
16 not your home --

17 MR. KUMPF: Right.

18 MR. BRUNSON: -- are you able to get
19 insurance?

20 MR. KUMPF: Yeah, but that's because I've

21 been in the business and own an agency.

22 MR. BRUNSON: Well, you're -- you're

23 fortunate.

24 CHAIRMAN COX: We're looking for consultants.

25 MR. BRUNSON: Call me.

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1 MR. KUMPF: My agency's up in -- up in
2 Delaware, and I'm three-quarters retired, but --
3 they want me to keep retiring, but I won't do it
4 because then I lose that -- you know, that hammer
5 a little bit.

6 No, the insurance market down here is tough.
7 I tried to help the church with it, and when you
8 get into this windstorm situation, it's not good.

9 MR. BRUNSON: It's bad.

10 MR. KUMPF: And what they've been saying in
11 the paper is true. I -- I -- I don't like to see
12 them pulling out of homes and stuff like that, but
13 it's just a rough market. So, you just don't know
14 what's going on. But this reserve situation, I
15 think, is important.

16 CHAIRMAN COX: Thank you so much for your
17 comments. Very --

18 MR. BRUNSON: Thank you.

19 CHAIRMAN COX: -- very thoughtful. Thank

20 you. Any further public comments on the millage

21 rate?

22 (No further public comment.)

23 CHAIRMAN COX: We'll move on to a tentative

24 adoption of the budget and millage rate.

25 MR. GEORGE: I make a motion we accept the

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1 budget as presented and the millage rate of .2055.

2 CHAIRMAN COX: I'll second that.

3 There's a motion on the table and a second.

4 Any discussion?

5 MR. BURNETT: One -- one second.

6 MR. WUELLNER: That's final.

7 MR. BURNETT: I understand. I -- I think

8 that motion was to adopt the budget.

9 CHAIRMAN COX: Tentative.

10 MR. BURNETT: Yes, sir. I would just ask

11 that we have a motion to adopt the tentative

12 millage rate first. And I'm -- I'm -- I'm having

13 an overly conservative reading of the statute.

14 MR. GEORGE: As always, Mr. Burnett, whatever

15 you would like.

16 MR. BURNETT: Thank you, sir.

17 CHAIRMAN COX: I knew we had to do that in

18 the actual meeting, not -- I didn't know about the

19 tentative meeting.

20 MR. BURNETT: Yeah, I just --

21 CHAIRMAN COX: That's okay. That's fine.

22 So, I'll entertain a motion to tentatively adopt

23 the millage rate first.

24 8. - TENTATIVE ADOPTION OF MILLAGE RATE

25 MR. GEORGE: I make a motion that we

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1 tentatively adopt the millage rate at .2055, which
2 is the same as last year, and therefore is a zero
3 percent increase in the rate.

4 CHAIRMAN COX: I'll second it. Now we have a
5 motion on the table and a second for a tentative
6 adoption of the millage rate of .2055. Any
7 discussion?

8 (No discussion.)

9 CHAIRMAN COX: All in favor, say aye.

10 MR. GEORGE: Aye.

11 CHAIRMAN COX: Aye.

12 All opposed?

13 MR. GORMAN: Nay.

14 CHAIRMAN COX: Nay? Mr. Brunson?

15 MR. GEORGE: That's not an option.

16 MR. BRUNSON: Aye.

17 CHAIRMAN COX: Aye?

18 MR. BRUNSON: (Nods head.)

19 CHAIRMAN COX: Okay. The tentative adoption

20 passes, of the millage rate.

21 To move forward, I'll entertain a motion for

22 a tentative adoption of the budget.

23 9. - TENTATIVE ADOPTION OF BUDGET

24 MR. GEORGE: I make a motion that we give a

25 tentative, you know, adoption of the budget as

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1 presented.

2 CHAIRMAN COX: By Staff. I'll second the
3 motion.

4 MR. WUELLNER: And just for the record,
5 that's \$13,580,096.

6 CHAIRMAN COX: Very good point. Have a
7 motion on the table with a second. Any
8 discussion?

9 (No discussion.)

10 CHAIRMAN COX: All of those in favor, say
11 aye.

12 MR. BRUNSON: Aye.

13 CHAIRMAN COX: Aye.

14 MR. GEORGE: Aye.

15 CHAIRMAN COX: All those opposed?

16 MR. GEORGE: It's an aye or a nay, one of the
17 two.

18 MR. GORMAN: Then it's a nay. We haven't
19 compared.

20 CHAIRMAN COX: Okay. The tentative adoption

21 of the budget passes.

22 10. - BOARD COMMENT

23 CHAIRMAN COX: Final comments, please.

24 Mr. Brunson, if you wouldn't mind starting?

25 MR. BRUNSON: At this time, I have no

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1 comment. And may I be excused?

2 CHAIRMAN COX: Yes, sir. Blast off.

3 Mr. George?

4 (Whereupon, Mr. Brunson leaves the room).

5 MR. GEORGE: A few years back, when we put

6 the 10-year financial plan together, it was pie in

7 the sky, I think is what The -- The Record said.

8 They wrote an article and said getting off the tax

9 roll is pie in the sky. And it's only pie in the

10 sky if we let it be pie in the sky.

11 Now, let's say that we fail to get off the

12 tax rolls in 2010, the 10-11 budget. Wouldn't it

13 be nice if we got off and we cut it by

14 three-fourths? Having this plan, which we got the

15 accountants to go in and help us set what the

16 reserves should be based on our demand and based

17 on refurbishment of facilities and everything, the

18 accounting firm is the one that came in and said

19 you ought to shoot for \$6 million.

20 So, that's what we put in there. So,
21 we're -- we're not just blindly going about this
22 thing and -- and creating -- creating numbers for
23 the sake of numbers. We've got a plan.

24 My fondest hope is that my last budget that I
25 vote -- that I will be reelected -- and that my

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1 fondest -- my last budget that I sign off on will
2 be a zero millage rate.

3 CHAIRMAN COX: Good for you. Mr. Gorman?

4 MR. GORMAN: I think we're going in the right
5 direction. Myself, my own opinion, I'm still
6 beating the comparative analysis drum on the
7 budget. That's why I voted no.

8 I do agree we need some reserves. We can't
9 go down to no reserves. But my own opinion is we
10 should gamble, we should, in pilot talk, run a
11 little leaner and maybe drop that just a bit to
12 show the public that we're trying as hard as we
13 possibly can try. But I'd like to come up with
14 a -- with a reserve amount that, like Mr. Harvard
15 (sic) said -- is that the proper --

16 CHAIRMAN COX: Havard.

17 MR. HAVARD: Havard.

18 MR. GORMAN: Havard. Sorry. That Mr. Havard
19 said, to just --

20 MR. HAVARD: You're the first person to do

21 that.

22 MR. GORMAN: -- run somewhere in the middle

23 between no reserve and what we'd like for reserve.

24 CHAIRMAN COX: Thank you, sir.

25 MR. GEORGE: Gotta get off the rolls.

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1 CHAIRMAN COX: Okay. I'd like to thank the
2 public for coming and attending. Very valid
3 points this evening, very, very good discussion.

4 11. - NEXT MEETING DATE AND ADJOURNMENT

5 CHAIRMAN COX: Final budget hearing will be
6 next week on the 18th at 5:01. Anybody have any
7 problems with that?

8 MR. GEORGE: I will not be here.

9 CHAIRMAN COX: The final budget hearing?

10 MR. GEORGE: I can't be here.

11 CHAIRMAN COX: And you just talked about
12 signing off and all that other kind of --

13 MR. GEORGE: I'm going to leave it to the
14 wisdom of my cohorts.

15 CHAIRMAN COX: Are you okay with that?

16 That's what it is, so...

17 MR. GEORGE: Well, we don't have any choice.

18 It's been advertised as that, so --

19 CHAIRMAN COX: All right. Meeting adjourned.

20 (Thereupon the meeting adjourned at 6:10 p.m.)

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1 REPORTER'S CERTIFICATE

2

3 STATE OF FLORIDA)

4 COUNTY OF ST. JOHNS)

5

6 I, JANET M. BEASON, RPR-CP, RMR, CRR, certify

7 that I was authorized to and did stenographically

8 report the foregoing proceedings on September 11,

9 2006 and that the transcript is a true record of my

10 stenographic notes.

11

12 Dated this 25th day of September, 2006.

13

14

JANET M. BEASON, RPR-CP, RMR, CRR
Notary Public - State of Florida
My Commission No.: DD531390
Expires: April 30, 2010

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