

1 ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

2 Regular Meeting

3 held at 4796 U.S. 1 North

4 St. Augustine, Florida

5 on Monday, May 19, 2008

6 from 4:02 p.m. to 7:04 p.m.

7 * * * * *

8 BOARD MEMBERS PRESENT:

9 WAYNE GEORGE

RANDY BRUNSON

10 JOHN "JACK" GORMAN

SUZANNE GREEN, Chairman

11 KELLY BARRERA, Secretary-Treasurer

12 * * * * *

13 ALSO PRESENT:

14 DOUGLAS N. BURNETT, Esquire, Rogers, Towers, Bailey,
Jones & Gay, P.A., 170 Malaga Street, St. Augustine,
15 FL, 32084, Attorney for Airport Authority.

16 EDWARD WUELLNER, A.A.E., Executive Director.

17 BRYAN COOPER, Assistant Airport Director.

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JANET M. BEASON, RPR, RMR, CRR, FPR

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St. Augustine Court Reporters

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

2 CHAIRMAN GREEN: Call to order the meeting of
3 the St. Augustine-St. Johns County Airport. Can
4 we stand for the pledge to the flag, please?

5 (Pledge of Allegiance.)

6 A P P R O V A L O F M E E T I N G M I N U T E S

7 CHAIRMAN GREEN: Okay. First thing we have
8 is the approval of the minutes. They were
9 disseminated. Does anyone have any objections,
10 additions or deletions to the minutes of the last
11 meeting?

12 (None.)

13 CHAIRMAN GREEN: Hearing none, they will be
14 accepted as presented.

15 A P P R O V A L O F F I N A N C I A L R E P O R T S

16 CHAIRMAN GREEN: Financial reports. We have
17 put some off till today. Jack?

18 MR. GORMAN: Right. And may I say that in
19 putting them off, if you're going to be the

20 treasurer, sometimes you actually have to look at

21 these things and -- and since this is a volunteer

22 job, sometimes that takes more time than others.

23 So, I didn't see any -- any need to rush it.

24 They're all fine. As historically put, this

25 director and his staff are -- do a very good job

1 of it, and they're all fine and they're certainly
2 approved for three months.

3 CHAIRMAN GREEN: From what you saw, do you
4 see that we are at least 6 percent over our -- not
5 over, I mean ahead of what we've budgeted? Did
6 you see that in the --

7 MR. GEORGE: Yeah.

8 CHAIRMAN GREEN: Yeah. I mean, we're 6
9 percent above what we were even anticipating.

10 MR. GEORGE: Operating revenue --

11 CHAIRMAN GREEN: Operating revenue is 6
12 percent higher.

13 MR. GEORGE: -- is 6 percent over budget.

14 MR. GORMAN: The revenues are over budget. I
15 have -- do have some contentions on what we
16 budgeted and what we spent on our budget, but the
17 revenues are over budget, yes.

18 CHAIRMAN GREEN: Any other additions,
19 deletions, comments to the financial reports?

20 Mr. Martinelli?

21 MR. MARTINELLI: Victor Martinelli, 24

22 Carriage Lane, Ponte Vedra Beach. I have -- is

23 this thing working?

24 CHAIRMAN GREEN: Doesn't sound like it.

25 MR. WUELLNER: Might not be one.

1 MR. MARTINELLI: Okay. There it goes.

2 CHAIRMAN GREEN: Yeah.

3 MR. MARTINELLI: Did you get that, Donna?

4 Okay.

5 MR. WUELLNER: You're good now.

6 MR. MARTINELLI: I have in the past, and will

7 say again that I'm available to anyone on the

8 board who would like to avail themselves of my

9 knowledge, meager as it is, of finance and

10 accounting. For the record, I made that offer to

11 Mr. Gorman after the County Commission meeting,

12 and he declined to take me up on my offer.

13 (Mr. Brunson enters the room.)

14 MR. MARTINELLI: A very wise old sage said to

15 me many many years ago, "For those who don't know

16 and don't know that they don't know, they're

17 fools: Shun them. Those who don't know and know

18 that they don't know, need help: Help them.

19 Those who know and know not that they know are

20 simple: Teach them. And those who know and know

21 that they know are wise: Follow them."

22 So I just would like to put that into the

23 record. Thank you.

24 CHAIRMAN GREEN: Any other comments,

25 additions, deletions to the financial reports?

1 Any other comments? Hearing none --

2 MR. GEORGE: I have a comment. I was not
3 aware that I had -- when I nominated Jack for
4 treasurer, that I had put him in such an
5 uncomfortable position, as was told at the last
6 County Commissioners meeting, and I apologize if I
7 put you in that position and I would volunteer to
8 take the treasurer back if you don't feel that
9 you're -- want to keep it.

10 CHAIRMAN GREEN: Jack?

11 MR. GORMAN: We volunteer for these
12 positions, and if my opinion is different than
13 your opinion, sir, it's not time to start some
14 type of an impeachment proceeding or worry so
15 much. It's just an opinion difference. And as
16 such, is good, because it starts discussion and
17 discussion creates knowledge.

18 Can I say something about Mr. Martinelli?

19 CHAIRMAN GREEN: We -- we're commenting on

20 the financials right now. If you want to --

21 MR. GORMAN: Well, it's about his comment

22 about financials.

23 Mr. Martinelli is an expert accountant. He

24 has done it for his whole life, but his opinion

25 is, again, an opinion. And opinions are good

1 because they create discussion. But again, it is
2 an opinion. I do talk to other people, other than
3 Mr. Martinelli. Rest assured that's true.

4 CHAIRMAN GREEN: I think just the concern
5 was, with your schedule and everything, if it is
6 overwhelming, we understand completely.

7 MR. GEORGE: Absolutely.

8 CHAIRMAN GREEN: I would understand that.
9 That's not a problem. So, I mean, if you feel
10 it's too much or overwhelming, absolutely. I
11 think people are just saying they're here for you
12 if it gets that way.

13 MR. GORMAN: In context, that was a bit
14 different --

15 CHAIRMAN GREEN: Well, think I --

16 MR. GORMAN: -- but I would certainly be
17 happy to continue as treasurer.

18 CHAIRMAN GREEN: Okay.

19 MR. GEORGE: My -- my concern -- my opinion

20 is that you cannot run a business and leave the
21 financials open and open and open. And so we're
22 now into four months' worth of financials that
23 have not been closed.

24 And the closure, if I'm not mistaken, is this
25 board, when we bring it to the board meeting and

1 we've reviewed it, it basically represents what's
2 happening and we close those books.

3 But you can't leave those open forever, is --
4 so, that's my opinion, that I think that the
5 financials need to be brought up and reviewed and
6 have your conclusions a lot more frequent.

7 MS. BARRERA: In a more timely manner.

8 MR. GEORGE: Yeah.

9 MR. GORMAN: Certainly there was no harm done
10 in my allowing myself more time to study them.
11 There was certainly no harm done. And they have
12 been concluded and they are fine.

13 CHAIRMAN GREEN: Well, maybe in this
14 instance. I think we just all as a board would
15 like it a little more timely in case you found
16 something or we -- you know, we go through them
17 ourselves --

18 MR. GEORGE: Right.

19 CHAIRMAN GREEN: -- obviously, but we're

20 looking at your expertise to go through.

21 And if we had missed something in January or
22 February, then it would not be timely; we'd be
23 sitting here in May trying to undo something that
24 was done or not done in February.

25 MR. GORMAN: And let me say that I use the

1 opinion of people that are astute to accounting,
2 but their schedules have to mesh with mine, and
3 that sometimes creates this delay.

4 MR. GEORGE: Well, if you see this delay
5 continuing, my schedule is which that I will be
6 glad to take it over.

7 MR. GORMAN: I think that the opinion of
8 another board member and the opinion of
9 Mr. Martinelli are fine, and they can be astute,
10 but I need the opinion of other people outside of
11 this sphere of influence so that you can get an
12 objective opinion as far as the financials, and
13 that is what I've been doing --

14 CHAIRMAN GREEN: Kelly?

15 MS. BARRERA: Jack --

16 MR. GORMAN: Let's put this to bed, please.

17 MS. BARRERA: -- I -- I appreciate you
18 getting an outside opinion outside of this arena,
19 and I certainly understand that because I myself

20 have done that. It just needs to be done in a
21 more timely manner so that if there is a
22 situation, we can address it sooner. I think
23 that's the point that's being made and the one
24 that I would support.

25 CHAIRMAN GREEN: Okay.

1 MR. GORMAN: Well, I can take the point,
2 although I can say there's certainly no harm done.
3 So the point is being belabored a bit, but I
4 understand. That's fine.

5 CHAIRMAN GREEN: I think we want to be
6 proactive and not reactive when it comes to --

7 MR. GORMAN: Yeah.

8 CHAIRMAN GREEN: -- the budget and our
9 financials.

10 All right. Any other additions, deletions,
11 comments to the last February, March and April
12 financials?

13 (None.)

14 CHAIRMAN GREEN: Hearing none, the financials
15 then are accepted as presented.

16 AGENDA APPROVAL

17 CHAIRMAN GREEN: Agenda approval. You have
18 the agenda before you. Any comments, additions,
19 deletions? I received none as far as changes to

20 the agenda.

21 (None.)

22 CHAIRMAN GREEN: Hearing none, the agenda

23 will be approved as presented.

24 MR. GEORGE: That's good.

25 COMMITTEE REPORTS

1 CHAIRMAN GREEN: Committee reports. MPO.

2 MPO

3 MR. BRUNSON: MPO had a meeting, a very good
4 meeting last Thursday. They even had one with the
5 business, industrial and government relations last
6 Tuesday.

7 And the MPO, the only negative thing I can
8 say is, just like every other government entity,
9 that budgets are being cut. And Mr. Baldwin, who
10 is secretary of transportation for our district,
11 is very concerned about this, but we -- everything
12 in the world is priorities.

13 And right now, we're fortunate in that St.
14 Johns County, and talking about roads mainly, has
15 some high priorities on 95 and 210 and 12 and 9B.

16 And so, things are moving right along with the MPO
17 in this area.

18 The mayors and the county commissioners from
19 the other counties seem to be focused on a

20 regional concept of good for the -- for the

21 Northeast Florida. And that's my MPO report.

22 CHAIRMAN GREEN: Thank you.

23 EDC

24 CHAIRMAN GREEN: EDC? I attended the EDC

25 breakfast, and Mr. Wuellner was our excellent

1 speaker there and what was --

2 MR. BRUNSON: Hmm?

3 CHAIRMAN GREEN: Ed was our speaker.

4 MR. BRUNSON: Excellent, hmm?

5 CHAIRMAN GREEN: Yes. Well, it was nice

6 because there was a pretty big turnout.

7 Commissioner Sanchez and Commissioner Stevenson

8 were both there, which was nice to see, because I

9 think primarily the airport was on the agenda. So

10 it's nice to see that commissioners -- well, not

11 we know Commissioner Sanchez has an interest, but

12 those that don't have as much contact --

13 COMMISSIONER SANCHEZ: I'm there to eat

14 breakfast, you know.

15 MR. BRUNSON: I couldn't afford the \$12 or I

16 would have been there.

17 CHAIRMAN GREEN: Well, Ed did a nice

18 presentation --

19 COMMISSIONER SANCHEZ: He did.

20 CHAIRMAN GREEN: -- and answered a lot of
21 financial questions and what's going on at the
22 airport, and I think it opened up a lot of eyes.
23 We talked about developments. We talked
24 about some infrastructure, and of course Skybus
25 and went through all that. But I think everybody

1 was much more informed and they had some good, you
2 know, getting the word out there more, PR stuff
3 about the airport. So that went over very well.

4 You do have in your packets, there's a
5 roundtable coming up May, I think it's the 30th,
6 down at St. Johns -- the golf center.

7 MR. GEORGE: Yeah.

8 MR. WUELLNER: World Golf.

9 CHAIRMAN GREEN: So that's just another area
10 for us for exposure, okay? Intergovernmental?

11 INTERGOVERNMENTAL

12 MR. BRUNSON: I -- I could not attend.

13 MR. GORMAN: I was at the intergovernmental
14 meeting. We had an interesting discussion.

15 One of the most interesting I thought was --
16 I'll just summarize it, because there's -- it was
17 with the school board. They've had to cut way
18 back.

19 In summary, I think they did a clever job of

20 doing that, because they had to take -- there was
21 contention of it, but they moved schedules around.
22 And in moving the schedule around, they allowed a
23 minimization of the usage of transportation for
24 the kids. In other words, they didn't have to be
25 redundant in these bus trips. And it seems like

1 transportation was a large chunk of the budget.

2 It was just a clever way to do it, I thought.

3 It was -- that they're trying the best they can

4 to, you know, do with what they can. It does

5 create, you know, problems for some of the

6 parents. I mean, I can --

7 CHAIRMAN GREEN: It makes a tremendous amount

8 of problem for --

9 MR. GORMAN: I can see you want to say

10 something.

11 CHAIRMAN GREEN: A tremendous amount of

12 problem for sports.

13 MR. GORMAN: Does it?

14 CHAIRMAN GREEN: Because the high schoolers

15 don't get out in time and they don't have the

16 light or the facilities to practice in the dark.

17 So it's cut out a lot of that.

18 MR. GORMAN: Okay. Then there are problems

19 in this of course.

20 MS. BARRERA: Conversely, on the opposite
21 side of that is that test scores have shown
22 increase for high schoolers when they are in
23 school later, instead of being tested early in the
24 morning. So there's -- that's why you have to
25 look at each side of an issue.

1 CHAIRMAN GREEN: Yeah. It's just 45 minutes,
2 but anyway. Thanks. Anything else you want --

3 MR. GORMAN: Certainly. There's -- they're
4 still studying and still -- as far as St. Johns
5 Water Management, which is an interesting thing
6 only because the water -- commitment to usage of
7 water is going way up in the county, and the usage
8 of wells, you know, it's very very hard. I know
9 the limnology, the study of water ground -- its
10 movement underground is difficult. It's
11 expensive.

12 And they're still tossing around the idea of
13 using river water, St. Johns River water, which to
14 me seems like the simplest thing in the world, but
15 that has not been put to bed yet. And it seems
16 like they are still studying that situation as to
17 being able to actually just tap into St. Johns
18 River water and use it.

19 There's lots of contention about how far the

20 water level will drop, and they don't seem to have
21 any clear pictures or clear answers to that. And
22 that was another interesting discussion that I
23 thought, as far as the impact in the environment
24 due to the population growth and where we get all
25 this water. That was -- those are the highlights

1 of the intergovernmental.

2 MR. BRUNSON: Just a comment on that. Our --
3 in my personal opinion, our guru of water in this
4 county is Henry -- how do you say his last name,
5 Jack?

6 MR. GORMAN: Warner.

7 MR. BRUNSON: Warner, is going to make a talk
8 on this at the Ponte Vedra library at 6 o'clock on
9 June the 4th, which should be very interesting.

10 ST. JOHNS COUNTY AEROSPACE ACADEMY

11 CHAIRMAN GREEN: Great. Okay. St. Johns
12 Aerospace? We didn't have --

13 MR. WUELLNER: There's no -- there has been
14 no meeting since --

15 MR. BRUNSON: Let's just let him make a
16 speech again and then so we can clap and --

17 CHAIRMAN GREEN: Okay. Reports, Mr. Sanchez?

18 REPORTS

19 COMMISSIONER SANCHEZ: I don't really have

20 anything new. The County's involved in budget

21 cutting like crazy, and that's going real well.

22 We did decide to go ahead and invest a couple

23 of hundred thousand dollars to become part of the

24 initial study into a desalination plant off of

25 Palm Coast.

1 Our water is pretty good shape through 2020,
2 but we may need to look into the future. Now,
3 later on, if this gets to be too big of a cost, we
4 don't have to continue it. But at least we're in
5 it in case we think we should continue it. I
6 don't believe you'd be able to get in it later, so
7 that's why we made the move.

8 I don't see anyone in here old enough to
9 remember ZZ Top, except maybe Randy.

10 MR. BRUNSON: I was in that band.

11 COMMISSIONER SANCHEZ: Wait a minute. They
12 will be at the amphitheatre, I think the 22nd, and
13 someone told me it's close to a sellout, so -- and
14 there's other things getting ready to happen over
15 there.

16 The amphitheatre covered 87 percent of its
17 first year's operating expenses, not counting the
18 bond. But the bond was a sales tax bond, not a
19 bond -- an enterprise bond for the amphitheatre.

20 And I had no wishes that it would even cover the
21 first year, but it looks like maybe by the third
22 year, we'll possibly even be taking care of the
23 bond including operating expenses. So, that's
24 what we're looking for.

25 But the community is using it. They love it

1 to death. And that was DEP's biggest wish in
2 Tallahassee when I asked them what they wanted the
3 property to be to keep them on the happy side, and
4 they said we want the community to use it, period.
5 And believe me, we're getting that wish because
6 they are using it.

7 Any questions, I would be glad to answer
8 them.

9 CHAIRMAN GREEN: No?

10 COMMISSIONER SANCHEZ: Thanks.

11 CHAIRMAN GREEN: Thanks. Galaxy, Michael?

12 MR. SLINGLUFF: Nothing to report.

13 CHAIRMAN GREEN: Northrop, Dan?

14 MR. NEHRING: Nothing.

15 CHAIRMAN GREEN: Reba, SAAPA.

16 MS. LUDLOW: This is my report?

17 CHAIRMAN GREEN: Yeah, your report. You're
18 up.

19 COMMISSIONER SANCHEZ: Next.

20 MS. LUDLOW: Okay. Okay. I'm going to
21 report. Let's see.

22 SAAPA had a fantastic Comanche fly-in. It
23 was very successful, and I'm sorry Ron isn't here
24 to tell us all about it. And they came to first
25 Friday, so we had a blockbuster attendance for

1 first Friday, which was a very good one. We
2 had -- we all went out to Cecil -- or a lot of us
3 went out to Cecil Field Airfest. Bob Cox had his
4 old '39 out there giving rides.

5 On our meeting, which I missed because it was
6 TPC, Howard Jones gave a wonderful presentation on
7 the Falco. So, I understand that was a very
8 interesting thing.

9 We've had a lot of flyouts. Our flyouts are
10 really gaining momentum. We're going to a lot of
11 different places and finding out a lot of
12 different things, meeting a lot of new people.

13 And on a grand finale, this is what we have
14 in our group. We have a man who just had twins in
15 our group -- I mean, not -- I mean the man's
16 family just had twins, but we also have another
17 gentleman who turned 90. So, we have both ends of
18 the spectrum, that's what we have.

19 CHAIRMAN GREEN: Thanks.

20 MS. LUDLOW: The man didn't have twins.

21 COMMISSIONER SANCHEZ: I'm glad you cleared

22 that up.

23 MS. LUDLOW: Oh, I know it. I knew you'd

24 worry about that.

25 CHAIRMAN GREEN: Bjorn or anybody? Anyone

1 from the flight school? Doug?

2 MR. BURNETT: I don't really have anything to
3 report. I will just say that I got to enjoy a day
4 or part of a day on Thursday with Ed on his
5 presentation to leadership class 2008 for the EDC,
6 the Chamber, because I'm in that class this year.
7 So, otherwise, I -- you'll hear some comments from
8 me later on the individual agenda items.

9 CHAIRMAN GREEN: Okay. And I didn't see
10 David, but do you have the chart?

11 MR. WUELLNER: Yes, ma'am. I've taken it on
12 myself to make it a little more understandable for
13 me, anyway, adding a vertical line to indicate
14 where the data -- the new data stops, which is
15 April 2008, and on total for the year so far. We
16 are up about 881 operations over this period last
17 year. So, an encouraging start for the year.

18 CHAIRMAN GREEN: Yeah.

19 MR. GEORGE: Any reason for it?

20 MR. WUELLNER: Nothing -- nothing directly

21 that I can --

22 CHAIRMAN GREEN: Couldn't be Skybus, because

23 they didn't have that many.

24 MR. WUELLNER: And it can't be fuel.

25 MR. GEORGE: That's right. Yeah.

1 MR. BRUNSON: That's -- that's surprising.

2 MR. WUELLNER: Yeah. Very pleasant.

3 CHAIRMAN GREEN: Maybe it's the move of TPC,
4 hmm?

5 MR. WUELLNER: I'm sure it didn't hurt. But
6 this only includes April, so it doesn't even have
7 TPC data.

8 MS. BARRERA: Right. That would discount
9 that.

10 CHAIRMAN GREEN: Didn't have May in there.
11 All right.

12 MR. WUELLNER: I am told that we are -- I
13 don't know if this was intended for public
14 knowledge yet, but I understand that we will be
15 getting a new tower manager.

16 CHAIRMAN GREEN: Oh, David's not --

17 MR. GEORGE: Maybe he got --

18 MR. WUELLNER: Probably June time line. I
19 have no idea who it is. Dave will remain here in

20 St. Augustine, but his new job will be quality
21 control for a great deal of the southeastern part
22 of RVA's territory. So he'll be helping other
23 towers get -- get as good as we are, is the
24 theory.

25 CHAIRMAN GREEN: All right. Okay.

1 Outstanding projects, Ed?

2 PROJECTS

3 MR. WUELLNER: Yes, ma'am. Number of them
4 today. The T-hangar development project. Rental
5 car facility. U.S. Customs. The terminal
6 operations report. Park development. A brief
7 line item on tax roll status. A new item on
8 community relations. Marketing and public
9 relations, as well as airport leasing.

10 And first off the bat is the hangar project.

11 As you well know, construction is ongoing. All
12 the slab work at this point has been completed.
13 All buildings are delivered and on-site, as are
14 all doors at this point.

15 Three buildings are completely erected, as
16 the building goes, two of which have doors already
17 on and completely installed. One has the skeleton
18 of the door on -- or doors on. Two buildings have
19 structural steel that's virtually complete, and

20 one -- one of those has a partial skin on it at
21 this point. And the sixth building is, as I said,
22 here on-site, but is yet to -- unless they started
23 this afternoon, have yet to begin the heavy steel
24 or hard steel raise on it.

25 All T-hangar taxilanes are already in place

1 and limerocked and awaiting asphalt coating. We
2 typically at this point wouldn't put asphalt down
3 till it's pretty close to finished in order to
4 avoid damaging the asphalt. I believe they're
5 planning to start installing the driveways, the
6 connections between the individual hangars and the
7 taxiway within the next week.

8 So, it should rapidly come to a conclusion
9 here, and we're still looking for first
10 occupancies toward the end of June, so...

11 Any questions on hangars at this point?

12 MR. BRUNSON: Ed, I think I know the answer,
13 but we can obtain COs on individual buildings as
14 they come available?

15 MR. WUELLNER: Yes. The permits were
16 issued -- a number of permits issued for the job.
17 So it's not under one single permit. So, yes, we
18 should be able to.

19 MR. BRUNSON: Good.

20 MR. WUELLNER: Okay. Rental car facility,
21 that's easy. The project's still on hold, waiting
22 a long-term decision on that.
23 U.S. Customs, next project is -- project is
24 currently out for bids. Prebid meeting will be
25 held this Friday. Bid opening is scheduled

1 tentatively for June 10th, and that would allow
2 for completion of that by December of '08, or the
3 balance of the calendar year. So, we're hoping to
4 be functional by January 1st, plus or minus a day
5 or two there. But that's the schedule. And you
6 recall that December '08 is the last date to incur
7 expenses against the grant project or the grant
8 element of it.

9 All righty. Next project, terminal
10 operations. Just as you probably expected, no
11 airline service data was available for the month
12 of April. We do have two new operating agreements
13 on the agenda a little bit later and we'll deal
14 with those individually after this report.

15 Next item's the park committee. The
16 committee continues to meet mostly by telephone at
17 this point, developing the design and details of
18 development plan.

19 At this point, they're pretty well set on

20 what they would like the park to be, and the next
21 step is to integrate that park plan with the
22 general aviation development plan, which should
23 just be within the next month or so. And at that
24 point, the two -- we should be able to work out
25 any bugs in land use that if, for instance -- I

1 think the only spot I see is potentially the use
2 of our parking lot as it's identified in the park
3 layout plan, if you -- I threw it up on the screen
4 here, just so you have a point of reference. But
5 the parking lot area -- I guess that's not on.

6 Anyway, the parking lot area down in this --
7 this area may or may not end up exactly that way,
8 based on how the general aviation plan lays out.

9 So, it shouldn't be too -- put the two together
10 and bring them forward and let everybody have the
11 last say, so to speak, on it.

12 CHAIRMAN GREEN: Jack?

13 MR. GORMAN: Yes. In other words, this board
14 has previously approved \$25,000 just for a park,
15 for study, for implementation, whatever. None of
16 that's been spent, which is good.

17 What I'd like to do is, as soon as we can
18 marry this GA committee plan -- and I -- may I say
19 that the other committee, I have not seen

20 convenient, but this GA committee, which is fine
21 and very useful, that we as a board should
22 formally adopt a resolution to reserve this
23 property -- which is wetland property, anyway;
24 they're certainly not going to build on -- for
25 park use so that this can get done and so that we

1 can proceed from there. I think that would be a
2 good idea.

3 We've spent none of the money. Maybe we
4 could meet at that point to allow some of the
5 money to be spent for survey. Of course the rest
6 of the details are left up to the director here as
7 far as the fencing and where these lines have to
8 be put and things like that. The -- who funds the
9 fencing is an issue, but we seem to be doing well
10 with that so far.

11 MR. GEORGE: What did you mean by reserve the
12 land?

13 MR. GORMAN: In other words, so this board
14 agrees that this particular border is plus or
15 minus a few feet that -- the land that will be
16 used for the park. So that it is actually agreed
17 upon formally and in public, rather than just left
18 up for conjecture. As simple as that. And it's
19 nothing more than that.

20 It's -- we're certainly going to need parks
21 in this area and certainly that land won't be
22 useful for anything else. It's just something to
23 give the public.

24 MS. BARRERA: Right. But we've all --
25 already voted to go forward with the park, so I

1 think that by finalizing it, it's just -- it's
2 just solidifying what's already going forward.

3 MR. GORMAN: That's correct. Yes.

4 CHAIRMAN GREEN: Buzz?

5 MR. GEORGE: I don't want to sound like I'm
6 excited. Calm down, is what you -- the term you
7 used on me?

8 We built a terminal in 53 days. We're now
9 building a Customs facility in six months. It's
10 taken us six months longer to build the hangars
11 that we had planned on. Six months of revenue
12 relates to \$150-, \$175,000 worth of lost revenue.

13 The public park concept was implemented when
14 Jack was going into his tree survey and
15 everything, which was -- three years ago? Two
16 years ago?

17 MR. GORMAN: Somewhat.

18 MR. GEORGE: I'd like to see some of these
19 projects get, you know, a little fire built under

20 them to complete them a lot quicker than we're

21 doing right now.

22 MR. WUELLNER: I'm not sure where you think

23 you can find time that's not been spent wisely on

24 the construction projects. It's just -- you're

25 literally at a point now in construction, and I'm

1 sure Mr. Brunson can verify this to an extent,
2 it's taking 30 percent, 40 percent longer to
3 permit projects than it does to build them,
4 between all of the permits -- especially for
5 projects that involve large parcels of property.
6 And I'm sure we're generally talking about the
7 T-hangar kind of project back there.

8 It's just they're not simply done anymore and
9 they're not simply permitted anymore. And
10 everybody's got their two cents' worth and then
11 you go through a series of iterations on comments
12 back and forth and input. And by the time it gels
13 out and you actually get to the point where you
14 have enough of a project together to bid it, then
15 you begin the normal bid process and all that.

16 I don't think we're experiencing delays in
17 construction, per se. It's just the time it takes
18 to develop a project that's permittable.

19 MR. GEORGE: How did we permit the terminal

20 and build it in 53 days?

21 MR. WUELLNER: It was an existing -- it was

22 an existing site and didn't re -- it was a

23 renov -- essentially a renovation of an existing

24 building that was on-site. So it did not require

25 a startover on permits. That was the -- that was

1 the main reason.

2 MR. GEORGE: I don't mind renovating part of
3 our land for a park if that gets this done
4 quicker.

5 MR. WUELLNER: If -- say again.

6 MR. GEORGE: I don't mind renovating part of
7 our area that we have there, if that gets it done
8 quicker.

9 MR. WUELLNER: It doesn't.

10 MR. GEORGE: We promised the public this
11 three years ago.

12 MR. WUELLNER: Well, you -- you've got
13 significant issues back there before construction
14 becomes meaningful. I mean, you've got to isolate
15 it from airfield, which -- which means we've got
16 to know where to isolate it.

17 The GA group, that's several people here on
18 that committee, I'm sure they could speak to that
19 as well as I, but you -- you're at the tail end of

20 plan development so to speak or recommendation
21 back to this board, and I'm -- I'm literally just
22 trying to keep this project at a pace that allows
23 it to blend seamlessly with the general aviation
24 development plan.
25 It doesn't make any sense to have two plans

1 that compete directly for the same piece of
2 property.

3 So, we're, you know, really on a short leash
4 here a month, maybe more, to where both of these
5 plans can sit in front of you, we can agree to the
6 integration of the two plans and everybody's off
7 and running and we know -- we know what's being
8 done where. We can finalize things in
9 construction.

10 You didn't really budget to build anything in
11 the park until -- you've got it forecast or
12 prebudgeted, so to speak, in the 10-year forecast
13 for next year. So it's -- it's always been an
14 October time line to build. The money that was
15 placed into this year was a design -- was put in
16 with the intent of design, not the intent of
17 construction.

18 MR. GORMAN: May I say something about this
19 park? We don't need to spend practically any

20 money on the park un -- until we -- we can spend
21 it out of profits. We can take our time building
22 the park.

23 I -- but I agree with Mr. George that we need
24 to kind of get -- and myself, I believe, we need
25 to get the borders finalized and kind of get that

1 far with it. But we don't need to actually spend
2 budgeted public money on the park. It's not that
3 big a hurry. The land won't go away.

4 I believe that it's -- we should be in a
5 hurry to kind of finalize the planning, which is
6 what I consider the borders and the usage of the
7 property.

8 CHAIRMAN GREEN: Okay. Ed?

9 MR. WUELLNER: Okay. Any other park
10 discussions at this point?

11 MR. BRUNSON: Well, I'll just comment that I
12 know exactly what you're meaning. I hear this
13 everyday. And the County is making a lot of
14 strides towards streamlining that process, and --
15 and it will be done.

16 But I agree with Buzz that we're anxious to
17 see it done. And I agree with you a hundred
18 percent that we're going to get off the taxes and
19 we can spend that money because we'll be making

20 money and be able to put it in here. So, I think

21 we're moving along.

22 And when Ed and I met today, we did talk

23 about the balance of the GA plan and the park

24 plan, and that's very important, that we balance

25 it.

1 MR. GEORGE: Randy, I'm sure that you, in
2 doing development or construction for large
3 companies, you've seen the use of a PERT chart,
4 meaning it's a chart that shows lines of, okay,
5 this is going to be done; it's going to take 60
6 days, and then from here, we've got this. Well,
7 Ed developed one of those about three years ago, I
8 guess.

9 MR. WUELLNER: Uh-huh.

10 MR. GEORGE: And the idea at that time was to
11 try to take all of these projects and put it on a
12 time line. And then when you start seeing the red
13 dashes because you missed this one and missed that
14 one, then you adjust the next PERT chart to cover
15 this stuff.

16 But I -- I think what's happening is this
17 board is approving it and it's happening. I stood
18 up at the last budget meeting and recommended we
19 get an assistant in because there's too many of

20 these things that just seem to take forever.

21 For instance, I didn't -- I didn't know about
22 the GA board, you know, or panel that you had
23 until about three months ago. And I guess they've
24 been in existence -- how long?

25 MR. WUELLNER: Exact amount of time, we

1 brought it to you guys --

2 CHAIRMAN GREEN: Right.

3 MR. WUELLNER: -- to suggest that method and
4 got it blessed before we created the committee.

5 MR. GEORGE: Okay. So about three months?

6 MR. WUELLNER: Approximately. Does that
7 sound right? I'm trying to remember.

8 MR. MARTINELLI: That's about right.

9 MR. GEORGE: They all take so long. I mean,
10 if they're going to be on a panel, you know, to
11 meet once a month, they ain't never going to get
12 anything done.

13 MR. WUELLNER: Oh, I -- I think -- I
14 understand the frustration, but in order to keep
15 from making development and layout mistakes, it's
16 historical, it's really horrible, but airports do
17 it all the time. We go out and place a building
18 someplace and then we end up developing the plan
19 around the building we were all in a hurry to

20 place somewhere and -- instead of looking at the
21 overall land use and making decisions that go
22 toward a layout that's long-term efficient and
23 makes sense.

24 And one of the things that hadn't been done,
25 after we finished the T-hangar layout effort, was

1 to integrate the balance of buildings, and
2 integrate the park into that and anything else
3 that needed to be in that land envelope that's
4 available down there.

5 And that's one of the reasons we came back
6 and recommended that we take a look at that
7 collectively before we commit to corporate hangars
8 or something else along here that completely
9 screws up being able to do a park, as an example.

10 Or the other way around, we put a park in here and
11 you can no longer maximize the revenue potential
12 of the balance of the land.

13 So the whole goal here is to sure -- to
14 assure everyone we end up with a -- an integrated
15 plan where all the project elements; park,
16 hangars, revenue production, infrastructure, all
17 complement each other and work within the land
18 available, instead of cutting each other off and
19 ending up with, you know, projects that just don't

20 work well.

21 CHAIRMAN GREEN: And it kind of came about

22 with all the second FBO discussion.

23 MR. WUELLNER: Yes, it did.

24 CHAIRMAN GREEN: Cause we were going to put

25 the second FBO over here and then over here. And

1 so that really prompted let's make sure we have
2 good land use development, which is what started
3 the committees.

4 MR. WUELLNER: I think you're going to be
5 pleased with the work the committee's doing.
6 They've -- they've done a great job. And we're
7 not far from being able to present a plan that
8 lays that out and everybody -- you know, of course
9 at that point, you have another shot at input.

10 MR. GORMAN: I have to ask how far. In other
11 words, when do you -- when do you project we're
12 actually going to hear from this committee and
13 we're going to actually get to this -- this data
14 in front of us and we're going to have a
15 meaningful discussion?

16 MR. WUELLNER: I think we're less than ten
17 days away from the plan production, which will
18 result in a committee meeting, at which point
19 they'll get to look at what their -- they believe

20 their final project is -- or product, I should
21 say, and at that point, make a decision whether
22 we're going to the board right away or there are
23 other tweaks that might need to be made.

24 MR. GORMAN: So this discussion will --

25 MR. WUELLNER: It's that close.

1 MR. GORMAN: This discussion will exist at
2 the next board meeting, then.

3 MR. WUELLNER: I would hope so.

4 MS. BARRERA: Or the next one.

5 CHAIRMAN GREEN: June or July?

6 MR. WUELLNER: It's -- it's that close.
7 We've seen drafts or mockups of the drawings or
8 the layouts. The committee's seen those things.
9 It's just producing a document now that everybody
10 believes is the final product. And they've not
11 had a chance to do that.

12 CHAIRMAN GREEN: Okay.

13 MR. GEORGE: That document, is it going to
14 include forecasted completion dates of when the
15 rest of the GA area will be put on the rent rolls?

16 MR. WUELLNER: The -- the intent was to
17 create a phasing plan out of that and some order
18 of magnitude budget numbers, also --

19 MR. GEORGE: Yeah.

20 MR. WUELLNER: -- so that everybody has an
21 idea what this total plan looks like dollars and
22 cents and time.

23 MR. GEORGE: Okay. Good. I'll look forward
24 to it.

25 MR. WUELLNER: Okay. Absent any specific

1 guidance, tax roll status, as was mentioned
2 already earlier, we're about 6.27 percent ahead of
3 last year's, or of our -- I should say our budget
4 forecast for revenues at this point this year.
5 So, it looks like things are in a positive mode
6 relative to overall operating income. So we'll
7 keep you abreast on that.

8 This is a community noise relations item.
9 This was suggested by members of the board as well
10 as members or just -- just the public at large,
11 and discussion here about -- it's primarily a
12 noise-related onus at this point.

13 And one of the things we're doing internally
14 is just developing the -- the database to allow us
15 to be able to sort and develop the reports off of
16 that. And Mr. George and others have been
17 involved with meeting with the group that's formed
18 in the community relative to aircraft noise
19 issues.

20 And I think at this point, the effort's
21 focused on identifying common problems and common
22 solutions and directions and things we can do and
23 can't do and -- and going there. But all in all,
24 it's -- it's obviously a direction we want to go
25 that includes significant public involvement and

1 input and trying to mitigate the issues related to
2 noise as they surround the airport.

3 And I -- I've been watching that committee
4 with a keen eye in terms of the product that's
5 coming out of it and the like, and I'm encouraged
6 by the general open-mindedness of what I believe
7 are the participants in the committee, at least in
8 allowing for an understanding of what can and
9 cannot be controlled directly by the airport.

10 And certainly we have an ability to
11 facilitate some solutions, working with FAA and
12 tower and the like. I don't know that there's
13 ever an ultimate a hundred percent solution, but
14 at least in the spirit of cooperation, I'm very
15 pleased with the direction it's all going.

16 MS. BARRERA: I think also with the addition
17 of the radar on the web site, that that's very
18 helpful. And I know that you've been proactive
19 over the last year and a half, especially at

20 trying to come up with the tools that will help
21 with this going forward. So, I'm very encouraged
22 about this.

23 MR. GEORGE: Madam Chair?

24 CHAIRMAN GREEN: Yes, sir, Mr. George?

25 MR. GEORGE: I was heavily involved in the

1 last meeting, and with Dr. Beau George, trying to
2 come up with a common thrust that airport and
3 neighbors can work together to get something.

4 One of the main things that we came up with
5 is Ed and Bryan had determined -- given us some
6 information on where we could get noise-recording
7 devices. And the idea there is to generate the
8 data, that someone will look at it when we go
9 forward.

10 (Mr. Burnett leaves the room.)

11 MR. GEORGE: Because, as we've stated,
12 traffic patterns and this sometimes are not 100
13 percent our decision to make at this board level
14 or at Ed's level. It takes the next level up.
15 While having data to back that up gives us the
16 ability to go forward and if they don't like the
17 data we have, then they can come back in and put
18 monitored people on it so -- to generate it.

19 But the second thing which I was pleased

20 about was the group decided that they'd like to
21 document some of the ideas that had been generated
22 in the past, you know, departure of routes, you
23 know, and the like and put that in the form of a
24 letter requesting what could be done.
25 And at one of the next meetings, we'll have

1 Ed or Bryan come and we'll just talk about the --
2 the procedures of how we go about getting that
3 done and who gets involved in it and everything.

4 I think one of the most interesting questions
5 that was asked there was asked by Dr. George's
6 wife, Rita. She said, "Would you mind explaining
7 to me the hierarchy, you know, of who is
8 responsible and who does who report to?" Clearly
9 someone that needs -- that wants to get something
10 done, if you can't get it at this level, you go to
11 the next level and everything.

12 Anyway, we went through FAA and where the
13 money comes from and how it's given to the State
14 and the State to do this -- to receive this money
15 has to maintain their regulations that the FAA
16 have and the like.

17 I think it was a good start. I think that's
18 what precipitated let's put down in black and
19 white the other things that we have suggested over

20 time and let's get something documented and get

21 started. And I think we're on a good track.

22 MR. GORMAN: Mr. Wuellner, who actually does

23 decibel levels? In other words, when we see these

24 decibel level overlays for flight, who's

25 actually -- in other words, I mean, of course

1 that's being measured on an ongoing basis, it's a
2 de rigueur part of everyday aircraft life. Who
3 would you hire, or who does that? It's an FAA
4 function, isn't it?

5 MR. WUELLNER: No, actually it's not.

6 MR. GORMAN: Okay.

7 MR. WUELLNER: It's -- it's -- there are two
8 places data comes from. One's what would be
9 called theoretical data, wherein they input
10 aircraft activity from some given period of time
11 and the FAA developed a model called the NIMS
12 model. And you can literally put the data into it
13 and it -- it generates a noise contour, for lack
14 of better terms.

15 MR. GORMAN: So, in other words, the data
16 comes from engineering firms, but it's interpreted
17 by the FAA.

18 MR. WUELLNER: It's actually the FAA's
19 software. It's not -- it's not proprietary to

20 consultants, it's proprietary to FAA. And they
21 allow that software to be used to generate noise
22 contours that are generally accepted by planning
23 divisions such as FAA.

24 MR. GORMAN: And normally when you're
25 planning for an airport like this, they use a

1 benchmark decibel levels that have existed with
2 other airports with similar characteristics and --

3 MR. WUELLNER: Yeah, sort of. What they --
4 what they do is look at the total aircraft traffic
5 by type into the airport and it's an elaborate
6 database that they plug the -- the data in from
7 your airport and it generates vis-a-vis that
8 computer program what the noise contours or the
9 theoretical noise imprint is of your operations.

10 And when they do it for a master plan,
11 they'll also add forecast-related data. So if
12 you're expecting different character of noise,
13 different types of aircraft, different
14 relationships of aircraft; i.e., more corporate
15 use than light GA or more light GA going the other
16 way or intro -- introducing air carrier or
17 whatever, that the model can reflect based on your
18 forecast information, too. So it doesn't have to
19 be historical entirely, but it does play into it.

20 (Mr. Burnett enters the room.)

21 MR. WUELLNER: The other way of doing it is
22 indeed placing monitoring equipment in one or more
23 places. That data can be gathered. It can be
24 interpreted. It can present a very real
25 individual snapshot of what that particular

1 location is experiencing.

2 As with any kind of data like that, it's only
3 as good as the input, meaning you've got to be
4 able to identify at every single noise event what
5 that noise -- what that noise was. Was it the --
6 an aircraft flyover? Was it a lawn mower in the
7 neighbor's yard? Was it a weed eater? Was it an
8 ambulance? Was it a whatever? Because the noise
9 equipment doesn't know what the source is; it only
10 knows the level.

11 MR. GORMAN: Aren't these -- aren't these
12 levels of noise and this footprint of noise,
13 aren't they -- this data then, can't that be
14 averaged against other airports to simply say, you
15 know, we're certainly -- I mean, or what?

16 MR. WUELLNER: Only in the -- only in the
17 context of creating noise contours would there be
18 any way to compare.

19 MR. GORMAN: I see.

20 MR. WUELLNER: Because it's individualized

21 for the airport --

22 MS. BARRERA: Based on how much --

23 MR. WUELLNER: -- based on all of the

24 parameters that are input. Which includes runway

25 length, data, distance to population, types of --

1 again, fleet mix and number of operations within
2 the fleet mix. It's a -- it's a very strong
3 database once you get the -- get the input data
4 for it. The program works very very well and it's
5 deemed to be very very accurate. Doing it --

6 MR. BRUNSON: Which includes when Grumman
7 fires up, when the jet ski comes by. When -- you
8 know, you'd have to identify that it is an
9 aircraft.

10 MR. WUELLNER: Yeah. It's -- and the other
11 issues that become important is identifying your
12 ambient noise level for that particular area or
13 neighborhood or whatever it is. And that requires
14 monitoring really without aviation activity.

15 You want to have some idea what is the normal
16 noise level before you start adding significant
17 numbers of single-event data, aircraft flyovers,
18 motorcycles, things like that. So, it takes a
19 lot -- obviously the more data input, the more

20 accurate the -- the report, so to speak, is.

21 MR. GORMAN: Well, thank you for that

22 clarification.

23 MR. WUELLNER: I did it for several years.

24 It's very --

25 MS. BARRERA: It's an SBS --

1 MR. WUELLNER: -- not tedious, it's just very
2 focussed kind of work when you're in the field
3 even. You've just really got to identify -- as
4 you're seeing the peak or the event happening, you
5 know, you're interested in how long the event
6 lasts. Where does it -- where does it peak?

7 In your -- in an airport case, you're very
8 interested whether it was indeed an airplane that
9 created the overfly or created the noise event.

10 And all of those noise events then get averaged
11 into what's called an LDN level, a day/night
12 average. And in fact that has a penalty for noise
13 that occurs in the overnight hours.

14 So, it takes into consideration that people
15 are more sensitive to the noise after hours, at
16 nighttime. So it penalizes the noise equation so
17 that you get a much more accurate realistic view
18 of how the noise is actually impacting.

19 But keep in mind, you -- from an FAA

20 perspective, it's a huge threshold to get over to
21 where you have a noise problem for purposes of FAA
22 involvement. It's not as -- it's not a low
23 number.
24 I -- I would suggest that most neighborhoods
25 are in the 40's in terms of ambient noise level

1 and that in rare cases, unless you're along the
2 railroad track or directly under an airport or
3 something like that, you're not going to meet the
4 thresholds that get up in the 65 and above LDNs
5 where FAA will get involved in mitigation or any
6 other method.

7 So, it's -- and this is a hard site to -- you
8 know, the data just doesn't suggest those contours
9 leave the airport by much. So, it's -- it's going
10 to be a steep -- steep curve to get over. It's
11 not to say you aren't impacted by noise, but it
12 doesn't reach the threshold to federal
13 involvement.

14 MS. BARRERA: But we've been proactively
15 working towards trying to mitigate noise here on
16 the local level on the airport.

17 MR. WUELLNER: I agree. And I -- but I think
18 our biggest area of assistance in this is not
19 going to be in -- in a regulatory environment,

20 because it's just not -- it's just not going to

21 happen with FAA on a regulatory.

22 But what we can do is work with essentially

23 the air traffic control entities; Jacksonville

24 approach, our local tower, and modify the arrival

25 and departure corridors that they routinely use --

1 that doesn't mean they won't occasionally use
2 something else -- but that are routinely used so
3 that the impact areas are focused in certain areas
4 instead of perhaps being more vanilla applied now.

5 CHAIRMAN GREEN: And that was discussed at
6 the EDC, too. Ed was good with bringing up all
7 the information about what we can do.

8 MR. WUELLNER: And honestly, forming groups
9 of concern with noise like is going on now are
10 positive in getting FAA's attention to how they
11 can work with airspace, because absent those kind
12 of complaints and those kind of problems, they're
13 not interested in -- it's just not a problem. If
14 it's not communicated to them, it's not a problem.
15 So it's a -- it's a good way to add some
16 horsepower, if you will, to their airspace
17 decisions on how they use overflight of
18 neighborhoods.

19 A lot of times, they're looking at a -- at a

20 computer screen, you know, from an individual
21 controller standpoint, specific approach
22 controllers, and that's absent ground features for
23 the most part. They don't really understand where
24 they're overflying. And if it's -- if you can get
25 them that information, they can adjust their

1 routes and arrivals and departures, SIDs, STARs,
2 those kinds of things, and you can avoid
3 overflights as normal operating procedures and
4 really mitigate a lot of the issues.

5 CHAIRMAN GREEN: Okay.

6 MR. BRUNSON: Madam Chairman, the only --
7 just frankly, and I know Buzz is involved in this
8 very much so and has heard from a lot of people,
9 but the calls I get, 90 percent of them are the
10 low-flying military helicopters. That's the calls
11 I get. End of story.

12 MS. BARRERA: We sometimes get some calls and
13 complaints out where I live, but they tend to be
14 coming from another airport, not ours.

15 MR. BRUNSON: Yeah. That's military, yes.

16 MS. BARRERA: And just because -- no.
17 Actually they're from Craig Field instead of
18 St. Augustine and people don't realize that --
19 that planes, just because they're -- they're doing

20 maneuvers or they're flying aren't necessarily

21 from our airport, and I know that we get that

22 sometimes.

23 MR. WUELLNER: Okay. And I believe one of

24 our last items here is the marketing and public

25 relations.

1 Just point out, you did receive an award from
2 the School Board at their career academy event a
3 few weeks ago. You received the Superintendent's
4 Award for your strong community partnership and
5 business partnership in the Aerospace Academy. So
6 they were very thankful for that appreciation.
7 And that award, which looks something like an
8 Academy Award --

9 MR. BRUNSON: Oh, that's what I was --

10 MR. WUELLNER: Doug's -- Doug's bringing it
11 in for you.

12 MR. BURNETT: I know you were looking for it,
13 Mr. Brunson. There you go.

14 MR. BRUNSON: Wow.

15 MR. WUELLNER: As mentioned already, we did a
16 presentation for the EDC roundtable and also
17 Leadership St. Johns. And reminder to those of
18 you interested in helping out or just being there,
19 the Aerospace Academy, we will host a little

20 barbeque event on property the 31st, morning of

21 the 31st. That's a Saturday.

22 CHAIRMAN GREEN: Morning? Do you know what

23 time?

24 MR. WUELLNER: Morning, yeah. It's I want to

25 say 10:00 to 1:00 kind of a thing. Wherein they

1 will give away their awards to interns and program
2 participants. And it's a good chance for some of
3 their families who have never stepped foot on the
4 airport, especially this airport, to have a chance
5 to interact with what these kids are looking at as
6 career paths moving. So we're looking forward to
7 that. That should be fun.

8 CHAIRMAN GREEN: Can I bring up one thing on
9 the PR committee? Because I know Kelly's here and
10 whoever else is on it.

11 Ed and I met with a commissioner who had a
12 thought, which we were going to bring to the PR
13 committee's attention, that we have someone from
14 our PR committee meet with the director,
15 administrator -- County Administrator over there
16 prior to a County Commission meeting and do a
17 15-minute, this is what we're doing, this is where
18 we are and put us on the agenda for five minute or
19 ten minute to the commissioners. Maybe once every

20 couple of months or whatever. But just to -- for
21 PR purposes, to keep them informed as to what
22 we're doing.

23 So, I thought that was a -- I mean, it's not
24 too much time out of our agenda, and they said if
25 you presented it to the County Administrator

1 first, that would be on their agenda, the
2 commissioners could see it in little bit in
3 advance. Any questions that they would have, they
4 could run through the County Administrator, if
5 they had any. If not, they know it's up there
6 and -- so we can keep them informed. And we get
7 some face time for the nine people that watch the
8 Government Channel in St. Johns County.

9 COMMISSIONER SANCHEZ: It's a lot more than
10 nine.

11 CHAIRMAN GREEN: I understand. Anyway, that
12 was just something then -- since our sunshine
13 laws, I just wanted to bring it out now so that --

14 MR. BRUNSON: Madam Chairman, talking about
15 elected official, I'd like to recognize an elected
16 official that just joined us from the Port and
17 Waterway, Jerry Dixon.

18 MR. GEORGE: And also the intergovernmental.

19 MR. BRUNSON: And some other things we can't

20 talk about.

21 MR. DIXON: Good point you brought my name

22 up. Some guy parked a pickup truck out there.

23 It's got his name on it, it's black and it's not

24 parked in a parking lot.

25 MR. BRUNSON: I told my chauffeur not to do

1 that.

2 MR. DIXON: Not even in a handicapped where
3 it belongs.

4 MR. BRUNSON: I'm sorry I brought his name
5 up.

6 MR. GORMAN: You are now.

7 CHAIRMAN GREEN: It says towing zone, right?

8 MR. GEORGE: Madam Chairman, as far as us
9 speaking at the County Commissioners, I think
10 that's good from a dissemination of information --

11 CHAIRMAN GREEN: That was the whole point.

12 MR. GEORGE: -- but I hasten to point out I
13 don't want to give any implication to anybody in
14 the county that we report to the County, and
15 therefore we're there as just one of their
16 agencies reporting to them.

17 MR. BRUNSON: Here here.

18 CHAIRMAN GREEN: And that's one of the
19 comments I had to the commissioners, saying this

20 is information, informative.

21 MR. GEORGE: Yeah.

22 CHAIRMAN GREEN: This is -- you've got to

23 give and take both ways. And that was made very

24 clear. We can try it. If it turns out to be too

25 much not informative --

1 MR. GEORGE: Yeah.

2 MS. BARRERA: One of my suggestions would be,
3 as Ron's our liaison, kind of going with that same
4 thought, having maybe --

5 MR. GEORGE: I kind of like that, yeah.

6 MS. BARRERA: -- as an airport liaison to the
7 County Commissioners.

8 COMMISSIONER SANCHEZ: Why don't I invite you
9 about every third month to make a presentation?

10 MS. BARRERA: Wayne?

11 COMMISSIONER SANCHEZ: Informational
12 presentation.

13 CHAIRMAN GREEN: Informational, right.

14 MR. GEORGE: I like that idea.

15 MR. BRUNSON: Very good.

16 CHAIRMAN GREEN: I just think it's good if we
17 just, hey, we're still here and we're doing well
18 and see --

19 MS. BARRERA: Obviously the more information

20 that we can get out, the better. And that stops

21 the misinformation.

22 CHAIRMAN GREEN: Right. Okay. Anything else

23 on PR?

24 MR. WUELLNER: No, ma'am. And nothing on

25 leasing activities, either.

1 CHAIRMAN GREEN: Okay. Then we go to our --

2 MR. GEORGE: One other thing on the PR

3 committee. There's a -- there's a lot of people

4 that are putting in a lot of time to help this

5 airport out, and I think that they need to be

6 recognized for what they do and told how much we

7 appreciate, especially Sacha and Alice and all the

8 rest of the guys, too.

9 MR. WUELLNER: Vic and Len and Reba.

10 CHAIRMAN GREEN: Yeah, I was going to say,

11 there's a whole --

12 MS. BARRERA: Thank you all.

13 CHAIRMAN GREEN: We do appreciate it, believe

14 me. Very much.

15 T-HANGAR RATE DISCUSSION

16 MR. WUELLNER: Well, as I broached this

17 lovely topic last month, T-hangar rate discussion

18 will be your first agenda item.

19 CHAIRMAN GREEN: Uh-huh.

20 MR. WUELLNER: This is -- as I said at that
21 last meeting, I'm not really suggesting a specific
22 direction, but you have this issue in front of you
23 going into June and July, in that you have new
24 hangar units going on -- going on line, and we
25 need to just at least have a discussion on how we

1 integrate those hangars into the existing rental
2 structure on the property. We do need to get a
3 decision, either today or June or early when --
4 you know, at least by the first times we start
5 renting -- renting these things.

6 We do -- you know, since the beginning of
7 this project, have been able to generate a ROI.
8 We know what the minimum revenue expectation is
9 relative to the project, and we've shared that on
10 a number of occasions. And basically it's a \$325
11 a month rental rate for a normal T-hangar in the
12 new area. And that escalates to about \$375 a
13 month for those units that have end units or the
14 extra space attached to them.

15 So you have an idea where the baseline is.
16 That's in place. That's been in place in terms of
17 order of magnitude. What we're now trying to
18 figure out is how to integrate that.

19 Since your last meeting, or at the last

20 meeting, I presented a number of charts that tried
21 to explain where things were going. And basically
22 what I did in the first iteration was try to
23 average in a sense based on the square footage and
24 the number of units and come up with an aggregate
25 rental rate per square foot and then apply that

1 across the board to all the units based on the
2 square footage, which you can see in this column,
3 the one marked new monthly rent, you get an idea
4 what the change would be from the current monthly
5 rent structure using that method. These -- you
6 know, it goes from all over.

7 You can see that the pain, if you want to
8 call it that, the pain on the high end is shared
9 by some of the lower-end product and vice versa.
10 And so the deviations that -- anyway, the rate
11 ends up being a function of square footage at that
12 point, not in terms of any other meaningful
13 variable that might go into a rental equation.

14 The -- the second method that we put up last
15 time had to do with taking the new -- and this is
16 probably the least palatable among our existing
17 T-hangar tenants anyway -- was to take the rental
18 rate as it would be established in the new
19 hangars, which nets out to be about \$3.66 a square

20 foot for new units, and then apply that backwards
21 as the prevailing rental rate for all the old
22 hangars.

23 When you do that, you see significant
24 increases in rent, you know, that would be
25 required on many of our products. And some are,

1 you know, significant improvements -- I say
2 improvements -- increases in the rental rates that
3 would be hard to -- hard to implement, if you
4 will, in a one-year period at least. Some units
5 going from \$260 a month to \$413, if you were to
6 apply that rate across the board. \$185 up to
7 \$258. \$210 up to \$360.

8 So you get an idea of the dramatic change in
9 the existing T-hangar rental rates. And, you
10 know, we recognize that's -- that would be hard to
11 swallow by, but it gives you an idea of what --
12 what the implications were.

13 Probably the biggest implication is in the
14 total annual income that would be received. By
15 doing that method, you see a net increase to the
16 Authority of about \$115- -- \$110,000. And, yes,
17 that's significant, but you'd be looking at a 20
18 percent average rental increase when you -- when
19 you do the math out on that. And that's -- that's

20 pretty high as a single-year bump, anyway.

21 Since the last meeting, I attempted to do one

22 more iteration, because it had some -- some

23 thoughts that proved to be a little harder to

24 implement when you put it on the table. And this

25 is kind of the -- you've got to follow the

1 thinking through.

2 But if we implemented at -- the rental rate
3 policy at the \$3.66, which is the new product
4 rental rate per square foot as it -- as it works
5 out, and essentially argue that that is the rental
6 rate for T-hangar facilities on the property, but
7 the next step would be then to apply a series of
8 discounts, for lack of better terms, to especially
9 older or poorer quality product that's on the
10 airport. And there's no secret we have a variety
11 of product out there ranging from barely standing
12 to brand new. And it required us to look at a
13 couple of variables. Two -- one of which was age.
14 Applying basically a zero discount for new product
15 and product that exceeds 20 years old, equating to
16 about a 25 percent discount in that rental rate --
17 or in the total rental, I should say.

18 The other discount's related to condition of
19 the product. Obviously we have a number of

20 products out there that are in good -- good
21 condition or excellent condition, and we also have
22 a few out there, namely our port-a-port type
23 product, that, being 25 years old -- older than 25
24 years in these cases --

25 CHAIRMAN GREEN: Forty.

1 MR. WUELLNER: -- that the condition is, you
2 know, arguably poor in many of those cases. And
3 when you apply those discounts and -- to that
4 \$3.66 rate, you can see that you end up taking it
5 from back down to something closer on what the
6 existing rental rates are.

7 The good part of this system is that
8 consistently, the rental rate is the \$3.66. So
9 when we move forward and apply perhaps a variable
10 like CPI, it affects everybody exactly the same
11 way relative to their square footage. It does not
12 affect the total discounts. And as product gets
13 older and/or the condition deteriorates over time,
14 more discounts apply.

15 The only direct variable you could control
16 is -- long term is over condition of the product.
17 Just because it's getting older doesn't mean
18 necessarily the condition of the product has to
19 deteriorate as rapidly.

20 So, it's -- the onus would be back on the
21 Airport Authority, Airport Authority staff to
22 maintain the product in as servable a condition as
23 possible in order to maintain the highest
24 condition rating that that product could support.
25 And at the end of the day, you see adjustments.

1 The oldest of our products, perhaps even
2 coming down in rent slightly because of the shape
3 they're in -- and, you know, it just takes one
4 tour out there to understand the shape that some
5 of those old port-a-ports are in -- and discounts
6 that bring the rates back into what would be a
7 more palatable overall rate increase over time,
8 such as the standard Ts would go from \$210 to
9 \$234, so about a \$20 a month increase in that
10 particular product. \$29 increase in -- in what
11 would be hangar row A, which are small twin-engine
12 aircraft hangar size. You'd see about a \$28, I
13 believe it is, increase per month in units such as
14 K, L and M using this model. Overall when you
15 apply the discounts, you end up with about a
16 \$30,000 round number overall rent increase across
17 all the units.

18 It does not discount units such as the new
19 ones. They have no discounts applied. So the

20 original ROI numbers of \$325 a month and \$375 a
21 month would apply across the -- all the new
22 product that's out there.

23 It was about a \$30,000 increase -- I think
24 it's \$28,000, to be honest with you -- of all the
25 old product net income, and then you have of

1 course the income that was to be derived off the
2 new product. I'm just throwing that out as
3 another method to throw out or talk about.

4 CHAIRMAN GREEN: Ed you put in the different
5 airports --

6 MR. WUELLNER: Yeah.

7 CHAIRMAN GREEN: -- Herlong, Daytona and all
8 that.

9 MR. WUELLNER: Do you want --

10 CHAIRMAN GREEN: No. Just for my
11 edification, what does that average per square
12 foot?

13 MR. WUELLNER: The average on the standard
14 Ts, I think we did that earlier today, was about
15 \$2.50 a square foot. The bigger units, the 1300
16 square foot size ended up about \$3.56 a square
17 foot --

18 CHAIRMAN GREEN: Okay. I just --

19 MR. WUELLNER: -- is what the average rate of

20 all those is.

21 CHAIRMAN GREEN: I just wondered where the

22 \$3.66 came in.

23 MR. WUELLNER: \$3.66 is simply a derived

24 number from the ROI expectation of those products.

25 CHAIRMAN GREEN: No. I meant where that came

1 in as to compared to the other.

2 MR. WUELLNER: Oh, I see.

3 CHAIRMAN GREEN: Yeah, yeah. Thanks. I'm
4 sorry, Jack. You had a question.

5 MR. GORMAN: No, just an opinion because
6 we've got to come some conclusion on this.

7 CHAIRMAN GREEN: Yeah.

8 MR. GORMAN: His analysis, Mr. Wuellner's
9 analysis of it is very thorough. And in talking
10 with him, I often -- it's my own opinion, okay?
11 We're all here for our opinions -- is that his
12 discount theory is probably the best.

13 However, being a bit greedy, to use the
14 discount thing but not discount the least
15 expensive hangars only because we have a waiting
16 list of 140 people. In other words, to apply --
17 my own opinion is his discount methodology is the
18 best, but not to lower the rents.

19 CHAIRMAN GREEN: Ed, are you done with --

20 MR. GORMAN: Simple as that.

21 MR. WUELLNER: Yeah. And you made -- you

22 made the point that actually even within the --

23 the port-a-ports -- when you and I were talking,

24 that even within the port-a-ports, we really have

25 two levels of quality product there.

1 Some, you know, in my opinion probably should
2 be in the rate that would be discounted. Some of
3 them are in better quality and maybe shouldn't be
4 discounted quite as heavily. F row, as an
5 example, and J row, I think.

6 MR. GORMAN: F is not bad as some that are --

7 MR. WUELLNER: Certainly the better of the
8 port-a-ports and maybe don't get knocked in
9 condition as badly --

10 MR. GORMAN: My opinion is we are trying to
11 make money and we have 140 people on the waiting
12 list, so we -- we don't really need to lower them.

13 MR. WUELLNER: I was just going to say
14 overall --

15 MR. GORMAN: I don't mean to be rude but --

16 MR. WUELLNER: -- this still is a rent
17 increase --

18 MR. GORMAN: Right. Exactly.

19 MR. WUELLNER: -- for the -- for the vast

20 majority of people.

21 CHAIRMAN GREEN: I have a lot for public

22 comment. Can I open it up to public comment now?

23 MR. WUELLNER: Sure.

24 CHAIRMAN GREEN: All right. Len Tucker?

25 MR. TUCKER: Len Tucker, 223 South Matanzas

1 Boulevard, St. Augustine, 32080.

2 My only comment was similar to what I had
3 made before, and that is that the one concept,
4 which hopefully y'all have thrown out, is that one
5 where we were just going to up everything kind of
6 level and make it all the same.

7 And my concern of course -- and I don't -- I
8 don't quite agree with the concept that we
9 shouldn't lower those T-hangars, those port-a-port
10 rents, because I was in a port-a-port for a long
11 time, and there's no comparison between a
12 port-a-port and anything else out there. And the
13 sooner we can get those off the field, I think the
14 better off we're going to be, because those are
15 just a real disaster waiting to happen.

16 The other hangars, you know, I would really
17 struggle with trying to do something on this
18 discounting method, only because it's a little bit
19 subjective as far as excellent, good, fair, and

20 poor condition.

21 I've been out there looking at some of those

22 hangars that have doors that are just almost

23 impossible to open, or that the wind and the sand

24 and the dirt and everything else blows through it

25 so freely that, you know, it depends on whether

1 you're facing east and you have a northeast breeze
2 blowing and whether you're facing west, you know,
3 and having to deal with the hot sun in the
4 afternoon.

5 So there's a lot of factors there that are
6 very subjective, and it's hard to -- hard to
7 really put a finger on it and come up with a
8 number that way. Even though it seems like a good
9 concept, I think you've still got too much room
10 there, too much subjective measure.

11 So, I think I was leaning more towards, you
12 know, doing something with the analysis on -- I
13 think the first method -- I believe it was the
14 first method that you had there, the one that we
15 had talked about first, that was a little better
16 than this last one. Thank you.

17 CHAIRMAN GREEN: Thanks, Len. Victor?

18 MR. MARTINELLI: Victor Martinelli, 24
19 Carriage Lane, Ponte Vedra Beach.

20 I want to understand the market study. The
21 market study came in with an average of \$3 and
22 what per square foot for --

23 MR. BURNETT: I did it on my calculator. It
24 was \$3.43.

25 MR. WUELLNER: Was the 1300 size?

1 MR. BURNETT: Yeah. If you go at the average
2 of 379, 1300 --

3 MR. MARTINELLI: My question is, if you're
4 market driven for establishing your rents and if
5 the market is \$3.43, then why go to \$3.66 or
6 whatever the figure is.

7 I can understand the newer hangars and the
8 advantages of having your airplane in the park
9 under nice trees and so on or whatever other
10 attractions you may have. But still, if you're
11 going the stick with a policy of being competitive
12 within your market, then it seems to me that that
13 number, the market number is really the base you
14 should be working with. And if it doesn't return
15 you the total of dollar amount that you're
16 establishing, then so be it. But that's the
17 market, and the market varies. It changes.

18 CHAIRMAN GREEN: Thanks, Victor. Michael?

19 MR. SLINGLUFF: I think you have to develop a

20 schedule and a calendar of when you could get the
21 hangars up to -- classify the T-hangars with
22 mechanical doors, whether they be HydroSwing doors
23 or electric doors, and that they all become a set
24 rate, say in five years or whatever.
25 Because, if -- if -- if we're going to build

1 more hangars in another two years, we've got
2 another 20 hangars coming on line, are you going
3 to revisit this and now we're going to have 10
4 different schedules for 10 different groups of
5 hangars?

6 Yes, we have old hangars that have mechanical
7 doors. Give a good discount for those hangars,
8 keeping in mind that they will be replaced -- they
9 have aged out and they'll be replaced and they'll
10 be replaced at a higher rate. And then in five
11 years, you may have just T-hangars out there at a
12 fixed rate, which then can be escalated at -- at a
13 CPI pass-through. Thank you.

14 CHAIRMAN GREEN: Reba?

15 MS. LUDLOW: No comment.

16 CHAIRMAN GREEN: Joe?

17 MR. JONES: Joe Jones, 4672 Fifth Avenue.

18 You -- you did your one study and it was 10
19 percent return and then y'all -- y'all decided it

20 was going to be a 7 percent return on your

21 investment.

22 What is your investment? I mean, where are

23 you coming up with these rents? I mean, you spent

24 so much money and you have some kind of plan to

25 get a certain amount of money back for your return

1 on your investment?

2 MR. WUELLNER: That's the \$3.66 rate.

3 MR. JONES: No. I mean, how short is that --

4 did it cost you to build these hangars? I mean,

5 you're --

6 MR. WUELLNER: No, no, no. The rate -- the

7 rate's fine. The rate does --

8 MS. BARRERA: He's confusing new rates with

9 old rates for old investments at the 7 percent.

10 MR. JONES: Well, I'm just trying to think --

11 I mean, if it costs you \$4 million to build these

12 42 hangars and at the \$3.44 it only comes up to

13 \$3,600,000, it seems you're short; you don't have

14 no return. And that's why I'm just curious how

15 did you come up with your 7 percent return on your

16 investment.

17 MR. WUELLNER: I was going to say you've

18 got -- you've got other units in that equation.

19 MS. BARRERA: Right.

20 MR. WUELLNER: The infrastructure

21 investment's not just for those --

22 MR. JONES: Well, I mean, I'm not talking

23 about the apron area --

24 MR. WUELLNER: I'm not either.

25 MR. JONES: -- or the taxiways. Just where

1 you build the 4 -- the new hangars you built were

2 how much? Two and a half million.

3 MR. WUELLNER: No, 2 -- 2.1.

4 MR. JONES: And then how much was the

5 infrastructure going up to them?

6 MR. WUELLNER: One point three, I want to

7 say.

8 MR. JONES: Okay. So you've got 3 and a half

9 million dollars. So you're going to be breaking

10 about even with what you're doing now. I was just

11 curious.

12 MR. WUELLNER: Well, I guess my argument is

13 which way you want it. You said you didn't want

14 the taxiways in there and then you said you do

15 want it in there, so...

16 MR. JONES: No, I didn't. I just asked you

17 how much you spent so far on what you built. I'm

18 just asking what you built so far.

19 MR. WUELLNER: The figure's like 3.9, I

20 think, in total for the infrastructure

21 improvements as well as the T-hangars.

22 MR. JONES: All right. 3.9. So that's close

23 to 4 million. That's what I said. Okay. And

24 then I'm saying if you've got 42 T-hangars at

25 360 --

1 MR. WUELLNER: But you -- you're not hearing
2 what I'm saying. The 42 T-hangars are only a part
3 of the revenue equation --

4 MS. BARRERA: Right.

5 MR. WUELLNER: -- for that same
6 infrastructure development. So you can't just
7 recover cost based on part of the infrastructure.

8 MR. JONES: Okay. So when you put your
9 new -- more hangars in there, you're not going to
10 have to add no more --

11 MR. WUELLNER: Very small amounts.
12 Service-type T-hangars. Not the core
13 infrastructure again. The core infrastructure
14 will serve a lot -- a lot of additional units than
15 what's there today.

16 MR. JONES: Okay. Well, I was just curious,
17 because I know you're still discussing, you know,
18 about your --

19 MR. WUELLNER: Yeah. That's a good question.

20 MR. JONES: -- general aviation and you know
21 how much -- you're not even sure how much more
22 you're going to add. So, that's what it sounded
23 like.

24 MR. WUELLNER: Yeah.

25 MR. JONES: So it just seemed like you knew

1 how much you spent and how much you've got to
2 make.

3 CHAIRMAN GREEN: Uh-huh. Jim Werter?

4 MR. WERTER: I think there's a little
5 confusion on the last comment, and -- it's Jim
6 Werter, Ponte Vedra Beach. Do I need to spell
7 that for the court reporter?

8 Okay. And I think what he was trying to
9 drive at is how fast will it take to recoup the
10 initial investment, not the total return. You
11 know, it's apples and oranges. How fast are we
12 recouping the initial -- how much was it to build
13 the new hangars?

14 MR. WUELLNER: Our investments are typically
15 recuperated about seven to eight years in total.

16 MR. WERTER: And of course -- and of course
17 after that, there's maintenance and improvement
18 fees that will come up with new projects, like
19 replacing the port-a -- port-a units and things of

20 that nature.

21 MR. WUELLNER: But those are not in that.

22 MR. WERTER: No, they're not in it now, but

23 in the future. So, taking it from the sterile

24 point of view, once we recoup the initial

25 investment of building the new hangars, the rest

1 is more or less profit --

2 MR. WUELLNER: In a sense.

3 MR. WERTER: -- net profit. Okay. So it's
4 not a matter of making money right off the bat.

5 MR. WUELLNER: Correct.

6 CHAIRMAN GREEN: Okay. I have no more public
7 discussion. Any further board discussion?

8 MR. BRUNSON: Ed, on the \$3.66 and then
9 discounting by age or condition, the annual
10 revenue was \$282,000 --

11 CHAIRMAN GREEN: Uh-huh.

12 MR. BRUNSON: -- is that right?

13 CHAIRMAN GREEN: Yeah.

14 MR. BRUNSON: I can't read this.

15 MR. BURNETT: But that -- as I -- as I read
16 Ed's chart, that did not include the new T-hangars
17 for the -- on either type.

18 MR. WUELLNER: Yeah. The -- the increase in
19 total revenue's strictly a function of the

20 existing units. So, the \$28,000 or \$20 -- yeah,

21 \$28,000 --

22 MR. BRUNSON: But the blended rate does.

23 MR. WUELLNER: The blended rate does include

24 those, yes --

25 MR. BRUNSON: Okay.

1 MR. WUELLNER: -- the 290 --

2 MR. BRUNSON: And on the discounted rate,
3 these conditions and years, that was just recently
4 done and --

5 MR. WUELLNER: Well, we -- yeah. We do
6 annual hangar inspections as a part of our
7 requirement to service fire extinguishers and the
8 like. We do -- we send a maintenance guy along
9 with the fire guy to assess the quality or the
10 maintenance and requirements of the hangar.

11 CHAIRMAN GREEN: Comes up with our insurance,
12 too.

13 MR. WUELLNER: Yeah.

14 CHAIRMAN GREEN: We get quoted different
15 rates on what hangars are --

16 MR. WUELLNER: Yeah. The single variable you
17 can't control is the age of the building --

18 CHAIRMAN GREEN: Yeah.

19 MR. WUELLNER: -- you know, and that's part

20 of the reason we set that our condition adjustment
21 is only -- you know, is a much smaller number,
22 because it -- it is subjective -- as the point was
23 made earlier, it is subjective to some degree.

24 MR. BRUNSON: But when we approve these --
25 the infrastructure for the hangars and the

1 hangars, we wanted a 7 percent --

2 MR. WUELLNER: Yeah.

3 MR. BRUNSON: -- return on investment.

4 MR. WUELLNER: That's right.

5 MR. BRUNSON: And -- okay.

6 CHAIRMAN GREEN: Buzz?

7 MR. GEORGE: How do other airports do it, Ed?

8 I mean, is it multiple sizes of hangars and

9 construction and everything?

10 MR. WUELLNER: I'll be honest, I have not --

11 there are so many different ways of -- that

12 airports do it. You have T-hangars that are owned

13 by FBOs. Those that are owned by airports,

14 obviously a variety of sizes and types. I don't

15 know that there's any one prevailing method that

16 I've come across.

17 MR. GEORGE: Yeah.

18 MR. WUELLNER: You know, other -- another

19 method that was discussed at the last meeting was,

20 you know, leave the rental structure alone of the
21 existing T-hangars and apply something like a CPI
22 adjustment on an annual basis, bring the new
23 product on line at what you set it up for
24 originally and then it would be subject to CPI
25 from that point on. That -- that works too.

1 We're not trying to force, say change in
2 direction. It's just we just want to know
3 where -- it's an opportune time to take a look at
4 it.

5 MR. GEORGE: Yeah.

6 MR. WUELLNER: If it doesn't need changing,
7 then let's -- we'll just keep going.

8 CHAIRMAN GREEN: Jack? I'm sorry, Buzz.

9 MR. GEORGE: I'd like to keep it, you know,
10 as simple as possible.

11 MR. WUELLNER: As would we.

12 MR. GEORGE: I think that one of the
13 techniques within nonairport real estate is you
14 make your investment and you decide what your ROI
15 you want to be and you set the rate.

16 MR. WUELLNER: Uh-huh.

17 MR. GEORGE: And in that contract, you have a
18 CPI or some sort of annual escalator, just like we
19 do with our corporate guys here.

20 MR. WUELLNER: Uh-huh.

21 MR. GEORGE: But one of the things that's

22 different is that when a lease expires and you've

23 got one of those 140 people sitting on the waiting

24 list, then it goes back to market value --

25 CHAIRMAN GREEN: Right.

1 MR. GEORGE: -- and starts over. But if --
2 if everything kept in that along with a standard
3 adjustment that everybody's going to get, that
4 everybody understands that they're going to get,
5 that would seem to me to be very equitable.

6 MR. WUELLNER: I guess the -- the only
7 residual issue in that is, if you take that method
8 and somebody -- let's just say an existing hangar,
9 someone vacates for whatever reason, and we now
10 have a new tenant. Is that new tenant at the rate
11 that's prevailing for that particular building or
12 are they subject to the new square footage?

13 MR. GEORGE: If you have a corporate entity
14 that moves out and you have a new one that comes
15 in --

16 MR. WUELLNER: Corporate, it's absolutely
17 adjusted. I mean, it would be whatever market is.

18 MR. GEORGE: Right. So what's the difference
19 in doing a T-hangar --

20 MR. WUELLNER: I'm just making --

21 MR. GEORGE: That's my only concern.

22 MR. WUELLNER: -- sure I understand it.

23 MS. BARRERA: My -- my concern, and I want to

24 make sure we make this clear for anybody who

25 doesn't understand about airport leasing is, some

1 of these have already been fully paid for for
2 years, so there is already -- everything that we
3 get is pure profit.

4 When we're talking about that return on
5 investment, we're talking about the return on
6 investment until it is completely paid off, that 7
7 percent return. So, I think that distinction
8 needs to be made.

9 But with the market value and when we're
10 talking about the market value, on -- for
11 instance, like the port-a-ports that are over 40
12 years old, with that market value, you have to
13 take in some -- some kind of condition to that,
14 because some of those are in very poor shape. So
15 I think that --

16 MR. GEORGE: Agreed.

17 MS. BARRERA: -- at some point with the
18 market value, while I agree with you in theory, I
19 think that we are going to have to look at either

20 the age or the condition in some way.

21 MR. GORMAN: So, in other words, the

22 discounted rate --

23 MS. BARRERA: I think --

24 MR. GORMAN: -- theory.

25 MS. BARRERA: I think what -- I think what

1 Wayne is saying is a hundred percent applicable,
2 when you start a new lease, you need to look at
3 market value, but you have to take into
4 consideration the age and the condition.

5 MR. GEORGE: And I think that anybody, a
6 commercial lease for a building downtown, it would
7 be they'll take it over and, you know, do you want
8 to repaint it versus me? Fine. Here's the cost.

9 MS. BARRERA: Right. As with any market
10 transaction.

11 MR. GEORGE: Right. And I think that we have
12 an obligation and a responsibility, you know,
13 because we have a maintenance, you know, group on
14 board, that we need to do maintenance to keep
15 those buildings up to the highest level that they
16 can.

17 MS. BARRERA: Agreed.

18 MR. GEORGE: But I agree with you, in the
19 case of the port-a-ports, you know, it's --

20 they're just -- they've outlived everything. And
21 your comment back to the profit, that's one of the
22 reasons people invest in real estate, is because
23 once they get it paid off, then it's net profit.

24 MS. BARRERA: Certainly. But I don't want to
25 confuse the public with -- with the idea that

1 we're not still -- that we're still getting the 7
2 percent ROI; that they differentiate --

3 MR. GEORGE: Yeah.

4 MS. BARRERA: -- where -- where that comes
5 in, because I think that's a point of confusion.

6 MR. GEORGE: Well, it could be.

7 MR. WUELLNER: Yeah, I just -- I would point
8 out one other thing. Because the size of the
9 buildings vary to some degree, or the individual
10 units within the buildings vary to some degree,
11 you really create, by the way you're doing it, if
12 I understood you correctly, that when someone
13 vacated and we essentially take them up to market
14 rate, which would be the \$3.66 a square foot --

15 MR. GEORGE: Minus something for condition.

16 MR. WUELLNER: Well, if we're going to do
17 condition, then I don't -- I don't really have so
18 much of an issue on it. If we're not doing an
19 adjustment on that, then what you find is that

20 everybody leaves A, B or C row hangar out there,
21 suddenly the B and C rate, at re-lease time is
22 actually -- the rent per unit is higher than the
23 new units because they're more square footage.
24 It's not a lot, but it's enough to largely cost
25 you \$36 more a month for a 22-year-old product,

1 compared to a new product. And very different --
2 you know, obviously a rolling door and a --
3 they're very different character units at this
4 point.

5 MR. GEORGE: And that's subjective --

6 MR. WUELLNER: Agreed.

7 MR. GEORGE: -- as Len was saying before.

8 You know, discounting and conditioning is a
9 subjective thing.

10 CHAIRMAN GREEN: Jack?

11 MR. GORMAN: Can we come to the conclusion
12 that we've got two practical ways to do it, either
13 the blended or the discounted rate? Because I
14 think Mr. Wuellner actually needs some action to
15 actually put this to bed.

16 Really, it's a discussion you can -- you can
17 have for quite a while because there is so many
18 variables. But he's got to have some kind of a
19 decision to be able to implement this. So, can we

20 come to the conclusion that -- and correct me if
21 I'm wrong, Mr. Wuellner, that the blended or the
22 discounted rate are the two practical ones and the
23 other one runs us off the charts --

24 MR. WUELLNER: I think so. I don't -- I
25 think you -- you're looking at anarchy if you --

1 MR. GORMAN: Exactly. That's what I thought,
2 too.

3 MR. WUELLNER: -- apply \$3.66 across the
4 board to everybody.

5 CHAIRMAN GREEN: Every -- right.

6 MR. BRUNSON: I don't think we need two
7 decisions, Jack. I think we've got to make a
8 decision.

9 MR. GORMAN: Could we then -- could I make a
10 motion that -- that we use Mr. Wuellner's theory
11 of the blended -- of the discounted rate, but not
12 lower any -- any amounts of -- of -- lease amounts
13 as stated? I'd like to make that motion, if I
14 could. I don't know if that's premature.

15 CHAIRMAN GREEN: No, there's a motion on the
16 table. That's fine. Is there a second?

17 MR. GEORGE: I don't understand it.

18 MR. GORMAN: The blended rate?

19 CHAIRMAN GREEN: No, discount rate.

20 MR. WUELLNER: I think what he's saying is
21 the discounted plan as I presented it with the
22 exception --

23 MR. GORMAN: Yes.

24 MR. WUELLNER: -- that in the case of, for
25 instance, port-a-ports, where I'm actually showing

1 when you take the two adjustments, a rate
2 reduction, is that that reduction not occur, that
3 they be held at the existing rate which is --

4 MR. GORMAN: Exactly. Exactly.

5 CHAIRMAN GREEN: -- \$185.

6 MS. BARRERA: \$155.

7 MR. GORMAN: Let me rephrase it, then.

8 MR. GEORGE: Please.

9 MR. GORMAN: I -- I make a motion that we use
10 Mr. Wuellner's methodology of a discounted rate,
11 but with the caveat, the exception, that we do not
12 lower any existing lease amounts.

13 MR. BURNETT: And the only one that's really
14 going to affect is that --

15 MR. WUELLNER: Port-a-ports.

16 MR. BURNETT: -- port-a-ports.

17 MR. GORMAN: That's correct.

18 MR. BURNETT: Port-a-ports would stay \$185.

19 MR. BRUNSON: Which is 2 --

20 MS. BARRERA: There would also be the --
21 that's not true, the new T-hangar HydroSwing,
22 because it actually lowers by a dollar.

23 MR. WUELLNER: No. They're -- it -- it's a
24 math --

25 MS. BARRERA: A problem with the equation?

1 MR. WUELLNER: -- a rounding error. It's

2 \$3.25.

3 MS. BARRERA: Okay.

4 MR. WUELLNER: It should be \$3.25.

5 CHAIRMAN GREEN: I've got a motion on the

6 floor. Is there a second so we can have

7 discussion?

8 MR. BRUNSON: I'm going to second that --

9 CHAIRMAN GREEN: Now there's board

10 discussion.

11 MR. BRUNSON: -- so we can have discussion.

12 CHAIRMAN GREEN: Ed, as I see it, are you

13 doing a 1 percent per year, or is it when you get

14 to six, it's 5 percent?

15 MR. WUELLNER: We're open to either. The

16 way -- the way I developed this was just strictly

17 in some meaningful increments just to make the

18 discount --

19 CHAIRMAN GREEN: I agree with what Jack's

20 saying about the discounted rate and not going
21 lower than what we have, but I'm not sure I agree
22 with what percentage the discounts are each time.
23 And if you do it 1 percent each year, that evens
24 it out a little bit, because six to ten, we have
25 both at 5 percent.

1 MR. WUELLNER: And that's fine. That's
2 another really good way of doing it, is just take
3 the actual age.

4 CHAIRMAN GREEN: But I -- I think we need to
5 stay at the \$3.66. That's our figure. That's the
6 return we want on the new --

7 MR. BRUNSON: The return on investment.

8 CHAIRMAN GREEN: Right. And then we're
9 discounting as we would do for insurance purposes
10 the existing buildings or whatever, you know, the
11 shape --

12 MR. GEORGE: Put your chart back up there
13 that shows the discounts.

14 MR. BRUNSON: Discounted.

15 MR. GEORGE: Yeah.

16 MR. BURNETT: And if I could just offer one
17 suggestion. We may want to refer to this as the
18 plan that adjusts or makes adjustment for age and
19 condition --

20 MS. BARRERA: Agreed.

21 MR. BURNETT: -- rather than discounts.

22 Because it's not really a discount.

23 MS. BARRERA: Right.

24 MR. BURNETT: Go by property --

25 MR. GORMAN: It's an adjustment.

1 MR. BURNETT: -- appraiser-type condition.

2 MR. WUELLNER: Condition adjustment?

3 MR. BURNETT: Yeah.

4 CHAIRMAN GREEN: Okay. Further discussion?

5 MR. GEORGE: As a discussion point, why is it

6 you would not want to lower the -- the

7 port-a-ports?

8 MR. GORMAN: Because we're trying to make

9 money and we have 140 people on the waiting list.

10 MR. BRUNSON: And they're -- they're paying

11 it now.

12 MS. BARRERA: Right.

13 CHAIRMAN GREEN: And that's even lower than

14 the market out there completely.

15 MR. WUELLNER: I think we could certainly

16 suggest a little compromise, if you're open to it,

17 which would be to take basically F row and J row

18 and leave those at the rate they are, because

19 they're arguably in significantly better shape

20 than D and E row port-a-ports, the oldest

21 generation.

22 MR. GEORGE: Yeah.

23 MR. GORMAN: Make that differentiation

24 between the -- the moderately --

25 MR. WUELLNER: Reduce the -- the

1 oldest-oldest ones, and leave the others at the
2 instant rate.

3 CHAIRMAN GREEN: I still like -- Jack, I
4 still don't want to go below what we're charging.

5 MR. GORMAN: We could let Mr. Wuellner make
6 the differentiation between F row and the other
7 rows which are really bad. We could do that.

8 MR. WUELLNER: It's up to you.

9 MR. BRUNSON: We've got -- we've got one,
10 two, three, four monthly rentals under this rate
11 that would be -- be lowered.

12 MR. WUELLNER: Well --

13 MR. BRUNSON: Is that right?

14 MR. WUELLNER: No.

15 MR. BRUNSON: The monthly rate now --

16 CHAIRMAN GREEN: Port-a-port fee.

17 MR. WUELLNER: Comparing these two columns.

18 MR. BRUNSON: Oh, wait a minute. Okay.

19 MR. GORMAN: The only figure you're looking

20 at really is the -- is the port-a-ports with \$155,
21 and that would not go to that new rate. That
22 would stay at \$185. That's what we're talking --
23 that's what we're discussing.

24 MR. BRUNSON: Okay.

25 MR. GORMAN: Some of them.

1 MR. BRUNSON: What's -- what's the derived
2 monthly rent?

3 MR. WUELLNER: Derived gross monthly rent?

4 MR. BRUNSON: Derived.

5 MR. WUELLNER: That would be the -- what it
6 would be if you just applied \$3.66 to the square
7 footage and then divided it by 12.

8 MR. BRUNSON: Tokay. He currently monthly
9 rent is \$185. You're proposing under this, with
10 no adjustment, it would go down to \$155.

11 CHAIRMAN GREEN: That's with adjustments.

12 MR. WUELLNER: With adjustments --

13 MR. BRUNSON: With adjustments.

14 MR. WUELLNER: -- would go to \$155.

15 MR. BRUNSON: And then \$210 --

16 MR. WUELLNER: It's basically, all other
17 things being equal, perhaps it was a brand new
18 port-a-port, it would generate \$258 a month in
19 rent. But after discounts, it would -- the

20 discounts adjustments -- I'm trying to work myself

21 out of that name -- would reduce to \$155. And the

22 suggestion's been made in your motion that it

23 remain at \$185, not be reduced. It would not

24 increase, but it would not be reduced.

25 CHAIRMAN GREEN: Any further discussion?

1 MR. GEORGE: Yeah. You know you're dropping
2 the HydroSwing door new T-hangars, 14 of them.

3 MS. BARRERA: That's what I just mentioned.
4 He said that was a rounding-off error.

5 MR. GORMAN: It's only a dollar.

6 MS. BARRERA: It's actually the same.

7 MR. GORMAN: It's a dollar.

8 MR. WUELLNER: It's a rounding error. When
9 you apply \$3.66, it's a -- it's a fraction of
10 \$3.66.

11 CHAIRMAN GREEN: Basically stays the same.

12 MR. WUELLNER: It's \$325 and \$375.

13 MR. BRUNSON: Madam Chair, do we want to
14 amend the motion or call the motion?

15 CHAIRMAN GREEN: I -- there's a motion on the
16 floor and it's seconded, so as soon as discussion
17 is up, we have to have a vote on it.

18 MR. BRUNSON: Okay. Restate the motion,
19 then.

20 MR. GORMAN: The motion is that we adopt the
21 now renamed adjustment rate that used to be named
22 the discounted rate, but with the caveat that we
23 do not lower any existing lease rates. And that
24 would apply to the oldest port -- port-a-ports.

25 CHAIRMAN GREEN: Probably, yeah. That's the

1 motion and there is a second. Any further
2 discussion?

3 MR. GEORGE: One other comment to make. I am
4 concerned that with the discounts, that you're
5 going to have arguments and contests, you know,
6 they don't agree with this and they don't agree
7 with that and, Ed, it's going to drive up people
8 going into your office quite a bit.

9 MR. GORMAN: He can refer to --

10 MR. GEORGE: Whereas, if you did it, you
11 know, as a percentage, you know, and when a unit
12 becomes vacant, a new person moves in, then it's
13 at the new rate, which I think is more typical
14 what happens. But that's my opinion.

15 MR. GORMAN: That's true. But typically, the
16 condition of the hangars would be more
17 across-the-board similar. That's Mr. Wuellner's
18 point.

19 CHAIRMAN GREEN: Right. I'd have a hard time

20 charging \$3.66 a square foot for a port-a-port.

21 MS. BARRERA: My point.

22 CHAIRMAN GREEN: Well, you've got to make

23 adjustments somewhere. Trying to do it ahead of

24 time so people know.

25 MR. GEORGE: Yeah, but I make adjustment -- a

1 port-a-port becomes available. The market value
2 is so and so, but we know the condition is bad. I
3 make that adjustment on that one when it comes
4 available, as opposed to every one of them, and
5 then I've got arguments all over the place.

6 MR. GORMAN: More arguments, even more
7 contentious issues.

8 MR. GEORGE: From one at a time?

9 MR. GORMAN: Well, yes.

10 MR. WUELLNER: Yeah. We weren't looking at
11 individual units. By building, we were.

12 MR. GEORGE: Which do you recommend, Ed?

13 MR. GORMAN: He doesn't want to do that.

14 MR. WUELLNER: You guys tried to corner me on
15 this last month. You know, that's why it's a
16 policy decision.

17 MR. BRUNSON: He can't vote?

18 MR. GORMAN: Well, we have a -- Madam Chair?

19 CHAIRMAN GREEN: Yes, sir. We have a first

20 and a second.

21 MR. GORMAN: Thank you.

22 CHAIRMAN GREEN: I -- I have to finish.

23 Okay. No more board discussion?

24 (None.)

25 CHAIRMAN GREEN: All in favor of the motion,

1 say aye.

2 MR. BRUNSON: Aye.

3 MR. GORMAN: Aye.

4 CHAIRMAN GREEN: Aye. All opposed?

5 MR. GEORGE: Aye.

6 CHAIRMAN GREEN: I didn't hear Kelly.

7 MS. BARRERA: I know.

8 MR. GEORGE: Decisions, decisions.

9 MS. BARRERA: I think -- I think I agree in
10 theory, but I think that I'm going to oppose at
11 this point because I think that -- I think that
12 there's another way to do this. So I'm going to
13 oppose.

14 CHAIRMAN GREEN: Okay. It's 3 to 2. Then
15 the adjusted rate, but I -- it's not final, right?
16 We can ask you what the adjustment is. Because
17 that's why I asked you. Right now, it's 0 to 5
18 percent, 5 to 10.

19 MR. WUELLNER: You can provide direction on

20 that. If you want to do, you know, the 1 percent

21 a year on the age or something like that, that's

22 pretty close to what's there.

23 CHAIRMAN GREEN: Because I think that gives

24 the tenants more tangible, "All right, I've got an

25 age and I've got 1 percent. Okay. I know what to

1 expect." Which might lessen the subjectivity off
2 of you.

3 MR. GEORGE: Yeah.

4 MR. WUELLNER: Well, you know -- which works.

5 The --

6 MR. GORMAN: It doesn't.

7 MR. WUELLNER: Interestingly, it doesn't --
8 it continues to beat up the concept of age. You
9 know, if you just apply --

10 CHAIRMAN GREEN: Right.

11 MR. WUELLNER: -- a 1 percent a year, you
12 know, at some point, in albeit a hundred years,
13 the -- you know, the rent disappears.

14 MR. GORMAN: It complicates the issue,
15 doesn't it, to use just a percent a year, rather
16 than just to use --

17 MR. WUELLNER: To a point. I mean, I think
18 the --

19 MR. GEORGE: Hopefully those things will blow

20 away before --

21 MR. WUELLNER: I think -- I was going -- I

22 think the -- some of them are approaching a

23 hundred years.

24 CHAIRMAN GREEN: We'll replace it before

25 then.

1 MR. WUELLNER: I mean, you've certainly got
2 port-a-ports that are in the 40-plus year, as I
3 indicate there. I mean, they're -- they're not --

4 MR. BRUNSON: Is this a separate item that we
5 have to decide on?

6 CHAIRMAN GREEN: No.

7 MR. WUELLNER: That's for the --

8 CHAIRMAN GREEN: We've given the --

9 MR. BRUNSON: We've given you direction.

10 MR. GORMAN: So you have passed it as --

11 CHAIRMAN GREEN: It's 3 to 2.

12 MR. GORMAN: That's fine.

13 MS. BARRERA: I would like to see you come up
14 with a -- more of an appraiser's approach to -- to
15 deciding the market -- the market value and the
16 rental income -- taking in the return on
17 investment, the age and the current market value.
18 Kind of more of that approach on it on a yearly
19 basis, which is what Suzanne said with a little

20 extra.

21 CHAIRMAN GREEN: It's still the adjusted

22 rate.

23 MS. BARRERA: Adjusted rate.

24 CHAIRMAN GREEN: It's just -- let's see what

25 the numbers are actually going to be.

1 MR. WUELLNER: Well, yeah. I mean, you're --
2 you're correct, that in an appraisal, they would
3 take the -- a depreciation amount or some sort of
4 discounting adjustment.

5 MR. GORMAN: Kelly's points are valid, but we
6 had to give him some direction to be able to get
7 this done.

8 MS. BARRERA: I understand. But I'd like
9 that feedback as a board member.

10 MR. WUELLNER: Uh-huh.

11 CHAIRMAN GREEN: All right. Take about a
12 four- or five-minute break.

13 (Recess had.)

14 CHAIRMAN GREEN: Going to reconvene the
15 meeting. We've called the meeting to order. If
16 we can reconvene the meeting.

17 MR. GEORGE: Sit down.

18 CHAIRMAN GREEN: Ed. Kelly.

19 MR. BURNETT: Madam Chair, if I can make one

20 observation. At the county -- when the -- when
21 you've broken and you go to reconvene, there's
22 someone there telling you that the TV's about to
23 turn on and it gets people seated quickly.

24 CHAIRMAN GREEN: Well, let's see. There's a
25 hidden camera somewhere. Okay. We're now at the

1 action item of the budget discussion.

2 MR. GORMAN: Oh, boy.

3 FY 2008-09 BUDGET DISCUSSION

4 MR. WUELLNER: Okay. Okay. As we begin

5 preparation of staff budget back to you folks in

6 June or July, a couple of items we typically bring

7 to you about this time of year is to get your

8 input on -- to save as many iterations of this

9 process moving forward.

10 And the first item that we typically want to

11 get some input on is related to ad valorem rate or

12 what your -- your general thinking is so that we

13 attempt to build a budget within the context of

14 your general thinking.

15 Keeping in mind this year that you have a tax

16 base reduction, as we understand it, of some

17 amount. I do not know what that is yet. We do

18 not get and they're not required to provide us tax

19 base related information until July 1st.

20 So until July 1st, I don't have a real number
21 to work backwards and see what the -- what a --
22 what a particular millage would generate at any --
23 any point. After that, we're good; we can
24 generate it based on any millage.
25 Current year's ad valorem rate -- which maybe

1 is the context we have the discussion today or in
2 the context of percentage, if that helps, current
3 rate is at .1807 mills. So, 18/100ths of a mill
4 is the current rental -- listen to me. It's not a
5 rental rate -- current tax rate or millage rate is
6 that 18/100ths of a mill. Again, not knowing what
7 the tax base is doing, it's hard to predict
8 exactly what .18 would generate in total ad
9 valorem dollars.

10 So, if you -- if you jump to the conclusion
11 maybe it's 10 percent, and I don't know that to be
12 a factual number, a 10 percent reduction in tax
13 base would essentially be a \$400,000 kind of
14 reduction in ad valorem proceeds. Holding the
15 millage rate, that is.

16 So, not knowing that, I guess more in the
17 context of overall percentage, is there a target
18 that you collectively would like us to aim for in
19 terms of ad valorem, be it hold the rate constant,

20 essentially taking the rolled-back rate, or are we
21 looking -- you know, is there a percentage you
22 want to apply?

23 Last year, we ended up at a 6 and a half
24 percent, I believe it was, or 6 percent as the
25 total reduction, which netted out to about a 12

1 percent overall reduction to the taxpayer when

2 you -- when you put it in the context of mills.

3 But, we need -- it would be helpful to have some

4 general direction.

5 You're not committed to this, and you don't

6 even have to get to the preliminary commitment

7 until July when you do TRIM notice. But it would

8 help us in starting the budgeting process.

9 CHAIRMAN GREEN: I need to open for public

10 comment. I have one. Reba?

11 MS. LUDLOW: No, thank you.

12 CHAIRMAN GREEN: Okay. Michael?

13 MR. SLINGLUFF: No thank you.

14 CHAIRMAN GREEN: Victor?

15 MR. MARTINELLI: I'll break the chain. There

16 is -- is this on? Better.

17 MR. WUELLNER: Give me one second. There you

18 go.

19 MR. MARTINELLI: Okay. There is another way.

20 And that's to build it on a -- what's called a
21 zero-based budgeting approach. And it's a lot of
22 work. But it also will give you the nitty-gritty
23 of each budget item, if you will, as you build it.

24 And so, as I say, it's a lot of work, but I
25 think you can do it, and I would recommend that

1 you do it that way.

2 It's zero-based budgeting, building each --
3 each function, each unit on the basis of need, on
4 the basis of the priorities that you set, and
5 there is a whole, if you will, approach that is
6 published on that basis. So, that's a thought.

7 CHAIRMAN GREEN: Thank you. I have no other
8 public comment. So, board comment? Jack?

9 MR. GORMAN: Yes, I have one. As a matter of
10 fact, I agree with Mr. Martinelli.

11 MR. MARTINELLI: Wow.

12 MR. GORMAN: Isn't that amazing? In other
13 words, zero-based budget approach will and would
14 determine what we would set for minimum reserves.

15 The public that elected me keeps asking about
16 reserves. They want to know what their tax
17 dollars are doing in the bank and why it's in the
18 bank and what it's going to be used for. Those
19 are intelligent questions and I'd like to have an

20 intelligent answer for them. And I --

21 MR. GEORGE: I'll give you one, and I've

22 given it to you seven times.

23 MR. GORMAN: I'm talking.

24 CHAIRMAN GREEN: Okay. Wait a minute. Mr --

25 Mr. Gorman has the floor.

1 MR. GORMAN: And if you would please not
2 interrupt me.

3 MR. GEORGE: Okay.

4 MR. GORMAN: I remember running a meeting
5 where you interrupted any time you wanted.

6 Please, sir. Thank you.

7 And so, Mr. Martinelli's zero-based budget
8 will and would determine the minimum reserves
9 necessary to be able to accomplish our goals
10 without having any reserves held that we didn't
11 have to hold.

12 The public's perception is, is that reserves
13 held are spent no matter what. That's the
14 public's perception. Whether that perception is
15 reality, it doesn't matter. That's the
16 perception.

17 And the point being, using, again, a
18 zero-based budget, we can discuss each need in
19 detail and critique each need in detail, which is

20 going to take a heck of a long time, which is just
21 what Martinelli said. But in doing that, we can
22 find out exactly where we need to be.

23 It's -- it'll take a while. These budget
24 discussions, if they're done properly, are going
25 to be onerous, because those discussions of each

1 need are going to take a long time.

2 Now Mr. George.

3 CHAIRMAN GREEN: Well, I will do that.

4 MR. GORMAN: Thank you.

5 CHAIRMAN GREEN: Buzz?

6 MR. GEORGE: I apologize for interrupting
7 you. That was rude.

8 Reserve was established, as we've discussed
9 on numerous occasions, as a recommendation from
10 our accountant based on the assets that we have
11 and the type of business we're in. For us to sit
12 back and develop what reserves we want to have,
13 that's just going to lead to a big argument.

14 I don't think I'm qualified to say what
15 reserves I need because I'm not qualified to say
16 what's going to be needed five years down the
17 road. And I -- based on your comments at the
18 county commissioners, you're not qualified to make
19 that statement or you don't feel comfortable in

20 making that statement.

21 Mr. Martinelli brings up a good point about
22 zero-based budgeting. And it is a long procedure,
23 that you will just sit back and go through one at
24 a time and one argument after another. And based
25 on past experience, the people that want to get

1 into something like that, namely yourself,
2 Mr. Gorman, you would be the one that's not
3 prepared or wouldn't come to the meeting anyway.
4 So why do it?

5 MR. GORMAN: There -- there's certainly
6 people available around me that can be and are
7 prepared and that do have that knowledge and that
8 I have been and will consult with in any budgetary
9 proceedings.

10 MR. GEORGE: Okay.

11 CHAIRMAN GREEN: Okay. Anything else from
12 the board? Randy?

13 MR. BRUNSON: Simply stated for direction, I
14 would say that, when it all washes out, that I'm
15 going to say that when we come up with the new tax
16 rate, that I'll probably be looking at the
17 rollback rate and roll reserves.

18 You know, reserves, what are reserves for?
19 Any business has to have reserves for something

20 that might happen. So, I'm going to recommend
21 probably one and a half percent of the operating
22 budget.

23 MR. WUELLNER: One and a half times.

24 MR. BRUNSON: One and a half times the
25 operating budget. And we really can't discuss

1 this, in my opinion, until they come out with

2 the -- what our ad valorem tax is.

3 MR. WUELLNER: Well, your current -- let

4 me --

5 CHAIRMAN GREEN: Tax base.

6 MR. WUELLNER: -- refresh your memory quickly

7 on -- right here. Your forecast, financial

8 forecast took reserves from current year budget,

9 which is about \$1.5 million, round numbers, and

10 grows it over the next several years to -- let me

11 find it here. But I believe it's about a 2 --

12 grows it to a -- in 2010-2011 fiscal year, it

13 levels out at a steady \$3 million of operating

14 reserves, which is not terribly off what one times

15 or a little bit more would be going out that far.

16 You also had created a -- not really created,

17 but you had suggested as a part of this forecast

18 process that we begin to create repair and

19 replacement kind of reserve line items, one of

20 which was for general building and the other was

21 for fuel farm related replacement.

22 Those don't begin to be funded until next

23 year. Then the building one would be funded next

24 year at \$500,000, but your general reserves would

25 only be at \$2 million for that year. And both of

1 those grow at a percentage rate, basically -- or I
2 should say the building replacement grows at a
3 percentage. We don't begin to fund fuel farm
4 repair and replacement until 2010-2011 year, and
5 it only grows at about a \$30,000-a-year number.

6 Bottom line is, by the time you get through
7 the 10- or 11-year period, you're only talking
8 total dedicated reserves; operating, building, and
9 fuel farm, at about \$3.8 million. And that's the
10 level that's held.

11 Now, something that's deceiving when you look
12 at this, you need to actually look in detail at
13 how it's put together, that makes it look like
14 we're accumulating \$21 million in reserves at the
15 end, is that included in our reserve line item
16 when you look at the summaries is the PFC
17 reserves, which I'm going to make the adjustments
18 in the spreadsheet for presentation purposes so
19 that that's isolated and not shown as a reserve

20 item so that it's not confused with general

21 operating reserves in the future.

22 Because it does -- when you look at this

23 quick, you go, "What do they need \$22 million

24 worth of reserves for in 10 years?" Well, they're

25 not \$22 million in reserves. It's the PFC

1 collections. And at no point, as you recall, in
2 our forecasting do we ever expend the PFC dollars,
3 which is not a factual statement, either. But we
4 did not try to isolate those against capital
5 dollars, capital grant dollars as an example.

6 So, it's -- that part, it's optimistic. It's
7 entirely pessimistic when you look at how the --
8 how the expenditure, because we take money in and
9 we hold it and create an expense against it at the
10 same amount we put it in. So it never shows that
11 that gets generated into capital, which it clearly
12 has to in order to be an approved PFC, anyway.

13 MR. GEORGE: Well, Ed, didn't we take capital
14 dollars that were not expended last year and put
15 them into reserves so that that kind of inflated
16 our reserve number at the end of the year?

17 MR. WUELLNER: Yeah, absolutely.

18 MR. BRUNSON: And also, we --

19 MR. WUELLNER: And we continue to do that.

20 MR. BRUNSON: -- we took the advantage of ad
21 valorem increase and we dedicated that to
22 reserves, and it's my understanding that the board
23 has to approve spending these reserves.

24 MR. WUELLNER: Absolutely.

25 MR. BRUNSON: And -- and there's not -- help

1 me with this one, Bud, how long ago did we not
2 have reserves?

3 MR. WUELLNER: Well --

4 MS. BARRERA: Last year.

5 MR. WUELLNER: Well, to refresh -- yeah. I
6 just want to make sure y'all get refreshed on the
7 history of the reserves, because the Airport
8 Authority indeed had reserves, and we allocated
9 those reserves into the land acquisition in lieu
10 of borrowing money.

11 CHAIRMAN GREEN: Right. That's a credit line
12 that we have.

13 MR. WUELLNER: And we established the credit
14 line to --

15 MR. BRUNSON: Good point.

16 MR. WUELLNER: -- offset any need, should
17 there -- emergency arrive in that period. So we
18 did that as a -- as a calculated risk, for lack of
19 better terms, to keep us from having to go out and

20 incur debt for the balance of the Authority's

21 share because of the time we were doing it.

22 So, it was just a matter of time till we

23 began to recover that. And largely, we placed --

24 some of the things that grew the reserve quickly

25 were just as Mr. Brunson said, we dedicated a

1 portion of the ad valorem collection to rebuild
2 the reserves.

3 We also, when we received the grant revenues,
4 the reimbursements that were planned, if you
5 recall from FDOT over the years, when we finally
6 were able to bill those each of those years, those
7 monies largely went back into reserves, because
8 they -- I can't say they weren't needed, but they
9 were replacing money you had already spent on the
10 same project.

11 So it -- it wasn't that we had no reserves.
12 I don't want -- I don't want to give the
13 implication that we spent down reserves and we
14 didn't have any and we were just doing a really
15 bad job.

16 It was a -- it was a calculated business
17 decision to keep us from incurring debt, which it
18 did. It worked out wonderfully. You're now back
19 on the track where you can put money in reserves,

20 get it to the level you want and make your ad

21 valorem adjustments.

22 I really think you're going to be able to

23 make a significant ad valorem adjustment without

24 hurting reserves or any other capital development

25 project because of situations we -- you know, air

1 carrier as an example, just last year.

2 I mean, you added, bottom line, \$150,000 of
3 revenue that was not in the -- was not in the
4 plan. That's -- that allows you to look seriously
5 at reducing the ad valorem requirement by that
6 \$150- if you choose to do that moving forward.
7 But until we have the tax base, I can't -- I can't
8 calculate that information for you.

9 CHAIRMAN GREEN: Buzz?

10 MR. GEORGE: What is the reserve that the
11 accountants recommended we have for our size
12 operation?

13 MR. WUELLNER: I'm in the process of asking
14 the question again. I have asked our auditors
15 again if they can make a recommendation.

16 The last time, it was 150 percent of the
17 operating budget, which at last year would have
18 put us at -- well, a hundred percent was \$1.8
19 million. Would put you at about \$2.7 million

20 total. And when you look at what we were doing,
21 that's operating reserve, we're budgeting in a
22 couple of years to be at \$3 million. Well, that's
23 probably about right in line with the operating
24 budget that would likely be in place in three or
25 four years.

1 So, I think the numbers -- you know, what
2 you've -- what we've planned pretty well reflects
3 the advice we've gotten to this point. The only
4 stuff we augmented was at -- I don't know whether
5 you would call it general direction of the board,
6 but it was certainly good input that we received
7 at some of the workshops three, four, five years
8 ago, was related to developing separate kind of
9 reserves, not operating reserves, but reserves for
10 repair and replacement items, such as hangar roof
11 replacement halfway through. Instead of having to
12 pull that out of generating -- general operating
13 dollars in a year, you could take it out of
14 your -- the money you set aside to do those kinds
15 of repairs as they come up.

16 And they -- they'll happen. I mean, as a
17 product ages over -- our hangars age and our
18 infrastructure ages, you'll have requirements to
19 do that. And that can be applied to grants. It

20 can be matched to grants in certain cases,

21 whatever -- whatever works in those case. It's

22 case-by-case.

23 CHAIRMAN GREEN: Any other --

24 MR. WUELLNER: But having some set of money

25 aside to do those. I -- I would emphasize, you

1 know, you had -- the purpose of reserves, just for
2 public benefit, is obviously to provide
3 flexibility in the Authority's budgeting process.
4 It protects to some degree against major
5 unexpected expenditures that happen.

6 It also allows the Authority flexibility to
7 respond to projects or things that are beneficial
8 to the community and/or the airport, and you don't
9 have to turn those projects down, for an example,
10 as not being able to match your grants. Nor do
11 you have to go out and borrow money against it.
12 Those are all positive.

13 It also assists with cash flow. You know,
14 it's no secret -- maybe we don't explain it very
15 often but, you know, cash flow becomes an item for
16 the Airport Authority periodically during the year
17 because you have large outflows of cash relative
18 to cash -- to capital projects.

19 For instance, in the checks even being signed

20 today, you're signing a \$400,000 check to
21 contractor. Well, you've got to be able to deal
22 with the liquid nature of needing to pay your
23 bills. We don't get that money back the till
24 we've written the check. Then we go to DOT, get
25 our share back, or in FAA case, we get it -- you

1 know, you get it sometimes pretty quickly. But
2 you can't get it till you spend it. So you've got
3 to have the ability to be a little light on your
4 feet for periods of time.

5 CHAIRMAN GREEN: Jack?

6 MR. WUELLNER: DOT's reimbursements are a
7 month out.

8 MR. GORMAN: This type of explanation that
9 Mr. Wuellner is doing, I think is going to be --
10 that's the key type of explanation that needs to
11 be done to be able to find out what this reserve
12 is. It's not going to be easy, but that's typical
13 of a good explanation. I mean...

14 MR. BRUNSON: And also, not many people know,
15 but we -- we just approved an insurance for -- \$25
16 million?

17 MR. WUELLNER: On \$25 million of assets.

18 MR. BRUNSON: 25 million. And this reserve,
19 we don't know what might happen with something.

20 Some unknown things that we might need this money.

21 And so, that's what I have in my mind as a

22 reserve.

23 MR. GORMAN: To me, that would be termed a

24 separate reserve. In other words, I love the

25 terminology separate reserves. In other words, if

1 you're going to reserve something for a hurricane
2 fund, in other words, you're going to self-insure,
3 that is a separate reserve from -- and that's what
4 needs to be discussed in such length.

5 MR. BRUNSON: But it's still money to me.

6 MR. GORMAN: Well, that's true.

7 MR. BRUNSON: It's all arithmetic.

8 CHAIRMAN GREEN: Buzz, you had some?

9 MR. GEORGE: Ed, back to your -- your
10 questions here, I think the climate, you know,
11 with county, with city government and everything
12 is, you know, a reduction somehow. And I think
13 that we need to step up to the -- to the bar and
14 come up with some, you know, appropriate
15 reductions that -- that we can.

16 We need to be -- have our belt tightened as
17 much as anybody else can. At the same time, I
18 would not like to hear a conversation that says,
19 let's get off the tax rolls in 2009 and show

20 everybody when we have not fulfilled our

21 objectives.

22 MR. WUELLNER: I agree. I agree completely.

23 MS. BARRERA: Fiduciary responsibilities.

24 CHAIRMAN GREEN: Which includes the reserves.

25 MR. BRUNSON: Good comment.

1 MR. WUELLNER: Which is why -- you know,
2 we've had this discussion sort of before, but
3 which is why we're not off the tax rolls today.
4 In -- at least in my opinion, it would be
5 irresponsible to do it today without a meaningful
6 plan in place to generate a long-term stability in
7 the revenue.

8 MR. BRUNSON: If we would --

9 MR. WUELLNER: We're close.

10 MR. BRUNSON: If we would have continued with
11 Skybus and things, I would have felt different.

12 MR. GEORGE: You're right. We might have had
13 all the objectives.

14 MS. BARRERA: We were all hoping for that.

15 CHAIRMAN GREEN: Well, I think what I'm
16 hearing from the board is, the discussions of
17 reserves are needed and should be there, whether
18 they're delineated in the specific categories or
19 whatever, and also that we need a little more,

20 which you don't have, the tax base figures so we
21 know how much we can tighten it, but we want to
22 tighten.

23 MS. BARRERA: Agreed.

24 CHAIRMAN GREEN: So does that give --

25 MR. WUELLNER: You know, we'll be prepared.

1 We have no problem bringing back a recommended ad
2 valorem level that doesn't compromise the
3 budget -- you know, the budget, per se, as we've
4 all worked on it from the 10-year perspective as
5 well as the current year.

6 I have little doubt in my mind at this point
7 that's a reduction. To what level, the numbers
8 will play out as we get them there.

9 CHAIRMAN GREEN: And I think that's the
10 consensus. We want the reduction. We want to
11 work it that way. We still want to keep some
12 delineated reserves. Just fiscal responsibility.

13 MR. WUELLNER: Yeah. And that works real
14 well with ad valorem rate.

15 All I'm trying to make sure that we're all on
16 the same pages, because in building that same
17 budget and coming to that same conclusion, where
18 is -- where is the reserve level? Is it as we've
19 been forecasting it? Are we just going to

20 continue with that modeling and, you know, we'll

21 budget reserves based on that and the ad valorem

22 falls where it may? In other words --

23 MR. BRUNSON: Seems like the reserve is

24 modeling good to me.

25 MR. WUELLNER: I think so, but, you know, I

1 understand. You know, if you're not really detail
2 familiar with how it's been done, it looks
3 excessive at times.

4 MR. GEORGE: But I like the way Jack was
5 saying the definition of all those reserve items
6 as --

7 MR. WUELLNER: We can break those out ad
8 nauseam --

9 MR. GEORGE: -- as opposed to just lumping it
10 all into one.

11 MR. WUELLNER: -- however you want to do it.

12 MS. BARRERA: A catastrophe reserve, a
13 security reserve, all of the above.

14 MR. GORMAN: Exactly. That produces for the
15 public some type of reference as to what we're
16 doing and why.

17 CHAIRMAN GREEN: But it doesn't limit us if
18 we had to delve in from one to the other.

19 MR. WUELLNER: It just simply requires you

20 five to decide that money needs to be used

21 somewhere.

22 CHAIRMAN GREEN: Right.

23 MS. BARRERA: And I think we all agree that

24 we need to -- we need to have those, but -- for

25 the public's sake, so that they understand why.

1 Because we here understand. But for the public's
2 sake, we need to communicate that better.

3 CHAIRMAN GREEN: Does that give you enough
4 thought?

5 MR. WUELLNER: Absolutely. Absolutely. That
6 will give us a first blush and then we'll know
7 what the ad valorem's doing and we can -- I can
8 quickly get to something.

9 CHAIRMAN GREEN: Okay. All right. Next,
10 airline operation agreements.

11 AIRLINE OPERATING AGREEMENTS

12 MR. WUELLNER: At this point, pleased to
13 announce that we've had some success in attracting
14 additional service to St. Augustine.

15 Casino Direct Air would like to begin
16 starting in mid-June -- it's actually the 20th of
17 June, despite the 21st up there -- a three-day a
18 week daily -- round-trip to Gulfport, Mississippi.
19 They would be flying Airbus A320s, I've since

20 found out, or Boeing 737-400s. That's the two
21 aircraft they have access to. In the 130- to
22 140-seat range size of aircraft.

23 They have indicated a preliminary desire to
24 be able to increase the level of service here by
25 that being to other cities, that they're not

1 typically going to increase the flights per week
2 to one location, but would be very interested in
3 exploring possibilities to other city pairs, maybe
4 three- or four-day a week. This -- the agreement
5 is essentially the Skybus agreement relative to
6 its construction and its methodology and its rate
7 structure.

8 The Craig Air Center is a three- to
9 four-day-a-week round-trip to Marsh Harbour,
10 Bahamas. Again, scheduled -- scheduled service.
11 It would operate Beech 1900s, which is a 19-seat
12 aircraft.

13 They would also like to -- they have more
14 than one aircraft that they've brought on line,
15 and would also like to explore other city pairs in
16 addition to that, flying more commuter-type
17 aircraft for those distances. They would like to
18 start early June.

19 We did -- because at the time we were talking

20 to Craig, we did talk to them in the terms of a
21 \$10 per enplanement. This is primarily because at
22 the time, they were going to be the only occupant
23 of the terminal and there are real expenses when
24 the building's opened up, and those amount to
25 about \$23-, \$2400 a month in real numbers;

1 electric, cleaning, those kinds of things.

2 MR. GEORGE: Sheriff.

3 MR. WUELLNER: And as a result, with the \$10
4 enplanement, brought us even on the operating cost
5 of the facility, allowing profit so to speak to be
6 made off of rental cars, parking, those kind of
7 things, also.

8 We had agreed with them at \$150 minimum per
9 outbound flight kind of level, which generated
10 round numbers, about \$2400 a month. So the
11 operating costs were neutral in it, versus
12 creating a profit off of parking and the like.

13 CHAIRMAN GREEN: Jack, I have public comment.

14 MR. GORMAN: I'm sorry.

15 MR. WUELLNER: Now, with both in play, and as
16 I indicated to Craig that over time, especially if
17 we're able to continue to add additional service,
18 that the benefits of rental cars and parking under
19 the Skybus model will -- would allow us to

20 seriously look at reducing their fee per
21 enplanement over time. But initially, it's at \$10
22 about with a minimum of \$150 per flight outbound.
23 And it's only an enplanement base number, just so
24 we're clear.
25 CHAIRMAN GREEN: Okay. I have public

1 comment. Michael?

2 MR. SLINGLUFF: I think we need to look at
3 the operators carefully. We jumped in bed with
4 Skybus rather quickly, only to hear nine months
5 later that they hadn't factored in the cost of
6 fuel rising. That's a pretty anemic business
7 plan.

8 So I'd certainly want to -- I'd certainly
9 suggest that we review their business plans for
10 soundness and also FAA's judgment on their fit and
11 able capacity to offer service.

12 CHAIRMAN GREEN: Thank you. I have no other
13 public comment. Board comment. Jack?

14 MR. GORMAN: Sorry I keep jumping the gun.

15 CHAIRMAN GREEN: That's okay.

16 MR. GORMAN: I just have to -- I'd like to
17 cut to the chase a bit. And I don't mean to put
18 Mr. Wuellner on the spot, and if he doesn't have
19 the answer now, that's fine; we can get it later.

20 But what is a minimum enplanements per month
21 to be able to secure; one, this federal
22 entitlement situation and; two, do we have any TSA
23 situational certifications that are going to
24 expire without enplanements? In other words, what
25 do we -- what have we got -- what have we got to

1 accomplish?

2 MR. WUELLNER: We -- we did the math on the
3 forecast related to Casino Direct, because that
4 was the larger aircraft. The annual enplanements,
5 based on only 50 percent occupancy, is a little
6 over 10,000, it's about 10,300 enplanements for --
7 on an annual basis. So, dividing that by 12, in
8 the 8-, 900 a month kind of number.

9 The minimum required to secure the FAA grant
10 is 10,000 enplanements on an annual basis. We --
11 just to be clear, because I'm not sure it was
12 based on the question -- you asked me this at
13 another time and I -- just to be clear. You're
14 good in terms of total enplanements for this
15 calendar year. You've already met the minimum
16 with -- what Skybus did in January, February and
17 March brought you to nearly a 30,000 enplanement
18 level for this calendar year.

19 So, the important number, the 10,000 number

20 is a number that's, about January of next year for
21 that calendar year, beginning 2009, we need to
22 generate 10,000 enplanements during that calendar
23 year in order to continue to receive -- to get the
24 next year's worth of minimum entitlements from
25 the -- from the air carrier side.

1 CHAIRMAN GREEN: Are you saying then,
2 following what Jack is saying, can we still get
3 the PFCs then since we've hit our level?

4 MR. WUELLNER: PFCs are an entirely
5 different --

6 CHAIRMAN GREEN: Okay. Then tell me about
7 the --

8 MR. WUELLNER: This is -- this is -- baseline
9 FAA entitlement grants for commercial service
10 airports require 10,000 enplanements per year.

11 CHAIRMAN GREEN: So we keep our grant money.

12 MR. WUELLNER: This would keep it, assuming
13 you had that for the calendar year 2009 --

14 CHAIRMAN GREEN: Okay.

15 MR. WUELLNER: -- if it reached --
16 combination of service. It doesn't have to be for
17 any one carrier. It's a combination of
18 enplanements. So, if it's spread over two
19 carriers or five carriers or one carrier, it's

20 10,000. The PFCs, we do not qualify for. You
21 have to have a 121 carrier that meets those
22 requirements.

23 CHAIRMAN GREEN: And neither of these do.

24 MR. WUELLNER: But we do not have that. So,
25 right now, we cannot even reapply, so to speak,

1 for PFCs until someone is secured that's a 121
2 scheduled here.

3 MR. GORMAN: And just for clarification, our
4 PFC level that we've already accrued is not
5 rebatable; in other words, we -- we accrued a
6 certain PFC level --

7 MR. WUELLNER: No.

8 MR. GORMAN: -- you know, per passenger --

9 MR. WUELLNER: No, no.

10 MR. GORMAN: -- but that's -- but then we --
11 we applied, but that qualifier didn't continue.

12 MR. WUELLNER: Yeah.

13 MR. GORMAN: Just to explain.

14 MR. WUELLNER: Actually what we did do was we
15 did apply to be able to collect the PFC at the \$4
16 level.

17 MR. GORMAN: Right.

18 MR. WUELLNER: We were in mid-stride with
19 that approval, waiting a formal decision, when

20 Skybus left. Skybus leaving, FAA determined the

21 application to be null and void.

22 MR. GORMAN: That's an explanation.

23 MR. WUELLNER: So nothing moved forward.

24 We're welcome to reapply when we have scheduled,

25 but we can't move it forward without scheduled 121

1 service.

2 And for the record, both of these -- these
3 are not 121 carriers, per se. This is scheduled
4 charter. So, while you still would buy tickets in
5 the traditional conventional manner, the rules
6 related to flight are slightly different and their
7 obligations relative to FAA are different as
8 scheduled charter than they are as scheduled
9 airline.

10 MR. GORMAN: Not to labor the point, but
11 they're -- even the large casino flights are 135?
12 I should ask.

13 MR. WUELLNER: Yeah, they're scheduled
14 charter.

15 MR. GORMAN: Okay. Thank you.

16 CHAIRMAN GREEN: Sorry --

17 MR. WUELLNER: And it -- and it -- the other
18 thing it does, a scheduled charter limits the
19 number of trips they can make to any one city

20 pair. So that's why you only see three, maybe

21 four a days a week, because that's all they're

22 legally allowed to serve a city pair.

23 MR. BRUNSON: Where is Casino Direct flying

24 out of now?

25 MR. WUELLNER: They are currently out of

1 Gulfport/Biloxi area. They fly out of there.

2 They are a subsister, if you will, of Myrtle Beach

3 Air Direct, which flies five or six cities.

4 MR. BRUNSON: But from Gulfport, do they go

5 to Myrtle Beach?

6 MR. WUELLNER: Gulfport? No, they will come

7 directly here.

8 MR. BRUNSON: I'm talking about, what do they

9 do now?

10 MR. WUELLNER: They fly to Myrtle Beach and I

11 believe they're going to either Newark or Columbus

12 out of Gulfport. Then Myrtle Beach Direct flies

13 to another six or eight cities in and out of

14 Myrtle Beach in the same capacity as a scheduled

15 charter.

16 MR. BRUNSON: Okay. How are we making money

17 with Casino Direct?

18 MR. WUELLNER: Same deal. Parking, as well

19 as --

20 MR. BRUNSON: Fuel. Do we know anything

21 about the fuel at all?

22 MR. WUELLNER: We do not know that. They're

23 required, as with Skybus, to come to an

24 arrangement with our FBO for it.

25 MR. BRUNSON: Okay. And as -- let's see.

1 Three -- so the parking and the rental car and if
2 they get fuel, we will get some of that through
3 the --

4 MR. WUELLNER: Right --

5 MR. BRUNSON: -- FBO.

6 MR. WUELLNER: Right.

7 MR. BRUNSON: No deplanement. Would this add
8 any to our insurance that we --

9 MR. WUELLNER: It's the same as we're
10 currently carrying with Skybus.

11 CHAIRMAN GREEN: Could we not charge them for
12 enplanement at all?

13 MR. WUELLNER: Did we not?

14 CHAIRMAN GREEN: Could we? I know it says
15 no, we did not. Well, we haven't finalized the
16 agreement yet.

17 MR. WUELLNER: I think in theory, yes, you
18 could charge. Whether they are still interested
19 in coming here is another story, but yes, you

20 could.

21 CHAIRMAN GREEN: I'm just saying we're making

22 Craig Air cover basically --

23 MR. WUELLNER: Yeah. As I said, the genesis

24 of that was they were the only ones --

25 MR. BRUNSON: Madam Chair, is it permissible

1 to ask Michael some questions on this? If he's

2 talked to Casino and --

3 CHAIRMAN GREEN: Yeah.

4 MR. SLINGLUFF: Yes, I've talked to Casino,

5 and they will be buying fuel. How much, that's --

6 that's always the \$50 million question.

7 CHAIRMAN GREEN: Do you -- do you know

8 anything with their background?

9 MR. SLINGLUFF: Yes. And that's why I -- I

10 just, you know, caution that we really need to

11 know who we're playing with and -- and understand.

12 I mean, I think the public is very excited

13 about service here, and I hope that service that

14 we attract is long term and, you know, viable long

15 term. And we'll do everything we can to -- to

16 make sure that they -- they can remain. We want

17 the service. But we should be picking and

18 choosing carefully.

19 CHAIRMAN GREEN: Doug?

20 MR. BURNETT: Yes. If I -- if I could, I
21 just want hash out and you may further, the
22 Authority, y'all the board may further discuss
23 ways that you may want to seek additional revenues
24 from them.
25 But my -- I guess I just wanted to cover a

1 few points in the agreement to make you aware of
2 how this agreement for both of these proposed
3 users is different than the Skybus agreement.
4 They're minor changes I've made, but the changes
5 mostly relate to addressing things as you see
6 Skybus had progressed that small period of time.
7 Just to make sure we have them covered. And I
8 just want to go through them so you know.

9 One thing is, in parking area, the way the
10 agreement provides is, the Casino, for example,
11 would be allowed to park aircraft here for the
12 temporary time period while they're unloading or
13 loading passengers.

14 If they're going to park aircraft here for a
15 longer period of time, that's something we're
16 going to have to negotiate with them. Because
17 once you get into overnight aircraft, you have
18 security related to that. So I've made that clear
19 in the agreement.

20 There's an issue related to how far the
21 actual -- park the aircraft in proximity to the
22 terminal. And I've changed the language there.
23 Skybus wanted to make sure the aircraft would be
24 right there, very easily accessible, and if we
25 needed to change that for some reason, it really

1 shifted it to the airport to pick up the cost

2 of -- that issue's been changed.

3 The other thing, and I was asking Michael

4 for -- Michael Slingsluff for some guidance related

5 to how the interaction or interplay is between --

6 or was between Skybus and the FBO. And one of the

7 things that I want to make sure we have -- or that

8 I'm going to make sure we have covered in here,

9 and I quite frankly have to change one part of the

10 language in the agreement, is to make sure that we

11 have a form agreement or the general concepts of

12 the agreement between the FBO and the airline

13 actually will be an exhibit to the contract.

14 And it's -- there's a form -- short-form

15 agreement out there that already exists, and it's

16 in the industry, it's an industry standard thing,

17 that we'll attach to our agreement and make sure

18 that the user is required to sign with the FBO.

19 That way, we have some contractual leverage on it.

20 And one thing I want to point out with you,
21 this -- the agreement is for three years, but you
22 can terminate it for any reason with six months'
23 notice. So, the reality is you've got six months
24 that you could be bound to something here, which
25 gives you a lot of wiggle room or room to correct

1 in the future in a not-so-long period of time.
2 We're not talking about a five-year agreement or a
3 10-year or 20-year agreement. We're talking about
4 something that's three years and could be
5 terminated with six months' notice.

6 So, with that, I don't have any other
7 comments. I just wanted to point those things
8 out.

9 CHAIRMAN GREEN: Any other board discussion?

10 MS. BARRERA: I have some questions. Is
11 there a minimum fuel purchase, or is it stated
12 that they must purchase fuel? Because I know that
13 we get -- we get a portion of that.

14 MR. SLINGLUFF: We -- we are using an airline
15 formula and an airline contractor. So, it's
16 really between -- we just -- we do an interplane
17 service for them. So I think they'll take
18 probably similar loads to what we -- what we saw
19 with Skybus on a per-flight basis.

20 MS. BARRERA: Okay.

21 MR. SLINGLUFF: But this is only one flight a
22 day three times a week.

23 MS. BARRERA: Okay. My next question is --
24 regards the timing of the flights. What would the
25 timing of the flights be?

1 MR. WUELLNER: Well, I don't have an exact
2 schedule. I'm told it's middle of the day.

3 MS. BARRERA: Middle of the day. And --

4 MR. WUELLNER: On both of them.

5 MS. BARRERA: On both of them? And as far as
6 the risk is concerned, what -- what risk have we
7 not brought up here today to the Airport
8 Authority?

9 MR. WUELLNER: Again, we're not entering into
10 lease negot- -- or lease agreements with any of
11 them. These are strictly operating agreements.
12 So, it's essentially the same risk you had with
13 Skybus relative to it.

14 MS. BARRERA: So zero risk.

15 MR. WUELLNER: There's no financial
16 commitment on our part toward them at all, nor in
17 most cases is there a revenue commitment back to
18 us in terms of total passengers. So, as long as
19 service makes sense in and out of here to that

20 particular carrier, then the contract remains

21 viable for both parties.

22 MS. BARRERA: Okay.

23 CHAIRMAN GREEN: Except we have to run the

24 building and run the air and the cleaning --

25 MR. WUELLNER: Right.

1 CHAIRMAN GREEN: -- to open up the terminal.

2 MR. BURNETT: That's true. Once -- once
3 they're in our terminal, potentially we have
4 liability. But it would be covered, presumably
5 under the Airport's regular insurance that it
6 already maintains. And you have sovereign
7 immunity, of course.

8 CHAIRMAN GREEN: No, I -- I meant costs
9 that --

10 MR. BURNETT: Yeah, costs, I understand.

11 MR. BRUNSON: Madam Chairman?

12 CHAIRMAN GREEN: Randy.

13 MR. BRUNSON: Kelly, that's a good question.

14 And I think an unknown risk is -- is the public.

15 If we have to enter into something and
16 something does not work, our credibility of doing
17 our homework and making sure that we at least as a
18 board and Ed thinks that this will be successful,
19 and we should look at it very hard. And I think

20 that's our -- that's a huge risk.

21 But you know what? The airline industry is a

22 risk. So, if -- go -- if Delta Airlines said they

23 were going to run the commuters in here, that

24 would be a --

25 MS. BARRERA: Bigger risk.

1 MR. BRUNSON: You don't even know.

2 MS. BARRERA: My -- my question really, what
3 concerns me is if there's not any other unforeseen
4 risk that we haven't already discussed here, with
5 the six months, we would have the opportunity to
6 back out of it completely for any reason, correct?

7 MR. GEORGE: Six months' notice.

8 MR. BURNETT: Six months' notice.

9 MS. BARRERA: Right.

10 MR. BURNETT: Yes. That's true.

11 Now, I will say when it comes to contracts,
12 you always have two different versions, I'll say,
13 for example. And I'll give you a specific
14 example.

15 With our clients in our -- in our law firm,
16 when they are acquiring hotels, we have the
17 80-page hotel agreement for purchase, and we have
18 the 30-page hotel agreement for purchase. One can
19 be quite overbearing, obviously when it's 80 pages

20 long and has things that quite frankly don't fit
21 every -- it tries to fit every situation, but no
22 contract can fit everything that could potentially
23 come up. That's human nature.
24 The agreement you have here is, I would say,
25 not the 80-page-long agreement. It is the

1 pared-down to some extent. And some of the extent
2 for a good reason is until we have a situation
3 where we have a terminal and we're up and -- have
4 a larger terminal, a larger operation or the like,
5 we just don't know exactly what the agreement
6 needs to say. The benefit that you have is a
7 six-month agreement. So you have an agreement
8 that can be terminated with six months' notice, so
9 that if something arises, you can address it
10 pretty readily.

11 And you also have an industry you're dealing
12 with that's highly regulated already by the FAA.
13 Whereas, if you take your rental car agreements
14 that we've developed for you, they're 33-page-long
15 agreements because, one, they aren't really
16 regulated from the -- from a basis other than
17 having to obviously have licensed employees that
18 have licenses to move the vehicles around and
19 having cars that are registered and insured. We

20 have a lot more parameters that we are requiring
21 of the rental car agreements and a lot more
22 specificity to control how they operate when they
23 come on the airport.

24 With that said, I think you'll see in the
25 future, if we get airport -- commercial airlines

1 here -- when we get commercial airlines here that
2 are with a lot of frequency and a number of users,
3 we'll have much longer, more detailed agreements
4 as it develops. But right now, the agreements
5 don't -- probably rightfully don't cover
6 everything that potentially could come up.

7 You may have a situation -- if I were to
8 draft that agreement for you, you may have a
9 situation that users would look at it and say that
10 agreement's too complex to try and figure out and
11 we have months of negotiating. Obviously, once
12 you get them here and it comes up for renewal, you
13 have plenty of times to -- plenty of time to have
14 those months of negotiating when you have renewal
15 contracts.

16 The one thing that I would -- and sorry to go
17 on for this long. The one thing I would suggest
18 to you is, when we wind up with the next user --
19 let's say we have Casino Direct that comes in and

20 signs the contract and their agreement's going to
21 run for the next three years. We may want to have
22 the next agreement for a shorter period of time
23 before it first comes up for review so that they
24 all come up at closely the same time so that we
25 can look at them at the same time and make uniform

1 across-the-board changes. But we'll I guess
2 address that when we get to it.

3 CHAIRMAN GREEN: More board discussion?

4 MR. GEORGE: I'll try to be short as Doug
5 did. Time of day of the flights is very
6 significant, and I think that we need to add
7 something in there that there will not be any
8 night flights.

9 MS. BARRERA: After what time?

10 MR. GEORGE: To night.

11 MS. BARRERA: At 9 o'clock? After the tower
12 closes? After what time?

13 MR. GEORGE: I'd say after 8:00.

14 MS. BARRERA: 8:00?

15 MR. GEORGE: That's when people are trying to
16 enjoy their houses.

17 MR. GORMAN: It's an airport.

18 MR. GEORGE: You know, coming in -- coming in
19 is one thing. Taking off is another. That was

20 item one. We have a six-month notice to cancel
21 the contract. What kind of notice do they have to
22 cancel the contract?

23 MR. WUELLNER: Same thing.

24 MR. GEORGE: Same thing?

25 MR. BURNETT: Uh-huh.

1 MR. GEORGE: Let's assume we're three months
2 into it and they cancel the contract. What do we
3 get out of it? I mean, they just walk away.

4 MR. BURNETT: Yeah, well, you -- you just
5 went through that with Skybus. The reality is you
6 get nothing out of it, the way it's written right
7 now --

8 MR. GEORGE: Okay.

9 MR. BURNETT: -- unless you want to direct
10 otherwise. The way it's currently written,
11 there's nothing there.

12 Now I can tell you -- and this goes back to,
13 for example, the rental car. I don't think -- by
14 the way, what I'm about to tell you I don't think
15 you're going to get an airline new to this market
16 who's going to agree to this. I could be wrong.

17 But, for example, with the rental cars, we
18 want to ensure we get paid, because obviously
19 they're collecting the money up front and then

20 paying you 15 percent after the fact in the
21 following month. They actually have to put up a
22 \$50,000 bond to ensure that the next month, we get
23 paid in case they go out of business before we get
24 paid.

25 MR. GEORGE: Right.

1 MR. BURNETT: Not only that, if we don't like
2 the payment that they've paid us and we don't
3 believe it to be accurate, we can have our own
4 audit conducted. If the audit reveals that they
5 haven't paid us sufficiently, they then have to
6 pay the difference, and again, that bond is there
7 to protect that.

8 I mean, that is something that you could
9 require the airlines to provide, but then you've
10 got to look at how -- right now, there's not a
11 mechanism in there that -- that you have the
12 payment. You're making money off of the rental
13 cars, the parking and whatever fuel -- primarily
14 on whatever fuel they pump that then comes --
15 flows through us to -- from the FBO agreement that
16 we have in place with Galaxy.

17 So, if you're going to charge different fees,
18 then maybe you look at those -- those things on
19 how you protect yourself --

20 MR. GEORGE: Okay. To net out what you said,
21 we don't get anything.

22 MR. BURNETT: Not the way it's set up right
23 now.

24 MR. GEORGE: We changed about a year ago in
25 our basic contracts with anybody that if they were

1 a new startup, new company and there was no depth,
2 we required personal guarantees.

3 MR. WUELLNER: The question I have is, what
4 are you guaranteeing? There is -- there's no
5 revenue specific to the airline, so what are you
6 guaranteeing? What are you bonding?

7 MR. GEORGE: That's a good point.

8 CHAIRMAN GREEN: And your damages would just
9 be --

10 MR. GEORGE: But we are giving -- but we are
11 giving them a how many hundreds of thousand square
12 feet building?

13 MR. WUELLNER: We're not giving them
14 anything. It's common -- it remains common use.
15 The Airport Authority controls all the variables
16 related to the building's use as well as the
17 operation of the airline on the property.

18 MR. GEORGE: Okay.

19 MR. WUELLNER: Our agreement, even with

20 Skybus gave us that. We control those variables.

21 MR. GEORGE: Okay.

22 MR. BURNETT: And we can make them park --

23 for example, we can make them park pretty much

24 wherever we want in relation to the terminal. For

25 example, we control all of those type areas.

1 MR. GEORGE: Yeah, I understand.

2 CHAIRMAN GREEN: How about this, Doug. What
3 if -- I mean, our revenues -- if there is a breach
4 of contract, our lost revenues are going to be
5 parking, rental car --

6 MR. WUELLNER: Rental cars.

7 CHAIRMAN GREEN: -- whatever for that three
8 months. Let's say they fold up after three
9 months. So that's really our only loss, is what
10 that -- expected revenue.

11 MR. WUELLNER: It's loss of future income.
12 It's not loss of existing.

13 CHAIRMAN GREEN: Right. But if we have a six
14 months' notice contract, we have six months we're
15 banking on. So if they pull up in three, we have
16 a loss of three months of that -- that income.
17 That would be our -- our only downside that I can
18 see.

19 MR. GEORGE: The -- but we're not trying to

20 come in at the ninth hour and rewrite a contract

21 and go through -- we're just bringing up some --

22 MR. WUELLNER: This is why --

23 MR. GEORGE: -- some thoughts, okay?

24 MR. WUELLNER: To be fair, this is why we had

25 the discussion 30 days ago, was --

1 MR. GORMAN: Exactly.

2 MR. WUELLNER: -- to continue with the same
3 structure and marketing to the airlines. So,
4 that's what we've done. So if -- if that's not
5 the direction collectively you want to go, then I
6 need to know that and --

7 MR. BRUNSON: You know, but I don't think
8 that's --

9 MR. WUELLNER: -- so that I don't have this
10 discussion with anybody else.

11 MR. BRUNSON: -- a good statement in that --

12 CHAIRMAN GREEN: Whoa, whoa, whoa. Hang on.
13 Randy.

14 MR. BRUNSON: I don't think that's a good
15 statement in that we want to go forward with an
16 airline and --

17 MR. WUELLNER: You don't have the ability --
18 let me -- let me clarify this. You don't have the
19 ability to pick and choose airlines.

20 MR. BRUNSON: Yes, we do.

21 MR. WUELLNER: No, you don't legally.

22 MR. BRUNSON: And -- but we're just saying
23 that we want to make sure who we're dealing with
24 and these -- it doesn't worry me about the three
25 months' lost revenues. We don't have it and we

1 won't get it and it doesn't matter.

2 But I'm just saying that we want to make sure
3 that these people are going -- have the ability to
4 stay in business and -- and here we are that they
5 want to start June the 21st. And we gave -- we
6 said we wanted to go ahead, and I think you're
7 talking to some airlines that have proven routes
8 and different cities, and I'm anxious to see
9 those. But I do have some concerns about Casino
10 Direct.

11 CHAIRMAN GREEN: Okay. I'm going to just
12 kind of -- let's control this meeting because
13 we're going really really over on our time. Buzz
14 still had the floor. He had two more points to
15 make.

16 MR. BRUNSON: Oh, excuse me.

17 MR. GEORGE: Two more points.

18 Mike I think brings up a good point, you
19 know, about checking into their financials and

20 everything. How do we make that happen? Do we

21 just give that as a staff responsibility and you

22 generate a letter to all the board members that

23 says I have personally guaranteed -- I'm sorry,

24 looked at these?

25 MR. WUELLNER: They're required to do filings

1 with DOT, Federal DOT, to their -- their financial
2 condition. Beyond that, I don't know what else we
3 can do.

4 Again, with a no-revenue agreement with the
5 airline, going to -- and the regulatory
6 environment, the regulatory environment being the
7 FAA's generic rule that says everybody has the
8 right to go bankrupt in the aviation business of
9 their choice, you cannot use that in and of itself
10 as a reason to --

11 MR. GEORGE: Okay. All I'm saying is, I
12 don't want Mike's comments to go unheeded because
13 I think that they're very valid. So, who gets
14 that responsibility?

15 MR. WUELLNER: I'll -- we'll be happy to get
16 the information out of DOT and take a look at it.
17 But to what value contract-wise, I don't know.
18 But, it's certainly --

19 MR. GEORGE: Okay. All right. My last

20 question.

21 Ed, you are probably the best Lotus -- I'm

22 sorry, Excel guy I've ever seen. I'm surprised

23 that we don't have a chart that you're presenting

24 that says, based on these two airlines, here's

25 what we anticipate rental car, what we anticipate

1 parking, advertising, whatever, and here's what we
2 could rent the building for if we said, no, we
3 don't like these guys.

4 MR. WUELLNER: Okay.

5 MR. GEORGE: Thank you.

6 CHAIRMAN GREEN: Jack?

7 MR. GORMAN: And Mr. George's last point is
8 my point. In other words, but we've got to -- we
9 voted before to let Mr. Wuellner have a fling at
10 this, to not rent it out because we only got
11 \$70,000, and to do this.

12 And so, even though I understand
13 Mr. Slingluff's angst about not wanting to gear up
14 again to be able to fail again because that's
15 expensive, we've got to kind of take this as a
16 business venture, as a business risk. In other
17 words, let these people come in and see what they
18 generate. Because that's what the direction we've
19 given him before, is to let's try this.

20 Even though I understand the board's angst
21 about letting unqualified people in and you gear
22 up for them and then you have expenses. But we
23 don't have any other choices but to let
24 Mr. Wuellner do his best --
25 MR. WUELLNER: Well, you're not --

1 MR. GORMAN: -- which he's trying now.

2 MR. WUELLNER: I was going to say, in
3 fairness, you're not -- you're not permitted to
4 determine whether they're qualified to operate.

5 MR. GORMAN: Yeah.

6 MR. WUELLNER: That's -- that's outside of
7 your purview. That's a FAA certificate issue.
8 So, getting caught up in that part of it's
9 probably a waste of your valuable time.

10 You know, I understand what you're saying
11 about the financial health of a company. I mean,
12 no one wants a black eye more than I do in this
13 thing. I mean, that's -- that's -- you know,
14 we've taken our lumps. But at the same point, you
15 know, we've certainly ended up on the plus side of
16 the equation.

17 We certainly found ourselves in the best
18 possible legal defensible position when Skybus
19 went over relative to the airline. You know,

20 again, we spent zero defending our contract terms
21 with -- with Skybus. You know, our revenues came
22 from other, I would call, more solvent locations
23 on the airport. And I'm -- yeah, I get concerned.
24 I understand what you're saying. Nobody
25 wants the black eye side of this. But at same

1 point, you know, we're either in this and we'll be
2 developing additional carriers with similar ideas
3 and hopefully bigger and better things as we move
4 through the -- you know, traditional 121 carriers
5 take longer to make decisions.

6 The beauty of this kind of stuff is they're
7 buying surplus aircraft time off of other
8 airlines. The airplane's sitting on the ground
9 someplace. They're buying that airplane time and
10 flying it for something they've scheduled. So
11 it's not -- you know, it's --

12 CHAIRMAN GREEN: Kelly, you had a question.

13 MS. BARRERA: Well, first of all, I'd like to
14 say, in regards to the Craig Air Center, I used to
15 work for them many, many, many years ago. And I
16 didn't realize that they were doing flights down
17 to Marsh Harbour, so I'm --

18 MR. WUELLNER: This is startup.

19 MS. BARRERA: Yeah. So, I'm -- I'm

20 encouraged by that from the standpoint that I know
21 that we've heard a lot of people say they'd like
22 to see flights out of St. Augustine to the
23 Bahamas. I've heard that for the last several
24 years.

25 But I'd like to make a motion, in light of

1 the fact that our risk is almost nil -- nil and
2 that we have a six-month opportunity to abort the
3 contract should we choose, and with the provisions
4 that you have put in to protect us as far as
5 parking and should we want to take on any other
6 agreements, we have those opportunities, I'd like
7 to make a motion that we accept both of the two
8 scheduled operators and their airline operating
9 agreements.

10 CHAIRMAN GREEN: There's a motion on the
11 table. Is there a second?

12 MR. GORMAN: Certainly I think to back
13 Mr. Wuellner up, since we've already given him
14 that direction, we have to second it.

15 CHAIRMAN GREEN: There's a second. Now
16 there's board discussion. Is there any further
17 discussion? Buzz?

18 MR. GEORGE: We gave Mr. Wuellner 90 days to
19 see if he can come up with somebody. We're now

20 saying we've got six months to get them out, but
21 we won't know for six months if we want them out.
22 So what you're doing is you're extending the
23 commitment of that terminal for one year. And the
24 rent that you felt like you could get for one --
25 for that terminal for one year, do I remember

1 correctly, \$60,000?

2 MR. WUELLNER: Sixty -- ballpark, uh-huh.

3 CHAIRMAN GREEN: But you still have
4 renovations, too.

5 MR. WUELLNER: But in -- in fairness, you've
6 already received three years' worth of rent on the
7 building in net operating income from just Skybus.
8 So, you know, it's not like you're behind the
9 revenue equation for having rented -- not rented
10 the building, per se, as a hangar.

11 MR. GEORGE: Well, see, if you consider the
12 Skybus time that we didn't rent it, now it's two
13 years, not one year. So, it's \$120,000. So I can
14 play numbers with you, Ed, all day long.

15 MR. WUELLNER: It's still -- it's still two
16 more years, you know.

17 MR. GEORGE: Yeah.

18 MR. WUELLNER: The reality is we haven't even
19 hit the first year.

20 CHAIRMAN GREEN: The board -- Randy?

21 MR. BRUNSON: I agree with Kelly. And I'm

22 going to support this.

23 I look at this as if I had this terminal

24 personally and if it's my business, based on the

25 trips to the Marsh Harbour, I think it's -- and I

1 think the Casino Air is a -- give it a try since
2 we're going to be doing this anyway. And so, I
3 will support the motion.

4 CHAIRMAN GREEN: Any further board
5 discussion?

6 MS. BARRERA: The only other board discussion
7 I'd like to reiterate is we'll also be getting the
8 revenue from the parking direct. And that will be
9 significant on both counts, because both of those
10 sets of people will be parking.

11 CHAIRMAN GREEN: I think you're going to get
12 a bigger parking than rental car.

13 MR. WUELLNER: Probably right.

14 MS. BARRERA: Certainly.

15 CHAIRMAN GREEN: Any further board
16 discussion?

17 (None.)

18 CHAIRMAN GREEN: Okay. All in favor of the
19 motion to accept the two scheduled operators, all

20 in say favor, aye.

21 MR. BRUNSON: Aye.

22 MR. GEORGE: Aye.

23 MS. BARRERA: Aye.

24 MR. GORMAN: Aye.

25 CHAIRMAN GREEN: Aye. All opposed.

1 (No opposition.)

2 CHAIRMAN GREEN: Passes unanimously. And I
3 want to mention, the people that put their names
4 in after we closed public comment, you can say at
5 public comment. So we'll just bring it all back
6 up at the public comment. Okay.

7 HOUSEKEEPING

8 MR. WUELLNER: A couple of housekeeping
9 items. 28th and 29th of this month is our annual
10 Part 139 inspection. The 23rd of this month, we
11 will be conducting our required annual exercise
12 for TSA certification.

13 And we just recently did last week training
14 for our Stormwater Pollution Prevention Plan and
15 our Spill Prevention Control, something to that
16 effect, SPCC plan, as required, and that's to meet
17 the DEP and EPA requirements.

18 And a reminder to those of you attending the
19 AAAE conference, that's coming up on the 8th

20 through the 11th of June. And I think that brings
21 you to your public comments.

22 CHAIRMAN GREEN: Okay.

23 PUBLIC COMMENT

24 CHAIRMAN GREEN: Let's go back to Joe
25 Lopinto.

1 MR. JONES: Who, me?

2 CHAIRMAN GREEN: No, not Joe Jones.

3 MR. LOPINTO: That's me.

4 CHAIRMAN GREEN: Lopinto. Right.

5 MR. LOPINTO: Pass.

6 CHAIRMAN GREEN: I just wanted to make sure
7 we got you in right after that last discussion.

8 Herb Rippe.

9 MR. RIPPE: Yeah. Herb Rippe, 324 Village
10 Drive.

11 As I have publicly stated before, I am in
12 favor of service to St. Augustine. But I'm also
13 disappointed in the board that we would make this
14 decision without running the math. And that's the
15 math that Buzz was referencing.

16 It seems to me like there -- we could have
17 done that and had more light on the situation.

18 CHAIRMAN GREEN: Joe Jones?

19 MR. JONES: Joe Jones, 4672 Fifth Avenue.

20 And Buzz had -- really has my answer when he
21 said you're the best at Excel. And I wanted to
22 find out if you've got a spreadsheet on this
23 Customs thing about, you know, how much money's
24 going to come in, how many flights do you expect
25 to use, money you're going to make off of fuel,

1 just how are you planning on getting your money
2 back from it and everything. I'm sure it's all on
3 a spreadsheet and I'd like to see if I could get a
4 copy of it.

5 MR. WUELLNER: You've got it.

6 CHAIRMAN GREEN: Thanks, Joe. Len?

7 MR. TUCKER: I'll pass.

8 CHAIRMAN GREEN: Jim left? Mr. Roland?

9 MR. ROLAND: Hi. I'm Merrill Roland, 6281
10 Old Dixie Drive, and that's just two miles north
11 here behind the British Pub.

12 For 20 years now, I've owned and lived in the
13 same home. And some of you may recall I've only
14 been here a few times over the years and always
15 been positive to the airport. And one -- one
16 occasion, I came here and asked why there wasn't
17 an airshow recently, and then you did one and it
18 was wonderful.

19 And what I came here tonight to tell you

20 about is, I was a little unsure where I stood.

21 I'm a resident here for 30 years, lived in the

22 same house for 20, and where I stood on the

23 discussion that was at the County Commission last

24 week.

25 And I want to say that I left there with a

1 solid decision in where I stood and how I felt
2 about the discussion after I saw that wonderful
3 PowerPoint demonstration by Mr. Wuellner. And I
4 want to say without that, I was unsure.

5 And I -- I want you to know that I feel that
6 what a wonderful asset he was to -- I hope that
7 everybody in the community saw that on the cable
8 and so on. But I just came here to tell you that
9 prior to that presentation, I just wasn't sure
10 where I stood.

11 I don't have any children, but I pay school
12 taxes. I don't fly in an airplane here at the
13 airport, but I pay airport, the fees. And I
14 don't -- I don't mind that. But I just didn't
15 know where I stood there. And after his
16 PowerPoint presentation, I now know and I support
17 what you're doing here 100 percent. Thanks.

18 CHAIRMAN GREEN: Thank you, Mr. Roland.

19 MR. GEORGE: Thanks, Merrill.

20 CHAIRMAN GREEN: Victor?

21 MR. MARTINELLI: One more shot at zero-based

22 budgeting. Zero-based budgeting does not

23 necessarily eliminate reserves, Jack. It simply

24 makes you study where you put the money.

25 And I also want to say that GASB, which is

1 the Government Accounting Standards Board,
2 dictates pretty much the rules that you have to
3 live by, and the only opinions that are rendered
4 are the opinions of the auditor as to whether or
5 not you've followed those rules. And those rules
6 dictate that you must have reserves.

7 I further want to say that we are, by GASB,
8 required to account for airport activities as an
9 enterprise fund. And there are several enterprise
10 funds within the county structure, like the golf
11 course, convention center, the utility department,
12 to name a few. And I have looked at all of their
13 reports, all their audit reports, and every one of
14 them has a reserve. And they're required to have
15 the reserve. So, I just want to clarify that
16 point.

17 CHAIRMAN GREEN: Thanks, Victor. Mike, did
18 you want?

19 MR. SLINGLUFF: No comment.

20 CHAIRMAN GREEN: Okay. Mr. Kendeigh? Oh, he

21 moved on me.

22 MR. KENDEIGH: Yes. Bruce Kendeigh, 240

23 Redfish Creek Drive, 32095.

24 Yeah, a couple of the points. I also have no

25 little children at home, but I pay school taxes,

1 as the gentleman just said. I've also had boats
2 and I didn't have any federal support to put my
3 boat in the marina. And I rode motorcycles and I
4 had to do my own repairs and maintenance or
5 whatever. It would be nice if I had them. But
6 just a comment on the -- the new potential
7 airlines.

8 Everything, the numbers that we've seen and
9 heard sound pretty good, except what I haven't
10 still seen is how much the rental car facility's
11 going to cost us, 55575, I think, that has to be
12 committed to. And the Customs office, there's no
13 price on the Customs office?

14 MR. GORMAN: Can I address a couple of those?

15 MR. KENDEIGH: Sure. Please.

16 MR. GORMAN: One, the rental car -- the
17 rental car facility that we were going to build
18 for Skybus is completely on hold. We lost nothing
19 but a \$2,000 bond, and that was just in

20 happenstance. And so we're using the existing

21 rental car facilities that we have right now.

22 MR. KENDEIGH: Okay.

23 MR. GORMAN: Just using them as is.

24 MR. KENDEIGH: That's fine. That clarified

25 my question, if we had to commit to that.

1 CHAIRMAN GREEN: No.

2 MR. GORMAN: No, no. That's -- that timing
3 was -- was fortuitous in that. We just got out of
4 that. We just happened to be lucky.

5 MR. KENDEIGH: Right. And this new -- my
6 comment or what I heard was that we're going to
7 have the rental car facility. I'm thinking if you
8 spend 55575 and this airline goes belly-up or
9 doesn't want to play with us anymore, we're stuck
10 with.

11 And how about the Customs office? I have a
12 question on that. I remember hearing during the
13 Airport Authority member meeting that -- board
14 meeting that I think Mr. Wuellner said that the
15 push is Ringhaver and SK Logistics for this
16 Customs. And I can see that this company coming
17 in, Marsh Harbour, will fly to the Bahamas. They
18 obviously need the Customs and that's
19 understandable. That's just a question.

20 Do we -- who's really going -- does the

21 Airport Authority have to pay for Customs

22 officials, maintenance of the building, on and on

23 and on?

24 MR. WUELLNER: Yes, we do. We pay for it up

25 front, but it's what's called a user fee airport

1 program, meaning the Airport Authority can charge
2 the users of the Customs facility whatever it
3 deems appropriate. And in our case, I think we
4 moved forward with this project with the
5 understanding that we would at least recover the
6 cost of the facility -- the operating cost and the
7 cost of the facility.

8 So, if the rent -- the rent structure will be
9 ultimately a function of what it ultimately costs
10 us to build, which is an unknown right now because
11 it's out for bid right now and will be a June or
12 July agenda item relative to approving a
13 construction contract.

14 MR. KENDEIGH: So what the board's going to
15 do is just get a rental structure back but not
16 with -- without the initial cash outlay of cost,
17 correct? That's what I understood.

18 MR. WUELLNER: Well, legally, the only entity
19 that can enter into the contract with Customs is

20 the Airport Authority.

21 MR. KENDEIGH: Correct.

22 MR. WUELLNER: The Airport Authority would

23 enter into the contract with U.S. Customs to

24 operate the facility.

25 MR. KENDEIGH: Correct.

1 MR. WUELLNER: We then can establish a rate
2 structure for any pilot using the Customs facility
3 to recover that cost. We can put a profit on it.
4 We can do whatever we want relative to the -- to
5 the fare we charge, for lack of better terms.

6 MR. KENDEIGH: What's usual -- what's usual
7 and customary now for Customs? I don't fly.

8 MR. WUELLNER: Contractually, the first year
9 costs, I believe -- this may not be exactly, but
10 it's real close, first year costs are
11 approximately \$170,000. Second year and beyond
12 costs reduce down to \$130-, I believe's the
13 number.

14 MR. KENDEIGH: No. I mean if you -- if you
15 flew into Daytona from the Bahamas, what would
16 you -- you pay as a --

17 MR. WUELLNER: Honestly, I don't know.

18 MR. KENDEIGH: Does anybody know?

19 MR. GORMAN: You have to get a --

20 MR. KENDEIGH: I was looking at some money
21 coming in for investment.

22 MR. GORMAN: You get a sticker and if you get
23 a sticker, you get a discount. And it depends on
24 the size of the plane. It depends on the number
25 of passengers.

1 MR. WUELLNER: And the type --

2 MR. GORMAN: Mr. Slingsluff could address that
3 properly.

4 MR. WUELLNER: And the type of entry.

5 MR. SLINGLUFF: It could run anywhere from
6 \$25 to \$400. Depends on the time of day, the
7 number of passengers, the type of airplanes.

8 MR. KENDEIGH: So there's no hard number that
9 I could -- there's not -- if you want to buy this
10 candy bar, it costs \$50 cents. There's none of
11 that.

12 MR. WUELLNER: No.

13 MR. KENDEIGH: Okay. Well, that was my
14 question, I guess. Thank you.

15 CHAIRMAN GREEN: Thanks, Bruce. I can say
16 that there's been a lot of requests for Bahamas
17 Customs-type flights in the seven years I've been
18 on this board. A lot. More than I've heard about
19 commercial. And I think that's a good point for

20 the board. Jerry Dixon?

21 MR. DIXON: Am I cleanup?

22 CHAIRMAN GREEN: You are cleanup.

23 MR. DIXON: Well, I've got good news for you.

24 MR. WUELLNER: We could use some.

25 MR. DIXON: Jerry Dixon, 45 Cordova.

1 You were talking about PR earlier. I'm
2 chairman of the Port and Waterway Authority. Some
3 years back, Ed was kind enough to save a bunch of
4 concrete debris here that came I think from
5 taxiway Bravo and some other stuff. It used to be
6 down by -- at the end.

7 Put it this way, the Port Authority works for
8 the County Parks and Recreation. We're working on
9 another reef. That concrete debris that was --
10 that you saved some years ago has been in storage
11 along with some other stuff. It's going to be
12 dumped here next month.

13 When it is dumped and the press release is
14 going to go out, the Port Authority's going to say
15 that the Airport shares in that and contributed to
16 it. So I just wanted to let you know that we
17 haven't forgotten.

18 MR. GEORGE: Thanks.

19 CHAIRMAN GREEN: Thanks, Jerry. Okay.

20 Authority members, Kelly, comment?

21 AUTHORITY MEMBER COMMENTS - MS. BARRERA

22 MS. BARRERA: The only other thing. There's

23 a few things I'd like to make a comment about.

24 When Mr. Martinelli was talking about the

25 enterprise funds that are in the county and he was

1 talking about the reserve, I want to just mention
2 that those reserves are not seen by the individual
3 taxpayer, because it's all buried underneath the
4 county -- in the county funds as opposed to the
5 reserves that are seen here at the airport.

6 The other thing I'd like to comment on is
7 that since I've been a board member here, I felt
8 like this board has always had healthy
9 discussions. I felt like this was an interactive
10 board.

11 I felt like they haven't been afraid to
12 address issues when they've come up, ask tough
13 questions, even if they weren't -- if they weren't
14 politically correct or if they weren't -- if they
15 weren't well thought out. And I think that, in my
16 time of being a board member here, people have
17 understood that and they've respected each other.

18 I think everyone here has a responsibility to
19 bring up questions when they have it. But I think

20 that this board works and I think it works well,
21 and I would hope that every member of this board
22 would feel that they are a member and that their
23 contribution is valued, because it is valued. And
24 I would hope that no one would isolate themselves.
25 And that's my comment.

1 CHAIRMAN GREEN: Okay. Randy?

2 MR. BRUNSON

3 MR. BRUNSON: I really don't have any, except
4 that I agree with Kelly in that, wow, a couple of
5 weeks ago when we had the commission meeting, I
6 congratulate Suzanne and Ed for -- and Kelly for
7 great presentations. And the young man that just
8 left, unbelievable.

9 And I'll have to say that being in the
10 public, and I hear a lot of negative things
11 sometimes about the airport, that this really
12 helped, that people have said some positive
13 things.

14 And I agree that I think this board, over
15 the -- my last four years, have really had the
16 maturity and asked the right questions. And it's
17 a good board and we respect each other, and I hope
18 we continue to do that. That's all I have.

19 CHAIRMAN GREEN: Thank you, Jack?

20 MR. GORMAN

21 MR. GORMAN: Well, two points here.

22 During that commission meeting, I brought up

23 the point that I thought there were things that

24 are broken, and I still do think that there are

25 things that are broken here. I think they can be

1 fixed.

2 If you don't -- sometimes if you're not a bit
3 bombastic about things, you don't get attention.
4 If you don't get attention, you don't get things
5 fixed. And that's how things work. At least
6 that's been my observation.

7 The discussion of reserves is -- the reason I
8 am pushing to do this is for public knowledge, to
9 assure the public about financial responsibility,
10 and to, if possible, lower the reserves to the
11 point where we are not accruing any more tax
12 dollars than we need to accomplish our goals.

13 This is not the easiest task. It puts a large
14 burden on Mr. Wuellner, but I think it's a -- it's
15 a well-found task.

16 Again, if you don't -- if you really think,
17 if you get elected by people and you really think
18 that something needs fixing, then you've got to
19 bring that to attention and continue to discuss

20 it.

21 CHAIRMAN GREEN: Okay. Buzz?

22 MR. GEORGE

23 MR. GEORGE: I'd like to make a great big

24 thank you for everybody that participated in the

25 4/29. I happened to have been in Atlanta, and

1 couldn't make it down. Whew, thank God. But, you
2 know, you guys did a great job and came in and
3 brought up some real good points. And I think
4 Mr. Manuel had a little egg on his face, which is
5 always a good place for it to be.

6 The next item is, we are a group, and we've
7 gone over this before, that as the group -- as the
8 group goes, you know, everybody goes, or as an
9 individual goes, the group goes.

10 And we've had -- had our differences of
11 opinion of what the group says and everything back
12 at a lawsuit that we had going on. And we didn't
13 try to censor anybody, but the point that we were
14 trying to make is, as you make statements in the
15 public, you reflect on the other members of the
16 group.

17 After looking at the tape, I was personally
18 embarrassed, you know, at the comments that Jack
19 made at the meeting. I had friends of mine that

20 asked me, said, "Is that all you guys do out
21 there? Nobody knows what the devil's going on?"
22 I think that over the last six years that
23 I've been on the board with Jack, I think we have
24 indulged your creative questioning quite a bit and
25 it's led us down to strays and everything.

1 I would hope that in the future, you would
2 remember that when you talk, you're not talking as
3 Jack Gorman, you're really -- well, you might be
4 talking as Jack, but you're also talking and have
5 a reflection on the -- on the group that we have
6 here.

7 One of the other things that was brought up
8 at the 29 -- 4/29 was getting our meetings
9 televised, which is a good way of letting people
10 approve what we do do. And I was wondering who
11 had the action item, Ed, to check with the County
12 or some way of getting us onto that.

13 MR. GORMAN: I believe I brought that up, Mr.
14 George.

15 MR. GEORGE: Hmm?

16 MR. GORMAN: I believe I brought that up, Mr.
17 George.

18 MS. BARRERA: After Mr. Jones.

19 MR. GEORGE: Hmm?

20 MS. BARRERA: Mr. Jones originally brought it

21 up.

22 MR. GEORGE: Who?

23 MS. BARRERA: Joe Jones.

24 MR. GEORGE: Okay.

25 MS. BARRERA: He originally brought it up.

1 MR. GEORGE: I think it's a good idea.

2 MR. WUELLNER: Yeah. We are -- we are
3 working toward this.

4 One -- the way I was hoping that we can get
5 past it is obviously there would be a significant
6 investment in us doing that kind of recording.
7 Getting it aired is easy. Getting it recorded
8 and/or ready for publication.

9 The way I was hoping to do this, we made some
10 initial contacts with, believe it or not, St.
11 Johns County schools. Nease High School has a
12 broadcast -- I don't know if they call it
13 broadcast journalism curriculum -- I don't
14 remember the formal name of it. But basically
15 these kids produce their own television show for
16 the school and the like.

17 And I made some initial inquiries as to maybe
18 these kids being able to come down, do that
19 videotaping and production development so that

20 they can produce the Airport Authority meeting,
21 for lack of better terms, for placement on
22 Government Television.

23 CHAIRMAN GREEN: It's called The Wire, and
24 they came in number two in the nation last week.

25 MR. WUELLNER: By all accounts, they do a

1 fabulous job. And the beauty to us is there
2 really -- I don't see us having much in the way of
3 cost involved in it.

4 They need it for school projects. They need
5 it to be able to do what they do in their
6 curriculum. So, I'm going to be exploring that
7 idea in more detail and by -- it's hard to get
8 anybody to talk to you right this minute because
9 of where they are in their school year.

10 But I think very likely we can get this
11 thing -- as soon as school resumes in the fall,
12 that this thing can be -- in August, actually,
13 that we can get this thing up and running very
14 rapidly with these --

15 MR. GEORGE: Well, I know scheduling would be
16 a problem, to take Mr. Manuel up on his, you know,
17 suggestion of coming down and using them. But
18 that's one way of some of our cost that's helping
19 offset some of their cost down there. So I would

20 hope that some meaningful conversations would be
21 had with somebody.

22 CHAIRMAN GREEN

23 CHAIRMAN GREEN: Is that it? Okay. Just
24 briefly, I wanted to make one comment on one of
25 the public comments.

1 One thing that is different is on these
2 airline operations, we are charging \$10 per
3 enplanement on the Craig Air. So, that -- that's
4 different. So we're taking advantage of what we
5 can, because when that opportunity came, Ed saw
6 that's one airline, that's all I've got, I've got
7 to cover my cost.

8 So, in answer to those questions, yes, we do
9 know the base costs. We know because of what
10 Skybus was, what our air-conditioning costs are
11 and some of those factors. So it was very good
12 forethought, I think, to put that provision in the
13 contract when we had only one carrier.

14 MR. BURNETT: And if I could comment.

15 One thing related to that, I would guess that
16 the Authority will continue to draw that
17 distinction between the larger carrier and the
18 smaller carrier and the level of enplanements,
19 because it does directly reflect the revenue

20 you'll receive --

21 (Mr. Brunson leaves the room.)

22 MR. BURNETT: -- based on the parking

23 generated and the rental car returns.

24 CHAIRMAN GREEN: I agree. And that's why I

25 wanted to thank Ed for put -- for considering

1 that. That was a good feature.

2 Okay. That's really all I have on my
3 comments. Our next regular meeting is June 16th
4 at 4:00. That's here.

5 MR. GEORGE: I will personally be out of
6 town. I realize this board doesn't run on whether
7 I'm here or not, so...

8 MR. GORMAN: Thank God.

9 MR. GEORGE: But they're -- in the past, we
10 have foregone the June schedule, and I understand
11 some of us have tight Junes and just gone into a
12 July --

13 MR. BURNETT: Can we keep the voices down
14 because the court reporter --

15 CHAIRMAN GREEN: We still have a meeting. We
16 still have a meeting, Sacha. Excuse me. I'm
17 sorry. What because your question, Randy -- Buzz?
18 Randy left.

19 MR. GEORGE: My question was, can we consider

20 combining the June 16th meeting with the July
21 meeting and just having one, as we have done on
22 numerous months -- numerous years? I'm sorry.

23 MR. WUELLNER: Yeah. We've certainly done
24 that in the summer. More often than not, is
25 create an early July meeting and not have a June

1 and not have a later July meeting and then pick it
2 up in August again. That's, you know, up to you.

3 CHAIRMAN GREEN: My -- my concern is we just
4 have a lot to get through, and I think -- I know
5 you won't be here, but I'd like to get some of
6 those items out of the way in June and still have
7 a July.

8 MR. GEORGE: Sounds good.

9 CHAIRMAN GREEN: Because we've got a lot to
10 go through. We've got Ed's contract. We've got a
11 lot of things.

12 MR. GEORGE: Well, because of Jack's
13 suggestion way back when, I can use the telephone
14 to be in. So, that's good.

15 CHAIRMAN GREEN: Okay. Thank you, very much.

16 MR. GEORGE: It was your suggestion.

17 CHAIRMAN GREEN: Meeting adjourned.

18 (Hearing concluded at 7:04 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, FPR,

7 certify that I was authorized to and did

8 stenographically report the foregoing proceedings

9 and that the transcript is a true record of my

10 stenographic notes.

11

12 Dated this 29th day of May, 2008.

13

14

JANET M. BEASON, RPR-CP, RMR, CRR, FPR

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