

1 ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

2 Final Public Hearing on

3 FY 2005-06 Annual Budget

4 held at 4796 U.S. 1 North

5 St. Augustine, Florida

6 on Monday, September 19, 2005

7 from 5:01 p.m. to 6:30 p.m.

8 \* \* \* \* \*

9 BOARD MEMBERS PRESENT:

10 WAYNE GEORGE, Chairman

BOB COX, Secretary-Treasurer

11 RANDY BRUNSON

JOHN "JACK" GORMAN

12 SUZANNE GREEN

13 \* \* \* \* \*

14 ALSO PRESENT:

15 DOUG BURNETT, Esquire, Rogers, Towers, Bailey,

Jones & Gay, P.A., 170 Malaga Street, St. Augustine,

16 FL, 32084, Attorney for Airport Authority.

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

18 BRYAN COOPER, Assistant Airport Director.

19 \* \* \* \* \*

20

21           JANET M. BEASON, RPR, RMR, CRR  
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1           P R O C E E D I N G S

2           MR. GEORGE: Let's take our seats, please.

3           We're going to call our final budget hearing

4           meeting to order.

5           I have elected to turn the chairmanship over

6 to Mr. Cox, because I was not at the last meeting,  
7 and for continuity sake, he heard the comments and  
8 everything of the last meeting, and I think that  
9 he could probably handle it better than I would.

10 So, I'm going to turn it over to Mr. Cox.

11 CALL TO ORDER AND REMARKS BY CHAIRMAN

12 CHAIRMAN COX: Thank you, sir. Call to order  
13 this final public hearing of the '05-'06 annual  
14 budget. I'm going to limit remarks to the public  
15 to five minutes per individual. And the board,  
16 if -- if we decide that we want to allow further  
17 comments on a particular issue, if somebody's  
18 speaking to the point, that's fine; we'll extend  
19 that time frame.

20 But generally speaking, please try to your  
21 comments to five minutes or less, because  
22 otherwise, we could end up here for hours and not  
23 get the subject matter covered.

24 Please keep your comments focused to the  
25 budget portion of the meeting, because we will

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1 continue the general meeting after the annual

2 budget meeting is concluded.

3 3. - ANNOUNCEMENT OF PROPOSED MILLAGE RATE

4 CHAIRMAN COX: Announcement of proposed

5 millage rate?

6 MR. BURNETT: And -- and if I could just

7 interject real quick --

8 CHAIRMAN COX: Yes, sir.

9 MR. BURNETT: -- real briefly for the public.

10 I know that the Authority members know this, but

11 for the public, at the last meeting, the tentative

12 millage and tentative budget were approved.

13 For the purpose of this meeting, we have to

14 sort of follow -- we have to follow a strict

15 statutory requirement that we discuss the millage

16 and approve the millage prior to discussing the

17 budget and approval of the budget. And so, that's

18 why the agenda is formulated the way it is.

19 CHAIRMAN COX: Very good.

20 MR. BRUNSON: Well -- may I ask a question,

21 Doug?

22 MR. BURNETT: Yes, sir.

23 MR. BRUNSON: When you approve the millage,

24 how can you not talk about the budget to -- why

25 you are going to propose a certain millage rate?

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1 I mean, why would -- it seems like the two go hand

2 in hand.

3 MR. BURNETT: They really do. The focus, at

4 least until you've approved the millage, needs to

5 be the millage, although obviously it has -- the

6 budget impacts the millage rate. The -- the

7 simple fact of the matter is, though, the statute

8 requires you to approve the millage before you

9 approve the budget.

10 Now, understand even in your discussion of

11 the millage, you're going to have -- presumably,

12 you'll have discussions related to what the budget

13 is to support the millage that you're

14 contemplating passing.

15 CHAIRMAN COX: I think the statute

16 contemplates the -- the symbiotic relationship

17 between the two, but as long as you're discussing

18 the millage rate in a movement towards approving

19 that particular --

20 MR. WUELLNER: The argument is that you don't

21 use the budget to justify the millage.

22 CHAIRMAN COX: Okay. Do you want -- did you

23 have an opening statement or --

24 MR. WUELLNER: I don't have an opening

25 statement per se, but to just remind the board

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1 that the tentatively adopted millage rate was set

2 last week, last Monday in fact, at .2055 mills,

3 which is consistent with the rolled-back rate

4 as -- as proffered by the Property Appraiser.

5 4. - DISCUSSION OF MILLAGE RATE BY AUTHORITY

6 CHAIRMAN COX: Well, I -- I have a question,

7 because this -- the editorial in Sunday's paper  
8 gave me -- piqued my curiosity on a couple of  
9 different things.

10 If we went to a millage rate of .5, how long  
11 would it take for the airport to come off the tax  
12 rolls and how much would that involve?

13 MR. WUELLNER: If you went to the full  
14 statutory half mill?

15 CHAIRMAN COX: Right.

16 MR. WUELLNER: You could -- I would suggest  
17 it is probably two years.

18 CHAIRMAN COX: Two years or less or two  
19 years --

20 MR. WUELLNER: I think it would take a full  
21 two years, yes, based on what it would generate.

22 CHAIRMAN COX: And then just follow me  
23 through here, because the issues brought up -- and  
24 it's actually a very good point that Mr. Sutton  
25 make -- made in his editorial, that if --

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1 regardless of what we do here, in three years or  
2 two years, whenever other board members are on the  
3 board, they're not obligated at all to -- to  
4 follow through with what we've started.

5 If we in fact were able to get the airport  
6 off -- completely off the tax rolls and in the  
7 green, there would have -- there would be almost  
8 no way for another board to come in here and --  
9 and go back to the tax roll. There would be no  
10 way to justify it because there -- unless you had  
11 a huge urban project to justify going back to  
12 levying a tax.

13 MR. WUELLNER: My -- my suspicion is the only  
14 way it would begin to be palatable again would be  
15 following some sort of a -- a debt service request  
16 you've made to the public wherein they dedicate  
17 some ad valorem millage to a debt service proposal  
18 that might, you know, some day materialize that's  
19 not forecast now.

20 CHAIRMAN COX: Comments from the board

21 members on that idea?

22 MR. BRUNSON: With the -- with this proposal,  
23 2005-2006, what would the estimated ad valorem tax  
24 be?

25 MR. WUELLNER: The tax or the generated

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1 revenues?

2 CHAIRMAN COX: Generated revenue?

3 MR. GEORGE: It's more than double what the  
4 original forecast --

5 MR. WUELLNER: It's --

6 CHAIRMAN COX: On a \$125,000 homesteaded  
7 home, you would end up paying \$46, right?  
8 Something like -- fifty bucks?

9 MR. GEORGE: At fifty -- at fifty. At .5,  
10 yeah.

11 CHAIRMAN COX: Right. Exactly.

12 MR. WUELLNER: You --

13 CHAIRMAN COX: As opposed to -- go ahead.

14 MR. WUELLNER: As good as the idea is, you've  
15 got a -- you've got a minor problem. Actually,  
16 it's major at this point. You have a problem in  
17 that this current year would not allow you to  
18 exceed the approved -- the millage you've  
19 advertised in the TRIM.

20 CHAIRMAN COX: Okay.

21 MR. WUELLNER: It would work fine for next  
22 year, but --

23 MR. GEORGE: See, I --

24 MR. WUELLNER: -- you're really statutory  
25 limited right now to the -- to your last year's

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1 rate.

2 CHAIRMAN COX: Okay.

3 MR. BRUNSON: I agree. I think it's a good  
4 idea, but I think we have a plan and I think we  
5 need to educate everybody to the plan and stick to  
6 the plan and take the heat, and -- and it will

7 work.

8 The only argument I think that Mr. Sutton has  
9 is that we're -- have a plan, but best case, that  
10 you and I will only be here three and a half  
11 years, so possibly we won't be here to follow out  
12 this plan. But, you know, that's true with the  
13 County Commissioners, with the President of the  
14 United States. You -- you can just do what you  
15 can.

16 And if -- I think if we do the right business  
17 decisions, that any board member that comes to  
18 follow us will continue that decision.

19 CHAIRMAN COX: Go ahead.

20 MR. GEORGE: I have a few comments, but I was  
21 not at the last meeting. And I'll try not to make  
22 them as long as the number of comments that I  
23 would have made had I been here for two hours.

24 But a couple of things from the -- from the  
25 press and the things that are going around, I

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1 think that most of us here that -- I'm sorry.

2 Most of us that -- that ran for election,  
3 part of our election campaign was to get off the  
4 tax roll. But if you really look and go back, it  
5 wasn't just get off the tax roll; it was run this  
6 place like a business and consequently get off the  
7 tax roll.

8 Well, I defy anybody who has never been in  
9 the airport business to come in for a half a day  
10 and say, "I know how to do it."

11 You've got to understand the operation. And  
12 I think this board has spent a lot of time behind  
13 the scenes driving Ed and the staff nuts trying to  
14 understand the operation. And I think we do.

15 And we put together -- for the first time, to  
16 my knowledge in the history of the airport, we put  
17 together a business plan. Now, is it the best  
18 one? I don't know, but it's one we all came up  
19 with and we said this is doable.

20 If we take a 5 -- .5 millage rate to get off  
21 in one year, I have a concern. Any business plan

22 is made up of assumptions. For instance, I'm  
23 going to take a vacation with my family and go to  
24 California, provided my husband or -- or my wife  
25 can get the time off of work and provided this is

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1 here and provided -- those are assumptions. We  
2 have a lot of assumptions in here. I think  
3 they're good and sound and they're based on what  
4 we've done in the past.

5 But we just had a catastrophe in New Orleans.  
6 The President says we're going to make \$200  
7 billion available to -- to rebuild New Orleans?  
8 How much is that going to impact the amount of  
9 state and federal money that is going to be  
10 available in the year 2007-2008 for us to build  
11 our facilities so that we can get the rent?

12 To give you another example, the Master Plan,  
13 which we'll discuss at the next meeting, the  
14 forecast, the forecast that we put in, an

15 aggressive plan and we're heading that way, calls  
16 for an additional 173 airplanes to be based here  
17 in St. Augustine in the year 2023. St. Augustine  
18 already has 27 percent of the airplanes of  
19 Northeast Florida based here.

20 One hundred and seventy-three T-hangars, if  
21 we can fill them up, at today's rates, generates  
22 \$435,000 a year in income to pay the bills around  
23 here.

24 So, our plan has got, you know, some of these  
25 things, you know, going into it that's going to

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1 bring in the revenue that's going to put us in a  
2 break-even situation.

3 We've looked at so many options. You know,  
4 that one. We looked at -- at Mr. Gorman's can't  
5 we do it in 14 percent per year over 7 years? You  
6 know, and we looked at a lot of other ones.

7 One of the things that I keep looking at is

8 find a millage between what we had last year and  
9 the roll-back. There are 44,000 pieces of  
10 property, that's 47, percent that are homesteaded  
11 that are on the tax rolls.

12 CHAIRMAN COX: In St. Johns County.

13 MR. GEORGE: If I took the homesteaded  
14 capital and kept the tax dollars the same, that  
15 would be a \$164,000 piece of property, \$38.71.

16 So, if I kept -- with a 3 percent increase  
17 this year, if I kept the same \$38.71, I come up  
18 with a millage in between the two. That millage  
19 generates half a million dollars. Who pays it?  
20 The registered homesteaded property owners? No.  
21 The businesses coming in. You know, the -- the  
22 people that are not St. Johns County -- not  
23 necessarily St. Johns County residents that are  
24 here.

25 If you look at what's happening in the county

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1 and the -- and in the cities, we're short on  
2 schools, we're short on roads. Is that because of  
3 hindsight, you know, that we were -- didn't have  
4 the right foresight? I think it is.

5 I would hate for us to come up at the end of  
6 the sixth year and say, Oh, (indicating), we now  
7 have to have something because Grumman has their  
8 leases up in the year 2007. I don't want to see  
9 Grumman leave here. I don't think they're going  
10 to leave here, but we're going to have to work  
11 with them to add some more facilities, add a  
12 length of the runway to make sure that we keep  
13 them here and keep them as our largest employer.  
14 Now, we've got some of that information in the  
15 plan. But these are all assumptions.

16 I personally -- I personally like the use the  
17 higher rate and get off the tax rolls one year  
18 earlier. I have a selfish reason for wanting  
19 that. I intend to rerun for this board next year.

20 And if I am elected, my last budget that I approve  
21 will be after the fifth year to cut it to zero. I

22 will feel like that's mission accomplished, you  
23 know, if we can do that. So, that's one of the  
24 reasons I'm there.

25 But with Katrina coming up, you know, New

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1 Orleans, you know, with all the money that  
2 we're -- has not been funded for this, those  
3 impact when it's going to come on line, when we're  
4 going to rent it.

5 Maybe we leave it at six years. That gives  
6 us a little bit more time to cope with what might  
7 happen down the road. Sorry. Thank you.

8 CHAIRMAN COX: Further discussion?

9 MR. GORMAN: This is just as far as  
10 editorializing and budget comments, a quick one.

11 As -- as far as voting this budget in, I feel the  
12 operation should have had a comparative analysis  
13 of costs, just an open discussion of budgets of  
14 similar airports. This would assure the board

15 that expenditures are consistent with a  
16 competitive business situation. And, of course,  
17 I've asked for this several times. And this just  
18 needs a broad-base comparison.

19 CHAIRMAN COX: Is this going to the millage  
20 right, then?

21 MR. GORMAN: Yes, it does.

22 CHAIRMAN COX: All right.

23 MR. GORMAN: Because to approve a millage  
24 rate you have to understand whether or not you're  
25 running as competitively as possible, whether or

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1 not you're actually -- your expenditures are maybe  
2 too broad in some areas and could be cut down,  
3 therefore, allowing for a lesser millage rate.  
4 So, yes, it does have a direct rate bearing.

5 MR. BRUNSON: Can I make --

6 MR. GEORGE: What are our total expenses for  
7 the year, total operating expenses, roughly? It's

8 \$900,000?

9 MR. WUELLNER: Current year?

10 MR. GEORGE: Yeah.

11 MR. WUELLNER: Is that what you're asking?

12 MR. GEORGE: I think it's in the nine --

13 through eleven months, I think it's been \$900,000.

14 So, if we do this operational, you know, audit,

15 what's the best we think we can come up with?

16 Five percent?

17 MR. GORMAN: You don't have any idea right

18 now.

19 MR. GEORGE: I know. But I have enough

20 exposure to what's going on out here on a daily

21 basis, I know it's not in the neighborhood -- it

22 ain't higher than 15 percent. So, if you came up

23 with 10 percent, that's \$98,000. And we're

24 talking about three and four million. That's a

25 drop in the bucket.

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1 I'm not saying we shouldn't look at it, but  
2 don't hang your hat on that's the salvation, you  
3 know, to do an operational audit of the place, and  
4 we're going to come up with all of this excess  
5 windfall of money that's going to get us off the  
6 tax rolls.

7 MR. GORMAN: But if you ask the general  
8 public, the consensus will be to lower the taxes.  
9 With that analysis, it doesn't have to be in-depth  
10 and it doesn't have to be expensive, you could  
11 then get your scientific guess much closer and  
12 possibly lower the millage by that much; in other  
13 words, running this thing as lean on taxes as  
14 possible. And that would be the reason for the  
15 comparative analysis.

16 MR. GEORGE: Okay.

17 CHAIRMAN COX: Mr. Brunson?

18 MR. BRUNSON: I had a thought, but maybe it  
19 will come back to me. But we're talking about  
20 millage rate. And the last public meeting, we  
21 agreed to use the rollback rate, which made the  
22 taxpayers not pay the \$600-and-something thousand.

23 But we still came up \$150,000 that they won't be  
24 taxed additionally. And we've all worked on this  
25 hard.

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1 And so, I've gone back to Mr. Wuellner again.

2 And I'm in favor of being off of here in six years  
3 and keeping the plan, but I'm in favor of reducing  
4 the taxes immediately.

5 There's two items on the capital -- you know,  
6 without looking at the expenses, and we've got the  
7 revenues probably as high as we can get them, and  
8 without looking at the expenses right now, and  
9 I've done some work on that this week, and I think  
10 you're right, that we need to do something.

11 I worry about spending megabucks to --  
12 \$30,000 to save \$9-. And that might be what we --  
13 what we get into. But we need -- in my opinion,  
14 to cut the taxes and have the millage rate at  
15 .1959 instead of .2055, we would have to look at

16 capital expenditures. And the only place I see  
17 capital expenditures that -- that the -- and I'm a  
18 pilot. I have an airplane. I -- I'm one of the  
19 people that can -- can afford it.

20 But -- and I'll probably make some pilots  
21 upset with me, but I would like to defer the  
22 seaplane ramp, and -- and I think that needs to be  
23 a study that there might be a higher and better  
24 use for that in conjunction with the seaplane  
25 ramp. I'm -- I'd like for us to keep an open mind

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1 with that.

2 This ARFF, if we don't go ahead and use that,  
3 we're going to lose that. So, we can't touch  
4 that. You -- you go through all these things, and  
5 the only thing I see that is not -- probably won't  
6 happen this year, but we keep it on here some way,  
7 is the Taxiway B of two and a half million dollars  
8 and where we've got to come up with \$125-.

9 I think this airport, in my short time here,  
10 and my travels over different airports, has the  
11 best infrastructure and the best managed airport  
12 that I know of.

13 Sure, I might not agree with some things that  
14 happened in the past with homeowners' rights and  
15 so forth, but it's done and we've got to go  
16 forward. But I think this airport is run very  
17 efficiently. We have some good people running  
18 their facilities, Grumman, Aero Sport, Aviation  
19 Training. Everybody I think is doing a great job.

20 But I would like to see us defer the \$125-  
21 and the \$50-. I would like to make a statement  
22 that -- that -- and I'd like for Ed's comments on  
23 there, that if it still is a doable deal, that I  
24 would like to immediately cut the taxes and -- and  
25 stay with the six-year plan.

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1 CHAIRMAN COX: Your -- your position would be



2 to go to the .2055?

3 MR. BRUNSON: Go to -- I'd lower it.

4 CHAIRMAN COX: Okay.

5 MR. BRUNSON: Nineteen -- I did the figures

6 on it. It would -- it would come out to .1959,

7 would be the millage rate of what you would be

8 paying taxes. That would bring you in --

9 MR. GEORGE: That's with the elimination of

10 those two capital projects.

11 MR. BRUNSON: Right. That would bring you in

12 still -- what was it, Ed, \$3,300,000 less the 2

13 percent that Dennis Hollingsworth, the tax

14 collector gets.

15 CHAIRMAN COX: Okay.

16 MR. BRUNSON: And you know what? Who knows

17 what we can do if we really start looking at

18 things hard? And we're all business people here.

19 And we just really need to -- to tighten our belts

20 and -- and do our job.

21 MR. GEORGE: At what time during -- in the

22 future do you see the need for the Taxiway B

23 extension?

24 MR. BRUNSON: Well, I know that some of the  
25 money has been appropriated already, maybe, but in

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1 2007 -- and Ed, help me -- we're going to get some  
2 money from Grumman. Sure, we need -- and we're --  
3 every time I see John Mica, I talk about the  
4 extension of the runway to get more contracts for  
5 Grumman, our largest employer in the -- in the  
6 county, and that's big on my mind.

7 But I promise you, I think that we -- we  
8 can -- can defer Taxiway B and let's get in the  
9 budget for the year after that.

10 MR. GEORGE: Okay. So, we're really not  
11 saving anything. All we're doing is deferring.

12 MR. BRUNSON: Right. But we're getting off  
13 the tax rolls --

14 MR. GEORGE: And when we defer, we might not  
15 have 90 percent money there. We might have 50

16 percent money.

17 MR. BRUNSON: We're not -- we could still be  
18 on the -- that would be case --

19 MR. GEORGE: And that -- that be the case  
20 that it cost us another \$300,000.

21 MS. GREEN: And then we have to go back and  
22 not be able to take the rolled-back rate. We  
23 might have to increase that.

24 MR. BRUNSON: I don't think that's right.

25 MS. GREEN: Well, but --

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1 MR. GORMAN: How would you know that without  
2 a broad-based discussion of the entire budget  
3 comparative to other airports? How would you know  
4 that?

5 MR. GEORGE: I've been doing a broad-based  
6 discussion of the budget for two months.

7 MR. GORMAN: And you -- have you looked at  
8 other budgets during this broad base?

9 MR. GEORGE: No.

10 MR. BRUNSON: Let's -- let's ask our  
11 director, would that two and a half million go  
12 away?

13 MR. WUELLNER: Well, it's technically not  
14 there yet. It's for -- it's in the capital  
15 development program, and we do not have a grant.  
16 The federal side, it's not a -- the way they go  
17 about issuing grants is different than the state.  
18 And if we get the grant with the state, then we  
19 can go about developing the project.

20 The federal side, in the sense, you develop  
21 the project, then wait for the grant.

22 CHAIRMAN COX: But there are -- there are  
23 other issues behind extending Taxiway B, other  
24 than just putting, you know, large airplanes  
25 for -- I mean --

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1 MR. WUELLNER: Absolutely.

2 CHAIRMAN COX: If we're wrong, it's for -- I  
3 mean, it's a boon for Grumman, for one thing, but  
4 it's an operational issue that's -- that's outside  
5 the scope that Randy mentioned. I mean, there are  
6 a tremendous number of other issues involved with  
7 extending B.

8 MR. BRUNSON: Sure, there is.

9 MR. WUELLNER: Yeah. The issue is really not  
10 a Grumman issue or even size of aircraft issue.  
11 The issue itself is the fact that the taxiway is  
12 nonstandard in its -- in its separation from the  
13 runway, and creates an operational issue with --  
14 with the tower. It's just simply too close.

15 MR. GEORGE: Does that have an impact on  
16 other projects that we might want to do?

17 MR. WUELLNER: Sure. Long term, absolutely.

18 MR. BRUNSON: Long term, it does.

19 MR. WUELLNER: It's -- it's a project I  
20 wouldn't -- you know, I couldn't support, just  
21 from a Staff level, of deferring indefinitely.  
22 It's -- it's not a project that should be put off  
23 any longer than we can find the money for it. I

24 say "find the money," but get the grant funds for  
25 it.

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1 MS. GREEN: And that's my concern. I --  
2 being the only nonpilot here, I'm looking from a  
3 business perspective that, as a board, we're  
4 making a decision that if -- let's say we keep it  
5 at the rolled-back rate and we do defer, end up  
6 not doing it; we may get off a year earlier then.

7 MR. GEORGE: And that money goes into the --

8 MS. GREEN: Right.

9 MR. GEORGE: -- kitty.

10 MS. GREEN: And that's my concern, is to keep  
11 progressing as we can. We get a comparative  
12 analysis for next year, whatever, cut more in the  
13 budget. We'll stay at that rolled-back rate.  
14 Maybe it's two years earlier that we'd get off.

15 But I'm real concerned with all of the work  
16 we've done on this budget, with the figures we

17 have and what we've proposed, accepting the  
18 rolled-back rate. We have now six years.

19 I think if we cut more budget, we -- we can  
20 only cut more coming off earlier on the tax rolls.  
21 So, from a business standpoint, from a board of  
22 directors, I would support the rolled-back rate.

23 And, listen, there are board of directors of  
24 Ford and other big companies that change all the  
25 time. And if the board of directors is smart,

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1 they're going to follow what's been implemented in  
2 place to keep that business afloat.

3 And I think -- this was not just started by  
4 this board. This has been coming for several  
5 years from the old board, and I think we have  
6 stepped in the shoes and followed them.

7 So, Mr. Sutton's comments about a board being  
8 able to come in and cut this off, possibly. You  
9 know, I never say never to certain things. But,

10 consistently over the past six years, seven years,  
11 we have been coming to this point. So --

12 CHAIRMAN COX: So, Ms. Green, your position  
13 would be to go to the .2055?

14 MS. GREEN: Yes.

15 CHAIRMAN COX: Okay.

16 MR. BRUNSON: But let me make a comment on  
17 that. And I agree with you a hundred percent.

18 But I also know, in my business experiences of  
19 having businesses and being with banks and so  
20 forth, that we've got this two and a half million  
21 that possibly we might can get some money for.

22 But we would have to fund \$125,000.

23 MS. GREEN: Uh-huh.

24 MR. BRUNSON: This is not income-producing  
25 stuff, but it -- it relates to other projects.

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1 But if -- I guarantee you, good business sense  
2 would say if we could get two and a half million,



3 we have lines of credit that we -- besides the  
4 county taxpayers, that we could get \$125,000.

5 We need to be concentrating on what we've  
6 been concentrating on here, getting this approval  
7 from FAA and getting more hangars and -- and --  
8 and getting the revenues up and -- and -- but if  
9 we can -- if we can get two and a half million  
10 grant, I guarantee you we can get the \$125-  
11 without hurting ourselves.

12 But I think it's time that -- we've been  
13 going forward with this six-year plan. This -- I  
14 don't think that by having the rolled-back rate  
15 and the -- and the .1959 millage rate, we -- with  
16 the numbers I look at, we still can get off in six  
17 years without any problem.

18 CHAIRMAN COX: Anything further then?

19 MR. GORMAN: (Shakes head.)

20 CHAIRMAN COX: All right. Well, we've got  
21 several iterations here of what rates we should  
22 use. So .19 -- .1959, .2055, which is a  
23 rolled-back rate. And did you --

24 MR. GEORGE: .2287 --

25 CHAIRMAN COX: .2287?

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1 MR. GEORGE: -- which is the homesteaded

2 property owners keeps their actual tax dollars --

3 CHAIRMAN COX: And this is the -- this is the

4 rate that's in between .2356 and .20 -- and what

5 does that do for us again in -- in generating

6 revenue?

7 MR. GEORGE: What it does is it keeps -- it

8 keeps 47 percent of the property owner, the

9 parcels of property, it keeps their tax dollar the

10 same as it was last year, even though their --

11 their value of their property went up 3 percent

12 from the Tax Assessor's Office.

13 MR. BRUNSON: And my comment on that was

14 just -- just like impact rates, that the

15 nonresidential is paying this big rate and the

16 residential's paying this and the square footage

17 is paying that. I think ad valorem tax and impact  
18 rates should be equal and -- in my opinion.

19 MR. GEORGE: Say that again? Ad --

20 MR. BRUNSON: Ad valorem and the homesteaders  
21 and the -- you know, I don't think -- are you  
22 saying that just the homeowners --

23 MR. GEORGE: No, no, no. What I'm saying is  
24 that the -- the people, our charter says do the  
25 aviation needs for the St. Johns County resident.

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1 A St. Johns County resident that pays -- that  
2 pays taxes is a homesteaded -- in other words, if  
3 you're renting property, you're not going to pay  
4 the taxes anyway; somebody else. So, I'm saying  
5 that let's go -- let's target them to keep their  
6 tax dollar the same.

7 In other words, they haven't moved at all.  
8 But because we did that, the other 53 percent of  
9 the property owners, they in essence are going up

10 to -- from our rollback to that .22- --

11 MR. BRUNSON: So, the commercial -- you know,  
12 that's what I'm saying.

13 MR. GEORGE: Exactly.

14 MR. BRUNSON: The commercial people and --

15 MR. GEORGE: Roughly, yeah.

16 MR. BRUNSON: -- and the commercial  
17 buildings I own are -- and the rental property  
18 would be paying a higher rate than --

19 MR. GEORGE: No, you pay the same rate.

20 MR. BRUNSON: Well -- but I'm saying I want  
21 that rollback. I want it more than rollback. I  
22 want it to start getting off the tax roll.

23 CHAIRMAN COX: Anything further before I open  
24 it up to public comment? Okay. I think we've  
25 concluded discussion on the millage rate by

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1 Authority.

2 5. - PUBLIC COMMENT ON MILLAGE RATE

3 CHAIRMAN COX: Any public comment, please, on  
4 millage rate? And keep -- keep your comments,  
5 please, focused on millage rate discussion right  
6 now because we'll be moving into -- Mr. Ciriello.

7 MR. CIRIELLO: Joe Ciriello again. What --  
8 what millage rate did you guys set at the last  
9 meeting?

10 CHAIRMAN COX: Well, we approved --

11 MR. WUELLNER: Tentatively.

12 CHAIRMAN COX: -- a rollback rate of .2055 to  
13 be discussed at this meeting.

14 MR. CIRIELLO: Oh. So, that doesn't mean you  
15 can't go up or --

16 CHAIRMAN COX: Right.

17 MS. GREEN: Right.

18 MR. CIRIELLO: Because Mr. George mentioned  
19 .288 (sic), so he --

20 MR. GEORGE: .22 --

21 CHAIRMAN COX: No, .22 --

22 MR. GEORGE: .2287.

23 CHAIRMAN COX: See, right now --

24 MR. CIRIELLO: Well, that's higher than .205,

25 so you can't do that.

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1 MR. GEORGE: Well, no, but we published in  
2 the paper that we were not going the rollback; we  
3 were going to go with .2356, and that would have  
4 generated -- that would have given us off the tax  
5 roll one year sooner, and that was the whole  
6 purpose for doing so.

7 MR. CIRIELLO: Okay. You guys keep talking  
8 about wanting to get off the tax rolls and stuff,  
9 and you keep talking about running this place like  
10 a business. And I'm talking private business now.

11 Any private business that doesn't make more  
12 money than it spends is in trouble. And when a  
13 business gets in trouble, what are some of the  
14 first things they cut? One of them is the  
15 payroll, because I worked in a steel mill for 38  
16 years, and whenever they had problems, they cut  
17 production, for one thing, so they didn't make as

18 many products, and they cut the payroll to keep  
19 their heads above water. And I keep insisting if  
20 you guys don't start cutting some of your capital  
21 projects and live with what you have, you're never  
22 going to get off the tax rolls.

23 So, if you're talking about cutting the  
24 budget and getting off the tax rolls, why aren't  
25 you cut -- talking about getting rid of some of

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1 these capital projects instead of keeping it on  
2 the road that, We're going to still build this and  
3 we're going to make that and get off the tax  
4 rolls? I just can't see how you can do it.

5 CHAIRMAN COX: Thank you. Sir?

6 MR. SUNDEMAN: My name is John Sundeman, 4665  
7 Fifth Avenue, Jackson Park. I have just a couple  
8 of comments and a couple of questions. I think  
9 you've got some serious math problems in this  
10 budget and in your future budget here.

11 The question that I have, which all ties into  
12 the millage rate and your leases, when you're  
13 figuring your lease revenue, just for an example,  
14 let's say that you build a \$900,000 hangar, and it  
15 took another \$5 million for land acquisition,  
16 attorney fees and costs, architects, engineers;  
17 you have a total investment of \$5.9 million.

18 When you charge rent to the public, what is  
19 the rent based on? Is it based on \$5.9 million?  
20 Is it based on \$5 million? Or, is it based on  
21 \$900,000 or somewhere in between?

22 MR. GEORGE: Market value.

23 MR. SUNDEMAN: Market value?

24 MR. GEORGE: Uh-huh.

25 MR. SUNDEMAN: Okay. Then I think you have

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1 some real serious problems here with the math.

2 MR. GEORGE: Then every airport in the State  
3 of Florida has the same problem.



4 MR. SUNDEMAN: No, sir. That's not what my  
5 question was.

6 MR. GEORGE: I'm sorry.

7 MR. SUNDEMAN: Back on your discussion, you  
8 discuss about making this like a business. If you  
9 take a look at the numbers -- I like to deal with  
10 the mathematics, not with the rhetoric.

11 MR. GEORGE: Okay. All right.

12 MR. SUNDEMAN: Let's take a look at some of  
13 the numbers here.

14 CHAIRMAN COX: May I ask you a question?  
15 Where -- where did the \$5 million come from to  
16 begin?

17 MR. SUNDEMAN: It was just a hypothetical  
18 example to try to find out where you're coming,  
19 and the answer was market value. So, the answer  
20 would have to be \$5.9. I mean, is that correct?

21 CHAIRMAN COX: But you proposed a number of  
22 \$5 million to -- to acquire the \$900,000 --

23 MR. SUNDEMAN: It's -- it was a hypothetical  
24 to try to determine how you're calculating the

25 rental revenue which affects the millage rate.

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1 CHAIRMAN COX: All right.

2 MR. SUNDEMAN: And the only answer I got was  
3 market.

4 MR. GEORGE: And you misinterpreted that,  
5 Mr. Sundeman.

6 MR. SUNDEMAN: Well, then, what is the  
7 answer?

8 MR. GEORGE: Market value of what we can rent  
9 a hangar for or that space on any other airport  
10 facility in Northeast Florida. You interpreted  
11 that to say the market rate of the cash dollars  
12 that you put out. I would -- that was not my  
13 answer.

14 MR. SUNDEMAN: Well, then, how would you  
15 calculate the rental revenue on the budget that  
16 you've got here for the year 2006?

17 CHAIRMAN COX: I'll -- I'll defer to the

18 director, if he could comment.

19 MR. WUELLNER: The original calculation is  
20 based on our initial investment in the facility.

21 After that, it's done -- it's reevaluated --

22 MR. GEORGE: Excluding land.

23 MR. WUELLNER: Excluding land, by appraisal,  
24 after that point. The annual adjustments are made  
25 by CPA -- CPA -- CPI, which is the -- one of the

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1 only methodologies approved by the Federal  
2 Aviation Administration for staying current with  
3 the original market value of the property.

4 So -- so, we do it by appraisal and we do it  
5 also -- we validate it by appraisal every fifth  
6 year of the lease.

7 MR. SUNDEMAN: If that is the case, if I  
8 understand the answer, the answer means that  
9 instead of basing the rental income on \$5.9, which  
10 would be your total investment, it's based on

11 \$900,000 adjusted for some value on the \$900,000.

12 MR. GEORGE: Not quite true. If the federal  
13 government gave us \$450- and we're \$450- out of  
14 pocket, it's based on the \$450-.

15 MR. SUNDEMAN: So, it's based on the out of  
16 pocket; is that correct?

17 MR. GEORGE: The out of pocket to the St.  
18 Johns County taxpayer, right.

19 MR. SUNDEMAN: Well, you've got some very,  
20 very serious math calculations here in this  
21 budget, in your future budget.

22 For example, if you take your lease revenue  
23 that you've got calculated each year, you're going  
24 to come up with a total capital investment in the  
25 next ten years of \$93 million.

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1 Well, at the end of the year 2016, you're  
2 going to be collecting around \$4 million in  
3 revenue based on a capital outlay of \$93 million.

4 That's a return of 4.3 percent.

5 But here's the problem: When you take a look  
6 at your operating expenses and you factor them in,  
7 it's going to bring your return on the investment  
8 of \$93 million to 1.5 percent.

9 Now, the next problem you have, in addition  
10 to the \$93 million capital outlay as called for in  
11 your 10-year plan, if you add the other 60-some  
12 million dollars worth of assets to the \$93  
13 million, that means that the overall rate of  
14 return, no matter how you look at it, how you want  
15 to argue it, what kind of rhetoric you want to put  
16 on it or what kind spin you're going to put on it,  
17 you're going to have less than one-tenth of  
18 1 percent return on the taxpayers' money.

19 So, the next question would lead to be, if  
20 you were -- you keep saying you want to run this  
21 like a business. Okay. Mr. Brunson, maybe you'll  
22 help me here with this.

23 MR. BRUNSON: Sure.

24 MR. SUNDEMAN: Let's say, as a group, we're  
25 all going to go out here and we're going to invest

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1 in a shopping center. It's going to cost \$5.9  
2 million between the land and the buildings. The  
3 land is \$5 million, the building is \$900,000,  
4 total \$5.9.

5 MR. GEORGE: That -- that's a private  
6 project.

7 MR. SUNDEMAN: Now, excuse me, sir --

8 MR. GEORGE: Do I-95 --

9 MR. SUNDEMAN: Let me finish the question  
10 here. Call for order, Mr. Chairman. You know  
11 where I'm going. And you're --

12 MR. MARTINELLI: You're past your five  
13 minutes.

14 MR. SUNDEMAN: Excuse me. Under Florida  
15 Statute --

16 MS. BADGER: He can have my five minutes.

17 MR. SUNDEMAN: Excuse me. Under Florida  
18 Statute, you can't limit the time. That's clearly

19 the law.

20 Now, I'm just about through, but you know

21 where I'm coming at and you know you're in

22 trouble. No, sir. Let me finish.

23 There's no way that a person in this room

24 would go out and get involved in that shopping

25 center if they knew that tenants were going to be

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1 charged rent based on the \$900,000, not the \$5.9

2 million.

3 Number two, there's nobody going to get into

4 an investment with a return of less than one-tenth

5 of 1 percent on the assets. That's the problem

6 you've got here. You're trying to dig your way

7 out of a hole by making the hole bigger and bigger

8 and bigger.

9 Now, don't take my word for it. Take the

10 math. Because here's the problem: No matter how

11 you argue here, when you take the total assets

12 here, which will be in excess of \$150 million to  
13 collect \$4 million worth of revenue, there ain't  
14 no way, no way you're going to justify something  
15 like that to the taxpayers; I don't care what kind  
16 of rhetoric or spin you put on it.

17 This is not my spin. This is mathematical  
18 facts from your financial statements and from your  
19 budget. You're digging yourself into a deeper and  
20 deeper hole here --

21 CHAIRMAN COX: Okay.

22 MR. SUNDEMAN: -- very clearly. Now, the  
23 next question: How many people at this table are  
24 utilizing services of this Airport Authority?

25 CHAIRMAN COX: Say that again?

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1 MR. SUNDEMAN: How many people sitting at the  
2 table --

3 CHAIRMAN COX: You can't question the  
4 individuals on the Authority, sir.



5 MR. SUNDEMAN: Yes, you can.

6 CHAIRMAN COX: Well --

7 MR. SUNDEMAN: I have the right to ask you  
8 any question. You can -- you can decline.

9 CHAIRMAN COX: You can't --

10 MR. SUNDEMAN: I have a right. Do you have  
11 an airplane at this facility?

12 CHAIRMAN COX: I decline.

13 MR. SUNDEMAN: You decline to answer the  
14 question.

15 CHAIRMAN COX: Right.

16 MR. SUNDEMAN: Mr. George, do you have an  
17 airplane here?

18 MR. GEORGE: Yes.

19 MR. SUNDEMAN: How can you assure the  
20 taxpayers that you're charging fair market value  
21 rent in lease when in fact you're a benefit of  
22 this district, and the facts that the numbers show  
23 you're getting less than one-tenth of 1 percent  
24 return on their investment?

25 MR. BURNETT: Let me weigh in --

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1 MR. GEORGE: Do you want me to answer that?

2 MR. BURNETT: -- real quick, because that  
3 implicates a legal issue. So let me weigh in very  
4 quickly.

5 There are plenty of times when governing  
6 bodies and their individual members can vote on  
7 things that implicate themselves. For example,  
8 you're all here today to vote on the issue of  
9 taxes, which clearly implicates your wallet at the  
10 end of the day, your individual wallets. So, you  
11 clearly have an interest in the outcome.

12 It's only when that issue of -- when you have  
13 a special pecuniary gain that would go to you as  
14 the individual, as in you're voting on your  
15 individual rent for your individual hangar, not  
16 one that's voting on setting rents airport-wide,  
17 could the potential for a conflict arise.

18 But other than that, the Attorney General

19 Opinions related to this issue clearly are very  
20 clear that this is not one of the issues in  
21 generally voting on what -- what rentals would be  
22 across the board for large numbers of people is  
23 not something that it causes a conflict.

24 MR. SUNDEMAN: That was not my question. The  
25 question is: What mechanism do you have in the

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1 budget process to ensure that you as commissioners  
2 are paying a fair rent compared to everyone else?

3 MR. GEORGE: A survey of all of the airports  
4 around the Jacksonville, the Northeast Florida  
5 area, and ours is set -- Ed, correct me if I'm  
6 wrong -- right in the middle.

7 MR. SUNDEMAN: Is there anyone renting space  
8 from the Airport Authority that's getting special  
9 benefits over other people?

10 MR. GEORGE: Not to my knowledge.

11 MR. BRUNSON: I'm certainly not. I don't --

12 I don't rent from the Airport Authority. I'm

13 hangared at Aero Sport.

14 MR. SUNDEMAN: Okay. Thank you very much.

15 MR. GEORGE: You -- you also asked another  
16 question that, you know, how would I do, you know,  
17 something. And, Mr. Sundeman, you -- you're very  
18 good at bringing up some good points, and you've  
19 brought the point before -- and correct me if I'm  
20 wrong -- that you were the CPA for the Airport  
21 Authority at one point in time. So, at that time,  
22 you understood how a government agency works.

23 Let me take the -- the parking garage for  
24 St. Augustine. Do you think that they justified  
25 that parking garage and the revenue coming in from

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1 it by adding the cost of the land?

2 MR. SUNDEMAN: Yes.

3 MR. GEORGE: No. They didn't do that.

4 MR. SUNDEMAN: Yes. I'm sorry.

5 MR. GEORGE: Does I-95 -- if you set up a  
6 toll booth, do you charge that first customer what  
7 it cost you to acquire the land and pave I-95, you  
8 know, for 200 miles? No, you don't do that.

9 MR. SUNDEMAN: Well, let me answer the  
10 question. You asked me a question. Let me answer  
11 the question.

12 MR. GEORGE: Okay.

13 MR. SUNDEMAN: That's a very good question,  
14 and it's a very easy one for me to answer.

15 Whether you're in government or private business,  
16 only a fool would go into a project that would  
17 bankrupt the taxpayers or cause serious financial  
18 harm.

19 So, back on -- on the parking garage issue,  
20 yes, I would. I would determine what is the  
21 economic impact on the taxpayers related to that  
22 total investment? Yeah, I would never go into  
23 investment where I have to go out and increase  
24 everybody's -- double their taxes. Yes, it is  
25 something that you'd have to do.

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1 MR. GEORGE: So, you would look at the  
2 economic impact of that garage.

3 MR. SUNDEMAN: Here's another easy thing that  
4 would help you.

5 MR. GEORGE: Is that correct?

6 MR. SUNDEMAN: Yeah. Yes, I would.

7 MR. GEORGE: Okay. So, you answered my  
8 question --

9 MR. SUNDEMAN: Here's --

10 MR. GEORGE: -- so let me continue --

11 MR. SUNDEMAN: Okay.

12 MR. GEORGE: -- okay? Mr. Cox, in a session  
13 a while ago, showed that we had a hundred million  
14 dollars, and that was from the year 2001, of  
15 economic impact -- and those are your term,  
16 economic impact -- from having the airport here on  
17 the county. I have heard things that it's \$125  
18 million now.

19 So, how do we take into consideration that \$5

20 million we spent for the land to put the hangar  
21 out there for the jobs that the people that have  
22 their airplane here do and the fuel they burn and  
23 \$268 a day from their overtime? How -- you didn't  
24 leave that in the formula.

25 MR. SUNDEMAN: Well, let me answer that.

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1 It's very simple. This economic impact that  
2 you're talking about is an estimate. Secondly,  
3 the economic impact doesn't come from this Airport  
4 Authority. It comes from Grumman. That's where  
5 the biggest economic impact comes from here.  
6 Plain and simple.

7 Yes, I had many years here at the Airport  
8 Authority. It's been in -- it had problems for  
9 years because they kept making the hole bigger and  
10 bigger and bigger, and that's what the problem is  
11 here. The math doesn't lie.

12 Now, the real answer here, the real question

13 is, does -- to sort of sum up this economic impact  
14 issue. Why don't you tell the taxpayers that  
15 you've got \$150 million worth of assets, giving a  
16 return to them of less than one-tenth of  
17 1 percent, and let them decide at the voting booth  
18 whether or not they want to go this route?

19 Then you can argue whether, okay, look,  
20 taxpayers, we've got \$150 million in assets; we're  
21 getting less than one-tenth of 1 percent. No fool  
22 in this room would invest in a project that would  
23 give them less than one-tenth of 1 percent.

24 However --

25 MR. GEORGE: Can we conclude the statement?

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1 MR. SUNDEMAN: Excuse me. Let me finish.

2 MR. GEORGE: Okay.

3 MR. SUNDEMAN: Then you can go on and tell  
4 them, however, it's creating all of this economic  
5 impact, and see how long you stay in office.



6       The problem here with this Airport Authority,  
7       the public clearly does not understand what's  
8       going on. And I don't think the public will side  
9       very fairly or kindly if they find out in the  
10      next -- next ten years alone, you're going to  
11      spend \$93 million, and the revenue on that -- that  
12      alone, on that \$93-, is going to bring in \$4  
13      million. Nobody's going to spend \$93 million to  
14      collect \$4 million and get a 1. -- 1.5 percent  
15      return. Nobody does that. It doesn't make any  
16      economic sense for anything.

17      Another serious mistake you're making here,  
18      heard over and over and over again, is you're  
19      talking about let's make it like a business. Let  
20      me help you a lot here. Go to Google and type in  
21      "How to run government like a business," and you  
22      will get hundreds and hundreds of articles of how  
23      previous fools have tried that same route and what  
24      it has cost the taxpayers of this country.

25      This is not a business. A government is not

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1 a business. It's not supposed to be a business.

2 It's not supposed to be run like a business.

3 Government provides services to the taxpayer.

4 What is the service that you're providing to  
5 the taxpayer? That's -- and if I'm wrong, every  
6 textbook, every governmental textbook will argue  
7 that same point: Governments are not run for  
8 businesses. They are run to provide services to  
9 the taxpayers, which means you're supposed to  
10 collect ad valorem taxes or other taxes to provide  
11 a service. It's in all of the textbooks. It's in  
12 all of the universities. It's all over the  
13 internet except right here.

14 And if you think I'm wrong, just go -- type  
15 "How to run a government like a business," and  
16 it's -- it's everywhere. It's all over the place.  
17 And you'll be surprised.

18 CHAIRMAN COX: We need to get back on the  
19 discussion of millage rate.

20 MR. SUNDEMAN: Yes, sir. Just like  
21 Mr. George got off millage rates, I'm just in the  
22 same line he is.

23 CHAIRMAN COX: Okay. Thank you for your  
24 comments.

25 MR. SUNDEMAN: Thank you.

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1 CHAIRMAN COX: Public comment? Any further?

2 MR. MARTINELLI: Yeah. Over here.

3 CHAIRMAN COX: Vic, please?

4 MR. MARTINELLI: How about looking over to  
5 this side?

6 CHAIRMAN COX: Sorry. I'll get right back to  
7 you.

8 MR. MARTINELLI: After listening to  
9 Mr. Sundeman's numbers, all of which, or a great  
10 majority of which I don't understand simply  
11 because I'm not that close to them these days, but  
12 in all due respect, Mr. Sundeman, I agree with

13 you; government can't run like a business, because  
14 the government is not a business. And that's not  
15 the philosophy that these folks are talking about,  
16 I'm sure.

17 The philosophy is, think like you're running  
18 a business, but you know you're running a  
19 governmental institution. Okay. With that as the  
20 caveat to start with, I submit that you're really  
21 talking about three different things here; one,  
22 the millage rate; two, the budget; and operational  
23 audits, et cetera, et cetera, those two are  
24 separate and distinct. They are, because if  
25 you're doing your job thinking like a businessman,

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1 you're doing operational audits every day. You're  
2 watching your budget expenditures every day.  
3 You're controlling your expenses every day. Okay?  
4 So, that's an ongoing thing.

5 Setting the millage rate is a once-a-year

6 thing. What's the objective of your millage rate?

7 The objective is ultimately to support the

8 airport, and if possible, with the businesses at

9 the airport, ultimately reducing that millage

10 requirement to zero. Okay?

11 Now, I believe it was Mrs. Green who said, if

12 you are watching your budget, if you're watching

13 your spending and you're doing it frugally, you're

14 going to shorten the time at which you will get

15 off the tax rolls. But that's the way to do it.

16 I believe that the way not to do it is to cut

17 your millage rate in anticipation of that, so that

18 if you kept the same millage rate as you had last

19 year, as I believe Mr. --

20 CHAIRMAN COX: George.

21 MR. GEORGE: Buzz.

22 MR. MARTINELLI: If Mr. Buzz -- no. If -- if

23 Wayne had -- if Mr. George had said, as he said,

24 the homesteaders don't have any increase; they're

25 paying the same amount. Okay? If your assessment

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1 goes up because your property value goes up, yeah,  
2 you pay a couple of dollars more.

3 But fundamentally, keeping the same millage  
4 rate as you had last year, not the rollback rate,  
5 is in my opinion the way to go, because you go  
6 that route, and at the same time, and on a  
7 continuing basis, you look into every expenditure  
8 you make. And you don't need to pay an expensive  
9 consultant to do that. You can do that on your  
10 own. You can go out to other airports. You can  
11 take segments. You can do that.

12 MR. GORMAN: May I say something?

13 MR. MARTINELLI: Okay. Excuse me. Let me  
14 just finish and then -- then I'll listen to you,  
15 Jack.

16 CHAIRMAN COX: Address -- address me, Jack.

17 MR. MARTINELLI: The -- the third area that I  
18 want to talk about is the investment.

19 These -- these projects, which right now are  
20 the sole, as I understand it correctly, the sole

21 reason for having to have the millage, being on  
22 the tax rolls at all, that's the investment in the  
23 future of this airport. And without the  
24 investment, you cannot have any revenue  
25 whatsoever.

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1 And, Mr. Sundeman, whether it's one-tenth of  
2 1 percent, whether it's 10 percent, 5 percent, 2  
3 percent, whatever that return is, the airport is a  
4 requirement. It's a requirement. And this is a  
5 governmental entity. It is not a public business.  
6 It is not -- can't be run like a business. We all  
7 know that.

8 But keep the business philosophy. Reduce  
9 your expenses, make your investments, because your  
10 investments today are going to enable you down the  
11 road to get off the tax rolls. It's going to  
12 enable you to have Grumman bring more contracts  
13 in, increase their workforce, and all of the other

14 side effects, extending taxiway -- taxi lane B,  
15 all of those issues.

16 So, those are the three points. Keep your  
17 investments; keep your -- your millage as it was  
18 or is presently, not the rollback rate; and  
19 continue with your operational audits, your  
20 tightening of your belt, and do that on an ongoing  
21 basis, separate and distinct from your millage  
22 rate.

23 CHAIRMAN COX: Thank you. This is public  
24 comments. Yes, ma'am.

25 MS. McELROY: Carolyn McElroy again. I have

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1 to say that I would vote for the rollback rate. I  
2 think that you people need to be getting in  
3 training. If you can't show that you can't live  
4 on a rollback rate, how can you show that you're  
5 going to be able to live with no money coming in  
6 at all?



7       You need to be tightening your belt now and  
8       coming up even with extra money on the rollback  
9       rate. You -- you -- for the public, I think you  
10      need to show the public that you can do this. Why  
11      should we believe you're going to go off the --  
12      off the tax rolls if you can't even roll back that  
13      amount of money?

14      CHAIRMAN COX: Thank you. Any other? Yes,  
15      ma'am.

16      MS. HART: I have a question, but I'm sorry,  
17      I came in late.

18      CHAIRMAN COX: That's fine.

19      MS. HART: My name's Patty Hart. And I don't  
20      understand why public money goes to a private  
21      entity.

22      MR. MARTINELLI: It's not a private entity.

23      CHAIRMAN COX: Okay. Well, we're discussing  
24      the millage rate. Do you have a specific comment  
25      on the proposed millage rate at this point?

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1 MR. BRUNSON: Patty, we -- we're going to

2 open up --

3 MS. HART: Okay.

4 MR. BRUNSON: -- the general board meeting

5 after this.

6 MS. HART: I'm sorry.

7 MR. WUELLNER: That's all right.

8 CHAIRMAN COX: Any further public comment on

9 the millage rate input?

10 (No further public discussion.)

11 6. - ADOPTION OF MILLAGE RATE - RESOLUTION 2005-06

12 CHAIRMAN COX: We'll move to the adoption by

13 the board of the millage rate.

14 MR. GEORGE: I make a motion that we take --

15 accept the .2287 rate. That rate will keep the

16 tax dollars the same for homesteaded property

17 owners that they paid last year, and that takes

18 into consideration that the county Tax Appraiser

19 raise their tax -- their taxable value of their

20 property 3 percent. So, for the average property

21 of \$164,305, that would keep the taxes at \$38.71.

22 CHAIRMAN COX: Have a motion on the table.

23 No second? No discussion? The motion failed.

24 MR. GEORGE: Absolutely. That's the way you

25 do it.

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1 MR. BRUNSON: I'd like to make a motion that

2 the millage rate is .1959, still bringing in

3 \$3,211,000, instead of the \$3,300,000.

4 MR. BURNETT: That would be 0.195 --

5 MR. BRUNSON: .-9.

6 MR. WUELLNER: Yeah. It's .1959 mills.

7 MR. BRUNSON: And I'm just ready to see how

8 tight we can run this airport.

9 MR. GORMAN: I would second that. I would

10 like to see it smaller, but without the analysis,

11 I don't know how much smaller we could go. I

12 would second that because it shows the taxpayers

13 that we are actually trying to cut.

14 CHAIRMAN COX: Motion on the table. It's  
15 been seconded. Any further discussion on it?

16 MR. GEORGE: We've picked up two projects  
17 that we're talking about deferring capital expense  
18 on it, when the federal government is giving us 90  
19 cents on the dollar.

20 MR. BRUNSON: Not yet.

21 MR. GEORGE: We --

22 MR. BRUNSON: Go ahead.

23 MR. GEORGE: It won't -- our money will not  
24 be spent unless the federal government gives us  
25 that money, so we wouldn't spend it anyway.

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1 But we've also agreed that sooner or later,  
2 we're going to have to do that project. So, are  
3 we risking getting into a 50-cents-on-the-dollar  
4 project three years down the road?

5 I think it would be wise to leave it in the  
6 budget, and if the federal funds are there, we

7 take it. And my logic there is, I don't know  
8 what's going to happen with the New Orleans  
9 impact. I don't know what's going to happen with  
10 the ability to have funds out there.

11 But if you take it off, you don't have  
12 that -- that impact there. Therefore, I would not  
13 like to see that happen.

14 MS. GREEN: And I -- I kind of agree with  
15 you. I would rather cut it down the road on the  
16 fifth or sixth year if we're not going to take it,  
17 if the funds aren't there.

18 MR. GEORGE: Well, if we don't take it, the  
19 \$125,000 rolls into our reserve fund, which is  
20 what we're trying to build up.

21 MS. GREEN: Correct.

22 MR. GEORGE: So, I'm in line with you --

23 MR. BRUNSON: Also, I'd like for the director  
24 to -- to -- the comment has been said that we --  
25 we're going to lose it. If the money becomes

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1 available, we're going to do it.

2 MR. WUELLNER: You -- you would have to be in  
3 a position to do it when the federal government  
4 offers the monies to you.

5 MR. BRUNSON: Right. And the position would  
6 be available to do it is simple. We would borrow  
7 the \$125,000 if we don't have it. I don't  
8 think -- I'm telling you, we've got \$11 million  
9 spent here in federal funds, state funds, and --  
10 and county funds. We're talking about rolling it  
11 back to .1959 to bring in \$3,211,000. That's a  
12 lot of money. Let's -- let's just do it.

13 MR. GEORGE: One other question. That  
14 \$3 million -- \$3.2 million and change, that  
15 considered something over and above what we had  
16 actually calculated. You said there was  
17 another -- somehow or another, that money -- if I  
18 took .1959 for the property value, it wouldn't  
19 come out \$3.2.

20 MR. BRUNSON: Well, the -- the figures,  
21 you're going to get \$3,360,000 with the -- with

22 the rollback rate. But you -- that's the number  
23 that you've got to pay the 2 percent to the tax  
24 collector.

25 MR. WUELLNER: Right. Yeah. That ends up

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1 actually \$3,342,800.

2 MR. GEORGE: What does, the .1959?

3 MR. WUELLNER: Correct. At -- at 98 percent.

4 MR. GEORGE: Okay. What does the rollback  
5 rate bring in at the 98 percent?

6 MR. WUELLNER: That's what's in your  
7 budget -- rolled-back rate, it's in your --

8 MR. GEORGE: .2055.

9 MR. WUELLNER: That's in your -- you can read  
10 that directly off your budget.

11 MR. BRUNSON: \$3,360,000.

12 MR. WUELLNER: You can read that directly off  
13 your budget.

14 MR. BRUNSON: Yeah. So, we -- you know, what

15 I'm trying to do is -- is start a trend of  
16 getting -- cutting the taxes, and we're talking  
17 about \$150,000, is what we're talking about. And  
18 we've made a statement. And we're trying. And...

19 CHAIRMAN COX: There's a motion on the table.  
20 It's been seconded. And as I understand it, your  
21 motion is that we move to a rate of .1959 --

22 MR. BRUNSON: Yes.

23 CHAIRMAN COX: -- as the millage rate? Any  
24 further discussion?

25 (No further board discussion.)

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1 CHAIRMAN COX: All of those in favor?

2 MR. BRUNSON: Aye.

3 MR. GORMAN: Aye.

4 CHAIRMAN COX: All those against?

5 MS. GREEN: No.

6 CHAIRMAN COX: No.

7 MR. GEORGE: No.



8 CHAIRMAN COX: It's three against and two  
9 ayes. The motion failed.

10 MR. GEORGE: Okay.

11 CHAIRMAN COX: I'd like to chip in some  
12 comments here. I -- I like what -- the comments  
13 that Mr. Martinelli had to proffer to -- to the  
14 audience, and that was the concern of taking the  
15 rolled-back rate or a lesser rate than what we  
16 have now and then ending up on the tax rolls even  
17 longer.

18 My opinion would be to stay with the .2356 at  
19 this point and try to move this along and get us,  
20 you know, in the five-and-a-half to six-year  
21 range. Any discussion?

22 MS. GREEN: My only comment about that is,  
23 with our figures as we've looked at, we're there  
24 at the rolled-back rate.

25 CHAIRMAN COX: That's true.

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1 MS. GREEN: Rather than keeping the rate we  
2 have now. So, I'm with you in the philosophy,  
3 because I want to stay on the agenda and -- and  
4 work our projects and what have you. And if we  
5 decide not to do, like you're saying, the seaplane  
6 project, fine. Then that expenditure won't be  
7 there. But let's budget for it now so that we can  
8 come up to the fifth or sixth year and say, we're  
9 not going to do that. All right. We don't need  
10 anymore.

11 CHAIRMAN COX: Right.

12 MS. GREEN: We're off now in five years.

13 So, my comment is just to -- the rolled-back  
14 rate, at least, so we stay on the budget, and then  
15 four or five years from now, we find some  
16 expenditures we're not going to do, cut them off.

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

18 MR. BRUNSON: And as hard as it would be  
19 to -- to support the rollback rate, how strongly I  
20 feel about cutting taxes more, I certainly would  
21 support your comments to at least take away the

22 \$600-and-something thousand that -- that would put  
23 \$600,000 more in the kitty, like we did last --  
24 you did last year. Was bragged about, well, we've  
25 got \$400-more-thousand. You know, it's -- it's

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1 time to roll it back.

2 MS. GREEN: Well, like we do each year, we  
3 look at our budget, and like Mr. Gorman said,  
4 we'll cut back some more.

5 Let's -- you know, if we want to get a  
6 comparison, we say, okay, we don't really need to  
7 budget X amount for whatever expense. And I don't  
8 want to pick on any. But, you know, we can trim  
9 it and trim it and trim it each month -- I mean,  
10 each year so that we can take rollback or less  
11 than that, and keep cutting it maybe quicker. I  
12 don't know.

13 MR. GEORGE: So, the motion is what?

14 CHAIRMAN COX: I didn't --

15 MR. BRUNSON: You made that a motion.

16 CHAIRMAN COX: That's why I didn't form it --

17 I didn't form it as a motion. I was looking for

18 input. So -- but, yeah, I -- I dis -- I agree

19 with what you said, Suzanne.

20 MS. GREEN: But if the court -- or if the

21 board would entertain a motion --

22 CHAIRMAN COX: I would entertain a motion.

23 MR. WUELLNER: Old habit.

24 MS. GREEN: I know. That we accept the

25 rolled-back rate as we presented earlier.

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1 CHAIRMAN COX: Of .2055.

2 MS. GREEN: Yes.

3 CHAIRMAN COX: Okay. Is there a second?

4 MR. BRUNSON: I -- I'll have -- I will have

5 to second that. I made that a motion --

6 CHAIRMAN COX: Yes, sir.

7 MR. BRUNSON: -- at the last meeting, but I

8 thought we could do better and I'm --

9 CHAIRMAN COX: That's fine. There's a motion

10 on the table. It's been seconded. Any

11 discussion?

12 (No further board discussion.)

13 CHAIRMAN COX: All in favor?

14 MS. GREEN: Aye.

15 MR. BRUNSON: Aye.

16 CHAIRMAN COX: Aye.

17 MR. GEORGE: Aye.

18 CHAIRMAN COX: All opposed?

19 MR. GORMAN: Nay.

20 CHAIRMAN COX: Okay. The motion passes. The

21 millage rate is .2055.

22 MR. WUELLNER: Then -- then to follow up that

23 action, you'll need to adopt a resolution per

24 Florida Statutes relating to that adoption of the

25 millage rate. And your proposed resolution number

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1 is 2005-06. And since he's -- hasn't earned his  
2 keep today, I will ask our illustrious attorney to  
3 read the resolution into the record. And  
4 following that, you'll need an affirmative vote of  
5 that resolution adopting it.

6 MR. BURNETT: This is a resolution of the St.  
7 Augustine-St. Johns County Airport Authority,  
8 Resolution Number 2005-06. "A Resolution Of The  
9 St. Johns County -- St. Augustine-St. Johns County  
10 Airport Authority Of St. Johns County, Florida,  
11 Adopting The Final Levying Of Ad Valorem Taxes For  
12 Fiscal Year 2005-06; And Providing For An  
13 Effective Date.

14 "Whereas, the St. Augustine-St. Johns County  
15 Airport Authority of St. Johns County, Florida, on  
16 September 19th, 2005, adopted for Fiscal Year  
17 2005-06 a Final Millage Rate following a public  
18 hearing as required by Florida Statute 200.065;  
19 and

20 "Whereas, the St. Augustine-St. Johns County  
21 Airport Authority of St. Johns County, Florida  
22 held a public hearing as required by Florida

23 Statute 200.065; and

24 "Whereas, the St. Augustine-St. Johns County

25 Airport Authority proposed a millage rate of

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1 0.2055 mills which is the rolled-back rate

2 certified by the St. Johns County Property

3 Appraiser.

4 "Now, Therefore, Be It Resolved by the

5 St. Augustine-St. Johns County Airport Authority

6 of St. Johns County, Florida, that the Fiscal Year

7 2005-06 operating millage rate is 0.2055 mills

8 which is the rolled-back rate.

9 "This Resolution shall take effect

10 immediately upon its adoption.

11 "Duly Adopted at a public hearing this 19th

12 day of September, 2005. St. Augustine-St. Johns

13 County Airport Authority," by Mr. Wayne George,

14 Chairman, with Mr. Cox attesting as

15 secretary/treasurer.

16 CHAIRMAN COX: What was the resolution number  
17 again?

18 MR. BURNETT: 2005-06.

19 CHAIRMAN COX: Okay. And we need to adopt  
20 that resolution.

21 MR. WUELLNER: Yes, you will. To effect the  
22 millage rate.

23 CHAIRMAN COX: Entertain a motion.

24 MS. GREEN: I make a motion to adopt the  
25 Resolution 2005-06.

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1 MR. GEORGE: Second.

2 CHAIRMAN COX: Second? Motion on the table  
3 to adopt. All in favor?

4 MS. GREEN: Aye.

5 MR. BRUNSON: Aye.

6 CHAIRMAN COX: Aye.

7 MR. GEORGE: Aye.

8 CHAIRMAN COX: All opposed?



9 MR. GORMAN: Nay.

10 CHAIRMAN COX: Nay? Four for, and one

11 against, the motion passes. Resolution's adopted.

12 7. - PRESENTATION OF PROPOSED BUDGET

13 MR. WUELLNER: Okay. Next substantive order

14 is the discussion of the budget -- or presentation

15 of the budget.

16 CHAIRMAN COX: Presentation of the proposed

17 budget by the staff.

18 MR. WUELLNER: As provided in handouts up

19 front, as well as individually to members here,

20 and is also up on the screen, you have the summary

21 page of the budget as proposed by Staff and as

22 modified by this Authority moving forward. It is

23 also the budget as tentatively adopted at last

24 week's first or preliminary budget hearing.

25 The budget as proposed, or as being

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1 considered here, results in operating revenues or

2 forecast operating revenues at \$1,375,268.  
3 Nonoperating revenues, to include cash forward,  
4 interest loans, grant funds from state and federal  
5 agencies, and ad valorem proceeds, based on a  
6 millage adopted at .2055 mills, generates  
7 nonoperating revenues in the amount of  
8 \$12,673,097, for a total revenue estimate of  
9 \$14,048,366.

10 On the expenditure side of the budget -- I'm  
11 sorry. I can't get that any higher on the screen.  
12 Personnel expenditures estimated for next year at  
13 \$680,066. Operating expenditures forecast at  
14 \$1,002,500. Nonoperating expenditures, including  
15 debt service and reserves, which I will note to be  
16 zero, and capital expenditures to the tune of  
17 \$12,365,800, providing a total expenditure budget  
18 estimate of -- next year of \$14,048,366, which  
19 balances against the revenues previously  
20 presented.

21 Be happy to go over any other details,  
22 specific questions you may or may not have on

23 this, comments or -- or the like.

24 8. - DISCUSSION OF BUDGET BY AUTHORITY

25 CHAIRMAN COX: Discussion by board members?

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1 Mr. -- Mr. Gorman.

2 MR. GORMAN: Again, just a quick one on

3 the -- on this very tentative situation with

4 insurance. And there is no way you can properly

5 budget insurance, I know, at this time. And so, I

6 just wondered about any type of contingency plan,

7 should the insurance just go right through the

8 roof, which I really don't think is at all

9 impossible.

10 MR. GEORGE: I think you've already taken

11 care of that, haven't you?

12 MR. GORMAN: Well, I'm just curious.

13 MR. WUELLNER: We have --

14 MR. GORMAN: Just a question.

15 MR. WUELLNER: -- somewhat forced the issue

16 with our carriers this week and -- as promised.

17 And currently, their estimate -- and they believe

18 they're going to be able to get the property

19 aspect of this insurance down a little bit.

20 Currently, when you add property -- airport

21 liability, auto, computers, and mobile homes into

22 the mix, which is what's left of our property

23 interests, the estimated insurance premium this

24 coming year will be \$282,423, which is already

25 \$22,000 more than what is in this budget.

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1 I -- I would ask that we just -- we not react

2 to it in terms of the budget at this point. We

3 can deal with it as an amendment as the numbers

4 solidify over the next couple of weeks, because at

5 that point, we'll need to bind the policy for the

6 upcoming year.

7 They're telling us they may be able to get

8 the property number down a little bit. Whether

9 that results in \$22,000 of reduction, I -- I --

10 I'm not overly optimistic. That's a pretty high

11 percentage. But we -- we'll certainly report back

12 what that is.

13 MR. GEORGE: How much was it this year?

14 MR. WUELLNER: 2004 ended up at \$230,000,

15 with all of those insurance pieces together.

16 MR. GEORGE: And you increased it in this

17 budget to \$262-?

18 MR. WUELLNER: Correct.

19 MR. GEORGE: And they're telling you it could

20 be \$282-.

21 MR. WUELLNER: Correct. Went up 20 -- the

22 property aspect, I don't remember the number.

23 Donna, was it 23 percent or --

24 MS. GLASSER: 23.8 percent.

25 MR. WUELLNER: It was 23.8 percent, is the

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1 property aspect. The rest of it stayed pretty

2 stagnate.

3 The liability aspects, the automobile, that  
4 type of thing, it's pretty -- pretty much the  
5 same. But the property is -- with all of the --  
6 we've added a lot. In fairness, too, we have  
7 added a fair amount of property inventory. You  
8 know, as we build, that number goes up.

9 MR. GORMAN: There's a certain -- no, I'm  
10 sorry.

11 CHAIRMAN COX: No, go ahead. I just don't  
12 want to get lost in the discussion.

13 MR. GORMAN: There's a certain -- there's  
14 very few underwriters, of course, that are  
15 available for this. And this is, of course, part  
16 of the issue.

17 And the other part of the issue, have you  
18 asked or can we ask, or might as well make it a  
19 matter of public opinion, for a quote minus an  
20 amount for property damage? In other words,  
21 cutting the property damage out, leaving liability  
22 in place. And I know underwriters don't like to  
23 do that. But if asked, maybe underwriters could

24 do that.

25 MR. WUELLNER: Fortunately, our coverage --

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1 MR. GORMAN: Makes a tremendous difference.

2 MR. WUELLNER: I mean, that's -- that's a

3 very good point. But -- and unfortunately, our

4 coverage is done component-wise. So, the property

5 carrier is independent from the liability carrier,

6 which is independent of the auto carrier, et

7 cetera.

8 So, certainly, the -- you know, any single

9 stand-alone component of the five I mentioned

10 could be easily decided not to insure it.

11 MR. GORMAN: So, we can bind -- we can bind

12 without binding property. You're saying that this

13 is --

14 MR. WUELLNER: Yeah, absolutely. We could do

15 liability without --

16 MR. GORMAN: -- an absolute possibility at

17 this time and place.

18 MR. WUELLNER: Sure.

19 MR. GORMAN: That's -- that answers the  
20 question.

21 MR. WUELLNER: Realizing from the -- from the  
22 date of its expiration, you have no coverage,  
23 though.

24 MS. GREEN: Well, and also -- getting back to  
25 Mr. Sundeman said, that when we build these

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1 hangars, the market rate or comparative may go up  
2 as well. Every other airport's facing this  
3 increase. So, we might -- will we not be able to  
4 recover maybe some of this as a pass-on or  
5 pass-through cost when our square footage goes up  
6 because of the cost of insurance?

7 MR. WUELLNER: Sure. We can make adjustments  
8 in rental rates of -- of new leaseholds. But to  
9 the extent it offsets it directly, you know,



10 probably won't. It -- because that's a function  
11 of either a lease renewal or lease inceptions.

12 MS. GREEN: Right. I'm talking about our new  
13 ones when they come on --

14 MR. WUELLNER: Yeah. Certainly, it could be  
15 considered.

16 MR. GORMAN: My point, and the last point  
17 I'll make is there may be a cataclasmic change in  
18 property damage in areas that we are in. And it  
19 is not at all impossible, in other words, because  
20 of these underwriters, because of their losses,  
21 especially because their reserves no longer exist,  
22 especially --

23 MR. WUELLNER: And, you know, moving  
24 forward --

25 MR. GORMAN: So, that's my point, right.

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1 MR. WUELLNER: -- too, you've -- you've got  
2 an excellent point, because you have -- you have

3 the ability, as you -- as reserves become  
4 adequately funded with the Authority, you could  
5 absorb higher percentages of the risk in the  
6 property side, too.

7 MR. GORMAN: Yes.

8 MR. WUELLNER: Right now, I don't -- I  
9 don't -- I wouldn't recommend that, because you're  
10 sitting there with literally no reserves in the  
11 sense that --

12 MR. GEORGE: How much was paid out in the  
13 last 12 months by the insurance company or by us  
14 with our deductibles? In other words, of what  
15 value has that \$282- -- \$-52,000 been to us? We  
16 spent \$252-. Did that offset charges against us,  
17 liability-wise at \$220-, or was it \$5-?

18 MR. WUELLNER: Well, what it did more  
19 importantly than any of that is provided legal  
20 defense for several, especially on the liability  
21 side, any number of --

22 CHAIRMAN COX: Yeah.

23 MR. WUELLNER: -- lawsuits that were

24 proffered in the last year, or came to resolution,

25 including, the -- the Anna Phillip home lawsuit

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1 that's still ongoing with the -- with the Pilots

2 Association event that was held out there, the

3 Young Eagles program.

4 You had the automobile accident that you had

5 absolutely nothing to do with on U.S. 1, but

6 was -- happened near airport property in which you

7 were named and had to defend that.

8 You have an individual who has fallen in a

9 residential unit that the airport had that's

10 being -- you know, is being covered. Just from a

11 litigation standpoint, my suspicion is that you

12 have a fair amount of this percentage, you

13 certainly exceed the liability insurance aspect --

14 CHAIRMAN COX: Okay.

15 MR. WUELLNER: -- premium in any year. It's

16 just lawsuits come out of nowhere.

17 MR. GEORGE: Okay.

18 MS. GREEN: If we were to look at what

19 Mr. Gorman said, you know, and pick and choose

20 what we want to be insured for or not, taking some

21 risk, and maybe building up reserves, which is why

22 I think we did the millage rate --

23 MR. GEORGE: Some sort of self-insurance,

24 right.

25 MS. GREEN: -- which we were looking at, does

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1 that affect any of our grants? Do we have to have

2 a certain --

3 MR. WUELLNER: No.

4 MS. GREEN: Okay.

5 MR. WUELLNER: You're not required to carry

6 insurance on a grant. Keep in mind, if it comes

7 time to replace, you may or may not be successful

8 in getting that -- you know, getting the state to

9 participate in a revise -- you know, a renewal

10 project of that.

11 CHAIRMAN COX: Any further discussion by the  
12 board on the -- stand by. Stand by one second.

13 (Pause in the proceedings.)

14 CHAIRMAN COX: All righty. There you go.

15 MR. BRUNSON: Okay. Just real simply,  
16 looking at the -- the liability of not having full  
17 coverage, I'm one of these people, in my 69 years  
18 on this earth, have said nothing will ever happen  
19 to me. The last hurricane, I lost my 28-foot Sea  
20 Ray. And I had it half insured, because nothing  
21 will ever happen to me.

22 So, I tell you what; this \$282,000, with  
23 this, how much money we -- buildings we have here,  
24 compared to \$250- or so forth, it's not even worth  
25 discussing.

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1 MR. GEORGE: Plus, we have a dangerous  
2 business we're in.

3 MR. BRUNSON: So, that's my comments on that.

4 MR. WUELLNER: And you're literally staring  
5 at -- I don't know what the value -- maybe you  
6 have it off the top of your head. But, I mean,  
7 you're talking something in tens of millions of  
8 dollars in assets that are insured for \$280,000.

9 You still have a component. I mean, you have  
10 a -- you know, a deductible, for lack of better  
11 terms, but a coinsurance requirement. But, you've  
12 certainly limited your exposure to something less  
13 than 20 percent, I would suspect.

14 CHAIRMAN COX: Mr. George?

15 MR. GEORGE: You mentioned that, you know, if  
16 it does come out at the \$282-, that we could make  
17 an adjustment later. Is that a formal thing that  
18 you do because --

19 MR. WUELLNER: Yes. We did last year. It  
20 happened in fact in October last year when the --  
21 when the final bill came in --

22 MR. GEORGE: Yeah.

23 MR. WUELLNER: -- so to speak. We went in  
24 and adjusted the budget. Well, we did a budget

25 amendment to -- to take care of that.

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1 MR. GEORGE: Okay. So, that goes to the --  
2 whoever it has to go to in the state and  
3 everything.

4 MR. WUELLNER: It doesn't require going back  
5 through there. It requires you to do it  
6 internally. It actually doesn't require you to do  
7 it. You're not -- certain governmental entities  
8 do.

9 MR. GEORGE: Yeah.

10 MR. WUELLNER: But we do it just because it's  
11 a significant number in most cases, and we want  
12 you to be aware of the impact of the budget.

13 MR. GEORGE: Okay.

14 CHAIRMAN COX: Going to open the discussion  
15 up to public comment.

16 MR. GEORGE: Well, I've got one more --

17 CHAIRMAN COX: Okay. Go ahead.

18 MR. GEORGE: -- on the budget. We were just  
19 talking about the insurance.

20 CHAIRMAN COX: All right.

21 MR. GEORGE: At the last meeting, I  
22 understand that, Mr. Gorman, you brought up the  
23 idea of having, you know, an audit, an operational  
24 audit. Now, two years ago, we put that in the  
25 budget and we never -- you know, we never did it.

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1 Is some money in there for what Mr. Gorman is  
2 talking about in that budget?

3 MR. WUELLNER: We discussed it at the last  
4 meeting --

5 MS. GREEN: Right.

6 MR. WUELLNER: -- and felt that it could be  
7 covered under the professional services, under  
8 their classification.

9 MR. GEORGE: Okay. How much money? I just  
10 want to know the --



11 MR. WUELLNER: It's not a specific amount set  
12 aside, but my -- I can tell you here what the --

13 MR. GEORGE: The only reason I bring it up,  
14 is the last time, we put \$10,000, and by the time  
15 we did the exercise of what's the scope of work,  
16 we were looking at \$30-, \$40,000.

17 MR. GORMAN: That was done -- that wasn't an  
18 actual scope of work that had -- that was based on  
19 any common sense notion. That was a scope of work  
20 that was a hyperbole based by someone that felt  
21 that we didn't need it.

22 MR. GEORGE: Okay. Well, I want to make sure  
23 there's enough --

24 MR. WUELLNER: It's currently --

25 MR. GEORGE: -- in the budget that meets what

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1 your --

2 MR. WUELLNER: The line item currently

3 contained is -- if passed, would be \$35,000, which

4 is the same amount as last year.

5 MR. GORMAN: Well, that's certainly far more  
6 than enough.

7 MR. WUELLNER: But that's not the only thing  
8 necessarily that comes out of there each year.

9 MS. GREEN: There's other things that come in  
10 there.

11 MR. GORMAN: Yes.

12 MR. GEORGE: Okay. How much did we spend in  
13 professional services this year?

14 MR. WUELLNER: That will take two -- as soon  
15 as I find the right paper.

16 MR. BRUNSON: Here it is. '04-'05 is there.

17 MR. GORMAN: Professional services, general.

18 MR. GEORGE: That's -- look at the round  
19 zeros. That's the '04-'05 budget, compared to  
20 '05-'06 budget.

21 CHAIRMAN COX: Well, you wanted this year,  
22 right?

23 MR. GEORGE: Huh?

24 CHAIRMAN COX: Didn't you want it for this

25 year?

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1 MR. GEORGE: I want it this year, yeah. If  
2 we -- if you guys discussed it at the last time,  
3 you think that's worthwhile to do it, then we've  
4 got to make sure the money's in there to cover it.

5 CHAIRMAN COX: I thought that's what he was  
6 saying, is it's up there on the board.

7 MR. GEORGE: I think number, that '04 to '05,  
8 I think that is '04-'05 budget.

9 CHAIRMAN COX: All right. I see what you're  
10 saying. Not actually spent.

11 MR. GEORGE: See all of the zeros?

12 CHAIRMAN COX: Right, right, right.

13 MS. GREEN: Allocated, not necessarily spent.

14 MR. GEORGE: Yeah. Okay. Good.

15 MR. WUELLNER: We're grabbing the -- grabbing  
16 the detail for you, but last year's expenditure  
17 was -- or it was estimated to end up at \$33,300

18 out of \$35-. She's grabbing the detail so we can  
19 see exactly what it was that went to that number,  
20 because --

21 MR. GORMAN: The point being you're not --  
22 you just need an independent firm to do it so that  
23 the analysis is completely independent as far as  
24 your conclusions, but it's not an expensive issue.

25 MR. GEORGE: My -- my whole point was that if

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1 we're going to do it, it sounds like, you know, we  
2 need to do it to put the stake in the ground, need  
3 to have the money there to do it. Now, we can  
4 say, yeah, we'll take it out of the \$35-. Well,  
5 what's the \$35- there for? You know?

6 It sounds like if you use last year's  
7 actuals, there was \$2,000 there to do it. That  
8 ain't going to hack it.

9 MR. WUELLNER: Yeah. We're going to look at  
10 the detail and see if it's something that's a

11 one-year anomaly or -- or something else.

12 MR. GEORGE: Why not just add a line item and  
13 put \$15 --

14 MR. WUELLNER: Okay.

15 MR. GEORGE: -- on operational audit.

16 MR. GORMAN: Certainly, if we required more  
17 scope than that, we shouldn't ever have to. I  
18 can't imagine spending even actually that on it.

19 MR. MARTINELLI: You will. You will. You  
20 will. If you go to a professional firm.

21 MR. WUELLNER: You're not making new money  
22 here under any circumstance.

23 MR. GEORGE: We're taking money out of the  
24 reserves.

25 MR. GORMAN: Just we're doing something

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1 that's a very --

2 MR. WUELLNER: There are no reserves.

3 MR. GORMAN: -- basic, basic, basic analysis.

4 MR. WUELLNER: My -- my point being is you

5 can deal with that as a --

6 MS. GREEN: An addendum. I would like to --

7 MR. WUELLNER: Okay. Okay. I think you're

8 going to be fine.

9 MS. GREEN: -- deal with it as it came up,

10 and whether we feel it's cost beneficial. We find

11 out -- a couple of independent people give us

12 their proposals what it costs; should we decide it

13 costs \$30,000, it may not be cost beneficial to

14 have it.

15 MR. GEORGE: Right.

16 MS. GREEN: We deal with it when it comes up.

17 MR. GEORGE: Right. Or, we -- we vote -- as

18 Ed says, we vote on an addendum to it and we add

19 it.

20 MR. WUELLNER: I think you're going to be

21 fine. A couple of things I've seen here that are

22 almost two-thirds of that number were one-year --

23 MR. GEORGE: Okay.

24 MR. WUELLNER: -- one-year items.

25 MR. BRUNSON: And this is on the agenda at

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1 the board meeting that -- after this.

2 MR. GEORGE: That's true, it is, right.

3 CHAIRMAN COX: All right. If we're

4 finished --

5 MR. WUELLNER: Oh, yeah.

6 CHAIRMAN COX: -- with the discussion on the

7 budget, I'm going to open it up to public comment

8 on the budget. Any public comment on the budget?

9 Mr. Martinelli?

10 9. - PUBLIC COMMENT ON BUDGET

11 MR. MARTINELLI: I just have a question on

12 the insurance on the -- on the property --

13 MR. WUELLNER: Uh-huh.

14 MR. MARTINELLI: -- side of it. Do you have

15 that premium segregated?

16 MR. WUELLNER: Yes. On property? Yes.

17 MR. MARTINELLI: How much is that?

18 MR. WUELLNER: \$251,782.85.

19 MR. MARTINELLI: That's just for the  
20 property.

21 MR. WUELLNER: That's the property.

22 MR. MARTINELLI: What's the liability side?

23 MR. WUELLNER: Only \$10,200.

24 MR. MARTINELLI: Wow. Okay. On the property  
25 side, what is the coinsurance value?

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1 MR. WUELLNER: I would say our obligation is  
2 20 percent. I believe it's an 80/20.

3 MR. MARTINELLI: That high, hmm?

4 CHAIRMAN COX: Jack?

5 MR. WUELLNER: We can -- we'll look at it. I  
6 don't -- that's my recollection on it.

7 MR. MARTINELLI: Okay. Just --

8 MR. WUELLNER: To my knowledge, hasn't been a  
9 claim --

10 MR. MARTINELLI: -- if you do a cost benefit  
11 on that, there's always a risk when you're



12 assessing the risk against the cost, but that's  
13 pretty substantial.

14 CHAIRMAN COX: Thank you, sir. Public  
15 comments? Any further?

16 (No further public comments).

17 CHAIRMAN COX: Hearing no further requests  
18 for public comment on the budget, we move to the  
19 adoption of the budget, Resolution 2005-07.

20 10. - ADOPTION OF RESOLUTION '05-'07

21 MR. GEORGE: Do we have to make a motion to  
22 accept the budget as presented? I so do.

23 CHAIRMAN COX: Is that going to be another  
24 formal --

25 MS. GREEN: I will second.

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1 CHAIRMAN COX: -- resolution to be read --

2 MR. BURNETT: It's another resolution --

3 CHAIRMAN COX: -- that has to be read into  
4 the record?

5 MR. BURNETT: Yes.

6 CHAIRMAN COX: Okay.

7 MR. GEORGE: But we have to vote that we  
8 agree on it, is the first thing we do.

9 CHAIRMAN COX: I know. I just want to make  
10 sure that --

11 MR. BURNETT: I can go ahead and read it, if  
12 you'd like, before you vote on it.

13 CHAIRMAN COX: That's fine.

14 MR. BURNETT: All right. It's -- it will be  
15 Resolution Number 2005-07. "A Resolution Of St.  
16 Augustine-St. Johns County Airport Authority Of  
17 St. Johns County, Florida, Adopting The Final  
18 Budget For Fiscal Year 2005-06; Providing For An  
19 Effective Date.

20 "Whereas, a special meeting of the  
21 St. Augustine-St. Johns County Airport Authority  
22 was held in St. Augustine, St. Johns County,  
23 Florida on the 19th day of September, 2005, at  
24 5:01 p.m. at which time a majority of the members  
25 of the St. Augustine-St. Johns County Airport

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1 Authority were present, and

2 "Whereas, the St. Augustine-St. Johns County

3 Airport Authority has prepared a budget for the

4 Fiscal Year 2005-06; and

5 "Whereas, the St. Augustine-St. Johns County

6 Airport Authority held a public hearing on the

7 proposed annual budget as required by Florida

8 Statute 200.065; and

9 "Whereas, the St. Augustine-St. Johns County

10 Airport Authority adopted the final millage rate

11 prior to adopting this Resolution.

12 "Now, Therefore, Be It Resolved by the

13 St. Augustine-St. Johns County Airport Authority

14 of St. Johns County, Florida, that:

15 "1. The annual budget estimates of revenues

16 and expenses -- and expenditures of the

17 St. Augustine-St. Johns County Airport Authority

18 for the fiscal year 2005-06, as considered and

19 acted upon by the St. Augustine-St. Johns County  
20 Airport Authority, under and by the authority of  
21 the Laws of Florida, are hereby ratified, approved  
22 and adopted by the St. Augustine-St. Johns County  
23 Airport Authority, and the amounts of money set  
24 forth therein are hereby appropriated.

25 "2. The annual budget of revenues and

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1 expenditures adopted by (sic) the ensuing fiscal  
2 year 2005-06, shall be attached to the minutes of  
3 this meeting.

4 "This Resolution shall take effect  
5 immediately upon its adoption.

6 "Duly Adopted at a public hearing this 19th  
7 day of September, 2005.

8 "St. Augustine-St. Johns County Airport  
9 Authority by: M. Wayne George, Chairman."

10 CHAIRMAN COX: Thank you very much. I'll  
11 entertain a motion.

12 MS. GREEN: I think there was a motion on the  
13 floor that Mr. --

14 MR. GEORGE: I made -- I so moved.

15 CHAIRMAN COX: Oh, did you? Okay. Did you  
16 second it already? Or somebody seconded it?

17 MS. GREEN: Are you going to amend your  
18 motion to -- since he's read the resolution in,  
19 that we adopt the budget and the resolution?

20 MR. GEORGE: At the same time? Yes.

21 MR. BRUNSON: Aren't we going to have a  
22 discussion?

23 MS. GREEN: Yeah. And I'll second that  
24 motion that we adopt the budget as presented and  
25 the resolution as read.

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1 CHAIRMAN COX: Motion on the table that's  
2 been seconded. Discussion?

3 MR. BRUNSON: Okay. Keeping in mind of  
4 the -- of what I've talked about on the capital

5 expenditures, is there a possibility that we could  
6 amend the motion that the \$125,000 for the Taxiway  
7 B, and the \$50,000, that that be earmarked to go  
8 into the reserves if we do not fund the project?

9 MR. WUELLNER: Actually, no, because  
10 you're -- you're currently showing loan value of  
11 \$409,000. So, until it -- until your cuts in the  
12 capital program exceed \$409-, it would go to  
13 reduce the amount of --

14 MR. BRUNSON: Okay.

15 MR. WUELLNER: -- money to borrow,  
16 potentially borrow.

17 MR. BRUNSON: Okay.

18 MS. GREEN: In other words, I think it would  
19 go to cut what you want. I mean, it's going to  
20 cut some debt service.

21 MR. WUELLNER: Yeah.

22 MS. GREEN: Yeah.

23 MR. BRUNSON: Okay.

24 MR. WUELLNER: It's not going to reserve. It  
25 wouldn't make much sense to borrow money to put in

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1 reserve.

2 MR. GEORGE: Discussion point: Mr. Wuellner,

3 I am correct in saying that before that \$125,000

4 and the seaport money is spent, you have to come

5 to this board to say, I got the grant, you know;

6 I'm going ahead, and you have to --

7 MR. WUELLNER: Yeah. In the case of the

8 seaplane project, you have a grant already.

9 There's no capital project.

10 MR. GEORGE: Okay, fine. Let's go to the

11 other one.

12 MR. WUELLNER: Any capital project would have

13 to come back to you.

14 MR. GEORGE: Yeah. Okay. So, it's going to

15 have to come back to us, anyway. All of them are

16 going to have to come back to us.

17 MR. WUELLNER: And since --

18 MR. BRUNSON: Keep trying.

19 MR. WUELLNER: -- there's some trepidation in

20 that particular project, we will ask before we  
21 develop the project.

22 CHAIRMAN COX: All right. Any further  
23 discussion?

24 (No further board discussion.)

25 CHAIRMAN COX: Motion on the table that's

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1 been seconded. All in favor?

2 MR. WUELLNER: I just wanted to, one more  
3 time, read into the record the total amount of the  
4 budget.

5 CHAIRMAN COX: Okay.

6 MR. WUELLNER: Just so everybody's clear and  
7 it's no -- it's \$14,048,366. Thank you.

8 CHAIRMAN COX: It's in the record. All of  
9 those in favor?

10 MS. GREEN: Aye.

11 MR. BRUNSON: Aye.

12 MR. GEORGE: Aye.



13 MR. COX: Aye.

14 CHAIRMAN COX: All those opposed?

15 MR. GORMAN: Nay.

16 CHAIRMAN COX: It's four to one, the motion  
17 passes. The '05-'06 annual budget is adopted.

18 And thank everybody for their time and patience.

19 MR. GEORGE: Final comments.

20 CHAIRMAN COX: That's what I'm doing.

21 MR. GEORGE: Oh, sorry. You're right.

22 MS. GREEN: He's making them.

23 CHAIRMAN COX: Did you want to add a final  
24 comment?

25 MR. GEORGE: Yes, sir.

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1 CHAIRMAN COX: Go ahead.

2 11. - FINAL COMMENTS

3 MR. GEORGE: I think that -- that what we've  
4 done here is we have identified that all of us  
5 need to spend some more time on each individual

6 line item, like Mr. Brunson has on coming up with  
7 two projects.

8 I would like to propose an after-the-budget  
9 approval workshop so that we go back to our  
10 six-year plan now and understand each line item  
11 thoroughly by everybody here so that we then can,  
12 you know, make up our own mind and speak more  
13 informed about what we're going to do.

14 MS. GREEN: Can we do that if we approve of  
15 the comparative analysis that Mr. Gorman's doing,  
16 or suggested? And if we approve yes, we can find  
17 someone to do it for X amount of reasonable  
18 dollars, have it after that? Because if we're  
19 going to go line -- I'd like to see if --

20 MR. GEORGE: Got to have that there. Good  
21 idea.

22 MS. GREEN: -- a hundred thousand for this  
23 project is good or not.

24 MR. GORMAN: Thank you.

25 MR. GEORGE: Yeah.

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1 MR. GORMAN: Perfect point.

2 MR. GEORGE: Right.

3 CHAIRMAN COX: Any further comments before we  
4 close this portion of the meeting?

5 (No further comments.)

6 12. - ADJOURNMENT

7 CHAIRMAN COX: This will close this portion  
8 of the annual budget meeting. And reopen the  
9 portion of the open public meeting.

10 MR. GEORGE: Does everybody want to take a  
11 five-minute recess?

12 MR. BRUNSON: Please.

13 CHAIRMAN COX: Five minutes.

14 MR. GEORGE: Then we'll get back.

15 (Thereupon, the budget meeting concluded.)

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1           REPORTER'S CERTIFICATE

2

3 STATE OF FLORIDA    )

4 COUNTY OF ST. JOHNS )

5

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

7 that I was authorized to and did stenographically

8 report the foregoing proceedings and that the

9 transcript is a true record of my stenographic

10 notes.

11

12       Dated this 6th day of October, 2005.

13

14

---

JANET M. BEASON, RPR-CP, RMR, CRR

15

Notary Public - State of Florida

My Commission No.: DD102224

16

Expires: April 30, 2006

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