

1 ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

2 WORKSHOP

3 held at 4796 U.S. 1 North

4 St. Augustine, Florida

5 on Monday, January 22, 2007

6 from 2:00 p.m. to 3:44 p.m.

7 * * * * *

8 BOARD MEMBERS PRESENT:

- 9 WAYNE GEORGE, Acting Chairman, Secretary-Treasurer
- RANDY BRUNSON
- 10 JOHN "JACK" GORMAN
- SUZANNE GREEN
- 11 KELLY BARRERA

12 * * * * *

13 ALSO PRESENT:

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

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

17 BRYAN COOPER, Assistant Airport Director.

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20 JANET M. BEASON, RPR, RMR, CRR, FPR
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AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

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AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

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

2 CHAIRMAN GEORGE: We'll call the workshop,
3 special meeting together, and we'll say the Pledge
4 of Allegiance to the Flag and get started.

5 (Pledge of Allegiance.)

6 CHAIRMAN GEORGE: This workshop was called
7 for the purpose of discussing issues, rumors,
8 problems, any concerns or misunderstandings that
9 might have arisen during the campaign trail last
10 year, because being at a lot of the meetings, I
11 was asked questions. It was obvious there was
12 misinformation that had been passed out or
13 misunderstanding. So, we -- we all were
14 challenged with writing down our concerns and
15 getting them to Mr. Wuellner so that he could put
16 together an agenda of discussion items for this
17 meeting.

18 And with that, I will turn it over to
19 Mr. Wuellner.

20 MR. WUELLNER: Thank you. What I tried to
21 do -- well, to start out with, we had two -- two
22 of you really respond to me --

23 (Mr. Burnett enters the room.)

24 MR. WUELLNER: -- with information related to
25 the campaign trail or things that were on your

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 mind, e-mails you got or whatever -- whatever

2 sources there were.

3 And what I tried to do is distill that into
4 some major categories and then kind of break it
5 down a little bit more. Some of it's
6 quasi-informational. Some of it's going to be,
7 you know, rehashes of stuff we've -- we
8 collectively have seen over the last years, every
9 once in a while interjected a little, you know,
10 humor or sarcasm, depending on your point of view
11 as -- as some of the issues have come up.

12 And I'll just kind of bust through it, tell
13 you where we're going here real quick. You've got
14 really four major areas that came out of the --
15 that I -- I kind of created out of the -- the
16 topics or the -- the items that were provided.
17 And they include the Airport Authority, and
18 they'll have any number of -- of smaller
19 classifications within it. The eminent domain

20 issue; finances of the Airport Authority, which
21 includes a lot of things; and then lastly, the --
22 the topic of expansion, which were -- largely pick
23 up everything that was -- was thrown out.

24 2. - AIRPORT AUTHORITY

25 MR. WUELLNER: And the first one that -- that

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 kind of comes up here is the idea of maybe a quick
2 review of the -- of the charter provisions
3 would -- would be in order, just -- just to kind
4 of set the stage for what it is you guys -- you
5 know, what you are, where you came from kind of
6 deal.

7 The charter was established by the -- the
8 legislature in 1963. And it was amended really
9 almost 12 times between 1963 and 2002. Now, some
10 of those were very, very minor kind of changes,
11 such as just the name of the Airport Authority was
12 on one occasion. But the board has changed in
13 size. It -- it originally was twelve member -- or
14 excuse me, twelve members -- it was seven members.
15 It was brought back to five members.

16 The original area of coverage of the
17 Authority was basically an expanded City of
18 St. Augustine when it first started, later on
19 expanding to the entirety of St. Johns County.

20 Originally, it had an ad valorem taxing capability
21 of one mill, but it was in a much smaller
22 geographic area.

23 When it was expanded, kind of the trade-off
24 was that the ad valorem max would come down to the
25 half mill, which by the way to my looking at the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 records, I can't see where you've ever really
2 gotten meaningfully close to -- to the -- to the
3 half mill size. You've gotten up to about .3, but
4 you -- but that's about the extent of it.

5 Was codified by direction of the legislature
6 in 2002. That was the 12th amendment, if you
7 will, of the charter, which effectively negated
8 the previous 11 by requiring that the charter be
9 rewritten in a form that was then accepted by the
10 state legislature to the new standard. It -- it
11 required the Authority to bring into its charter
12 or make it compliant with all the statutes that
13 were passed since 1963, and clean up language
14 that, since that time, had been rendered
15 unconstitutional for one reason or another.

16 In 2002, came out the version of the charter
17 you have today. It has not been amended since
18 2002. And largely today it provides for a
19 five-member elected board. And you are what is

20 considered an independent special district.

21 Now, it's an important distinction, because

22 the independent portion of this means that you

23 operate autonomous from other governmental

24 entities. It's -- it's an extremely important

25 distinction in that you are really solely

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 beholding, if you will, to the will and discretion
2 of the Florida legislature with -- with the subset
3 being the electorate of St. Johns County in that
4 they place you directly into office.

5 It's -- it's an unusual distinction in many
6 respects, because most boards are dependent
7 special districts, meaning they are a subset of a
8 city or county government structure, and as such,
9 to an extent serve at the whim or will of those
10 political bodies. So, in this case, you guys
11 stand kind of autonomous to the existing
12 governmental structure in St. Johns County.

13 CHAIRMAN GEORGE: How many more airport
14 authorities are there in the State of Florida?

15 MR. WUELLNER: By definition, there are a lot
16 of airport authorities. Now, the range of powers
17 are dramatic, because many of the airport
18 authorities are -- in fact, most of them are
19 dependent special districts.

20 Some are actually advisory only. Even though
21 they say "airport authority," they have no real
22 authority, for lack of better times.

23 MR. BRUNSON: Do they have tax --

24 MR. WUELLNER: Everything they do is subject
25 to someone else's ratification.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 MR. BRUNSON: Do they have taxing authority?

2 MR. WUELLNER: Actually, very few do. And
3 the few that do right now are not collecting ad
4 valorem tax. And -- and -- and the reason I say
5 that is they're actually large air carrier airport
6 authorities and have since long passed the -- the
7 need for ad valorem receipts to -- to back up
8 their operations. They generate that from air
9 carrier operations for most part.

10 However, that remains -- one of the -- one of
11 the reasons they don't give up that distinction in
12 their charters is -- is because as an independent
13 authority with the ability to do ad valorem, you
14 have the ability to get into the bond market with
15 a -- with a possibility of using that as the
16 backup for those bonds and achieving a much better
17 rating for those bonds, which of course affects
18 the interest rate. So, it's an important
19 distinction to know that you're an independent

20 special district.

21 And these -- these structures of -- of -- of

22 authorities, Buzz, extend all across the board in

23 their makeup. The most recent trend with most of

24 these authorities is to go to appointed airport

25 authority members.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 One of the more recent ones that I recall is
2 Sarasota Bradenton. If you recall, the --
3 actually, it was called -- that's the airport, but
4 the district was Sarasota Manatee County Airport
5 Authority, which runs Sarasota Bradenton Airport.
6 And they weren't elected.

7 Now, the unique feature down there was that
8 it really straddled two counties, the airport, as
9 well as the jurisdiction of the airport authority.

10 And it became really interesting and a very
11 political animal when electing members to the
12 airport authority to represent the interests of
13 two distinctly different counties and two -- and
14 in many cases distinctly different needs.

15 Eventually, those -- both of those counties,
16 about four or five years ago, elected, through a
17 referendum process, to make it a
18 governor-appointed board. And as such, the
19 governor appoints all of those -- all of the

20 members to that authority. Now it's taken the
21 local political hotbed out of it and allowed
22 the -- the authority to focus on the business
23 issues of the airport without fighting the --
24 those local arguments.

25 The other unique feature here is it covers

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 the entirety of St. Johns County in this case.
2 Your charter, your special district is, by
3 definition, St. Johns County. So, it's not --
4 there's no part of St. Johns County that's been
5 carved out and is not subject to your decisions,
6 so to speak. They -- they all have a voice in it
7 through the electorate process. They are also all
8 subject to ad valorem, should you -- you choose to
9 continue to collect it.

10 Your charter provisions include several
11 items. And I -- I just summarized them up here.
12 But basically, you're -- you're empowered to
13 operate airports and multimodal facilities as your
14 charter exists today.

15 The charter speaks to bonding, the capability
16 of the Authority and the process and the statutes
17 involved. It speaks to your taxation ability in
18 that you can assess up to a half mill. Talks to
19 your -- the requirement of -- of you to have an

20 audit annually and to make those books reasonably
21 available to the public, which, of course, you
22 know, it would -- it would be our position you
23 always have and -- and continue to do.

24 It speaks to whether you have the authority
25 to do eminent domain, which it does -- you do have

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 that authority.

2 It -- it requires you to adopt a budget
3 annually and submit that. And it speaks to your
4 ability to enter contracts and get out of
5 contracts, be sue -- sue and be sued as an entity;
6 that you're allowed to lease, and what you can --
7 that you can own and buy and do the things very
8 much like any business entity would be able to do.
9 And that pretty well summarizes what the charter
10 contains.

11 Now, there are some, you know, additional
12 details in spots. It talks about the makeup of
13 the board being five members. And it talks about,
14 the only officer mentioned as a part of your
15 charter, is the election of a chairman from
16 amongst yourselves. And it refers to the
17 staggered term of the Airport Authority members
18 themselves.

19 But other than that, you basically decide how

20 you're going to develop, run, and operate the --
21 the Airport Authority. That -- it's -- the State
22 has not really mandated anything other than the
23 compliance with Florida Statutes in -- in the
24 conduct of your business.
25 Now, the -- the next piece of this under

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 Airport Authority, I entitled "Getting past the
2 perceptions." And it -- and it really talks --

3 CHAIRMAN GEORGE: Can we see if there's any
4 questions --

5 MR. WUELLNER: Sure.

6 CHAIRMAN GEORGE: -- that anybody's got?

7 MR. BRUNSON: Not I.

8 MR. WUELLNER: About the charter itself?

9 MR. BRUNSON: No.

10 MR. WUELLNER: Yeah. It's -- it's -- it's a
11 fairly straightforward charter, as they go.

12 CHAIRMAN GEORGE: Yeah.

13 MR. BRUNSON: Nothing's changed.

14 MR. WUELLNER: Yeah. Really, the
15 codification did nothing but clean up all of the
16 amendments and make it one -- one -- one big
17 document now, or one -- actually, it's way smaller
18 because you don't have to track all of the changes
19 throughout all the -- all the years.

20 All right. The comments that I gleaned off
21 of -- off of what was provided to me include
22 statements like, "The board always caters to
23 special interest groups."
24 "Too many members on the board of the private
25 Pilots Club."

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 "Why should citizens care about the airport?"

2 "I think you would be hard-pressed to explain
3 the service that the citizens of St. Johns are
4 receiving for their investment. The service that
5 is being rendered is mainly to individuals leasing
6 hangar space, so in practical implication --" and
7 they were careful to emphasize "not theory, the
8 cost of the taxpayers is in the cost of the fixed
9 assets which mainly serve X number of pilots or
10 individuals in the form of a hangar lease."

11 That's pretty much a sampling of what I think
12 those of you, especially that were on the campaign
13 trail last fall, got to hear in the various
14 forums, that there's a general lack of
15 understanding of what the airport is, more
16 particularly what the Airport Authority does
17 relative to the airport, and -- and why we have an
18 airport. And hopefully, through the -- through
19 this -- this afternoon, you'll -- you'll get a

20 better feel for that, if you don't already.

21 And I know a lot of this is, you know, again,

22 kind of preaching to the choir in -- in terms of

23 the importance of what it is you do and what it is

24 you oversee. But it doesn't get well

25 communicated, and -- and it's a good way as a --

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 as a board to put it out there in a public forum,

2 as we're doing today.

3 MR. BRUNSON: Ed -- and I'm sure you'll
4 address these later on as you go, we've all had
5 these. But those aren't the major things that, on
6 the campaign trail, I'm sure that some of these
7 people -- it mainly gets into noise and traffic
8 and things like this. And we're going to discuss
9 that later?

10 MR. WUELLNER: We'll work it in.

11 MR. GORMAN: I have -- I have a question. As
12 I thought this was a workshop, I wasn't sure we
13 were going to follow an agenda. I don't
14 understand. We were going to be able to bring
15 workshop items up in, of course, addition to
16 agenda items, are we not?

17 MR. WUELLNER: Yeah. I --

18 CHAIRMAN GEORGE: I think that the purpose of
19 it was people were out there hearing things, and

20 please write them down --

21 MR. GORMAN: Right.

22 CHAIRMAN GEORGE: -- and give us the basis

23 from which to have a workshop. As -- I would

24 suggest that, as we go through this, that if

25 there's something on a tangent that needs to be

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 interjected, just interject it at that point.

2 We'll cover it then.

3 MR. GORMAN: It doesn't -- it may not be in
4 context of these agenda items. I just have a few
5 discrepancies I want to bring up.

6 CHAIRMAN GEORGE: Okay. Can you hold them
7 till the end? That way we might have already
8 covered them.

9 MR. GORMAN: Well, certainly, let's see what
10 we discuss.

11 CHAIRMAN GEORGE: Okay.

12 MR. GORMAN: And see if they address them.

13 MR. WUELLNER: Okay. Next section is,
14 dedicated under Airport Authority, to serving the
15 public. And this -- this kind of fills in the
16 blanks of what it -- what the -- the airport is
17 specifically.

18 And I speak to the economic engine that the
19 airport is in the community, in that it's largely

20 responsible for about 1800-plus jobs, directly and
21 indirectly, and at least a \$200 million impact on
22 the -- on the local economy as a result of its
23 placement.

24 Now, it's important to note here that it's
25 not just airport things. It's -- it's also the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 biggest piece of that. That economic puzzle rests
2 with Northrop Grumman's operation, and that
3 when -- if you were to see Grumman curtail or even
4 leave the community, that you could -- you could
5 expect significant reductions in the impact, as
6 well as the jobs that owe itself to the existence
7 of the airport.

8 It's no secret that if -- that if the airport
9 closed in this location, that Grumman would
10 have -- would have already gone, that they would
11 not wait for that business decision.

12 The airport serves as the community's
13 gateway. And it's important to point out that it
14 is the location and focal point for business
15 access to our community. One only has to stand
16 out there and look through the fence in the FBO
17 area to see the -- the level of activity that the
18 airport has -- has achieved over the last four or
19 five years in particular, the number of business

20 aircraft that are on the ramp at any one time,
21 almost any day. And these people are doing
22 business in the community.

23 While we do have people that flow through
24 here just to buy fuel, the reality is if you see
25 the airplane here for any period of time, there's

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 some business being transacted in St. Johns County
2 or even surrounding counties. A part of what we
3 get here in a business aviation climate does go
4 beyond St. Johns County. The capability of this
5 airport allows a much higher level of activity of
6 many of these aircraft.

7 It's also citizens' access point to air
8 transportation services in the U.S. That takes
9 many forms. Today, that would be the ability to
10 go out and charter an aircraft, the ability to
11 learn how to fly and own an airplane and -- and
12 learn how to -- to use that.

13 It also represents what we call the first
14 impression that -- that most people have when they
15 arrive by air, is in the community's airport. It
16 tells them a lot about whether the community's
17 involved in -- in -- the business community's
18 involved. Is it important to them how people
19 perceive their community? Is it a strong business

20 acumen?

21 And the last and -- and while more frequently

22 mentioned, community interest, is in the area of

23 emergency response. Not only do you have law

24 enforcement agencies based at the air -- basing

25 aircraft here, but it also -- and it's no secret

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 that -- that the most fundamental or lynchpin
2 activity in -- in full large-scale emergency
3 response is the ability to get air resources
4 applied to your community, to get in some of those
5 requisite supplies and materials and -- and
6 services back up and running. And that's usually
7 done by air.

8 And the airport, especially this airport with
9 its -- the length of runways and its load
10 capability and the like, serves as a very strong,
11 strong partner in emergency response activities
12 and -- and law enforcement and those things.

13 And we always bring up the -- the fires of a
14 few years back when a lot of aviation activity was
15 generated as air resources were applied to some of
16 those fire situations. Helicopters, fuel for
17 those aircraft. Even fixed-wing crews were based
18 all over Florida, especially North Florida at the
19 time, to -- to apply those firefighting resources.

20 We -- we are the only entity within St. Johns
21 County that's government that is even capable of
22 becoming self-sustaining. When you -- when you
23 look at all of the other governmental entities,
24 they are entirely revenue supported or -- or
25 majority revenue supported and -- and likely never

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 to be any other way by the tax dollars of -- of
2 St. Johns County citizens.

3 We are the only ones capable of eventually
4 weaning ourselves off of that. But that takes the
5 commitment that y'all have -- have really thrown
6 out there, especially in the last few years, but
7 really over the last ten years, with a solid
8 approach to generating the revenue necessary to --
9 to get to that goal.

10 And when you look at it in the scheme of the
11 tax implications countywide, it's a relatively
12 minor tax implication that the Airport Authority
13 has.

14 Now, that perspective is always local and,
15 more importantly, individual. And, you know, some
16 people pay more than others based on property
17 valuations, and its relative importance is likely
18 a direct function of whether you perceive you
19 benefit from the airport or not. And that -- that

20 varies by individual, by taxpayer.

21 Yes, sir.

22 MR. BRUNSON: I think Buzz did a slide on the

23 tax --

24 CHAIRMAN GEORGE: Uh-huh.

25 MR. BRUNSON: -- percentages of increases

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 compared to other agencies. And I'm sure you

2 don't have his slide in this slide.

3 MR. WUELLNER: Actually, it's in here

4 somewhere, but it's not in this presentation.

5 MR. BRUNSON: Okay. But this is -- this is a

6 good slide, Ed, for the things that you have to do

7 and occasionally we all have to do, and that would

8 be a good slide to interject into this.

9 CHAIRMAN GEORGE: Well, Ed had -- had

10 mentioned to me that you had indicated to him that

11 you thought that it would be appropriate if we do

12 have a slide kit for a show, because each one of

13 us as elected officials get to different groups,

14 and if somebody calls in and says, "Would you mind

15 giving a presentation on the airport?" if we -- if

16 we had a common set of PowerPoint, you know, that

17 we're all talking from the same hymnal, then we

18 can take that and modify it if there's any special

19 interest that you want --

20 MR. BRUNSON: I think this is good, and I

21 think that's what we need to do.

22 CHAIRMAN GEORGE: Yeah.

23 MR. WUELLNER: I agree.

24 MS. BARRERA: I would also like to bring up a

25 point that Bryan, when I met with Bryan over the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 campaign process and talked to him, and it
2 directly goes under the business accesses that
3 several companies, as they were making decisions
4 about where they wanted to locate, first had to
5 check out the proximity of the airport to where
6 they want to locate. And I think that needs to be
7 emphasized to the community, because that's --
8 that's a huge statement.

9 And Bryan was able to quickly give me
10 examples of different companies, and I think
11 people need to realize that those companies
12 actually took the airport and its location into
13 consideration.

14 MR. WUELLNER: Very good point. Very good
15 point.

16 CHAIRMAN GEORGE: I think Bryan also brought
17 up the point about -- I think you had a statement
18 in -- in something that you were quoted in the
19 paper about, you know, the county's growing,

20 county's growing too fast. But as the county --
21 as the population grows, then the schools grow and
22 the roads grow and the airport grows, and just
23 because of exponential, you know, demands.

24 MS. BARRERA: The second point I'd want to
25 bring up before we move from this slide is also

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 the aerospace academy and how it's serving the
2 public school system with the aerospace academy
3 and working in conjunction with that, because when
4 I was out on the campaign trail, there's been a
5 lot of -- at this time, there's been a lot of
6 publicity about it. When I was out, very few
7 people were really aware that that program was in
8 existence. And it -- it needs to be emphasized
9 how much that ties to this airport at this
10 location.

11 MR. WUELLNER: Very good. Awesome.

12 CHAIRMAN GEORGE: Yeah.

13 3. - EMINENT DOMAIN

14 MR. WUELLNER: Okay. Next major topic deals
15 with eminent domain or -- or what I refer to it
16 as, the misinformation campaign, which has -- you
17 know, that -- that element of what the Authority
18 has done over the last few years is probably the
19 singlemost mismanaged -- and, you know, I have to

20 take that responsibility. But the -- the reality
21 is the -- the public's perception of what was
22 accomplished and what we did was -- was -- was
23 done very poorly.

24 And while I believe we, in every aspect,
25 acted properly and aboveboard with the individuals

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 we were dealing with and -- and there was
2 absolutely nothing we could have done differently
3 on a detail, the -- the inability to manage what
4 the public got as information related to the -- to
5 that made it extremely difficult to -- to overcome
6 that as a -- as a negative.

7 We didn't get any help when the -- when the
8 Supreme Court, in the middle of that effort we
9 were doing, you know, came out and managed to
10 light a fire over the whole concept of eminent
11 domain with its very broad interpretation of that.

12 And that really, you know, made it even more
13 difficult to overcome the local politics, if you
14 will, but the local perception of what -- what was
15 accomplished. I see you're dying to weigh in.

16 MR. BURNETT: Well, I'll just add a couple of
17 things to that, which is the Supreme Court case
18 that Ed's referring to has basically come down and
19 said that a local government could take property

20 for a private developer and sell the property to
21 the private developer -- to a private developer to
22 develop the property for something, for example,
23 the local government might find attractive.

24 And where this happened was up in the
25 northeast where someone wanted to build a marina,

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 and the city said, Hey, that's a great idea; we'll
2 condemn this property that's there, because it's
3 kind of blighted, and develop -- or you're going
4 to develop it into a marina, and we'll sell it to
5 you once we take it.

6 And that was the big hot button issue that's
7 gotten a lot of reaction in -- in Florida, not
8 just on the state level, but by local governments
9 themselves, as -- as something that no one really
10 wants to see have happen wholesale across the
11 state.

12 Anyways, the other part of it is, I just
13 wanted to add for -- and -- and I know y'all, part
14 of you were watching, part of you were on the
15 board at the time. We put a seasoned lawyer from
16 my firm on the job to do the actual eminent domain
17 actions, Mark Arnold.

18 And, you know, the good thing about Mark is
19 Mark's most often on the side of representing the

20 property owners against DOT, and so he could -- he
21 has great sympathy for what the folks are going
22 through when that was happening. And so we took a
23 very -- and really at the direction of -- of the
24 Authority, and at the direction of Ed, took a very
25 reasonable approach to how we dealt with the folks

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 during the litigation and -- and through making
2 the settlements. So, I just wanted to throw that
3 out there.

4 One thing that's -- we have heard, and I see
5 Ed's got some more points; I'll let him cover
6 them. But, you know, it's -- sometimes the -- the
7 word gets out there that all the airport did was
8 take all of that property over there. In reality,
9 it was a limited number of the lots. Not that it
10 didn't have the same significant impact on the
11 individual property owners, but the -- the reality
12 was it just wasn't the majority of the property
13 over there. The majority of the property had
14 already been acquired by the airport.

15 So -- and Ed, I know you've got other bullet
16 points on your presentation. I don't want to jump
17 in and sidetrack you, but I wanted to add those
18 comments.

19 MR. WUELLNER: I was trying to -- something

20 you said triggered my remembrance of something
21 that was in your charter, and I was trying to find
22 the exact -- the exact phrasing in here. But
23 basically, what -- what I was trying to -- well,
24 just save that for later.
25 But when you put it in context of our use of

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 eminent domain, the Authority's charter in itself
2 limits your ability to use eminent domain, because
3 it requires you to use it for airport-related
4 purposes. You don't have the ability, in a sense,
5 to abuse it like a more general purpose
6 governmental entity could do in -- in turning
7 property over to developers or something that's --
8 that's absolutely autonomous or independent from
9 the airport operation. You don't have that
10 ability. It -- it could only be done for an
11 airport-related purpose. And you do have limiting
12 language in your charter to that effect.

13 So, it's got to meet that test. And, of
14 course, that's not decided by the Airport
15 Authority. You may decide you wish to go that
16 direction, but ultimately it's coming before a
17 judge and -- and they're going to make the
18 determination of whether the purpose that you'd
19 ever want to do this is indeed meeting the test

20 and -- and the standard of -- of public use and
21 public benefit. And -- and when applied in that
22 context, the Airport Authority, it wasn't even
23 really a discussion point with the judge.

24 As presented, what we intended to do with the
25 project and the like, it was not a source of

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 debate. Even the attorneys representing the
2 parties who were being directly affected by this
3 didn't contest, at the end of the day, whether it
4 was for a public purpose or not.

5 Now, they may have made some grandstanding in
6 the newspaper, but when -- when it came to putting
7 a solid defense, or even making the statement in
8 that defense, it didn't happen. They basically
9 agreed that, you know, by definition, it was a
10 public purpose. And to -- to fight that cause was
11 dead before it started.

12 MR. BURNETT: Which is why the Airport
13 Authority was able to obtain the order of taking
14 so quickly and easily. Quite frankly, the
15 hearings went very -- very quick and easy on the
16 issue of whether or not the airport could take the
17 property.

18 CHAIRMAN GEORGE: I -- I think that all of
19 those comments are fine, you know, as far as what

20 we have authority to do, what we -- how we did it,
21 in the best fashion that we could. Unfortunately,
22 the -- the impression that's left with the public
23 is, you did it.

24 MR. WUELLNER: Oh, absolutely.

25 CHAIRMAN GEORGE: So, that's what we have to

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 overcome. And I -- I look at the Supreme Court's
2 decision as taking a little heat off of us. Gave
3 us a "we were not doing that." So, that's good.

4 MR. GORMAN: I believe we made some type of a
5 policy statement before in the past, or everybody
6 has acquiesced to that, I can't remember that,
7 that we weren't going to do that again? I mean,
8 is that -- can we make that clear, or is that not
9 clear?

10 MR. WUELLNER: I -- I think you -- you folks
11 left it as -- which, you know, really was the way
12 you did it the first time, that it was an action
13 of last resort. It was -- you did not say you
14 would not do it. What you said was it was the
15 absolute last -- you know, everything else --

16 MR. GORMAN: That's not what I --

17 CHAIRMAN GEORGE: I think what we -- what we
18 said is that we would make every available avenue
19 of doing something before having to do that again.

20 MR. WUELLNER: Exactly.

21 CHAIRMAN GEORGE: I can -- you should have a
22 copy of the statement that we read that's in the
23 notes.

24 MR. WUELLNER: It's in there. It's in the
25 minutes.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 CHAIRMAN GEORGE: If you want another copy.

2 But it basically was saying we're not doing that

3 anymore because we've gotten to this point, and

4 before we go any further with any plans 20 years

5 down the road, we're going to make sure that that

6 doesn't happen again.

7 MR. GORMAN: When the public asks me, "Are

8 you going to do it again?" they want a yes or no

9 answer. So, that's -- that's been my problem.

10 CHAIRMAN GEORGE: The answer is no.

11 MR. BRUNSON: We gave them one. We were

12 asked to -- to give a resolution that we would not

13 do it.

14 MR. GORMAN: I under -- I realize. And

15 that's resolution, is what I'm talking about.

16 MR. BRUNSON: And we said we would not do

17 that.

18 MR. GORMAN: Good.

19 MR. BRUNSON: We did say that we would, to

20 the best of our ability, not do it again, but

21 we -- but if we have to in the future, so --

22 CHAIRMAN GEORGE: Well, that would be the

23 decision --

24 MR. BRUNSON: So, as a board --

25 CHAIRMAN GEORGE: -- of the board that is

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 seated at that time.

2 MR. BRUNSON: As a board, you cannot say
3 that, "No, we won't do it."

4 I personally can say that I don't want to do
5 it and -- but I can't say as a board.

6 CHAIRMAN GEORGE: I think the -- one of the
7 keys here is we can commit ourselves to that, but
8 we're not going to be on the board 20 years from
9 now. And so they have the ability to do it
10 through the charter. But hopefully we'll do our
11 work well in the planning, that we will make sure
12 that we already have the rights for everything we
13 want to do in that area so that they do not get to
14 that point and have to use it.

15 MR. BRUNSON: Now, where are you going in 20
16 years?

17 CHAIRMAN GEORGE: I'm going to be on my boat,
18 watching airplanes land in the marsh.

19 MR. BRUNSON: Okay.

20 MR. WUELLNER: All right. The next section
21 under this was, "Why was it done?" And I'm only
22 making these points because we -- you know, it
23 seemed to be a genuine point of confusion out
24 there as to what the issue was based on some of
25 the smaller -- or the questions we were getting.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 And one was, look, all you have to do is
2 really look at the available land envelope that
3 the airport had available to us, and it -- and
4 it's not hard to understand that at some point,
5 the airport was likely to have needs that -- that
6 expanded beyond the -- the original border of the
7 airport.

8 And certainly the community has grown
9 exponentially since the airport in its early days
10 came into being in 1938. No doubt that those --
11 those folks in 1938 didn't conceive of the
12 population expansion of St. Johns County.

13 It is -- in our case, it was absolutely the
14 direct result of -- of prudent planning that had
15 gone on through many cycles of airport master
16 planning dating back into the 1980s. It was not
17 something that was done at the spur -- spur of the
18 moment and without thought, consideration and --
19 and an evaluation of alternatives throughout the

20 years.

21 And the timing was such that the real issue
22 came down to demand, demand, demand for facilities
23 on the airport and the inability of the airport to
24 satisfy those demands on or within its existing
25 property.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 And lastly, it came as a result of what I
2 describe as painful deliberation and
3 decision-making process. It wasn't something you
4 guys took lightly. It wasn't something that was
5 foregone in its conclusion. The previous looks at
6 eminent domain, at least the most previous one,
7 resulted in the Authority backing away from that,
8 back three or four years before that.

9 It became the decision that -- that -- that
10 had to be made and unfortunately fell on the watch
11 of some of the people, or most of you, that were
12 in this room.

13 And I wanted to point out that it definitely
14 was a last-resort decision. And I also wanted to
15 point out what I consider two -- two very
16 different definitions of -- of taking, because
17 that -- that gets out there in the public, too.
18 And certainly "taking" is a legal term and
19 involves a due process that's defined by Florida

20 Statutes. And the term has an implication that is
21 almost always and -- and generally is considered a
22 very negative, negative process.

23 However, it is one of the more protected
24 things within the State's statute system and the
25 court system in its treatment of the people who

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 are affected by eminent domain. And it's --
2 it's -- it's a very detailed process that affords
3 a lot of opportunity for give-and-take in the
4 process.

5 The last is that "taking" is a financial
6 term. And in that concept, we're talking about
7 the compensation that's due to parties that were
8 affected. And I -- and I can honestly sit here
9 and assure you that anyone who was affected
10 directly by eminent domain and its action from the
11 Airport Authority was fairly compensated. And --
12 and by that, I mean, they -- they did well when
13 compared to the value of the property, or
14 perceived value of the property. No one walked
15 out of here having their property stolen in the
16 sense of value.

17 They -- they may disagree in that it was
18 their property and you -- you ultimately ended up
19 with it. But in terms of value, there's no way

20 you could make the -- the statement that they
21 weren't fairly compensated as a part of the
22 process.

23 MR. BURNETT: Plus, they were entitled to the
24 payment of their attorney's fees for the attorneys
25 that they hired to represent them.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 MR. WUELLNER: And they all received it.

2 MR. COOPER: Ed --

3 MR. GORMAN: The public --

4 MR. COOPER: Or George --

5 CHAIRMAN GEORGE: Yeah, go ahead.

6 MR. COOPER: -- can I say something about --

7 CHAIRMAN GEORGE: Fine.

8 MR. COOPER: -- eminent domain?

9 MR. WUELLNER: We need to get you a mic,

10 Bryan. Sorry.

11 MR. COOPER: To the mic?

12 MR. BRUNSON: For us old people who can't

13 hear.

14 MR. COOPER: When you guys get as old as I
15 am, then you'll know what old is.

16 Something that I've been doing lately related
17 to a project that we're working on has required me
18 to do a little research on some of the past
19 historical events at this airport. And something

20 came to my mind in doing that.

21 When I found that the southern extension of
22 runway 13/31 from 6/24 south was taken by eminent
23 domain to create that runway. The land where
24 hangar row J, K, L, and M is on, and the control
25 tower's on, the self-service fuel on -- farm is

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 on, was taken by eminent domain to create those
2 hangars.

3 And as I've said in the past, which we
4 mentioned earlier, that as the airport -- as the
5 community grows, it's important that the airport
6 that provides service to the community grows with
7 it.

8 And historically, if we look back, if
9 previous boards had not taken that property to
10 create that runway extension, Northrop Grumman
11 would not be here because we wouldn't be able to
12 serve them. And had they not taken that property
13 to build those hangars, we wouldn't have that
14 control tower here because we wouldn't have had
15 land to put it on. And we wouldn't have had Jack
16 Gorman or Wayne George here because we wouldn't
17 have had property to build hangars for them.

18 So, I think that past boards have made that
19 painful decision to take that property by eminent

20 domain. But it has resulted, when we look back
21 historically, at an airport that is able to
22 provide the service to the community that it
23 couldn't if it hadn't done that.

24 And I think that to say that this eminent
25 domain process that we just went for isn't also

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 going to, many years from now, we look back, not
2 be able to say that same thing, would be wrong.

3 I think that when you look back and say, if
4 you hadn't done that, then you wouldn't be able to
5 do this, this, this, and this, and these are
6 important things. Now, that's supposition on my
7 part. I admit that. But this community's growing
8 and this airport needs to grow and meet with it.
9 Sometimes that's the only way that you can do it.

10 And again, if you look at what we've done in
11 the past, what would this community -- what would
12 this airport, the value of this airport, this
13 community, if we hadn't done those things? If we
14 didn't have a control tower? If we didn't have
15 those hangars where you guys are at? If we didn't
16 have Northrop Grumman here?

17 And those are all things that are direct
18 result of eminent domain in the past.

19 CHAIRMAN GEORGE: Thank you. Didn't --

20 didn't you have a comment also?

21 MR. GORMAN: The -- the public perception

22 still is -- is that.

23 CHAIRMAN GEORGE: We took it.

24 MR. GORMAN: Yes. And that they doubt

25 whether that was absolutely necessary. That

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 perception exists regardless of the small tank of
2 people here and their own conceptions, which is
3 this board. The larger conception is, is that was
4 that really necessary?

5 So -- and I think that what Bryan said is
6 well said, because in the end of things, I mean,
7 well, does that serve the greater good? But
8 whether or not it serves the greater good is the
9 perception that the public angst is about. It
10 just -- it's -- it doesn't go away.

11 CHAIRMAN GEORGE: Well, that's one of the
12 reasons that we went over the charter, so that you
13 knew where we were. I think another piece of it,
14 when you -- when you mention that the previous
15 board from eight years ago or whatever it was,
16 said, no, we're not going to deal with the
17 situation, four years ago they left us with a
18 situation where we had one buildable lot left, and
19 that lot is now occupying hangar 8, 9, and 10,

20 because that was the only thing we had left. So,

21 we were forced into it.

22 Now, why -- why do we need hangars and -- and

23 stuff? We have a Master Plan -- and you'll get to

24 that in a minute. And the Master Plan is approved

25 by FAA. And FAA says, yes, based on what you're

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 telling me, that is going to be your need. So,
2 they are helping to validate, you know, the needs
3 that we see in the future and to take care of our
4 direction.

5 MR. WUELLNER: I don't know if you want to --

6 CHAIRMAN GEORGE: Yes.

7 MR. MARTINELLI: Public comment?

8 CHAIRMAN GEORGE: Please. Mr. Martinelli.

9 MR. MARTINELLI: Yes. I believe that I was
10 on the board that did the taking of this property
11 down here where the new hangars are and where the
12 maintenance facility present -- the concrete block
13 building and the house that was there and so on.
14 And we did that and didn't seem to have all the
15 backlash that you have now.

16 Of course, we didn't take that much. And I'm
17 using the term "take" as a legal term --

18 CHAIRMAN GEORGE: I understand.

19 MR. MARTINELLI: -- not grab --

20 CHAIRMAN GEORGE: I understand.

21 MR. MARTINELLI: -- okay? However, a couple

22 of points I'd like to make. One, when you say

23 "the perception out there," the perception in the

24 northern part of the county where I live is no

25 perception whatsoever on eminent domain here. Am

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 I right, Kelly?

2 MS. BARRERA: There's --

3 MR. MARTINELLI: Okay. And -- and that part
4 of the county is the major contributor taxwise to
5 the county coffers, including ours, because of the
6 population up there.

7 And so I just would like to caution the board
8 on what is the universe here that you're talking
9 about. And the world doesn't revolve around
10 St. Augustine anymore as it did many, many years
11 ago. It revolves around the county as a whole.

12 And I believe that there's enough intelligence in
13 the county to understand eminent domain.

14 I would also like to make a suggestion.
15 Since the charter actually prohibits any use of
16 eminent domain other than for a public use, and
17 since you all understand that and it's in the
18 charter, and with all of the publicity that the
19 Supreme Court decision has just received, and some

20 of the abuses that some of the local governments
21 are -- are making of that where they're taking
22 property, giving it to developers, developers are
23 putting people out of their homes, they've been --
24 to build shopping centers, I think it would be a
25 good PR move for you to iterate publicly, and

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 maybe even by resolution of this board, that you
2 are certainly aware of what your charter says and
3 that you certainly support it and you have no
4 intention of changing that whatsoever.

5 So, that's where I'm coming from on it. I --
6 I guess I'm saying that maybe this is a little
7 tempest in a teapot right now in all this time
8 worrying about eminent domain. It's passed. It's
9 done. And -- and I think the -- the folks that
10 have been agitating, certain accountant down here
11 and so on, will go away.

12 CHAIRMAN GEORGE: Well, I think the purpose
13 of discussing it here was to get one last
14 collection of thoughts that would be put into a
15 document. The minutes are here if anybody ever
16 wanted to refer back to it, you know, to make
17 slides, they could. Was not planning on making
18 this a new issue with -- to receive brickbats from
19 the -- certain newspaper magazines and everything

20 like that. But it was just kind of to bring us
21 all in and share how we've been answering that
22 question.
23 And -- and we can give all the justification
24 in the world, but there is some soul that he
25 didn't want to move, and to him and all of his

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 friends, you know, we're the bad guy.

2 And I think that just in my impression of
3 what I would do is just talk about the envelope
4 and how we had to expand and how we put a
5 resolution in that we're going to put more effort
6 on the front end when looking at our expansion
7 plans to make sure that we have the land wrapped
8 up so that we do not ever have to go through
9 eminent domain again. Jack?

10 MR. GORMAN: And could I say here that just
11 from an old farmer's viewpoint, we're out of land
12 right now, and I don't understand why we don't go
13 west and use that issue, which would not require
14 any eminent domain, rather than look at this
15 microcosm of land we have left around this area
16 which is so heavily developed. It will be in the
17 future.

18 CHAIRMAN GEORGE: Yeah.

19 MR. BRUNSON: As a board member, that --

20 that's a good comment. But I might say that in
21 the last two years, I have answered daily
22 questions about eminent domain. But in the last
23 few months, that has gone away --

24 CHAIRMAN GEORGE: Right.

25 MR. BRUNSON: -- and it's only asked by some

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 of my closest friends and just a way to kind of
2 pick humor at me instead of being serious.

3 So, I -- I think it's -- it's going away.

4 And -- and to tell you the truth, Victor, I think
5 that's an excellent idea, but I have mixed
6 emotions about --

7 MR. MARTINELLI: Lighting the fire.

8 MR. WUELLNER: Resurrecting.

9 MR. BRUNSON: Yeah, bringing it up again,
10 because really, I think it's -- we've done it,
11 it's over. We don't need to --

12 CHAIRMAN GEORGE: Well, it was good to bring
13 it up now, because we heard what everybody else
14 has been saying about it, each one of us
15 individual. So, we collectively have it down in
16 black and white. We can go on to other subjects.

17 MS. BARRERA: And it was brought up -- on the
18 news articles that was -- that was done here by
19 The Sun. It was brought up recently.

20 MR. WUELLNER: Right.

21 CHAIRMAN GEORGE: Okay. And I don't remember

22 which one that one was.

23 MS. BARRERA: That was the St. Johns Sun that

24 brought it up, that did the spread on the airport.

25 And it was also a question that was posed to each

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 of the candidates during the campaign process.

2 MR. BRUNSON: And that's when it should have
3 been addressed immediately.

4 CHAIRMAN GEORGE: I think, rather than us
5 being pro -- it's my opinion that rather than us
6 being proactive to bring it up again, let us all
7 have the ammunition that we can take care of it.
8 If does come up again, we will follow that party
9 line, so to speak.

10 MR. WUELLNER: Okay.

11 MS. BARRERA: And have it as a talking point
12 with -- with how to approach it.

13 CHAIRMAN GEORGE: Uh-huh. Yeah.

14 MR. WUELLNER: Okay. The -- the next kind of
15 question that came out of the eminent domain was,
16 was it done prematurely? Because there was a
17 perception out there that the Airport Authority
18 was -- was doing all of this with no definitive
19 plans on what they were going to do with the

20 property.

21 And I -- I point out here for the purposes,

22 again, of just making -- reminding the public that

23 it was a result of Master Plans over the last 20

24 years. It is not -- was not again a

25 spur-of-the-moment decision by the Authority or a

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 knee-jerk reaction to needs on the airport, but
2 methodically evaluated over the three or four
3 Master Plan periods and the inevitable result of
4 the expansion of the airport and the expansion of
5 St. Johns County, and was 20 years in the making.

6 But again, demand drove the -- the ultimate
7 decision to do that untenable waiting list. You
8 know, we all know those numbers. They were, you
9 know, 30-plus for corporate space, in the vicinity
10 of 180 names waiting on T-hangar space. It
11 presented opportunities and challenges for the
12 Airport Authority in making the decisions.

13 And our interest in property in Araquay Park
14 at the time exceeded 85 percent of the property in
15 that development. It was not done with a 5
16 percent ownership interest in a -- in a case of
17 vacating an entire neighborhood.

18 The Authority, through voluntary purchases
19 and sales, had acquired an interest of about 85

20 percent of the property that was in that. So, it

21 was the easiest place and -- and the most

22 reasonable place to look at expansion.

23 And the other question that came out of this

24 was, you know, we -- again, "Was it done

25 prematurely? We weren't waiting to do anything."

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 And I point out with the last point on the
2 last slide, that we were literally in construction
3 about a year after taking possession of the last
4 piece of property. And that included finalizing
5 the engineering drawings, waiting on federal grant
6 money for, what, six or eight months, and bidding
7 a project and actually starting to turn dirt. And
8 we did that in less than a year from taking
9 possession of the last home there.

10 So it, you know, was not a case of it sat
11 there vacant for years waiting on the Authority to
12 catch up to what it had done.

13 MR. BRUNSON: I think that's important.

14 CHAIRMAN GEORGE: Yeah.

15 MR. WUELLNER: Did you have something you
16 wanted to do?

17 MR. BURNETT: I was just going to throw in,
18 in fact, one of the eminent domain actions, as you
19 all will probably recall, was a voluntary one

20 where there was a title defect. We had a willing
21 seller. Of course, the airport was willing to
22 buy. But they had a title defect and couldn't
23 convey clean title. And so, rather than do a
24 quiet title action, we put it in with the eminent
25 domain actions for the ease of -- ease of --

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 economic ease of ours and -- and ease of the Court
2 to deal with it that way.

3 CHAIRMAN GEORGE: Yeah.

4 MR. BURNETT: So, one of the actions wasn't
5 actually an adverse-type eminent domain action.

6 MR. WUELLNER: Another misconception -- go to
7 the next slide -- is -- is that we were using
8 these homes we took and turning around and renting
9 them out to the general public, so we effectively
10 evicted the residents and then used those homes
11 to -- to generate revenue or find other tenants.
12 In other words, we just didn't want them in the
13 neighborhood, I guess would be the supposition.

14 And -- and obviously the short answer to that
15 is, no, that did not happen. And I'm happy to
16 report that, did we ever do that? No, we never
17 did. Any of the eminent domain properties were
18 never again occupied. They -- they were
19 eliminated from the neighborhood. They were in

20 most cases razed and that was it.

21 And did we even consider it? No. The board

22 never even talked about it, nor did Staff ever

23 propose that we look at using properties, you

24 know, taken by eminent domain, and -- and

25 rerenting that to anyone in the public.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 Then the last question that came out of
2 eminent domain was another one that came out --
3 out of the campaign trail, which was someone
4 had -- had spread that they believed the executive
5 director was indeed living on property taken by
6 eminent domain, which makes great conversation and
7 great discussion, but the sad truth is that never
8 happened.

9 I do not live on -- you know, where I live,
10 it was not taken by eminent domain. In fact, that
11 owner approached us about acquiring his property
12 before I got to town. And in fact, that ownership
13 of that house preexists my existence in the
14 community. So, I am in no way tied to that, other
15 than I currently park my car there.

16 MR. BURNETT: But that was -- and -- and that
17 was part of the misinformation, because there was
18 a publication out there that did publish that
19 those allegations --

20 CHAIRMAN GEORGE: Yeah.

21 MR. BURNETT: -- were -- were circulating out

22 there.

23 MR. WUELLNER: Next major topic is finances.

24 (Mr. Burnett leaves the room.)

25 4. - FINANCES

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 MR. WUELLNER: And I titled the subsection "A
2 desire to balance," in that obviously we have --
3 we have both the charter requirement that we
4 present a balanced budget annually, but at the
5 same point, we've -- we've interjected, and from a
6 number of fronts.

7 It's not just this Authority asking us to
8 become self -- self-sustained as an entity. It's
9 literally a requirement that came out of the most
10 early grant requirements of the airport in that
11 it -- they -- they gave us the amount of property
12 they did from -- from the federal government with
13 the understanding that we'd make ourselves as
14 self-supporting as possible.

15 Now, that wasn't entirely easy to do in 1940,
16 whatever it was when we got the airport back. But
17 the reality is that we're on a good -- good path
18 now to get there.

19 And I -- I put a quote up there from, again,

20 out on the campaign trail, says, "The airport is
21 using ad valorem taxes to supplement, in other
22 words, keeping hangar rates below market pricing."

23 And the first general area I want to talk
24 about is rates and charges and how we -- how we
25 determine rates and charges around here and -- and

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 how you have directed us to look at rates and
2 charges.

3 And it comes from a couple of places.

4 Obviously, we're not charging below-market rent.

5 And I use this statement wrong, obviously. And to

6 assure that we do have market pricing, we do

7 several things. And one is to require, as a

8 direct policy of this board, that an adequate ROI

9 be developed for Airport Authority investments

10 that are revenue-producing. And we do that by

11 presenting, at the time of lease or at the time of

12 construction, where appropriate, when we're

13 considering the investment, is you get to look at

14 what we believe the revenue-generating potential

15 is of that piece of property.

16 And in most cases, it -- it really never goes

17 down from that estimate. It would go up.

18 Turnovers in the building and the lease and the

19 like generally result in a -- a increase in the

20 rent opportunity for that particular property

21 since we divest ourselves of most -- most

22 requirements related to maintenance in -- in those

23 lease agreements.

24 And we also really change the character of

25 the property from municipally owned or Authority

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 owned and in a nontax producing mode to that of
2 tax producing, it -- it directly benefits, and
3 that's, in that aspect, the general public,
4 because it becomes a taxable property when
5 somebody else occupies it other than the Airport
6 Authority. So, it goes toward the general good of
7 the taxpayers, if you will, as a result of our
8 developing property.

9 Second way we assure that we're getting
10 market value is to -- to do appraisals and surveys
11 periodically relating to those facilities. You
12 may or may not be aware that we just recently -- I
13 think the results of it are -- are a December
14 publication -- I'm not going into the -- you're
15 welcome to a copy of that if you wish to review
16 it. But we went and had a professional appraising
17 firm evaluate our market rents for -- for hangars
18 on the facility. And they came back and basically
19 validated where we were on -- on rent.

20 So, we're not -- we're not standing out
21 there, you know, at below market value, expecting
22 something that's a good business decision. We're
23 insisting it's a good business decision before we
24 get involved in it. And that's a direct result
25 of -- of you five, the -- the Airport Authority,

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 making those policy decisions and directing Staff
2 to go that direction.

3 So, we don't -- you know, we know we've got
4 to present you with an ROI that's acceptable in
5 order to -- to move a lease forward. So, it saves
6 us a lot of time to start that as the base point
7 in negotiations with future tenants.

8 CHAIRMAN GEORGE: That -- that appraisal, by
9 the way, did make a comment that in comparing our
10 rates with other airports, that we were above the
11 average in all those cases. And I would like to
12 request from you that I want to see the detail
13 behind that from various --

14 MR. WUELLNER: Absolutely.

15 CHAIRMAN GEORGE: And it -- it stated in
16 there that they were going to keep the detail in
17 their office.

18 MR. WUELLNER: Okay. We'll ask for it.

19 CHAIRMAN GEORGE: And we paid for it.

20 MR. WUELLNER: We'll ask for it.

21 CHAIRMAN GEORGE: A copy of it.

22 MR. WUELLNER: One of the things we -- we're

23 actually faced with right now, and it's something

24 that -- that you, in particular, Mr. George, have

25 been -- have been bringing up as a part of the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 financial forecasting, is that -- that we've --
2 we've recently experienced the real increase, a
3 dramatic increase in the cost to construct
4 facilities. And, you know, the -- the rent
5 structure we're experiencing is lagging that to
6 some degree.

7 And -- and one of the things we're doing is,
8 you'll -- you'll see this really over the next
9 month or two as we bring the leases for 8, 9, and
10 10 forward, is that it may be market appraisal at
11 \$3.50 and \$4.50 a square foot for aviation hangar
12 kind of space, depending on the use, that the
13 reality is, we can't make ROIs that make any sense
14 for the airport with those rates based on what it
15 costs us to build facilities.

16 So, we are literally jumping that
17 cost-per-square-foot number dramatically. And I'm
18 not getting any grief from the future tenants,
19 which tells me that it's still reasonable, even

20 though it's a dramatic increase over where we
21 were. Because we're going to be looking at leases
22 for 8, 9, and 10 in the \$6-a-square-foot range as
23 the going rate.

24 And when -- when -- when you start leasing 8,
25 9, and 10 at \$6 a square foot, you -- you can be

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 assured that your new -- newer facilities will
2 generate at least that kind of dollars per square
3 foot. But any older facility we have -- because
4 most of those are relatively new. If -- if leases
5 are required or new leases are required to be
6 generated, you're looking at those kind of numbers
7 for those facilities in the future. So, you've
8 automatically, in a sense, added 80 percent to the
9 rental rate base of -- of existing leases for
10 moving into the future.

11 So, you know, the revenue stream is solid and
12 it's getting better.

13 MR. GORMAN: So, are you saying that our
14 original projected ROIs will be met?

15 MR. WUELLNER: Absolutely. Absolutely. And
16 I'm also saying that I've got to get to those
17 rental rates in order to get the ROIs based on
18 what it's costing me to build. That's kind of a
19 converse statement, too.

20 Next under that is that -- deals with rates
21 and charges. Again, that's another comment that
22 came out, is, "Why not charge landing fees to
23 generate revenue?"

24 And I -- and I know most of you guys are GA
25 guys and understand what is involved in that. But

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 I -- I want the public -- or a matter of public
2 record to reflect it's just -- you know, it's a
3 great question, but it's just not that simple.
4 And it -- and it really only works in an airline
5 environment where they're required to report their
6 activity.

7 And most of those landing fees are based on a
8 weight calculation, what the airplane weighs when
9 it either lands or takes off, depending on their
10 particular agreement with that airport.

11 In general aviation, they're not only
12 perceived; they're used directly to discourage
13 general aviation activity, not to encourage or to
14 develop as a revenue source.

15 And the reason is that the collection is just
16 so ridiculously expensive. How do we, as an
17 airport, identify everyone who touches this
18 facility, and in a sense, generates some kind of
19 invoice or some mechanism of collecting some sort

20 of a fee?

21 And for that fee to be meaningful -- keep in

22 mind if you charged a dollar a takeoff and

23 landing, just based on tower hours, it's only

24 \$120,000 worth of revenue. Now, I don't mean

25 "only" in a bad way, but it would easily require

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 \$120,000 worth of effort to identify and collect
2 that \$120,000. And it -- it's a phenomenally
3 difficult chore.

4 (Mr. Burnett enters the room.)

5 MR. WUELLNER: Secondly, collecting landing
6 fees requires you to uniformly apply that -- that
7 direction, which means that while air carrier
8 airports collect landing fees almost exclusively
9 on air carriers, with the general aviation fleet
10 going uncollected, in other words, they -- they
11 forego trying to collect GA for the exact same
12 reasons; there's no easy way to do it.

13 Where you do see landing fees being assessed
14 at GA -- GA activity at air carrier airports, it's
15 designed to discourage heavily general aviation's
16 use of that airport. And it's primarily at
17 high -- super high density airports where it's
18 literally saturated with airline activity and
19 working the 172 into the mix at Massport, at

20 Boston Airport, is -- is a ridiculous supposition.

21 And if you really insist on bringing your 172 into

22 that airspace and landing it there, it will cost

23 you about half the price of your 172.

24 The idea is you'll pick an area airport

25 that's not that airport. And that keeps them able

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 to keep the flow moving of -- of commercial
2 service. You guys understand that.

3 The other side that the public needs to
4 understand, that -- that implementing landing fees
5 effectively dooms the Airport Authority's future
6 financial picture, especially as it relates to
7 getting off the tax rolls. Because as you
8 immediately -- as you assess landing fees, you
9 immediately run off all the traffic by which most
10 of your other fees and activities are generated.

11 And you not only don't collect the fees you
12 think because it costs you so much, you lose all
13 of the other things, such as fuel flowage fees,
14 leases for hangars. Any other type of lease
15 activity heads south, too, as I describe it. And
16 as a result, you're -- you're really now placing
17 the burden of operating the airport on the
18 taxpayers because someone's got to pick up the
19 tab.

20 And -- and, of course, the obvious question
21 is, "We'll just shut the airport, then. We've
22 accomplished what we were after."

23 Well, it's not so simple, Skippy. The
24 reality is you've agreed with the federal
25 government, as recently as four or five months

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 ago, to operate this as a public use, public
2 available airport for the next 20 years, which
3 means even if you want to welsh on your
4 obligations to keep the airport open, the feds
5 aren't going to allow you unless you're prepared
6 to pay back all of those monies.

7 And at this point, I don't have an estimate
8 of what that number is, but I -- I think I can
9 conservatively say it's tens of millions of
10 dollars right now that -- that could be required
11 to be repaid to the federal government alone, let
12 alone what the state has invested in it. So -- so
13 it really doesn't make much sense. Makes a
14 great -- great discussion, but it's -- it's not
15 really practical.

16 MR. BRUNSON: I think we all can attest to
17 that -- those statements, especially Wayne. In
18 Atlanta, even --

19 CHAIRMAN GEORGE: Oh, that's right, yeah.

20 MR. BRUNSON: -- even PDK, high volume, big
21 traffic does not charge landing fees. The only
22 one that would and that we'd want -- to keep us
23 away is Hartsville.

24 CHAIRMAN GEORGE: Yeah.

25 MR. BRUNSON: And I've landed at

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 Ft. Lauderdale and some of the bigger ones.

2 Charlotte, never been charged a landing fee.

3 MR. WUELLNER: Right.

4 CHAIRMAN GEORGE: Miami, you get charged 36
5 bucks landing.

6 MR. BRUNSON: Yeah.

7 MR. WUELLNER: And a lot of places are
8 getting that in a -- in a more convoluted way in
9 the way of ramp fees. They're coming through the
10 FBO, not coming through the -- so you've got --
11 sometimes you're paying and don't even know it.

12 Now, the next area was cap -- you know, there
13 was a discussion about capital projects. "We keep
14 doing capital projects, and as a result, we can't
15 off tax rolls."

16 (Mr. Brunson leaves the room.)

17 MR. WUELLNER: And real briefly, the public
18 really needs to know we have two different types
19 of capital projects for the most part, and they

20 are subdivided into nonrevenue and revenue. And
21 our nonrevenue projects, which I won't spend any
22 time on, are typically subdivided further into
23 safety kind of projects, and the other is capacity
24 projects. And safety projects also include some
25 compliance projects, some -- some -- some things

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 that are mandated, typically, by either the
2 federal or state government as something we need
3 to do.

4 And capacity is obviously trying to get the
5 facility to match the needs of the community.

6 Now, capacity gets further divided into some
7 revenue projects, because while we might need
8 another piece of taxiway to deal with the
9 increased activity, that's not a revenue project.

10 However, the same taxiway might generate the
11 need for an additional 30 or 40 or 50 T-hangars,
12 which would be a revenue-related project. It's
13 still a capacity issue or a capacity-type project.

14 And, of course, revenue projects are designed
15 by nature to generate some sort of revenue to the
16 airport. And when you put the fiscal policy we've
17 got in place, it is going to generate some
18 meaningful rate of return back to us.

19 (Mr. Brunson enters the room.)

20 MR. WUELLNER: And the trick that the
21 Authority's wrestled with, and Staff's wrestled
22 with for the last ten years, is finding that
23 balance. Because it's -- it's easy -- you know,
24 it's easy to say, "Well, we'll only develop in
25 support of the public part of this, and we don't

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 worry about the revenue side."

2 Well, that's great, but at -- at the end of
3 the day, you've still got to be able to match many
4 of those grants. And you're going to have the
5 demand on the facility whether you prepare for it
6 or not. The difference is, do you -- do you -- do
7 you organize the chaos in a way, or do you allow
8 it to happen and -- and what happens happens? Not
9 a real great idea in -- in the scheme of planning.

10 And the trick here is to find revenue projects
11 that help sustain and satisfy the needs of -- of a
12 growing community.

13 And I use this up here saying that "Waiting
14 lists are not always a bad word" in that the
15 waiting lists can be used to do several things.
16 One is document the demand that the facility has,
17 but the other is, it provides a basis for
18 developing revenue projects.

19 Second, later on, in a more mature phase of

20 the airport, when demand is closer, waiting lists
21 serve to facilitate the increase in revenue that
22 you get out of those projects by creating a
23 small -- when there's a smaller demand market
24 here, the ability to get a hangar may just cost
25 more money.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 (Ms. Green enters the room.)

2 MR. WUELLNER: And those -- those can be good
3 things when looking at the bottom line.

4 The -- the next piece of this was what I call
5 the crystal ball forecasting. And I'm not going
6 to detail our -- our financial forecast. What I
7 do want to reemphasize is that we use all of the
8 tools in the toolbox in trying to look into the
9 future and see what it is that -- what is likely
10 to go on and how we might want to address it
11 and -- and get our arms around that -- that
12 troubling picture, because I think there's some
13 level of belief out there that the Authority just
14 simply can't get off the tax rolls, that --
15 that -- that it's just -- you're just blowing
16 smoke and it's just -- just too darn difficult.

17 And the reality is, we wouldn't -- we
18 wouldn't, from a Staff perspective, have even
19 allowed you in -- in fairness, to really get

20 that -- get many legs under it if it was not
21 doable. It -- it just simply can't -- you know,
22 it would be very imprudent of our part to allow
23 that to go.

24 So, when we in a sense allow -- and I don't
25 mean that in an authority kind of sense -- but

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 when we -- when we get comfortable enough to allow
2 that to really get its legs under it, it's because
3 we believe it, too. We believe we can get there.

4 And we -- we've used the Master Plan forecast
5 to look at what's likely to happen. It's a --
6 it's a statistically pretty reliable guess of
7 what's going to go on in the future.

8 We've looked at the activity reports of the
9 tower, as an example, to validate what the
10 forecast showed in the Master Plan. And I think
11 we're -- we're all pretty pleased that even though
12 this year is less operations than perhaps the year
13 before, the reality is they're all still above
14 what the forecast levels were for the facility.
15 So, it -- it may not be as exponential growth in
16 the short term, but it's still above where we
17 thought it would be.

18 We look at fuel sales as a measure of today's
19 use, as well as what's gone on in the past. And

20 the fuel sales, despite a drop in activity, have
21 actually remained very positive. It's -- it's
22 above what it was in the previous year. So,
23 it's -- it's -- it's a good thing. We're actually
24 handling fewer airplanes but doing more business
25 with them in a real sense.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 And we look at the historical data of the
2 airport. You know, where did it come from? What
3 did we allow? What did the improvements allow us
4 to -- to accomplish and attract to the airport,
5 all of which goes into that model.

6 And then the last piece of -- of this is
7 on -- on the forecasting part of it is we -- we
8 used all of that information to kind of distill it
9 into the financial forecast model. We used the
10 budgets from the past. How well did we stay
11 within those budgets? How likely are we to remain
12 in those budgets as we move forward? We used the
13 state and federal work program.

14 As you -- you recall in the budgeting
15 process, that the capital program is the single
16 largest piece of the puzzle, and it represents at
17 this point about 80 percent of the total Airport
18 Authority budget. So, it's the part that's most
19 easily manipulated in the big picture to make sure

20 that everything adds up. And if its program is
21 sound and the funding sources for that program are
22 sound, the -- the future plan of the Authority
23 should be sound also.

24 We've tried to build into that model a very
25 conservative approach in that we always accelerate

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 the -- the expenditure side at a greater rate than
2 we estimate the revenue increases so that it's
3 never -- never too optimistic.

4 And, as I like to say, we try to watch out
5 for the variables. You know, it takes me three
6 typewritten sheets of paper to communicate to you
7 annually the variables that are in play.

8 And I'm only scratching the surface; I hate
9 to say it. But to explain every nuance of what
10 I've got in there not only would bore you to
11 tears, but the reality is we've tried -- the
12 variables in that model are incredibly important
13 that we watch. And if -- if we see things that
14 aren't going as forecast or don't make sense, we
15 need to really revisit the model.

16 And that's probably the -- the single biggest
17 point, is that we've got to -- we -- we benchmark
18 that annually at your request. I mean, we -- we
19 bring it forward and go, "Where is it? Does it --

20 is it meeting our expectations? Are we exceeding

21 our expectations?"

22 We've actually been able to kind of forecast

23 that we'd accomplish that goal a little sooner

24 than we thought, when we -- when we first got

25 involved with it, anyway. And -- and the key to

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 sustainability, you know, as -- as always, is --
2 is paying attention.

3 And the next section I refer to is "Waiter,
4 the check please," because, you know, we had
5 public statements that -- that involve things
6 like, you know, "The budget predictions are off \$2
7 million." You know, it's -- it's literally
8 impossible for me to know what they mean by "The
9 budget predictions are off \$2 million."

10 Follows up with comments like, you know, our
11 budget -- "Your budget assessments are not closely
12 monitored."

13 You know, I -- I -- you know, I'm at a loss
14 to explain what they mean by that statement. But
15 if -- if they're trying to say that nobody's
16 paying attention to how money's spent or how
17 it's -- or how it's generated, I don't think you
18 could be further from the truth in an
19 organization. And not only are we monitoring at

20 multiple levels of Staff, you have CPAs watching
21 your money and you conduct a financial audit
22 annually that validates what everybody's assumed.
23 That information's readily shared with the
24 public in financial reports on a monthly basis,
25 and it's reviewed by individual Airport Authority

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 members as you deem fit.

2 To say that nobody's paying attention to the
3 henhouse, so to speak, is -- is an irresponsible
4 statement, in my opinion. And if there is
5 something going on, I would hope that at least one
6 of the five or six groups that are looking at
7 something will find it and would be pointing it
8 out to someone.

9 I don't know what budget projections are off
10 \$2 million. I don't -- I really don't know what
11 that means. If anybody does, I'd be happy to try
12 and get you an answer.

13 The next statement was made out there is,
14 "The Authority says it will operate on \$1.6
15 million profit in 11 years. They can't run on
16 that with that amount now. "How --" you know,
17 "How are they going to do that?"

18 I think we're confusing apples and oranges
19 in -- in the mix here, in that the Airport

20 Authority runs now from an operations standpoint
21 within its means. What we're working on for the
22 last, since two years ago, is the big picture of
23 how to sustain a viable capital development
24 program using airport-generated revenues.
25 We're -- we're past -- and I don't envision,

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 barring some catastrophic event, us going
2 backwards into the land of having to subsidize
3 operations. We're -- we're past that. \$1.6
4 million profit is what is identified in 11 years
5 as revenue that could be brought forward into the
6 next year.

7 There's really no such thing as profit in
8 that it's available to the Airport Authority the
9 next year. It's surplus revenues. And at that
10 point, in 11 years, certainly the Airport
11 Authority's off ad valorem taxes. It's not like
12 you can just eliminate taxes. You've already done
13 that.

14 What the Airport Authority could do then is
15 just prudently deal with the money resources they
16 have. And --

17 MR. BRUNSON: Ed?

18 MR. WUELLNER: Uh-huh.

19 MR. BRUNSON: I'd like to comment on this. I

20 would like to say that I don't believe I've heard
21 any board member in a board meeting say anything
22 of this nature.

23 MR. WUELLNER: Well, this is definitely not
24 something the Authority is saying.

25 MR. BRUNSON: Okay. Then I just want it to

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 be clear that --

2 MR. WUELLNER: These are comments from the
3 public.

4 MR. BRUNSON: Right.

5 MR. WUELLNER: And what I call the, you know,
6 the land of misinformation.

7 MR. BRUNSON: Right.

8 MR. WUELLNER: You -- you get people out
9 there that are -- you know, their whole purpose is
10 to befuddle it all, and -- and -- and it makes
11 them look like they know what they're talking
12 about, when in reality, you know, it's frequently
13 the opposite.

14 The last statement that -- that I tried to
15 deal with is, "The Authority needs to admit it
16 made statements they can't live up to and continue
17 to receive tax dollars, but cut in half."

18 Well, if -- the proof's going to be in the
19 pudding here. Obviously, the Authority's goal and

20 Staff's goal is to be financially independent from
21 the tax portion in four years.

22 If you want to truly be off in four years,
23 you can't take the position that we're going to
24 stop making the investments that have -- that have
25 got us where we are today now.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 Now, you -- you're now then telling --
2 telling everyone that it's going to be a longer
3 period of time till you get off the tax rolls.

4 You know, I'd rather be done with it. And I --
5 and I think that's how you feel.

6 CHAIRMAN GEORGE: Well, I think that what we
7 need to do is -- and I can talk to you about this
8 off line, is like the chart we put together on the
9 taxes, you know, where we've been since 1999, the
10 things that you're saying, that we are
11 self-sufficient now, that we do meet the budget, I
12 think it just needs to be put in a graph form.
13 And, you know, therefore, anybody that wants to
14 bring it up, here it is, and -- and put the
15 forecast.

16 We give everybody the financial plan, which
17 is lots of legal size papers and lots of detail.
18 We need to start summarizing some of that so it
19 would be better for us to track it, you know, but

20 also anybody from the public can see what we're
21 talking about.

22 Yes, Mr. Martinelli?

23 MR. MARTINELLI: I -- I think simply put,
24 that if you don't continue, as Ed said, to make
25 the investments now, you're not going to be able

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 to self-sustain down the road.

2 And something that wasn't said here, which I
3 believe is true, is that these investments are
4 from 50 percent down to say 5 percent or 10
5 percent on the part of the Authority, and grant
6 monies come in for the other 50 to 85 or 90
7 percent.

8 And so who in their right mind would not want
9 to invest in a facility that's going to give them
10 a return down the road if somebody else is going
11 to pay 90 percent of that investment?

12 CHAIRMAN GEORGE: Exactly. Yeah.

13 MR. MARTINELLI: I mean --

14 CHAIRMAN GEORGE: Which somebody else paying
15 90 percent, to me, is a little validation that
16 we're planning right and that that's one of the
17 needs, you know, that are there. Anyway --

18 MR. WUELLNER: Okay. Last -- last statement
19 under there is, again, the best way to assure

20 success of that financial plan is to continue to
21 review it and validate it and -- and review the
22 assumptions and the performance of the budget as
23 we -- as we go into each year. And that -- that's
24 by far the best way to keep us -- keep everything
25 on track, is keep everybody accountable for the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 business decisions we make all year long.

2 And the last thing that came out is, "Why
3 aren't you off the tax rolls?"

4 And I want to -- to just kind of explain
5 where we were and where we are today. And I think
6 it happens illustrate the position the Airport
7 Authority was in in 1996. This is the '95-'96
8 budget, which is effectively when I jumped in the
9 picture. I got here in January of '96, and we
10 were about a quarter into the fiscal year for
11 that.

12 And one of the first meetings I had was with
13 the accountant who was attempting to put back the
14 financial picture of the Airport Authority for the
15 previous year, because no financial records were
16 able to be audited. A pretty grim state to be in.

17 And one of the first conversations I had with
18 that CPA was, when he said, "Ed, you know that if
19 you do everything in this budget, at the end of

20 the year, you have no money in the bank, that the
21 budget literally uses all the -- all the budgeted
22 cash reserves of the Airport Authority, and there
23 will be no money in the bank at all come September
24 30."

25 Well, that came as quite a surprise. And we

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 took steps immediately working with that existing
2 Airport Authority to go out, had some stopgap
3 financing in place to -- to stem that and allow us
4 to go into the budgeting year -- because you can
5 only deal with the ad valorem tax issue once a
6 year.

7 You had no other revenue source short of
8 going out and borrowing money. And it just
9 happened the Authority was incredibly lucky at
10 that period of time in that the interest rates on
11 SBA, where our money was being held, what little
12 reserves we had, was producing more in an interest
13 rate than it would cost us to go borrow the same
14 amount of money. So, we actually could create a
15 cash flow positive out of this. And we went and
16 borrowed the money and paid it back over -- I
17 think we had a three-year debt service on that
18 particular half million dollar debt.

19 All right. But when you look at it, the

20 Airport Authority was in a -- in a period where
21 they were systematically reducing the ad valorem
22 tax roll, or tax rate, in most cases, by at least
23 the rolled-back rate, and in fact had the millage
24 right down to .138 mills, which was generating
25 about \$616,000 of revenue. And there was about a

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 \$3 million capital budget in place at the time.

2 The total budget was \$4.04 million.

3 But look at the revenues. There's your --
4 there's your telltale. In -- in 1996, the Airport
5 Authority's expected revenues from leases was a
6 mere \$158,000. That's it. There was no plan in
7 place to generate a dollar more the next year.

8 And in fact, at that point, the Airport Authority
9 wasn't really even discussing even the likelihood
10 of increasing T-hangar rates. That's where the
11 Authority was.

12 Move forward. Systematically, the Airport
13 Authority has made difficult decisions. About two
14 years later, in '98-'99 time line, the Airport
15 Authority, recognizing there's no way they're
16 going to improve their position unless they begin
17 to make the revenue-producing investments, took
18 the bold step, politically, more than anything,
19 and doubled the ad valorem millage, taking the ad

20 valorem rate to .28 mills, a point we have not

21 really exceeded since then.

22 We began to make the investments in corporate

23 hangars, in fuel farms, in T-hangars, in revenue

24 sources on the airport. And ten years later,

25 while we're assessing more ad valorem, we're

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 bolstering each year the total revenue development
2 projects on the airport and while we now use a \$13
3 1/2 million budget to bolster \$1.43 million in
4 revenues on the airport.

5 And the typical year, just to give you an
6 average, is between \$2- and \$300,000 a year new
7 revenue per year. That's pretty much the pace
8 we've been on. And you guys, since that time, or
9 through this process, have continually tasked
10 Staff with making it happen. You know, let's put
11 the plan down, we'll all agree, and let's move it
12 forward.

13 That's where we are today, and this point,
14 about four years from being off ad valorem,
15 keeping the same tack. It -- it would really seem
16 shortsighted to -- to throw the plan out right now
17 and go, "Well, let's just systematically reduce
18 the tax revenue."

19 And it would also be shortsighted, in my

20 opinion, to do that without any basis of reserves

21 that allow the Airport Authority to -- to -- to

22 help itself.

23 CHAIRMAN GEORGE: Any other comments on

24 finances?

25 MS. GREEN: I think what Ed's saying is

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 right, because I've been on this board longer, and
2 I remember Ed (sic) Rose, our chairman at the
3 time, who was one of those people that took that
4 step over --

5 MR. WUELLNER: Bill Rose.

6 MS. GREEN: Bill Rose. I'm sorry, Mr. Rose.
7 And all of us who were on the board at that time
8 said we hope that boards following us will keep on
9 the track. And -- and I think we've been trying
10 to do that, but it's so important, you know, six
11 years down the road now from when Bill Rose was on
12 there, I mean, we have come so far.

13 MR. WUELLNER: Absolutely.

14 CHAIRMAN GEORGE: Well, I think the
15 statistics of the amount of revenue that's been
16 generated in a 10-year time period, that would
17 make a nice chart, you know, also, to show that we
18 haven't -- we've been making investments, but it's
19 been coming back.

20 MR. BRUNSON: And I think the comment that is
21 so critical to me is that any entity, the
22 financial reserves are very important, that you
23 mentioned that we need to stay on that focus and
24 track.

25 MR. WUELLNER: There are lots of places you

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 can validate the -- the process you've been
2 through. And another great place to look at it is
3 you've -- you've not incurred any debt service.
4 You know, at the end of the day, it's not like
5 this has been done, strapping the Airport
6 Authority with \$5 million worth of debt we've got
7 to pay off and deal with over the next, you know,
8 however -- however long period of time. It's --
9 it's debt free in that we've used the ad valorem
10 in lieu of borrowing money. You know, arguably --

11 MR. GORMAN: Unfortunately, I'll have to hold
12 to the opinion that if you really wanted to
13 impress the public, you would incrementally lower
14 the ad valorem tax yearly. That would impress
15 them.

16 MR. BRUNSON: My comment is that,
17 unfortunately, I won't be on the board, but in
18 four years from now is when you need to impress.

19 MR. GORMAN: Isn't that true?

20 CHAIRMAN GEORGE: Well, I think that -- that
21 all of the board members, Jack, would be tickled
22 to death to see an analysis on your part of how we
23 can do that -- wait a minute -- because a lot of
24 times, and one of the reasons for this is, we hear
25 bullets being thrown out that, you know, we need

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 to do this. Well, tell me how we're going to
2 achieve the objective. So, put the pencil and
3 piece of paper down and make a plan.

4 MR. GORMAN: One of the things that I thought
5 we were going to do at this workshop was discuss
6 discrepancies. And one of the -- and we can --
7 we'll have to put that off at this point because
8 we're out of time.

9 But one of the things that we could do to do
10 that is spend less and make -- and make an active
11 effort to cut our operating costs. And if they
12 can't be cut, then they can't be cut. But
13 certainly make a real --

14 CHAIRMAN GEORGE: Yeah.

15 MR. GORMAN: -- effort to cut operating
16 costs.

17 CHAIRMAN GEORGE: Well, the purpose of this
18 meeting was to go over the questions that were
19 given to the staff ten days ago. So, that's what

20 we all did. And I guess you got a couple of three
21 responses to that. So, that was what this
22 workshop was for.

23 MR. GORMAN: And so you're saying that
24 this -- this being a workshop, that that's the end
25 of it? And then --

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 CHAIRMAN GEORGE: No. That's why you're at
2 the end, after what everybody else did, gets
3 theirs done first. Mr. Martinelli?

4 MR. MARTINELLI: I would just like to say
5 that in the past, the objective was, Jack, to
6 reduce the millage, with disastrous effects.

7 And -- and it was actually beyond our control.
8 Back then, we didn't have financial statements.
9 We had nothing. It was pitiful. And that's why
10 Ed's here.

11 So, if we made one gigantic improvement in
12 the management of this airport, it was to get Ed
13 and to get on the footing that we're on now and
14 the plan that we're on now.

15 So, to -- to -- to just desire to continue to
16 reduce the millage without looking at all of the
17 other aspects and how the investments that you
18 make today are really going to sustain you down
19 the road, I think it would be a mistake.

20 MR. GORMAN: I understand, Mr. Martinelli,
21 that we are meeting day by day the greater needs
22 of the public. We have larger and larger
23 facilities and we're servicing more and more
24 airplanes. And that is -- costs more and more,
25 and the ad valorem is part of that usage, and I do

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 understand that.

2 However, bottom line is, the taxes haven't
3 decreased. And that's the public perception. And
4 that remains the public perception. That's all.

5 I mean, we are -- we have more airplanes.
6 We're servicing a larger public need. That's
7 true. And that's the answer for what you're doing
8 with the public taxes. But the perception still
9 exists.

10 CHAIRMAN GEORGE: You are correct; the
11 perception does exist. And --

12 MR. MARTINELLI: Understand.

13 CHAIRMAN GEORGE: -- the only thing I
14 personally have to fall back on is four years ago,
15 we developed a plan, and the plan said we're not
16 going to cut it in half, we're not going to cut by
17 17 percent, 14 percent; we're going to continue
18 and build that reserve and build that basis that's
19 there. So...

20 MS. BARRERA: I'd just like to piggyback onto
21 what both of you said. And I think Jack brings up
22 a good point. The airport staff here has done a
23 good job in trying to reduce many of their costs,
24 but unfortunately, the public doesn't realize
25 that. They don't realize that you haven't filled

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 a position in order to keep costs low. They don't
2 realize the steps that you've taken with --
3 with -- in reference to buying fuel and -- and the
4 strategic decisions that you've made.

5 And maybe, as Jack said, if the public was
6 more aware of that, they would realize that there
7 is an effort being made to be responsible with the
8 money in the budget. And I think that that would
9 go underneath what we're talking about now, that
10 those points could be brought out.

11 MR. BRUNSON: But, you know, we all
12 personally know when we have meetings with Ed and
13 talk about this subject -- and each one of you
14 know his commitment to cut costs. And I feel
15 comfortable with that.

16 CHAIRMAN GEORGE: Well, we just need to
17 publicize. We've said that. I think Jack started
18 with the PR and everything, you know, two or three
19 years ago, that that was a need, that if we're

20 going to change the public's perception, we're

21 going to have to be active, not reactive, you

22 know, to it.

23 So, maybe as a result of this meeting, we can

24 come up with something that would start that ball

25 rolling as a new board is getting together.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 MR. BRUNSON: I think you're exactly right,
2 Kelly. And -- but I also think each board member
3 needs to go ahead. These are serious times, and
4 we need to be serious about our objective and go
5 ahead and take the heat and do what's right and --
6 and -- and look at -- look at it hard.

7 CHAIRMAN GEORGE: Agreed. Suzanne?

8 MS. GREEN: Can we -- can we do -- and I
9 don't want to overburden everybody. But can we do
10 maybe once a quarter or twice a quarter, whatever,
11 a newsletter, or a letter -- I won't want to say a
12 letter to the editor, because I don't want it to
13 be opinionated. I'd rather -- or some type of a
14 news announcement that we can put out and --

15 CHAIRMAN GEORGE: Press release --

16 MS. GREEN: Yeah.

17 CHAIRMAN GEORGE: -- type of thing.

18 MS. GREEN: But make it -- I'm not sure once
19 a month is -- do we need it that often? Because

20 with the capital expenditures, they might want to

21 think that, where you are yet?

22 But if we do it twice a quarter or something

23 like that, just to do the releases.

24 MR. BRUNSON: I think so. What I would

25 suggest is that the chairman, whoever that is, do

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 the guest perspective or whatever -- in The
2 Record, and other ones would publish that. That
3 we have a consensus, maybe, of what's been
4 presented, but the chairman should do that?

5 MS. GREEN: We need it north and south
6 county.

7 MR. BRUNSON: Yeah.

8 MS. GREEN: I mean, definitely. Not just
9 St. Augustine Record.

10 MS. BARRERA: Another idea might be a PR
11 committee.

12 CHAIRMAN GEORGE: A what?

13 MS. BARRERA: PR committee, public relations
14 committee. Just to throw it out there.

15 CHAIRMAN GEORGE: Yes, sir?

16 MR. THOMPSON: Do you want me to go down
17 here? Do you think everybody can hear me?

18 MR. WUELLNER: It's for the --

19 MR. THOMPSON: I'm a bashful little fellow.

20 MR. WUELLNER: It's for the reporter.

21 CHAIRMAN GEORGE: Go ahead and state name and

22 address for Janet. She likes to know what's going

23 on.

24 MR. THOMPSON: Mike Thompson, 895 Roberts

25 Road in St. Johns, Florida. Thank you. I was

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 sitting there wondering, listening to what was
2 being talked about -- and I subscribed to the
3 St. Augustine Record, back at the air show,
4 because they had a special deal. And I subscribed
5 because I had heard the talk that -- that they're
6 very anti-airport.

7 I don't read everything in every paper. I
8 haven't seen that particularly, nothing that
9 really got me. Except in the election, there was
10 some really ridiculous things said. But maybe
11 that kind of effort, to have a PR committee, is
12 indicated. Have a -- you know, Warren RauHofer
13 does a wonderful job of getting information about
14 S.A.P.A. out. And he's got some spare time.
15 Maybe talk to him. Oh, thank you, Warren (sic).

16 But the thing that -- that bothers me about
17 the tax discussion is if we're going to say,
18 "Well, we ought to taper our reliance on taxes
19 down," ad valorem taxes -- and I wasn't here when

20 those agreements were made and -- and the plan was

21 made.

22 But I think the -- the root of that problem

23 is that the citizens of this county, north

24 central, south, east central, west, don't know

25 what this airport does for them. They don't know

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 why the airport's here. And therefore, you get
2 some of those really silly statements that were in
3 the letters to the editor of the newspaper before
4 the election.

5 And one of the charts that you ought to make
6 up is how much the Police Department, Fire
7 Department, Sheriff's Department, how much their
8 reliance on taxes has been reduced through the
9 years and how much the investment that they make
10 in physical plant that brought in Northrop Grumman
11 and keeps them here and the change that it would
12 like to make so they can bid on additional
13 contracts, how much more direct value that is to
14 the county.

15 Because the citizens of this county, the ones
16 that know the airport's here, don't know why it's
17 valuable to the county.

18 CHAIRMAN GEORGE: Yeah. I think that's
19 good --

20 MR. THOMPSON: If you can educate the public
21 on that, then a lot of these questions would go
22 away. But you've got to make the comparison with
23 other public services.

24 CHAIRMAN GEORGE: That's one approach, and I
25 think the PR committee, if we decide to do that,

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 that would be a good way of doing it. So...

2 MR. THOMPSON: Thank you.

3 CHAIRMAN GEORGE: We've got four minutes.

4 MR. WUELLNER: I don't have a lot more here.

5 So, I'll slam through it.

6 5. - EXPANSION

7 MR. WUELLNER: You know, why -- why were we

8 developing this airport and not -- you know, I've

9 heard the argument about picking it up and taking

10 it somewhere else, even. You know, obviously,

11 this is a landlocked location, and there's a huge

12 public investment already made in the facility.

13 And to -- to just abandon this entirely is

14 probably not -- is not probably good business

15 decision.

16 But some of the other things that come out is

17 maybe there -- maybe there are other ways, using

18 alternate facilities, to take the heat off of this

19 facility in a -- in a location that may be better,

20 or augment that we've got going here. And
21 certainly, you know, I think a fair amount of
22 looking at -- at other sites to do that and decide
23 what it is you want to take out of here, if
24 anything, would make some sense.

25 What's next on here? Question came up during

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 this, "Why aren't we a regional airport?"

2 And I'm always amused by the term "regional
3 airport" because it has absolutely no defined
4 meaning. It is not an FAA term. It is not an
5 FDOT term. It is really a term of art. And it's
6 a term that many communities have adopted for
7 their airport. And certainly tomorrow you could
8 decide, or today, at the next meeting, decide we
9 are now St. Augustine Regional Airport or some --
10 and we can add that to the title and will have
11 absolutely no change in the meaning of what it is.

12 What I -- I suspect is meant is, why don't we
13 have commercial service? I mean, that -- that's
14 what I think most people affiliate with the term
15 "regional airport."

16 And -- and unfortunately, you know, I possess
17 the same crystal ball you have and, you know, I --
18 I think there's reason to be encouraged that that
19 will happen sooner rather than later, but the

20 reality is we don't control that.

21 We'll -- we'll certainly make the facility

22 available and work to -- to bring those services

23 to the community when they're available. But

24 simply changing the name or -- or in the case of a

25 few things I've heard, going out to another part

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 of the county or an adjoining county and building
2 a regional airport, with -- with somehow that
3 magic term being applied to it, will instantly
4 generate airline service, does nothing more than
5 befuddle an otherwise difficult issue and -- and
6 illustrate a genuine lack of understanding of how
7 airports develop and -- and where service comes
8 from.

9 CHAIRMAN GEORGE: If I can shed some light
10 on -- I think I went to the source of some of
11 those comments and had a nice conversation with
12 them, and I agree with you; they're talking
13 commercial service.

14 And -- and what they're doing is they're
15 looking at the growth of St. Johns County being in
16 the northwest and then moving down through the
17 Hastings area. And they're also looking at Clay
18 and Putnam and some of the other counties. And
19 they're also looking at some land that's out there

20 that's in a strip mining thing, and the strip
21 mining is over and done with and the -- and the
22 land is cheap right now.
23 So, they're talking, you know, about building
24 a regional airport for commercial service that
25 will support all those units. And I think the

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 example they're using is Southwest Regional down
2 in -- between Fort Myers and Naples. They had so
3 much going on down there, they moved out where
4 they could buy land cheap and said, okay, we're
5 going to put commercial service in here, and then
6 the rest of it will continue to follow.

7 I think that's where the term is coming from.

8 MR. WUELLNER: Yeah. And it --

9 CHAIRMAN GEORGE: I just think it's unusual
10 that we're in the airport business and nobody's
11 bothered to come and ask us to say, "Well, what
12 does that really entail?" You know?

13 MR. WUELLNER: Well -- and I can assure you,
14 having been involved in Florida airports for over
15 20 years, that the decision-making process that
16 went into South Florida's airport, or Southwest
17 Florida Regional Airport, is -- had a lot more to
18 do with the location of what was Ft. Myers Page
19 Field and the inability to expand that facility

20 and the -- and the location of -- of, again,

21 residential community.

22 CHAIRMAN GEORGE: I.e., St. Augustine.

23 MR. WUELLNER: And -- and the same kinds of

24 conditions. But you also had a much more mature

25 population base down there in that there are just

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 many thousands more people involved in the mix --

2 CHAIRMAN GEORGE: Understand. Yeah.

3 MR. WUELLNER: -- in the decision. And the
4 next statement that came out is, "St. Augustine is
5 just a little airport."

6 You know, and I -- and I guess my reaction to
7 that is don't -- don't judge a book by its cover,
8 as you can imagine. But based on community size,
9 St. Augustine Airport, by any definition, would be
10 a large airport. And you're looking at an
11 operation per residential or per individual living
12 in the community. That's a huge ratio of
13 population to operation compared to many, many
14 communities.

15 I've -- I've been involved with airports that
16 have -- are in 150,000 population bases that can't
17 generate 20-, 30,000 operations in a community.
18 To -- to come out and say in 130,000 population,
19 you can -- you're generating 130,000 operations,

20 is -- is a huge relationship to the population.

21 And it's -- and it's -- and as a result, it's a

22 huge economic engine here.

23 CHAIRMAN GEORGE: I thought it was

24 interesting to note, in the hangar analysis, that

25 we have more ops than Craig does.

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 MR. WUELLNER: Yeah. And --

2 CHAIRMAN GEORGE: I don't think a lot of
3 people understand that.

4 MR. WUELLNER: And you have more jobs on your
5 airport than -- I mean, communities would kill for
6 1,800 jobs at a GA airport facility. That just --
7 that just doesn't happen.

8 And industrial park, just a couple of points.
9 It was like, "Why don't we have an industrial
10 park?" or, "Why haven't we done that?"

11 And just from -- from a history perspective,
12 we brought that topic up many, many years ago,
13 about nine, almost ten years ago, and there was a
14 bit of a community outcry from the business
15 community who had some very strong opinions as to
16 what the Airport Authority was doing at the time.
17 And it effectively just got dropped by the Airport
18 Authority as a -- as a focus, instead choosing to
19 develop aviation-related projects.

20 We are, as you recall, involved in that
21 partnership with other entities, including St.
22 Johns County, to study the -- the public use,
23 industrial park idea within the community. And
24 they are literally out there beginning that work
25 now. And, you know, I think the results will be

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 very influential in you guys making a decision on
2 whether it's something you want to be involved in
3 or not over time.

4 And last, on airport development, was -- was
5 the last item I had. And, you know, it -- why --
6 "Why don't we develop more on the airport?" those
7 kind of things. And obviously, the Master Plan,
8 community input, there -- there are a ton of
9 variables that affect decisions on how we develop
10 the airport, such as where is the demand? What --
11 what sector of -- of aviation is the demand coming
12 through?

13 And lastly, I -- I would just point out that
14 the best way to deal with airport development,
15 especially on airport development, is to follow
16 the plan.

17 You -- you developed a plan. You spent a lot
18 of time investing in the Airport Master Plan.
19 And -- and to go out and decide to build hangars

20 someplace not shown on the Master Plan or to do
21 this or do that, that's inconsistent with your
22 plan, not only requires you to go revisit the plan
23 to get it fund -- to get those projects funded,
24 but also kind of fly in the face of -- of the
25 thought process that was developed collectively in

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 deciding where the development should be in the
2 first place.

3 So, follow the plan for -- for your own
4 airport development. If you don't like the plan,
5 then I -- then my suggestion is, you spend the
6 time reworking the plan than making bad decisions
7 because you need to make one today. And that's --

8 CHAIRMAN GEORGE: Thank you, sir.

9 MR. WUELLNER: That's it.

10 CHAIRMAN GEORGE: As far as my submitting
11 questions, it was a good -- you covered them all.

12 Nice summary. Jack, you had some additional items
13 you wanted to add?

14 MR. GORMAN: We are out of time to do those.

15 And as it was, this was a good public relations
16 retort, and it really would be useful to use some
17 of this information that Ed has given us for
18 something like Kelly's suggestion of a public
19 relations committee. In other words, that's

20 really a good idea.

21 As far as my conception of what this meeting
22 was for, we did not use the time for that. So, my
23 suggestion is that we just add a discrepancy item
24 to each -- as a single item to each board meeting,
25 and then I will peck away at my list while we do

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 that.

2 And I'll just add one item right now, in
3 other words, and that is insurance.

4 CHAIRMAN GEORGE: Okay.

5 MR. GORMAN: And there's a bunch of others.

6 But let's just add that one right now. But -- and
7 I'd like to suggest that we add a discrepancy item
8 to each so that -- you know, I have several. I'd
9 like to bring them up one by one so we don't have
10 to thrash them all at once. And we'll bring them
11 at -- up at each meeting and then we'll run
12 through it.

13 CHAIRMAN GEORGE: Is that a more effective
14 way than setting another workshop just for your
15 concerns and -- one hour long?

16 MR. GORMAN: I mean, how many -- this
17 workshop, my conception of this workshop was not
18 met, but that's fine. I mean, that would work,
19 setting just as an agenda item.

20 CHAIRMAN GEORGE: Yeah.

21 MR. GORMAN: That's fine. And then if it

22 requires a workshop, then we can set a workshop.

23 CHAIRMAN GEORGE: Okay. We can't make

24 decisions here.

25 MR. BRUNSON: I think --

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 CHAIRMAN GEORGE: We can bring it up at the 4
2 o'clock meeting.

3 MR. BRUNSON: Jack, I think that if you've
4 got some of those things, we need to get them to
5 him immediately. So, don't peck at them over the
6 next four and five months. Let's do a workshop.

7 CHAIRMAN GEORGE: Yeah.

8 MR. BRUNSON: At the -- at the board meeting,
9 let's decide what we're going to do about it,
10 because you might have something that's extremely
11 important.

12 MS. GREEN: Plus, I think whatever the items
13 are -- I know he mentioned insurance -- the public
14 should know. So, if we're adding them to a board
15 meeting at the last minute, and the public doesn't
16 know because we just published our agenda --

17 CHAIRMAN GEORGE: Yeah.

18 MS. GREEN: So, maybe the workshop is a
19 better idea so we can get to all of them with

20 notice.

21 MR. GORMAN: All right. I'll just -- I'll

22 add a list, and then maybe we can discuss when we

23 want to workshop each one. And I'll submit a

24 list. This -- this was a good brief. It wasn't

25 my conception of what it is, but it certainly

AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 would be useful for public relations.

2 MS. BARRERA: And for all of us.

3 CHAIRMAN GEORGE: Yeah. Any other comments?

4 (No further comments.)

5 CHAIRMAN GEORGE: Okay. We'll close the

6 workshop. And thank you very much, Ed, for your

7 efforts here.

8 MR. WUELLNER: Uh-huh.

9 (Workshop concluded at 3:44 p.m.)

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AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007

1 REPORTER'S CERTIFICATE

2

3 STATE OF FLORIDA)

4 COUNTY OF ST. JOHNS)

5

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

7 certify that I was authorized to and did

8 stenographically report the foregoing proceedings

9 and that the transcript is a true record of my

10 stenographic notes.

11

12 Dated this 8th day of January, 2007.

13

14

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

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AIRPORT AUTHORITY WORKSHOP - JANUARY 22, 2007