ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

Workshop

held at 4796 U.S. 1 North

St. Augustine, Florida

on Monday, July 7, 2008

from 4:30 p.m. to 6:51 p.m.

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BOARD MEMBERS PRESENT:

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

* *

ALSO PRESENT:

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

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

BRYAN COOPER, Assistant Airport Director.

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P R O C E E D I N G S

CHAIRMAN GREEN: All right. Call our workshop of the St. Augustine-St. Johns County Airport Authority to order. Stand for the pledge, please.

(Pledge of Allegiance.)

CHAIRMAN GREEN: All right. Since there's not really an agenda, this is a workshop, so we have input from everybody. But we have two things I think we were going to talk about today. One's the budget and the other one's the employment contract. So I think we might want to attack the budget first and see where we are with that. Ed?

BUDGET DISCUSSION

MR. WUELLNER: Yes, ma'am. It's really in here -- you can finally hear me, is that what you're saying?

MR. BRUNSON: Yeah, I can finally hear you.

MR. WUELLNER: Okay. You have a hard copy in front of you, but as well, it's up on the screen here for you, for those in the audience trying to follow along.

This is a first blush, if you will, of the budget. But also, as kind of customary, looks at the performance to date and most of the same budget items, so it gives you a handle on what the first nine months of the fiscal year look like and a snapshot there in the second column labeled actual year-to-date, and has nine months in parenthesis there. That brings us through the end of June in terms of the numbers.

But then we attempt to forecast, if you will, the last three months of the fiscal year, which is the estimated year-end column. So that's probably pretty close to how the year would play out or how we'd expect it to play out at this point.

The left-most number column is labeled budgeted FY 07-08, is the adopted budget version from last year. So you have, starting from left to right, the -- the adopted budget last year, the actual performance for the first nine months of that budget, and then what we are forecasting the balance of the year to look like. That's an aggregate now. That includes the first nine months. So it's what the end of the year line should look like.

And then the right-most column is the proposed or 08-09, that's our recommendations at this point relative to where we see those budgets playing out. So, you now kind of understand the order of presentation.

We're looking at the summary sheet first. We'll be happy to detail as you desire relative to individual revenue or expense line -- line items. But rather than go through all of those individual sheets, we'll just kind of hit those as you have questions, and we'll detail it where necessary.

The -- starting here, our major revenue sources beginning with homes as -- as it's organized, I'm going to go ahead and move if you want over to the revenue sheet. This is the same -- same information. You're seeing the summary items when you look at the front. The first page, this is the detail, the breakout of the individual homes, hangars, individual leases, whatever's particularly appropriate.

You can see we're down to one home in Capo Island. That's approximately -- I'm going to go ahead and move this over just a little bit -- one home on Capo Island. And then you have the -- there you go. Oak Grove homes, there are two of them over there at this point. Proposed revenue, about $15,000 for next year. Jackson Park, there's a single home over there left. It's about $8,400 in annual rent, bringing your annual home rental projections to about $23,400. That number's down a little bit from last year, but it's primarily because of -- we had --

CHAIRMAN GREEN: Is it $23-?

MR. WUELLNER: It's $23,400, yes.

CHAIRMAN GREEN: I'm sorry.

MR. WUELLNER: But that's because at least I think one or two homes in the Oak Grove were demoed last year, so the actual inventory or the total number of homes, it's not a loss of rent revenue, per se, it's just -- it's loss of inventory.

Under hangars, these are the T-hangars, the next -- the next setting there. Proposed numbers have you increasing -- these are the first several lines here. The first five lines it looks like are existing hangar products that are out there.

The increases as -- as they're looking like from the -- from the previous increase we discussed in April and May are included in these numbers. You're looking at an increase on B and C row that goes to about $57-, a little under $58,000 in revenue.

Bi-folds, which are K, L and M hangar units out there, go to $106,000. So, about $500,000 --

$500,000, yeah. $5,000 increase in annual rental out there over the 36 units.

Port-a-ports, $32,5-. Twin engine row, which is hangar row A, what is it, $32,5 -- I'm sorry. The port-a-ports are $48,8-. End units, which are some individual end of unit -- end of hangar building storage spaces, they're not really hangars per se, but several people have leased those in conjunction with their hangar leases out there. That's another $17,000.

Your new T-hangars are expected to generate about $163,800 next year. This is just the standard Ts out there. This does not include the box hangars. That's got a separate line item in a few more here. I had the question earlier, so I'll just make the explanation of it.

The difference -- when you -- when you go to read the right-most columns, which I'm not really going over, which are the budget performance

against previous budget, one member pointed out
that it didn't look like it increased that much,
but keep in mind the important number is what is
the revenue, the nine-month revenue, which is
zero.

Those -- those are not on line yet. So, while we budgeted revenue for approximately, I'm trying to remember what it was, a third of the year, I think it was, you're not -- there is no revenue against at this point. We're projecting to get about $27,000 and change out of it once they're on line here later this month.

MR. BRUNSON: But we budgeted.

MR. WUELLNER: But next year, it's a full year's worth of revenue budgeted instead of a third of the year budgeted. So, the real rental number on the new units is $163,8- for the standard Ts that are out there.

Conventional hangars, moving down, your box units are primarily G row out here, and that's about a $50-, $52,000. You previously, I think it goes back about two years now, projected or allowed us to increase the rents over a three-year period, and you're I believe in year two of that adjustment. So that's why you see a significant increase in that particular size unit. And there are only six of them out there.

New box hangars, these are the new hangars, the six new box hangars in the new T-hangar project. Back there is $108,000 of revenue for those six units. That's up from zero at this point.

Small commercial and corporate, these are basically H and I row hangars that are not in commercial leases, $24- and $13,000 respectively. The Sheriff's hangar and PGA, Infinity, Ring Power, the Luhrs hangar, the old Ring Power hangar and Air Rehab are all corporate or conventional-type hangar leases that are out there, and varying amounts, but the rent totals about $486,000.

MR. GEORGE: I think it's interesting to point out that for the new T-hangars that are coming up, $163,000, and the new box hangars, $108-, that's $271,000 in new revenue.

MR. WUELLNER: Uh-huh.

MR. GEORGE: And we had budgeted -- estimated it to be $230-, so -- because of construction went up and because of our --

CHAIRMAN GREEN: Leases?

MR. GEORGE: -- our 7 1/2 percent, that went up, too. So, that's good.

CHAIRMAN GREEN: Just wasn't on line soon enough, that's all.

MR. GEORGE: Yeah, right.

MR. WUELLNER: Yeah. Next section of lease revenues are related to commercial leases.

You have the three Southeast Aero hangar leases, which are EC2, EC3 and EC10. SKLogisics is EC5. That's east corporate. And EC10 (sic) is AVOX over there, which are all -- all of these are commercial-related leases. Galaxy's lease-related payments -- this does not include fuel flowage; that's a separate line item -- but just lease-related payments.

CHAIRMAN GREEN: Some of these that don't change it's just because of the terms of the lease?

MR. WUELLNER: Correct.

MR. GEORGE: Well, I think the term on all the lease is it's a minimum of -- is it cost of living or --

MR. WUELLNER: It's CPI, correct.

MR. GEORGE: CPI, yeah.

MR. WUELLNER: There may be one -- I'm trying

to find one here, but there may be one or two that
are old form leases that --

CHAIRMAN GREEN: Yes.

MR. WUELLNER: -- that were very old that
didn't have that kind of escalator in it.

MR. GEORGE: Okay.

MR. WUELLNER: But anything that's been written in the last 10, 11 years, maybe as much as 12 years, all have those kind of CPI adjustments in it.

Your rental car companies, GWANDA, Passero, these are office leases in the second floor of the building, being the terminal. Some Northrop Grumman miscellaneous leases, Wind Dancer, Flighttec, Fly-By Cafe, they're all in the commercial lease revenues column. And that's about $798-, $799,000 for next year.

We have some land lease revenues that follow that. Military Affairs, we only have the land lease, as you recall, on the -- on the National Guard hangar up there. That's their building on our lease land, so that's just a lease payment on ground.

Luhrs, as a part of the Luhrs hangar lease, is a separate ground lease component. So, that's

that component of the hangars up under the
conventional hangars lease. And the Grumman land
lease, this is the North 40 lease or ground rent,
is $157,000. That's not entirely a new revenue
this year. It was a new revenue going into last
year.

If you recall, you approved -- the agreements came into play or were finally executed in January; however, they had an effective date of October prior to that. So they in a sense brought them back to current at the point when the leases were actually signed. So, we've been able to be made whole on it, so to speak, for the whole year.

MR. GEORGE: And we extended their lease for five years, so --

MR. WUELLNER: Correct.

MR. GEORGE: -- they have another four to go.

MR. WUELLNER: That's correct. And also, as a part of that deal, you recall we added a ground lease component to that, which is where the hundred -- that's new revenue as of last year or this current year. That was money we were not getting paid for the North -- the North 40 complex had a zero rent component to it as well from back in the, I don't know, late 1980's.

Last section is our fees. This probably has the most interesting numbers in it or most interesting dynamics in it, because the current year numbers are the -- the areas within the box. The two center columns include the influence of Skybus in certain line items. And you can particularly see that in rental car fees and you can see that in parking-related fees.

And you can see those numbers were dramatically larger than what they -- what they were forecast to be or budgeted for, which was all great news. But then you see it drops back off going into this year primarily because of, again, terminal parking and -- and rental car revenues. We've adjusted those downward.

You know, if we are successful in getting some commercial service reestablished and the like, obviously the revenue picture will improve dramatically in those couple of line items. But at this point, just being conservative and estimating the fees and the like, if you recall, we did budget the parking number or an element of the parking number in last year's budget or current year budget. And interestingly, it's within about $1,100 of what we were just guessing it would be last year during the budget process.

Had Skybus continued or been able to continue for the full year, the number -- the projection numbers were such that it would have been right on target. And in fact, had Skybus survived, I think that number would be -- we would have exceeded the budget number, even in parking revenues, because by this time last -- by this time, we would have been in six flights a day. So those kind of numbers would have continued to grow quite dramatically.

The new feature this year in the section is a line item for U.S. Customs. And that's the estimated cost of the operating of that facility. The balance of the contract with Customs as well as the actual facility are carried as capital items. So you'll see those a little bit later or see that as a capital item in a different sheet.

CHAIRMAN GREEN: And we're on line for them to open by --

MR. WUELLNER: The end of the year.

CHAIRMAN GREEN: -- January of next --

MR. WUELLNER: We're still waiting -- yeah. We're still waiting on our letter from the Governor, so we haven't released the contract. We

have Congressman Mica's office and others working
that for us to try and get this thing freed. So a
lot of people more influential than we are --

MR. GEORGE: That's one of the ones if we're
not done by 12/31, we lose the grant?

MR. WUELLNER: And we keep emphasizing that to everybody. I -- I really hope it's busted out this week. I can't imagine why it's taking as long as it has, to be honest with you. Yes, sir?

MR. RIPPE: Do I have to get up?

CHAIRMAN GREEN: Yeah, just so we can get you on the tape.

MR. WUELLNER: Pass it around or however you want to do it.

MR. RIPPE: Yeah. Herb Rippe, 324 Village Drive. Where would the revenue be for our interest for reserves?

MR. WUELLNER: Actually, we carry it as a -- we carry it on the summary sheet, not as a -- not as a revenue item. But it's carried over here under the interest line item on the front page.

MR. RIPPE: Okay. All right. Thanks.

MR. WUELLNER: Okay. Next -- next sheet, just quick review is under personnel expenditures. We've essentially run through the --

MR. BRUNSON: Excuse me, Ed --

MR. WUELLNER: Let me go back to the summary real quick.

MR. BRUNSON: -- refresh my memory now. Explain to me again U.S. Customs.

MR. WUELLNER: Okay.

MR. BRUNSON: Naturally, it's 00 here --

MR. WUELLNER: Yeah.

MR. BRUNSON: -- but in '08 and '09, you're -- am I reading this figure right?

CHAIRMAN GREEN: Right. Because we're supposed to be on line December.

MR. WUELLNER: Yeah. There's no revenue against it until it opens. So that's a partial year first year.

MR. BRUNSON: Okay.

MR. WUELLNER: Uh-huh. It's a nine-month year for purposes of revenue.

MR. BRUNSON: Okay.

MR. GEORGE: Where did the ones for this year, the $4,293 for this year come from?

MS. BARRERA: That's miscellaneous, I think.

MR. WUELLNER: You're reading the wrong line.

CHAIRMAN GREEN: Yeah, that's the wrong line. That's why I'm doing this.

MR. WUELLNER: It's the line below it.

MR. GEORGE: Wait a minute.

MR. BRUNSON: That's where I was.

MR. GEORGE: Oh, okay. Gotcha.

MR. WUELLNER: Okay. Finishing up with revenue, let me do that real quick. Going back to the first page, under Nonoperating, see our cash forward balances. We projected moving into last year about $1.4 million. That's -- that indeed seems to be validated by the -- or it's awful close, I should say, to what we -- what we forecast to carry forward in cash is pretty much what was validated through the audit process last fall.

MR. GEORGE: Okay.

MR. WUELLNER: We did add a line item to help clarify the difference between what was reserves or allocated for the previous year into the -- into a current year. And that's this new reserves forward line item. So that we continue to hold a reserve line item as a revenue side, also.

It's one thing to carry it as an expenditure, but if we're not moving it forward to the next year as a cash forward item, it disappears and becomes spendable, which is not what we're trying to -- trying to achieve here.

The cash forward -- so I've split the two now. You'll see that cash forward, while cash forward looks like a smaller number, where it previously included reserves, it's now -- we're going to separate it so that it's much cleaner and it makes a cleaner presentation for everybody to understand.

So we will be pulling forward out of this year's budget $2.3 million of, call it surplus revenues, that will be held as a reserves item. You'll find a little bit later that there's an expenditure item that matches that number.

So, one of the earliest mistakes this board, not these people, but the Airport Authority was doing when I got here 12 years ago is we would bring the revenue forward but never carry an expenditure item for it, so it just got treated as cash and budgeted and spent every year, so it never really was a reserve number. It looked good on paper, but didn't have something that held it. We rectified that a lot of years ago. So you now have an expenditure item that matches the revenue. Matches --

MR. GEORGE: So that expenditure is stuff

that we've already committed to that just hasn't
happened this year? Because that was one of the
misconceptions last year.

MR. WUELLNER: That's the cash forward
number, now.

MR. GEORGE: Okay.

MR. WUELLNER: The reserve forward is just what it says. It's now reserves. It's nonallocated cash forward.

MR. GEORGE: Okay. So we got -- we've got $353,000 we're calling cash forward. That $353- is money that's allocated to projects that we're presently working on that have not been finished yet.

MR. WUELLNER: You can call it that. You can call it excess revenues, also. It's a combination of those items. We -- we are -- you know, a little later sheet, you'll see where we're showing you what the capital performance is for the year, and those projects that are not complete or weren't started or whatever the case is, are then brought into the next year. So that money essentially transfers from existing capital into new capital.

MR. GEORGE: Yeah.

MR. WUELLNER: It just carries across to the same capital side. I'll try to explain it better when we get to those sheets.

MR. GEORGE: No, I understand.

MR. WUELLNER: Interest income estimated about $60,000. You recall it was a bit of a hiccup in interest this year, not only from just general economy, but if you put on your -- plug in your memory stick, so to speak, and go back about eight or ten months, the State's SBA fund got itself crossways with a bunch of these real estate deals and they had a freeze on a lot of the -- a lot of assets of most governmental entities in the state and as a result, some of them were underperforming as we expected.

Now, most of that money's been now -- as they've reached maturity, they refunded this stuff and it's back in good securities and much sound -- much more sound position. But the performance was off for the current year.

Depending on what you decide to do with what I'm -- at this point I'm going to call surplus revenues -- it's not arguably that number. But if -- if you increase the amount of money you're holding in reserves, then we should be in a position to increase the amount of interest received off the amount of money. Because it's doing nothing but making you money from a -- from an investment perspective. And of course that's market driven, so we're just wagging at what the value is.

MR. BRUNSON: Yeah, that's too bad, but it is.

MR. WUELLNER: Yeah. I mean, some years, we've outperformed what we borrowed money for in some years. That's not the case now.

PFC collections, you see where we budgeted it last year. We've just simply pulled it out of the equation rather than just have it arbi- -- artificially hold some amount of money in the revenue and expenditure, we'll leave it at zero.

If we are able to again resurrect commercial service and get a PFC in place -- which by the way, that program's been extended through the end of September, which is the easy way in that we were hoping to be. That program got extended. So that's good news, if we can get something going by then.

But anyway, it's a zero on both the expenditure/revenue side. If we do end up being able to implement something, it will -- it will continue to grow or we'll be able to add something under that line item. And we will simultaneously increase the expenditure side. So, like reserves, it's held on both sides of the equation.

You can see we don't intend to borrow any money next year. That's -- that continues to be the -- the place we are, thankfully, from the financials.

The next set is under the area of grants. The capital program supports about $941,000 in state grants and an additional $1.567 in federal grant monies. Included in that $1.5 is your $1 million in -- in entitlements going into next year. So it's allocated to a project.

It's really up to you whether you -- you know, when you get to the capital side, whether you approve the project. But it won't be a revenue item without a capital item. So, it's not like you're going to get a check for a million dollars and it's up to you to spend it next year. You won't get that money unless you have a project to spend it on.

So it's -- it doesn't change the character of the grant program. It's still a reimbursable program. So until you spend it, you don't get it back. And then last under the revenue side is the ad valorem component.

So you know what I've done, I have just arbitrarily reduced the total ad valorem receipts from a budgeted of $4.4 million last year down to

$4 million this year. When you plug that in the exercise with the state through their -- their form for reporting ad valorem receipts, it generates a new or proposed millage rate, in this case, of .1697.

That's down from .1807 last year. It's also significantly below -- there's an anomaly this year. Without getting into too much detail, unless you want it later, but the anomaly this year is that the tax base actually came down. The total amount of taxable value in the county came down.

As a result of that, the rolled-back rate actually increases. The millage rate related to it actually increases. So, in order to get the same -- and by definition, the rolled-back rate is what ad valorem rate needs to be in place to get the same amount of dollars next year.

Well, with a smaller tax base, it requires a

higher rate to get the same amount of dollars. So
you actually see the roll-back rate jumped from
what it was last year in order to get the same
amount of dollars.

This reduces it from last year's millage. So
it not only is not near the rolled-back rate, it's

significantly below that number. In fact, I believe it's about 13 percent below what it was. And that's at a $4 million level, just so you understand that.

All right. That leaves a revenue here, a revenue expectation, using those numbers, of about $11.4 million dollars, which is -- call it the same amount -- about the same amount of total dollars as last year. It's slightly different, but it's -- but at that mark, I'm not sure the difference is that meaningful. All right. Moving on -- that wraps up essentially the revenue summary going into next year.

First expenditure items related to personnel, it's still a 12 1/2 person staff picture. This holds a 5 percent reserve or reserve for adjustments in a unilateral matter in terms of total dollars. Continues at the $10,000 level for Class C travel and just overtime.

You see overtime took a pretty good hit last year when you look at the actual-to-date and the like, primarily related to how we handled Skybus-related things and the after hours. It was actually less expensive to pay overtime than it was to hire bodies. So, we went that approach.

Now, at some point, it would have made sense to
bring someone on and also give staff a break
relative to total amount of time.

CHAIRMAN GREEN: When you came up with the
proposed salaries with existing positions, is that
COLA rate or what percentage?

MR. WUELLNER: It's -- actually, for the
last, I don't know, four or five years, we've used
a flat -- for purposes of budget, used a flat 5
percent for adjustments. The CPI's going to be
somewhere in the vicinity of 3 percent.

CHAIRMAN GREEN: Okay.

MR. WUELLNER: So the balance is merit-type
raises across -- you know, however they're divvied
by the individual supervisor. But that's the
total amount of money available for it. The
out -- FICA, Medicare match, workers' comp,
they're determined by statute; we don't really
have a lot to say within terms of percentages, but

it generates about -- or I should say it's about a $55,000 expenditure item based on that.

We did see significant savings this year in our workers' comp, just by virtue of some classification changes that the State made relative to airport or municipal employees. So we were -- we received a strong change or a strong benefit of workers' comp changes and -- in the current year and that extends beyond that. We actually have a very good -- very good record with them, also, as an entity.

The last classification's related to retirements and benefits. Retirements is -- are payments into the state retirement program at the statutory rate, which I think is about 6.3 percent, if my memory's correct. And that's -- everybody's paid and that's a mandatory -- it's mandatory in terms of the percentage that's paid.

Insurances are basically the same insurance as last year. We -- we -- we're about $5,000 under what we expected last year. I don't think we'll be that lucky this year. It will probably -- we'll probably see health insurance increase a little bit as well as -- as the dental and short-term disability, which are really the only insurances you carry on employees. So, bottom line, it's about a $60,000, $58,000 increase across the board in personnel for over 12 1/2 employees.

Next classification's operating expenditures. These are the day in and day out type of expenditures within the organization. Donna and I sat down and walked through these based on performance from last year, as we do every year.

You have, again, the center two columns indicating the current year performance for the first nine months and then our projection through the rest of the year. Budget is on the left from the current year and proposed for next year.

Other than some minor changes, there are only a couple of line items that make up the -- the balance of change. One is the -- what seems to add to the total real quick is about a hundred -- if you look at it, about $135,000 U.S. Customs.

The other half of -- the expenditure side of the revenue that we collected back on the fees, if you recall, the payment, actual payment of those fees to U.S. Customs as they're collected is contained under the line item for payments to other governmental entities or out -- it says outside governmental fees and assessments. That's why you see a $135,000 increase in that particular line item.

I am happy to report that the insurance number, as a result of your efforts this year, that number's down. We actually are budgeting

$80,000 less than we did last year for insurance-related fees and costs.

And also, the legal-related fees are pretty much where they were contract now. So you can see that the year-to-date performance, now that the Earth Tech litigation is off everybody's back, the legal fees came back into line with where they should have been for the whole year and are forecast to be there this year, also.

We did add another line item. Just for way of explaining and budgeting, is the line item that's number 314, but it's professional services, LEO and ARFF. As a part of the Skybus operations -- and this was all in that summary. It's just now shown better in -- for budget purposes. But we -- it cost about $99,000 to pay for law enforcement and after-hours fire rescue support from Northrop Grumman for Skybus-related operations. We're budgeting $154-.

This is not -- this is a -- an expenditure line item that only comes when you have -- when you have actual airline service. So, it's -- it's not -- it's only -- if we don't get airline service, that's not -- we don't expend those funds.

MR. GEORGE: Is the revenue forecast consistent with that logic?

MR. WUELLNER: Actually, no. I've taken the opposite approach and said we're not forecasting any meaningful revenues. We are going to carry the expenses, figuring that the worst -- we've got the worst-case scenario set up in a budget.

MR. GEORGE: Yeah.

MR. WUELLNER: But it's -- but you've almost got to think of it as a grant, even though it's not, in that we're not going to expend it unless we have airline services. It's not a -- nor are we going to get a revenue against it without it.

MR. GEORGE: Yeah.

MR. WUELLNER: So, it's --

MR. GEORGE: I -- I understand what you're doing. It's just that, you know, consistent philosophy says if I'm going to say I might have to spend it, then I better say I might get the

revenue in for it, too. But I understand what
you're doing, is you're building a --

MR. WUELLNER: Part of the reason that I'm
doing it this way is also that when you look at it
from a revenue side, the revenue potential was so
much better that if I apply the same logic and go,

all right, well, let's assume that the air service was here that supported $154,000 in the expenditure's LEO, well, that might be $5- or $600,000 in revenue.

MR. GEORGE: Yeah.

MR. WUELLNER: So I would really be underperforming on the revenue side. It just -- it doesn't --

MR. GEORGE: I understand.

MR. WUELLNER: You know, it just --

MR. BRUNSON: I understand, but...

MR. WUELLNER: Those are the -- those are the major items. Those are the major changes within -- within this budget.

MR. MARTINELLI: Can I ask a question?

MR. WUELLNER: Sure.

MR. BRUNSON: Are you --

MR. MARTINELLI: Really, two questions.

MR. WUELLNER: Well, it's not my meeting, but...

CHAIRMAN GREEN: Vic, we're going to pass the microphone around.

MR. MARTINELLI: Just to refresh my memory. The property taxes, what are the taxable entities that we pay property taxes on?

MR. WUELLNER: We only pay property taxes on our rental homes.

MR. MARTINELLI: Okay.

MR. WUELLNER: Everything else is, in a sense, passed through through the lease, through a lease for corporate hangars and whatever, whatever else is --

MR. MARTINELLI: But that would be -- the only entities that we do pay are the ones we lease. In other words, any -- the airport property itself is not taxable.

MR. WUELLNER: That's correct.

MR. MARTINELLI: Okay. I just wanted to clarify that.

MR. WUELLNER: But we -- the rental homes we own --

MR. MARTINELLI: Yeah.

MR. WUELLNER: -- are a tax -- we pay the taxes on the rental homes. So it's about a -- I

believe we're budgeting $10,000.
MR. MARTINELLI: No, I understand. I
understand. The other thought I had was pursuant
to what Buzz suggested. It may be -- a suggestion
might be to budget an offsetting revenue to the
150-odd thousand instead of a half million dollar

revenue, just to offset it. Because if you don't,
in other words, you've plugged in another reserve,
is what you've done.

MR. WUELLNER: Yeah. In effect, that is --

MR. MARTINELLI: Maybe you ought to call it
that. If you want it, call it a reserve. If not,
if it's a thing that might happen, then just
offset it with comparable revenue. Just a
thought.

MR. GEORGE: Whichever has the least impact,
and that would seem to be to have the least
impact.

MR. WUELLNER: Yeah. It essentially zeros it
out on both sides.

MR. MARTINELLI: Yeah, that's the thought.

MR. WUELLNER: From my perspective, it's less
reliable. The revenue side's less reliable than
the --

CHAIRMAN GREEN: Cost.

MR. WUELLNER: -- what it will cost me. I know what the cost will be.

MR. GEORGE: Right, yeah.

MR. WUELLNER: What I don't know is what the revenue in fact is.

MR. BRUNSON: Are you -- you're going on down to the governmental fees and assessments.

MR. WUELLNER: That's the one that I mentioned that's where U.S. Customs is. That's why that goes up $130-, $135,000 for the year.

CHAIRMAN GREEN: But so does our revenue.

MR. WUELLNER: That the offset in revenue. So that's -- that's a wash on both sides of the revenue and expense.

CHAIRMAN GREEN: What increased our professional services? 318. I know it's budgeted less than what we expended last year. But we budgeted $7,000, $7,500, and we've spent $38- year to date. It may have been something with Skybus. I'm just asking.

MR. WUELLNER: Actually, I -- do you remember what that is, Donna?

MS. GLASSER: What line item?

MR. WUELLNER: The professional services general.

CHAIRMAN GREEN: 318.

MS. GLASSER: Professional, 318?

CHAIRMAN GREEN: 318.

MS. GLASSER: LPA's in there with --

MR. WUELLNER: Oh, I know what it was. It was expenditures that were noncapital related to the -- originally was for the PFC application. You had -- we had to update the ALP in support of that.

CHAIRMAN GREEN: Okay.

MR. WUELLNER: We had payments to Passero related to PFC, also.

CHAIRMAN GREEN: And we budgeted $30-, anticipating maybe we'll get some service?

MR. WUELLNER: Yeah. You could be back in there -- it really covers any -- anything that's non -- you had your studies in there, also. Your FBO studies, this is where this comes under. It's not a capital project. That's the kind of item that would show up under that particular line item.

CHAIRMAN GREEN: And that's one of the things I want to talk to the board about. That 318 and also the, no offense to Janet, court reporting, those costs are going up when we have additional workshops, additional studies, whatever. And I think if we as a board did our homework a lot more instead of doing some of this stuff, we could cut back. Although it's not a huge number, but I mean, tens of thousands of dollars is.

MR. GEORGE: Yeah.

CHAIRMAN GREEN: So if we did some of our own work instead of having a lot of these workshops -- I'm not against them; I'm just saying we could limit them instead of having these all the time -- it cuts back on court reporting, it cuts back on feasibility studies, that type of thing. So, I mean, I don't -- I'm not disagreeing with the budget, but I'm just saying we budgeted this and I think we could cut that in actuality.

MR. WUELLNER: Yeah, you're literally paying by the word on that expense item.

MR. GEORGE: Is there a way that we can have court reporting for our meetings where we make decisions but not have it for workshops?

MR. WUELLNER: It's entirely your decision.

MR. GEORGE: So we could elect not to have it for workshops but just have it on tape so if somebody wants to go back and see what happened at a workshop --

CHAIRMAN GREEN: I'm not sure what has to be reported, though, Doug.

MR. BURNETT: The thing that we have to have is minutes. So -- and it may sound redundant, but even if we audiotape, we still need minutes.

MR. GEORGE: I understand that, yeah.

MR. WUELLNER: Yeah. What you could do --

MR. GEORGE: Somebody, some person would have to summarize what happened.

MR. WUELLNER: Exactly. And what -- what you've done, actually it was done before I got here, half a year before I got here, but they essentially transferred the staff cost of generating nonverbatim generalized minutes to a line item for court-reported minutes, which are of course accurate to the word of what is said. Those -- that accuracy has saved our -- saved us several times.

CHAIRMAN GREEN: Right. And I'm not as concerned about the court reporting. I didn't mean to pick on that.

MR. WUELLNER: Yeah.

CHAIRMAN GREEN: But it's a product of -- I don't want to say excessive, but I've been on this board longer than anybody except Ed, but a lot of

workshops, a lot of excessive other things other
than our regular meetings, which just adds up for
cost, which adds to the court reporting.

MR. GEORGE: And I could do a lot more
meetings by phone. That would --

CHAIRMAN GREEN: We'd just turn you off.

MR. WUELLNER: It's still by the word.

MS. BARRERA: I have a question on that with what Doug said and with the discussion on the court reporting. Why couldn't you record what was said via audio and play it on -- and attach it to a file on the internet and play that as a way of recording the minutes?

MR. WUELLNER: It wouldn't suffice for official minutes --

MS. BARRERA: For the --

MR. WUELLNER: -- but you could certainly make it available.

MS. BARRERA: For the workshops.

MR. BURNETT: Yeah. Right -- two things related to that. Right now, our minutes that are generated by the court reporter are put on the web site to where the public can get to it, as I understand.

CHAIRMAN GREEN: Yeah.

MR. BURNETT: We need to have by law written minutes.

MS. BARRERA: Written.

MR. BURNETT: Yeah. That are approved by the Authority.

MS. BARRERA: Okay.

MR. BURNETT: It might sound a little bit
archaic in today's world. I mean, in -- in the
real world, it's nicer to actually -- I think to
listen to the audio so you get the flavor of what
went on rather than the cold written word, but...
MR. GORMAN: Question being, could you
actually -- to answer the Chairman's idea, could
you actually do executive summaries of the
minutes, you know, rather than -- and from the
audio and then publish them as minutes? Or do we
have to have them verbatim like they are now?
MR. BURNETT: In fact, that's what they --
MR. WUELLNER: No.
MR. GORMAN: That's the question.
MR. BURNETT: In fact, that's what the county
commission, as an example, does. But then you
have a staff person who is going through and
trying to decipher.
And the thing that you have there, and this

is my own opinion related to it, I will tell you right up front and very clearly that I -- I prefer having the court reporter, because what you have then is staff trying to write minutes and sometimes influenced over what's the politically correct thing to write or not write? And it

doesn't come as well as you may like it.
MR. WUELLNER: You know, Janet, she goes back longer than I do with this, because the reason she was hired to do this was to stop the one hour that was literally being wasted at Authority meetings --
CHAIRMAN GREEN: Right.
MR. WUELLNER: -- on the front end arguing over the minutes, the contents of the minutes. Because that was literally going on. "I didn't say that." "Yes, you did." "No, that wasn't what I meant." You know, you get that nuance entered into your minutes.
CHAIRMAN GREEN: That wasn't my point. My point was not -- I mean, there's no question. I mean, a court reporter's better than anything. Absolutely.
It's just the excessive amount of meetings we may have to have, whereas if board members -- if

we did more of our work and our background and
were more prepared, we wouldn't have to have that.
That was my point.

MR. BRUNSON: How many workshops do you think
we've had this year?

MR. GEORGE: Eight.

CHAIRMAN GREEN: I'd say more than we've had ever before. Yeah. Vic? Yeah.

MR. MARTINELLI: The purpose of a workshop is, as I take it, to get as many things before the board, different angles, different thoughts on various subjects that are on the agenda for the workshop ultimately to influence the board to take action. That action cannot be taken at a workshop, but at a subsequent board meeting.

So, the effectiveness of whatever anybody says at a workshop is only measured by the actions taken by the board at a board meeting. Therefore, the value of verbatim minutes of a workshop, to me, is meaningless simply because you can say -- I can say all the lovely things I want to say and things that I think you ought to do, but if you don't do them, so what?

So, I'm going along with you, Suzanne. I think for purposes to satisfy the legal

requirement, a brief summary of the subjects
discussed, and if somebody wants to hear it,
there's a tape. But I don't think you need
verbatim minutes of a workshop.

CHAIRMAN GREEN: On a workshop.

MR. MARTINELLI: Exactly.

CHAIRMAN GREEN: Well, I wasn't exactly there. I understand what you're saying. I was more of let's fine-tune our brains and what we're doing and our homework so we don't have to have that many workshops. I mean, they're good.

MR. MARTINELLI: Well, I think workshops are good, though.

CHAIRMAN GREEN: They are good. Anyway, just a comment.

MR. WUELLNER: Anyway, the net increase over the year, which is again limited to -- largely limited to just a couple of line items and expenditures at $1.388, a million dollars projected for next year.

The nonoperating expenditures, which is -- are probably the simplest sheet that we do, but it looks at debt service. Of course there is no debt service in the current year and has -- wasn't last year. This is where reserve line items are placed into the budget.

You have a $2.3 million reserve, and you can see that -- that no additional funding's proposed right now to go into specific reserve items for building repair and replacement or fuel farm. Now, you'll see your forecast budget does begin to fund those, I think starting next year, which you start picking up some amount of money to be plugged into those -- those line items later. Not this current -- this forecast year, but the following year.

And you see the PFC line item. We separated that out of reserves as a -- as a true reserve line item because it's not -- again, not a money that it would ever be able to be allocated to anything other than a specific capital project. It also allows us, just from an organizational standpoint, to be able to plug it in directly into the summary, also, without benefit of totaling it in with reserves. That was one of the things we agreed on when we did the preliminary workshop or discussion a few months back.

The capital is merely a summary or just a capital summary of what's contained on another sheet as a way of bringing it forward in a summary form. So there's about $6.7 million on the table between capital and reserves at this point.

And the next slide is not a budget slide, per se, but it's a way of seeing what went on from a capital side for the past year or -- and projected through the balance of the year. But you can see with the advent of terminal-related things, there were a number of additional capital expenditures made throughout the year.

But as a whole -- and you're welcome to peruse these as you -- as you wish, but as a whole, you spent about $1.5 million less than what was budgeted as a total for capital this year. So it's down about 29 percent from what was budgeted at the beginning of the year.

The -- this is the proposed capital expenditures, at least at this point, for next year. It includes a $50,000 placeholder related to security items. Those are capital expenditures or capital equipment expenditures.

By way of construction and planning projects, you have the EA from Taxiway B. It's an FAA job, so it's budgeted at 95 percent federal dollars and 2 1/2 percent state. I don't know if I can edge this over one column, but -- yeah, and pick up the

Authority's column there on the far right-hand side.

Fire station designed at $150,000. Again, a federal grant project. Authority's share is about $3,700. Widen Taxiway B and B-2 on the north end, which is where we have currently plugged in your use of your entitlement funds. So that's where that money comes from. So it's an FAA-type job. Again, 95 percent entitlement dollars, 2 1/2 percent state dollars and 2 1/2 percent Airport Authority dollars.

There's a common fuel farm project. This is an FDOT job that's programmed. It was a carry forward from last year. That's $625,000, 80 percent funded by FDOT. That also includes a subproject line item for the -- for an aircraft wash rack that we would likely place back in the new T-hangar development area. So it's to augment a T-hangar or an aircraft wash rack back in that area.

U.S. Customs facility. This is the balance of that project. The first few months of that expenditure is actually carried in the -- in the previous slide in the current year capital. So it's about $500,000 carry forward. It's a 50/50 project with State of Florida, so it's $250,000 Authority expenditure.

We continue to carry forward as a project the rental car facility and -- at $620,000. We have not gotten to the remarking of runway 13/31. We've got some crack repair to do on the north end. Once that's completed toward the end of the -- end of the summer, we're hopeful that we'll be able to get in there and get it remarked.

There's no money currently budgeted or programmed here for property acquisition. That may be something you want to talk about.

Cell tower's in there. That was a last-year project, also. It's a nongrant project. It's entirely Authority money if you --

MR. BRUNSON: Did we --

MR. WUELLNER: -- choose to go forward with that.

MR. BRUNSON: Did we budget income?

MR. WUELLNER: On the cell, we did not. That's -- this is just the capital side. The feeling was once it got permitted and constructed, we were staring at better part of a year and wouldn't be a revenue till the following year, as a capital --

MR. GEORGE: If you look at the financial
plan, though, in the second year, the fees do go
up, and I assume it's for that.

MR. WUELLNER: Stair replacement on the back
of the -- basically the emergency exit out the
back side of the -- ramp side of the restaurant.

We have a half million dollars, again, entirely Authority money, in here for education, building design and construction. Approximately a 2- to 3,000 square foot building proposed for -- to complement the park back in the -- back in the south hangar development. And there's a $50,000 line item for the park construction, which most of that being in-house, but I'm sure there will be some material purchases and the like related to that. That's a carry forward from this year, too.

Bringing your total capital expenditures from a construction and planning to about $4.3 million, of which when you do -- when you do this, about, what, 48 -- 58 percent of which is from federal and state dollars related to capital.

CHAIRMAN GREEN: Ed?

MR. LOPINTO: Joe Lopinto, 529 Ria Mirada, St. Augustine. With respect to the EA Taxiway Bravo runway 13/31 safety area, that is a consolidation of the runway -- excuse me, of the taxiway parallel, but it is just an assessment leading to potential construction?

MR. WUELLNER: Leading to design and construction, yes.

MR. LOPINTO: Which would probably flow into

'09 and '10?

MR. WUELLNER: Every bit of it.

MR. LOPINTO: Okay. Does this commit us to doing that, this assessment -- excuse me, environmental assessment commit us to doing design and construction?

MR. WUELLNER: No, it does not.

MR. LOPINTO: It does not.

MR. WUELLNER: No. They're stand-alone projects. It could very well be that the determination of the EA is that it either can't be done or is too costly to do.

MR. LOPINTO: But it -- but it is a first step no matter what has to be --

MR. WUELLNER: It is. It's the absolute first step --

MR. LOPINTO: Thank you.

MR. WUELLNER: -- they require. They won't even talk funding the project until the EA's complete and accepted.

MR. LOPINTO: Thank you.

CHAIRMAN GREEN: I do have a question, Ed, on your where else we might be able to maybe do -- plug in some numbers for property acquisition.

I'm not foreseeing we will do anything with

that. But I'd like to have something moved around
just to see, because there are some -- I know we
have some people that want to sell their
properties and have been very adamant about it.
I don't think the Authority's ready for that.
But who knows if whatever happens with the market
next year, that might be something we might want
to take advantage of. But I'd like to see
something in there, not to increase the budget, if
we could move some numbers around.

MR. WUELLNER: Well, let's take that next
step, because that's a great -- a great comment,
is that this essentially snapshots the highlights,
if you will, of what we're saying the budget ought
to look like. Now, at -- with the $4 million ad
valorem number, at this point, you are -- bring
that back up for you. You are looking at --

MR. GEORGE: 1.2.

MR. WUELLNER: -- having about $2.5 million of uncommitted funds. So, in other words, you're really only using about $1.5 million of ad valorem receipts for the capital program you have -- operating and capital, for that matter. But you're only using about $1.5 of the $4 million that's in the budget.

So, you have decisions to make whether you fund additional capital projects, whether you increase your reserves an additional level, whether you reduce the ad valorem assessment. You have all those options on the table.

But at this point, using the $4 million ad valorem receipt number, you have about $2 -- round numbers, about $2.5 million that is not -- is not expended, for lack of better terms, or not committed.

So, that -- that dumps that kind of back in your lap as to where -- where or what you want to do with that. It could go -- it could simply plug into reserves. You could do things like fund some property acquisition. You could add additional capital items into your -- into your budget. You can look at reducing the ad valorem millage.

CHAIRMAN GREEN: And I guess my concern is, I don't want to increase anything with millage or the property tax, anything whatsoever. But I'd like to utilize something that we have and move it around just to plug in a line item there in case we need it without having to say, oh, we have to go to reserves and maybe we needed more for ad valorem taxes. I don't want that.

MR. WUELLNER: Yeah. If you see anything that's either underfunded or just not being -- we're not addressing from a capital side, this is the kind of opportunity you have to add capital projects.

CHAIRMAN GREEN: Buzz?

MR. GEORGE: Madam Chairman, I've got an article from the Daytona paper talking about Flagler airport being the nation's busiest airport without a tower, and they're talking about getting a tower.

The airport director states that the county would only shell out about $600,000 to construct the tower. None of it would be taxpayer cash. Revenues generated at the airport from things like leasing hangars, property, ramp fees and fuel sales will cover the county's portion of construction costs.

And I only point this out to remind us to get refocused that the way we bring in money in excess of our operating, which will fund us for future capital projects, is that we generate something that generates revenue to us; i.e., more hangars.

I would like to see a line item in there to continue that thrust of identifying other revenue-producing activities that's going to help us out in the future and go ahead and get it done now.

CHAIRMAN GREEN: Vic?

MR. MARTINELLI: Yeah. Underway at the present time, one of your committees is a land use projection, land use plan. And if there could be a crosswalk between that and a budget, just in a general way, because --

MR. GEORGE: I think there has to be.

MR. MARTINELLI: Yeah. And so, instead of just leaving that two and a half million dollars hanging out there, it can be allocated to future land use, whatever. Building hangars, whatever there is to it.

But -- but right now, there's a disconnect because we're working on land use and projecting land use. In the other hand, we have two and a half million dollars sitting over here that we don't know what to do with it.

MR. GORMAN: We do have a real, a real situation, and it's a very glaring situation in the fact that we do have two rows of hangars that are so dilapidated that they are actually becoming useless. And those should be in the budget as to

the replacement. That may be part of a line item
you might want to --
MR. WUELLNER: The only --
MR. GORMAN: -- increase.
MR. GEORGE: What if we put in a line item
for Phase 2 of the general --
MR. GORMAN: You could call it that.
MR. GEORGE: -- development area.
MR. GORMAN: You could certainly call it
that.
MR. GEORGE: That would be as a line item
okay? But that goes to cover the replacement of
some of the stuff for row A and the other ones --
MR. GORMAN: Yeah, that's just -- that's just
something that would have to be budgeted.
MR. GEORGE: -- but also to get more revenue.
Right.
MR. GORMAN: Yeah, we could --
CHAIRMAN GREEN: Hang on. We've got Janet

trying to take everybody down at once, so one at a time.

MR. GEORGE: Okay.

MR. WUELLNER: The only caution I throw in that mix, because I like the idea, I think the thinking's on the right track.

The issue you've got is when you begin to look at your ROIs on some of these kinds of projects is that you're using -- when you're using what I would call at this point what I'm hearing, a hundred percent of your money, your ROI is going to be on a hundred percent of your money. When you're using the match-grant scenario, our requirement for generating return on investment's on our investment.

So, if we get 50 percent funding on a T-hangar, our ROI is based on 50 percent or really the hundred percent of the Authority's share. So you're going to end up with a much pricier product potentially in some cases than what you may -- may find the market willing.

So, the other is you may not be taking advantage of some of the state funding that's out there by being just a little more patient on some things. But there are items where they're --

especially when they're nonrevenue-producing,
infrastructure, property, things like that,
there's grant funds, but they're not -- they don't
have a return on investment equation.

MR. GORMAN: Just replacement of those
existing dilapidated hangars should be in the

budget somewhere --

MR. WUELLNER: I don't disagree with it. Absolutely.

MR. GORMAN: -- just however you'd like to structure it.

MR. GEORGE: Well, I've seen Ed go into his hat and pull out a rabbit that says, well, there's another, you know, grant possibility here, another grant possibility here. And I see no problem, maybe there's a problem with the budget, of in that line item of Phase 2, putting -- identifying some grant money and that's a trigger before we actually spend our piece of it. But at least it gets identified to the public that that is our intention.

MR. WUELLNER: And there's nothing to prohibit you from creating a capital line item much like you describe, with or without grant funds identified with it. And there's no

commitment on your part to have to expend it.
What it does is hold that money --

MR. GEORGE: Yeah.

MR. WUELLNER: -- till you're ready to spend
it, whether at a hundred percent or at 50 percent.

MS. BARRERA: I thought we had already

discussed doing that previously.

MR. WUELLNER: Other than as repair and replacement, we talked about --

MS. BARRERA: Putting them as placeholders to show that that revenue, that reserves was really -- was really -- had these different identified uses.

MR. WUELLNER: And you --

MS. BARRERA: In -- in the major part of the budget, not in the supplemental aspect of it.

MR. WUELLNER: And we were. That's why I mentioned earlier our -- you've got this repair and replacement --

MS. BARRERA: Right. But I didn't see any numbers.

MR. WUELLNER: And we -- following the model that we had set up, we didn't begin funding that.

MS. BARRERA: Okay.

MR. WUELLNER: You can begin funding that this year.

MS. BARRERA: Okay. I think that would be prudent.

MR. WUELLNER: All I'm trying to say is there's $2.5 million that either you need to identify projects for, identify reserve locations for, or look seriously at not collecting.

CHAIRMAN GREEN: I think Kelly's idea of putting it at least in a repair and replacement for what -- that's general enough that if we need to do the hangars, which are revenue-producing --

MS. BARRERA: Right.

MR. GEORGE: Yeah.

CHAIRMAN GREEN: -- would be a good place to put that.

MR. WUELLNER: Yes. And that's easily transferred over.

MR. GEORGE: And some of it for property acquisition, too.

CHAIRMAN GREEN: Yeah.

MR. WUELLNER: And that's easily transferred over to capital later.

CHAIRMAN GREEN: Joe?

MR. BRUNSON: And, you know, we're talking about this, that we have two and a half million

dollars. That's -- that's if we approve the
budget at the millage rate to generate that much
income. And I see where I'm going to kind of be
the minority on this, but...

CHAIRMAN GREEN: Well, we're not -- we're not
even looking at the roll -- you have to remember

what Ed said at the beginning of this. We're way -- what this is looking at is way below even roll-back rate or anything. It's a 13 percent decrease.

MR. BRUNSON: Still, it's money.

CHAIRMAN GREEN: It's still money, but whether it's there, then we can decrease the repair and replacement --

MR. GORMAN: Exactly --

CHAIRMAN GREEN: -- line item or the property acquisition.

MR. BRUNSON: Well, that's what the reserve is for.

CHAIRMAN GREEN: At least we know where it went. Right. Joe? I'm sorry.

MR. LOPINTO: One area that -- that I don't see in here, but is -- could be considered nonoperating capital, nonrevenue-producing capital, but for technology infrastructure.

The technology infrastructure allows you to get in more airplanes, such as a corporate airplane, that can come in in worse weather than we currently can conduct operations for. And then may be for an enhanced ILS system or looking for ways to move that around. I know we have some difficulty because of the alignment. Maybe some approach lights.

These are all grant monies that are participatory with -- so, if we could start to look at some technology issues with respect to infrastructure, much like we do for hangars, much like you do in taxiways, I think that would also be an item to throw into the pot right now.

MR. GORMAN: Well, I'll ask Mr. Wuellner. Are we -- aren't we fairly well up to speed as far as approaches and as far as our technology, what we can do? I mean, we don't have any flip-flop approach to, you know, 31/13.

MR. WUELLNER: No, but I --

MR. GORMAN: We don't have a dual ILS system. But other than that.

MR. WUELLNER: I believe we do -- I'm trying to think where it is. But there may be several -- there's a few years out, we have actually programmed to do the ILS on the other end.

MR. GORMAN: Yeah, that's what I'm talking about, the flip-flop.

MR. WUELLNER: Well, we can't really do a back horse. It would be establishing a second --

MR. LOPINTO: Okay.

MR. WUELLNER: -- a second full-blown ILS.

Approach lighting works very well. That's -- I would not encourage the development of approach lighting on your approach to the north, so the existing ILS, only because the technology that's out there related to lighting would mean you'd permanently lose the thousand foot or the near a thousand foot displacement on the southern end because of placement of approach lighting structures and the like that support the lights themselves.

The north end would support it. You could easily make that work even across U.S. 1 to install that kind of lighting up to the north. It just doesn't work to the south because of the permanent closure of it. It's kind of a weird --

MR. GORMAN: In other words, you're saying because of the wetland situation.

MR. WUELLNER: Yes. But those are -- you

know, the ILS, what, $6-, $700,000 kind of number. Maybe as much as $8-. Approach lighting, $250-, $300,000 kind of number. Just for budget, you know, if you're thinking of projects to put in there.

CHAIRMAN GREEN: Well, I think the consensus is that depending on what we do with millage and whatever happens down the road, some placeholders with regards to -- obviously repair and construction on some of those T-hangars are going to be revenue-producing.

They are obviously dilapidated, as we found out from our insurance company who says it doesn't cost you a dime, because if it blows over, we're not paying you anything for them. So I think just maybe if we could allocate something in there.

MR. WUELLNER: There's another good part to that approach, is that by funding -- placing them in there the way you are and there's not a grant executed against them, even though we can continue to process that, but whenever we take the grant money, or I should say execute the grant, then the clocks starts on that project. And you've got to be -- you've got to be actively moving the project forward or you risk them reclaiming the money or the property's not --

CHAIRMAN GREEN: But it's identified.

MR. WUELLNER: But by doing it the way you're doing it, there's no clock starting. So if it's a project that just doesn't get funded, it doesn't get grant funds, that you just don't want to move forward in a fiscal year, you're just moving it forward. It's not lost.

MR. GORMAN: And to answer Randy's question about, in other words, millage reduction, of course the public wants a millage reduction. You don't necessarily have to -- even if you do have a place marker for replacement of old hangars and possibly an update of some of the approach lighting, we don't have to use the whole $2.5. We can actually ascertain how much of that we may need and then dump the rest of it off the millage.

MR. WUELLNER: Yeah. Keep in mind, the way it's structured right now, you're already, I don't want to use the term getting back because it always gets misconstrued, but you see this is about a half a million dollar reduction in ad valorem receipts to the Authority, the way it's now. So that -- I mean, that's a big step. That's -- you know, what is it, 18 percent or something --

MR. GEORGE: Yeah.

MR. WUELLNER: -- in terms of tax dollar reduction. That's not to say there isn't room to move some more out of there and look at it seriously as you go forward with it. But you're already trying to do that.

MR. BRUNSON: My recollection -- my recollection of the reserve that we -- we went ahead and adopted the millage rate was that we could have this reserve and use it for different line items that we voted on, that if you need it --

MR. WUELLNER: Yeah.

MR. BRUNSON: -- and to repair these dilapidated hangars or whatever we want to use it for.

MR. GEORGE: Yeah.

MR. BRUNSON: But I agree with you, it would be nice to identify some things.

CHAIRMAN GREEN: Just a placement.

MR. BRUNSON: Yeah. But --

MR. WUELLNER: Well, what do you want to -- what do you want to do there?

CHAIRMAN GREEN: I think the board's kind of

in consensus that do an appropriate amount, a
reasonable amount, and I don't think anyone wants
the entire amount we're looking at, a place marker
for some property acquisition and definitely
for -- I don't know if you want to put it under
repair and replacement or if you want to be more

specific.

MR. BRUNSON: Madam Chairman, do you think that we're sending a message, though, that we -- because we've been pretty adamant about right now not buying property.

But you say property values are changing, it might be -- I'm just wondering if we're sending a message that if it's on the budget, it will come up with a board member in two years, well, we've got it in the budget, we can spend the money.

CHAIRMAN GREEN: What I'm listening to are the people that are begging us to buy their properties.

MR. BRUNSON: Well, a lot of people are beg -- I'm begging people to buy my property.

MR. GORMAN: I might clear for my own opinion is that we do need repairs, but we do not necessarily need acquisition. I may differ with you on that. But certainly we need repairs.

CHAIRMAN GREEN: I understand. I'm just plugging in a line item.

MR. BRUNSON: And I wish we had the luxury of plugging in things, but we don't. I don't know about your economy, but the economy as a whole is in the -- in the dump.

MS. BARRERA: Maybe what we are looking at, instead of the word property acquisition, is future T-hangar development. Would that be a much more --

MR. BRUNSON: As long as it's earmarked for income-producing property --

CHAIRMAN GREEN: That's the whole idea.

MR. BRUNSON: -- as Wayne said.

CHAIRMAN GREEN: Maybe, I'm sorry, that's a given, but property acquisition is for revenue-producing capital --

MS. BARRERA: One -- one item for building repair. A second one for building development.

MR. WUELLNER: Do you want those both as -- just make sure I understand you. The one is a reserve item. The repair and replacement, I mean, that's a reserve line item. Are you proposing a capital item for future hangar development --

MS. BARRERA: Reserve item.

MR. WUELLNER: -- in there, or --

CHAIRMAN GREEN: I think reserve both of them.

MR. WUELLNER: -- just put it all in reserves?

CHAIRMAN GREEN: Yeah.

MS. BARRERA: Reserve, both reserve.

MR. MARTINELLI: Future land -- land use. It's very general. You can build hangars. You can do -- future land use is kind of a catchall and it really --

MS. BARRERA: Agreed.

MR. MARTINELLI: -- fits into your whole plan. I'm sorry, I didn't mean to interrupt.

MR. WUELLNER: Create a different title; is that what you want to do --

MS. BARRERA: Two separate titles.

MR. WUELLNER: -- instead of building repair and replacement?

MS. BARRERA: Two separate. An extra -- an extra line item.

MR. GEORGE: Why don't you have a major heading called Phase 2, just -- you know, and then two sub line items under that.

MS. BARRERA: Uh-huh. I would be comfortable with that.

MR. WUELLNER: Say it again.

MR. GEORGE: A major heading of general development area -- Phase 2 general development area.

CHAIRMAN GREEN: Or land use development.

MR. GEORGE: And that's broken out into repair --

MS. BARRERA: Repair.

MR. GORMAN: I don't mean to be facetious, but every time I hear the word "phase," I keep thinking of the Earth Tech litigation. That's almost a -- I'm just trying to be funny.

MS. BARRERA: We have to phase that out.

MR. GORMAN: Exactly.

MR. GEORGE: Yeah, we'll phase that out.

MR. GORMAN: Phase it out of there.

MR. WUELLNER: Repair and what? What's the other one?

CHAIRMAN GREEN: I think what Mr. Martinelli's saying --

MR. GEORGE: What he was talking, repair of the hangar facility --

CHAIRMAN GREEN: Repair and replacement, and land use development.

MR. GEORGE: Repair and replacement.

MS. BARRERA: And land use.

MR. GEORGE: And then the bulk of it, though, should be in --

CHAIRMAN GREEN: Land use.

MR. GEORGE: -- you know, new.

MS. BARRERA: Land use. To create.

MR. GEORGE: Yeah.

MR. MARTINELLI: Can I -- can I add something else?

CHAIRMAN GREEN: Yeah, sure.

MR. MARTINELLI: One of the objectives that you've really been working very hard at was getting off the tax rolls. And getting off the tax rolls has a -- is a two-sided thing. You have to spend money to make money, as you've said, Buzz. In other words, you have to build hangars in order to get revenue in order to get off the tax rolls.

And so, whatever you do in this -- I'll use the term land use program, it has to be consistent with your objective of getting off the tax rolls by a certain time.

So, it may be myopic. You may be biting off your nose to spite your face if you say, well,

here's two and a half million dollars and maybe we
can throw that back into the pot and reduce the
millage. But in the long run, is that going to
hurt you? So, weigh the two.

MR. GEORGE: Well, I don't think we're -- I
don't think that's what the consensus --

MR. MARTINELLI: I'm referring to Randy's --

MR. GEORGE: Oh, okay.

MR. MARTINELLI: -- Randy's thought.

MR. GORMAN: We've pretty much --

MR. BRUNSON: I'll comment on it.

MR. GORMAN: I'd just like to make one comment. We've pretty much written in stone when we're going to be off the tax rolls. So, we need to plan accordingly.

And if we can't afford -- you know, we need to repair those hangars. If we can't -- if we can just afford to repair them, then do so. If we can afford to repair them and update them, then so be it. But, I mean, where and when we get off the tax rolls is a matter of the minutes of a county commission meeting.

CHAIRMAN GREEN: And that's why we need to sit when we talk about the millage rate.

MR. MARTINELLI: Right.

MR. RIPPE: Question. Is there -- the risk, what's the risk of -- what's the risk of the ad valorem taxes not being $4 million? I mean, we have property values declining, and how certain are -- that's a revenue item, and I'm wondering how comfortable we are with that number.

MR. WUELLNER: It's actually pretty reliable because it's based on the tax -- it's a -- the tax base runs a year in arrears. So you're using last year's values for this year's budget. So it's -- it's pretty reliable. If you were forecasting what it would be next year, that would be --

MR. BRUNSON: That's a good question --

MR. WUELLNER: That's a great question.

MR. BRUNSON: -- because with the Amendment 1 and with the decrease in property values and people saying that their property values nonhomesteaded have gone up 60 percent, I don't think they'll come down that much, but they're going to come down dramatically.

MR. RIPPE: They are.

MR. BRUNSON: But we do get a forecast. But I think it's going to be lower than we think.

MR. WUELLNER: For next year.

MR. BRUNSON: Uh-huh.

MR. WUELLNER: Yeah, it's going to -- it will drop off again next year, no doubt in my mind, the total tax base will.

MR. GORMAN: And at that point, we can have the millage discussion.

CHAIRMAN GREEN: Right.

MR. WUELLNER: Again, yeah, absolutely.

MR. GORMAN: Still planning for that -- that time off.

CHAIRMAN GREEN: Okay, Ed. Go ahead.

MR. GEORGE: I want to make one other comment about what Mr. Martinelli said about our objective is to get off the tax rolls. Our primary objective is to take care of the aviation needs of St. Johns County. A more immediate direction is to do that and get off the tax rolls.

MR. MARTINELLI: Correct.

MR. GEORGE: But some of the investments we're talking about now, they've got to turn revenue so that we can do things that do pop up four years from now, five years from now and six years from now. That was my purpose of putting in some more development, take some of that money and put it into the development aspect and always not spend it.

CHAIRMAN GREEN: Right. It's just a line item.

MR. BRUNSON: And we might have to use the reserves to do it.

CHAIRMAN GREEN: Uh-huh.

MR. WUELLNER: What I did is plug in $2

million in future development projects and plugged in $500,000 in building repair and replacement. As you see it up there, it's now live on the screen there.

MR. BRUNSON: Okay.

MR. WUELLNER: Which leaves you a net out of balance right now of about 3,500 bucks that we would need to reduce some line item by $3,500, I think it is, $3,512 --

CHAIRMAN GREEN: But our reserves would show zero, then, is what you're saying.

MR. WUELLNER: -- to balance. No.

CHAIRMAN GREEN: That's under reserves.

MR. WUELLNER: What it will -- there'll be no unallocated revenue.

CHAIRMAN GREEN: That's fine.

MR. BRUNSON: I think you're a little aggressive on your $2 million, but --

MR. WUELLNER: You can plug it wherever you want.

MR. BRUNSON: Yeah.

MR. WUELLNER: You can talk about reducing it later. All I'm trying to do is get --

MR. GEORGE: If you don't spend it, it goes into the reserve for the next year to be spent after the project is identified, so...

MR. WUELLNER: What you've essentially done is just allocate the --

CHAIRMAN GREEN: The monies.

MR. WUELLNER: Call it surplus.

MR. BRUNSON: I would like to get the budget as near practical and -- and not foresee expenses and not foresee income that we don't have.

CHAIRMAN GREEN: I'd like to foresee expenses. I don't want to be hit by some surprise expenses.

MR. BRUNSON: Well, that's something -- you know, something you budget for.

MR. GORMAN: In other words, using --

CHAIRMAN GREEN: That's what I'm saying.

MR. GORMAN: -- using the entire 2 million as a plug-in or a placeholder for future development, Mr. Brunson, do you feel that's, you know, just a little bit cavalier; you might not need that much or --

MR. BRUNSON: You know what? Like he said, though, this is the first run at it --

MR. GORMAN: It's the first run, it is. But that's probably my point, we probably need to look at that a little more clearly.

MR. GEORGE: I would point out --

MR. BRUNSON: And I certainly agree that we need income-producing projects or we're going to just wither.

MR. GEORGE: The hangars we're building now are what, $2.8 million or something like that. So --

MR. WUELLNER: Uh-huh.

MR. GEORGE: -- you build two more corporate hangars on the other side, you build two more this, that and the other, you could eat into that $200,000 -- $2 million easily. But that keeps us focused and keeps the public focused that, hey, that's what we're trying to do, is to make the investments to bring in the revenue to stay out of your pocket.

MR. MARTINELLI: Exactly.

CHAIRMAN GREEN: Okay. Ed, let's move on.

MR. WUELLNER: I'm --

CHAIRMAN GREEN: Are we set with that?

MR. WUELLNER: You're now within $3,500 of balance. We'll certainly have other discussions moving forward.

CHAIRMAN GREEN: Oh, yeah. This is step one.

MR. BRUNSON: See what that does for you when you run your numbers.

MR. WUELLNER: It will be on the printer. She's going to run you some copies so you can take them with you with where that sits. And then be looking at it over the next 60 days, because by September, early September, we need to firm up exactly what we're doing.

MR. GEORGE: As a matter of fact --

MR. WUELLNER: Now, reminder, at your next meeting, you've got to set the TRIM level, which whatever number that is, whether you choose the rolled-back rate like you've done in the past -- now, the bad part is rolled-back rate is a -- I don't know if it's technically an increase. I don't think it is.

I think for advertising purposes, which is kind of a weird deal, is you could raise taxes and not advertise it as a tax increase in this particular year. I'm not suggesting that.

But if you -- if you choose that $4 million
number as your benchmark for setting your TRIM
notice or your not-to-exceed millage rate, which
is that 16 --

MR. GEORGE: 97.

MR. WUELLNER: -- .1697 as your not-to-exceed millage rate, that's what goes out on your TRIM notices. You can still pare that back. What you cannot do is increase it. And you're going to have to take action on that next Monday. You've got to set that, whatever that is. So, be thinking about it.

If you've got suggestions or things you want to tweak or you like a different number, be thinking about that for Monday, because you'll have to come to some number that we can communicate.

MR. GEORGE: Does anybody object to adding $3,500 to the expense side to cover plaques for all of the previous Airport Authority members?

MR. WUELLNER: Actually need to go $3,500 the other way.

CHAIRMAN GREEN: The other way. We need to have revenue of $3,500. If you want to donate --

MR. GEORGE: Well, then find revenue for $7-.

MR. WUELLNER: Find $7,000.

MR. BRUNSON: Until -- when we get off the tax roll, I'll put your name on the plaque.

MR. WUELLNER: So, that's -- that's pretty much it. She's going to run you some copies here and you'll have that to take home with you.

$3,518 is the difference currently.

CHAIRMAN GREEN: Okay. Is there anything else on the budget for now --

MR. WUELLNER: No, ma'am.

CHAIRMAN GREEN: -- address one?

MR. WUELLNER: TRIM -- TRIM next week and we'll keep talking about it through September.

CHAIRMAN GREEN: Okay. We need to go through the compensation packages as a workshop, just discuss this.

MR. BRUNSON: Could we take a two-minute break?

CHAIRMAN GREEN: Five minutes, that's it, because we need to get moving.

(Recess had.)

EXECUTIVE DIRECTOR'S CONTRACT DISCUSSION

CHAIRMAN GREEN: Let's call back to order the workshop. We have another item to discuss, which is the executive director, Ed's, compensation package. It's just a workshop, so we can have some comments back and forth.

You'll see in front of you, there's been some comparisons which everybody has asked for and they've been compiled. I know there have been some proposed contracts, and I've reviewed a couple and changed and line item, and Doug's been very nice in making all those changes. But for purposes of today, it's open for discussion.

So, I'm open to board discussion. I'm not sure there's anything for you to present. This is mostly for workshop for us to discuss. So, Jack, you want to start?

MR. GORMAN: You really want me to start?

CHAIRMAN GREEN: Yeah, do. Get it -- let's get it.

MR. GORMAN: I think Mr. Wuellner does a great job. I -- I have -- tongue in cheek, I know that these comparisons were done by our attorney, I believe --

MR. WUELLNER: Yes.

MR. GORMAN: -- who is not here now.

CHAIRMAN GREEN: Yeah.

MR. GORMAN: And tongue in cheek, I think that he needs a raise, but I would like to defer a large raise for him until we get off the tax rolls, in which case when we are actually off the tax rolls and he is actually operating on money that this place is operating -- is generating and operating as a business, then I would fully expect to grant him a large salary increase.

CHAIRMAN GREEN: On the --

MR. GORMAN: Until that point, I would like to, myself, feel that a moderate, you know, cost of living is --

CHAIRMAN GREEN: Yeah. Picking your brain, knowing these airports, you know them better than I, are any of these that were used as comparison on any type of tax rolls?

MR. GORMAN: Do you want that data right off the top of my head?

CHAIRMAN GREEN: No. I'm just saying, do you know? Is Palm Beach or General Mitchell or Bradley or Louisville or JIA -- I know JIA's not. Naples, whatever. Are any of them that you know of?

MR. GORMAN: Off the tax rolls?

CHAIRMAN GREEN: On, on. Taking ad valorem taxes.

MR. GORMAN: Well, you put me on the spot and

I don't know.

CHAIRMAN GREEN: I don't know. If you don't know, I don't know either.

MR. GORMAN: I'm not going to answer that until I have that data. I mean, it's a good -- it's a damn good question.

CHAIRMAN GREEN: I don't know, either. That's why I'm asking. Maybe Doug knows. I don't know. Yeah, George?

MR. GEORGE: Of what significance is whether the airport is on the tax rolls does that have to the job that the executive director is doing?

CHAIRMAN GREEN: Just answering what Jack said.

MR. GEORGE: Okay. I'm sorry. All right. Okay.

MR. GORMAN: I just think it's a benchmark.

MR. GEORGE: Well, I think it's a nice question, but I don't see that it has any --

MR. BRUNSON: I think it is a -- it does -- it is relative to me.

MR. GORMAN: It would be -- it would be something to know, because it's certainly a benchmark and it's certainly something that I would -- if we get off the tax rolls, I would feel

then that we are in a profit, we're not a load to
the taxpayers and we could be very generous with
Mr. Wuellner.

MR. WUELLNER: As a rule of thumb, if -- for
the most part, GA airports are on the tax rolls.
Your commercial service airports, for the most

part, are typically off the tax rolls and self-supporting, for lack of better terms. Primarily because -- won't get into that, but --

CHAIRMAN GREEN: Well, therefore then, Palm Beach is going to be commercial. I don't know General Mitchell. But that's why I'm saying, you guys would know more than I. Just in general. It's not a major question. I just wanted --

MR. GORMAN: Well, it's valid.

CHAIRMAN GREEN: All right. I know --

MR. GEORGE: When you said about, you would see -- could support an increase of something, did you quantify that?

MR. GORMAN: Cost of living and then whatever percentage this board feels was a -- I would feel moderate, but a cost of living plus whatever increase you feel.

Remember, we've had some success and we've had some failure. And as an executive, I think --

and he certainly knows what he's doing, Ed Wuellner does. There's no doubt about that.

MR. GEORGE: Yeah.

MR. GORMAN: I mean, he's well-versed in this business. However, in the real world of -- of business, you're rewarded on monetary success.

And I don't mean to harp on -- we all voted, for instance, for Skybus and we all -- it worked really well until it fell apart. So, on the -- but in that light, you know, we also spent quite a bit of money on Skybus, and my own opinion, a little more than we had to.

So, the whole thing boils down to, he deserves a cost of living increase and whatever percentage you feel, I feel quite moderate until we get off those rolls. It's as simple as that. I can't throw a figure out. I want someone else to throw a figure out.

CHAIRMAN GREEN: Well, right now, we're just discussing. I think some of these other things that are on here showing -- I mean, I was interested in seeing the car allowance, which ranges all over the board. I mean, the state use of a car did nothing to -- I mean, ours, which I frankly think is a little high. I think our salary's a little low, but --

MS. BARRERA: Agreed.

CHAIRMAN GREEN: -- you know, I think the car allowance is a little high.

MS. BARRERA: Agreed.

MR. GORMAN: I don't mean to interrupt

again --

CHAIRMAN GREEN: That's fine.

MR. GORMAN: -- but we've got to -- we've got to come up with what this house is worth to Mr. Wuellner. And that is directly, to me, part of the salary. So you've got to be able to think about that. Is the house worth $1,800 a month times 12? Then plug that into what he's being paid now. I'm thinking of those terms.

MS. BARRERA: But we're not interested in going and paying an appraiser to give us that money, are we --

CHAIRMAN GREEN: Oh, no, no.

MR. GORMAN: No, no. We just --

MS. BARRERA: I just want to clarify that.

MR. GORMAN: I would just use common sense, to be honest with you.

MS. BARRERA: All right.

MR. GORMAN: Let's use common sense.

CHAIRMAN GREEN: Come on. Come on, Buzz.

MR. GEORGE: You want me next?

CHAIRMAN GREEN: Okay. Yeah. Go ahead.

MR. GEORGE: I understand that the objective of getting off the tax rolls is going to be the results of not only the effort that we've all spent and Mr. Wuellner has spent over the last year, but also the effort, you know, before that and the effort before that and the effort before that.

I believe that a person should be paid for performance, and I think that his performance over the last year has been -- exceeds what his contemporaries have done. And I think that as long as I see numbers that shows that he is, in my opinion, significantly below his contemporaries, I think that that -- rather than waiting for that one quantum step, you know, when we get off the tax rolls, I think it ought to be a gradual thing to get him back up there, you know, with his contemporaries. So therefore, I would support a higher than just CPI plus.

MR. GORMAN: I understand. Remember, I would like to see this republished with some kind of a -- of a real -- you know, real net compensation

without car allowance and all that. I'm not going
to count that.

CHAIRMAN GREEN: Well, car allowance is
in-kind income, there's no question. Just like
your house. Oh, yeah, it is. Ask Judge
Alexander. I'll tell you right now.

MR. GORMAN: You may publish it as such, but I mean, as much as a car costs, you know, he's not really spending. I'm just -- I'm only concerned with the blasted house and just running that into the equation --

CHAIRMAN GREEN: Well, I understand, but --

MR. GORMAN: -- and then going from there onto comparisons on the top of the page.

CHAIRMAN GREEN: I understand, but you want to make a fair comparison because a car is needed and the house -- you know. So let's put all of the numbers in there. That's fine.

Does anyone have any comment on -- because I looked at some of these health insurances. You know, that's a big expense for us.

MR. GORMAN: It's huge.

CHAIRMAN GREEN: Yeah.

MR. GORMAN: And I don't think -- they actually shop it rather well and put it out for

bid, and it's just that high. I'm actually
convinced it's just that high. I hate to say
that, but it's true.

MR. GEORGE: Yeah.

CHAIRMAN GREEN: And it's all over the board.
Sometimes the -- the airport pays a hundred

percent. Sometimes their contribution's like most corporations these years or these days. But anyway, that's just something to think about. That's in there, too. Randy?

MR. BRUNSON: Boy, this is -- Ed Wuellner to me is probably the most knowledgeable person in aviation I've ever met running an airport, and he's worth every dime that he's paid, and -- as all the other employees are.

But I'll have to -- I would like to see, until we get off the tax rolls, and I hate to use that as a benchmark, but I think hopefully in two years when we're off the tax rolls, that the board will come up with some compensation plan of bonuses and return on -- on what the airport's doing.

And I look at the Gainesville and he's the acting executive, and I don't know whatever -- his other compensations are, but I certainly would be

in favor of a modest pay raise. Maybe --
everybody needs a cost of living at least, and I
would be in favor of a moderate pay raise.

CHAIRMAN GREEN: Doug --

MR. BRUNSON: And I think his home and his
travel and his -- are in line, health insurance.

I have no qualms with that.

I just know that the taxpayers of this county overwhelmingly are looking at -- for us to get off the tax rolls, and I don't think that a large pay increase is -- and not -- not based on what other government officials are doing and not using that as a guideline, but the state is cutting back and I think we're going to have to do -- and not -- not give big pay raises.

CHAIRMAN GREEN: Vic?

MR. MARTINELLI: The accounting for the airport is an enterprise fund accounting, and enterprise funds are set up that way or are called enterprise funds because they're expected to earn their way.

Now, if you look around the county and you look at the golf course, the county golf course, which an enterprise fund; you look at the convention center, which is an enterprise fund;

look at the amphitheatre, every one of those has
performed miserably and is still on the tax rolls
with no prospects of getting off the tax rolls.

The performance of the Airport Authority in
that regard is really very singular. And you have
to look back at the progression. A lot of the

credit, of course, belongs to the board because you've set this as your goal. You've set that policy. But then you've left that policy to the executive director to execute and to make happen. And he's making it happen.

And I think to look at it and say, well, when it happens, we'll reward him, when all the years prior to that point in time, with all the effort that's gone into it, all of the creativity and all the knowledge and not reward that would not be proper. That's thought number one.

Thought number two, if you want to look at his total compensation package and you look at the automobile and you look at the house and you look at the salary, then if you take a percentage, a cost of living percentage on that total, rather than just on the salary portion, the 3 percent is a much higher dollar figure, okay?

And if you take a reward, merit reward figure percentage, again, based upon that total, rather than just on the salary portion, again, it's a higher dollar figure.

So, if you're going to look at the total package, look at it that way, look at the percentage of the total, rather than just of the salary, and -- and work it that way.

And also, again, the thought of rewarding for the progress that has been made over the last several years and the effort that's gone into it and the success that you had with it. I think that should be part of the equation.

MR. BRUNSON: Madam Chairman?

CHAIRMAN GREEN: Yes.

MR. BRUNSON: I agree with a lot he said. And we're fortunate that the Airport Authority is the only taxing authority that has the capability of being off the tax roll, unlike the amphitheatre and unlike the parks and the golf courses and so forth.

And most people, all their life in business is rewarded for what they do. And I would like to reward Mr. Wuellner for what he does. But I would not like to -- to use the taxpayers' money to do that. We're an enterprise here that can make money and I want to reward him, but I want to reward him modestly until we have our goal set.

And I -- and -- and I think Mr. Wuellner, without -- he won't comment, but in his heart, he -- he's trying as hard as anybody I know. His expenses the last year were -- he self-imposed a

10 percent reduction. I know what he does. But I -- but there's two sides to the coin and I just know how I feel about the compensation package.

CHAIRMAN GREEN: Kelly?

MS. BARRERA: I think we ought to look at the car allowance. I agree, I think that's high. I'm interested in seeing the work that you did, Buzz, about a year and a half ago on salary surveys. I'm interested in looking at that.

CHAIRMAN GREEN: I'm saying it's high as compared to other car allowances --

MS. BARRERA: Right.

CHAIRMAN GREEN: -- but if you look at the whole package because, I mean, that's a nice benefit that's nontaxable. So, I mean, you just have to look at the whole package --

MS. BARRERA: Right.

CHAIRMAN GREEN: -- is what I'm saying.

MS. BARRERA: And I agree with you. I'm

looking at it and I'm seeing there might be the opportunity to reduce that and maybe put that money as nontaxable into another area. Possibly life insurance. Move it. But we'll have to look at that as we go forward.

I'm interested in seeing more -- more data on the information that you've collected. But obviously, his performance evaluation has been strong since I've been around the Airport Authority. I think he's held in high regard and that has to be taken into consideration.

CHAIRMAN GREEN: Okay. I'm sorry, Buzz.

MR. GEORGE: Let me make a point what Vic was saying about the golf course manager, which I think the golf course manager does have the ability to get off the tax rolls. But the golf course manager, a miserable performance. And the World Golf Village conference center, a miserable performance. And I'll bet you those guys got moderate raises. Are we going to group our executive director in the same classification as them?

At IBM, we had a -- a salary review plan that went to appraisals. And basically, if you are a level executive director, okay, of an airport similar in size to St. Augustine, if your performance was two notches above meets requirement, then that was a category that said if you are minus two, depending on where you are, you get paid this. But if you're a minus three, in other words you were actually being paid one below everybody, then there's a larger percentage.

And all I'm saying is, let's don't categorize him in with the meets-performance guys. He does -- far exceeds the meets performance, and we need to give him something in my opinion more than that to -- to help compensate him for what he's already done. Sorry.

CHAIRMAN GREEN: That's okay. What do you think about -- and I'm not sure I like this or not; I'm just throwing it out there. Under Sarasota-Manatee, and I'm not sure I like it or not, but they do a percentage per new airline. Is that some incentive they were trying to do, Doug, out there?

MR. BURNETT: Yes. And let me comment, too, by the way, on the spreadsheet, because although I've taken and added information to them, this is something that came from Naples, and it's part of a source that Mr. George quoted to in his study that he gave a year and a half ago or so when you had your spreadsheet.

MR. GEORGE: Yeah.

MR. BURNETT: It was -- again, your spreadsheet took this and went much farther. But this is --

MR. GEORGE: But I notice that you have some of the same, you know, groups on it that was on mine.

(Mr. Wuellner leaves the room.)

MR. BURNETT: Exactly.

MR. GEORGE: We have a continuous record of those since 2004.

MR. BURNETT: Yeah. And these two spreadsheets, actually were done by Naples in -- in the May time frame, May of this year. And then I've just added to them. So, for what that's worth.

And -- and one other comment that I wanted to make very quickly related to it is I did take Ed's contract and add in some explanations as to why these things are there because, in a vacuum, when you read his contract, you don't understand, for example, why the executive director has a house.

MR. GEORGE: Right.

MR. BURNETT: We want the executive -- it's
my understanding the Authority wants the executive
director to live at or very near the property so
he's readily accessible whenever an emergency
comes up or anything else at the airport. And so
I've added language related to that.

I've added language related to why we reimburse costs and those types of travel expenses and why we pay for memberships and the like, because those are benefits back to the airport. So, those sorts of things, our executive winds up being an ambassador for the airport a lot of times.

CHAIRMAN GREEN: And we're lucky because we have the property, we have the residential house. I mean, it's there. It's not like we're going out and having to buy one.

MR. GEORGE: Well, Sarasota-Bradenton went out and bought one, $425,000 pool home they bought so that the executive director could spend more time around the airport as a bonus to his travel back and forth to St. Pete.

CHAIRMAN GREEN: Uh-huh.

MR. GORMAN: Let me make a comment on that. Right now, we have just -- just a base comment just for discussion. Base salary, $113,8-. That is without car, that's without anything. Let's say his house --

(Mr. Wuellner enters the room.)

MR. GORMAN: -- let's say for discussion purposes without laboring over it, is worth $1,800 a month. I can't imagine you're going to get much of a house for less than that.

CHAIRMAN GREEN: No, no. It's not what it's worth. What can we rent it for?

MR. GORMAN: Well, okay then, we can discuss it like that. But let's say then that -- so the house is worth $21- a year. So that comes out to a real actual salary. Because the house has to be of his salary. It's $135,6- he's making now. That's without car and everything else.

And just, you know, leave it now -- if somebody says, oh, no, it's not $18-, it's $15-. Well then, you can tell me that and then I'll redo it. But, I mean, that's what I'd just like this board to think in terms of and then go from there.

MR. GEORGE: I've never seen the inside of the house. I don't know if you have.

MR. GORMAN: Well, I don't want to labor over it. I mean, I'm just trying to think of what it

would cost for a good house and good grounds
and --
    MR. GEORGE: Well, in today's economic
environment with real estate not selling and
rental property just going down the tubes --
    CHAIRMAN GREEN: And people wanting to rent

next to an airport.

MR. GEORGE: Yeah. I'd say, you know, a thousand bucks a month, not $1,800.

MR. GORMAN: So you -- I'm saying $18- and you're saying it's only a thousand.

MR. GEORGE: Yeah.

MR. GORMAN: Okay. That's for discussion purposes.

MR. GEORGE: Yeah.

CHAIRMAN GREEN: Doug? Doug, in the Sarasota-Manatee airport salary, that's just the salary, right? When you say base salary, that has nothing to do with the house or anything else, right?

MR. BURNETT: That's true. In the Sarasota-Manatee, it's actually beyond that, because the house was not -- it was a $425,000 house, but they then spent $75,000 --

CHAIRMAN GREEN: Renovating --

MR. BURNETT: -- renovating it.

MR. GEORGE: That's true.

MR. BURNETT: It is a $500,000 house. And --

MR. BRUNSON: How many airlines do they have; do you know?

MR. BURNETT: I -- they've got commercial service.

MR. BRUNSON: Sarasota, how many airlines?

MR. WUELLNER: I honestly don't know.

MR. BURNETT: I'm not sure of the number, but they do have commercial service. One thing, and just for what it's worth and so that we've got an idea, a gauge on the value of the house because y'all have been talking about that, it's my understanding that the -- that the highest rental value that we've ever obtained from one of the rental homes that we have, back when we had 70 of them, was about $1,200 a month. Most of them, we see under a thousand.

CHAIRMAN GREEN: Uh-huh.

MS. BARRERA: So a thousand would be a good benchmark.

MR. BURNETT: In the $1,200 a month number --

MR. GORMAN: I don't agree, considering where the house is and what the house is. I mean, I'm just going to say I don't agree.

MR. BURNETT: Well -- and I think the $1,200 a month house -- and again, I'm doing this, you know, without full knowledge, but I think the $1,200 a month house was larger and nicer than the one Mr. Wuellner currently has.

MR. GORMAN: Is that true, Ed? We can ask you that.

MR. BURNETT: I'm getting that from Ms. Hollingsworth as well.

MR. GORMAN: We can ask Cindy, if she's more --

MR. WUELLNER: The 1,200 is larger. But the total house is only, including garage is 2,000 square feet. It's -- you know, it's not a palace.

MR. GORMAN: What do you think it's worth, Ed? You're honest.

MR. WUELLNER: I'm guessing $12-, $1400 a month, or I would think the rental value is.

MR. GORMAN: Okay. We'll go to -- go to $12-.

MR. BRUNSON: You might be a little high.

CHAIRMAN GREEN: Yeah, I think you are.

MR. WUELLNER: I might be, but I think, you know, when you --

MS. BARRERA: You can't include garages whenever you're doing --

CHAIRMAN GREEN: Square footage.

MS. BARRERA: That takes off some right there.

CHAIRMAN GREEN: Anyway, I just want to make sure we're looking at those numbers. Commercial service is an issue --

MS. BARRERA: That's a thousand, $1200 --

MR. GORMAN: Well, I was saying $18-, so it's --

MS. BARRERA: Well --

CHAIRMAN GREEN: Well, I'm a firm believer, all the work that's been done, I mean, you can see it in our budget numbers. When we had the overtime that paid staff, I'm not complaining about it whatsoever, absolutely, but look at the effort that's gone into this airport just this past year.

There was no whining, no complaining, no nothing. It was just done, effort was done and look what we've accomplished. So, there's no question we have to compensate and make it at least competitive with --

MR. GEORGE: Yeah.

CHAIRMAN GREEN: And I'm not even saying meets, you know. But there's no question. Whether we do it in-kind, which is actually sometimes better because you don't pay taxes on it, but --

MR. GEORGE: Madam Chairman, there was an article in one of the newspapers I heard over the radio the other day, they were talking about the Delta's now charging another 25 bucks for fuel, for frequent flier and $50 overseas, and United's charging for bags and this, that and the other.

And they were saying that with the crunch that the airlines are going through, that a lot of the airlines that go into small places are going to be closed. And they are estimating that over 100 cities in the United States that presently has commercial service of some sort is going to be closed in the next six months. And that's not something that he did. Or did you?

MR. WUELLNER: I tried. I tried to get their airlines for us.

MR. GEORGE: But to tie an increase based on whether somebody has, you know, commercial service or not --

CHAIRMAN GREEN: No, that's why I just asked.

I don't think that --

MR. GEORGE: Okay.

MS. BARRERA: But when we did his performance evaluation, didn't we take in the work that had been done on that and make a raise recommendation on that?

CHAIRMAN GREEN: We didn't make a raise recommendation. I know --

MS. BARRERA: I thought we did an increase, a percentage.

CHAIRMAN GREEN: We did -- we talked about performance and the percentages and what have you.

MS. BARRERA: I think what we have to look at is this will probably be a five-year contract. And what's going to be competitive in that duration of time --

CHAIRMAN GREEN: But we also --

MS. BARRERA: -- and then how we want to compensate for performance above that. Whether that performance -- one year, you may have, you know, awesome performance. The next year, it may only be mediocre. So how we want to compensate for performance needs to be an arm of the contract --

MR. GEORGE: Uh-huh. Yeah.

MS. BARRERA: -- is what I'm thinking.

CHAIRMAN GREEN: You mean a bonus schedule, or do you want to --

MS. BARRERA: Or a merit or however -- you know, this is -- and one of the things I think Doug wrote into the contract that I like is, you know, come up with, okay, this is the CPI increase, this is whatever. And then the board has the discretion, whoever that board at that time is, to go above, based on the performance appraisal.

CHAIRMAN GREEN: Well, that goes back to what Jack was saying. You know, the closer we get to our revenues increasing, which ultimately means off the tax rolls, could be a performance indicator as well.

MS. BARRERA: Right. Right.

MR. GEORGE: It's like what we have under Bradley, a lump sum over position/rate maximum is possible in accordance with performance and a recognition if the funds are available. So we could easily put something in there that, you know, off the tax rolls, you have the possibility and if the funds are available, of getting some sort of --

MR. GORMAN: When we're off the tax rolls, the rules change as far as my attitude towards compensation --

CHAIRMAN GREEN: Vic? I'm sorry.

MR. GORMAN: -- because it's going to be performance based and you could then get generous because you're not on a tax roll basis.

CHAIRMAN GREEN: Vic?

MR. MARTINELLI: A suggestion. Nothing stops you from paying a bonus.

CHAIRMAN GREEN: That's what I was going to say. It's a merit or bonus, what Kelly was --

MR. MARTINELLI: And so, I mean, you can simply leave that part of the contract open and say bonuses where warranted or where earned or merited, and then the current board at that time can vote a bonus. So that the increase, Kelly, doesn't have to be a part of --

MS. BARRERA: Contract.

MR. MARTINELLI: -- the written contract.

CHAIRMAN GREEN: That's what I'm saying. It could be bonus is upon or merit is upon whatever the board warrants at the time to be considered increase in revenues, something other production, whatever.

It doesn't have to be off the tax rolls, I'm saying, either. I mean, let's say next year our expenses are extremely cut and our revenues go up because Ed finds more grants, we've got things done early and what have you, where revenues come in. I think that's warranted. You don't have to be off the tax rolls for that. But again, that goes to the performance bonus.

MR. BRUNSON: Refresh my memory, Doug. This contract that I -- do we -- does the board review that every --

MR. BURNETT: Sure. I've got extras. I've handed them out before. I'll be happy to give you another copy.

CHAIRMAN GREEN: Yeah, he's given them to us.

MR. BRUNSON: And I love the bonuses and the -- because things could change so quickly if we had -- the airline industry got better and we get an airline in here that we could be making money. But what I see, the airline industry is -- as Buzz said, it's not very good.

MR. GEORGE: No. Right.

CHAIRMAN GREEN: Well, this is a workshop. So I'm wanting to hear from people. I mean, I think that Kelly said you wanted to see something else. Joe, that's fine. I just want to hear what people want to have more information for because we need to make a decision on this.

MR. LOPINTO: Just some observations from around the country. And in trying to -- in the last three years, knowing that when I moved down here, to try to look at similar airports, ones that I had been familiar with over the many years and new ones that I had to go in and see.

With respect to Sarasota, it a diminishing airline there. JetBlue is pulling out. Continental has pulled out. Delta's pulling out. You're going to see that all throughout the United States, and quite possibly some -- whatever my crystal ball says, but quite possibly you'll see at least one, maybe two major carriers go bankrupt and some of them never return. So, airline industry is in a complete state of flux going forward.

But in doing compensation salary performance, and in my previous positions, I've always looked at what has been the challenges for the individual going forward. As a -- as a manager, I could always set forward goals for somebody to take on for that year, but what were the unexpected

challenges? What were the new challenges that had
to be brought to -- to bear going forward? So, I
think that has to play in your decisions.
    Yes, it's always nice to have bonuses and
performances, if you can measure it, you can
manage it and you can pay for it. But in this

business, some of that is uncontrollable. Yes, you do have budget line items and you can go back and forth on that. But at the end of the day, who is running the airport? The executive director and the staff.

Yes, it's through the Authority and the board members that are giving that direction, but what happens at year 2010 and you don't come off the tax roll? Who are you going to hang, Ed or the board?

CHAIRMAN GREEN: The board.

MR. GEORGE: Randy. He won't be here.

MR. LOPINTO: He won't be here. Or can I say it, me and Herb?

MR. GEORGE: That's right.

MR. LOPINTO: But my point is, is that he and the staff are acting at your direction, and I guess the question is, is he performing to that direction? That would be a question I would be asking myself. Is he meeting that?

MR. GEORGE: Let's assume that he is --

MR. LOPINTO: Okay.

MR. GEORGE: -- meeting our direction and doing it in an outstanding manner --

CHAIRMAN GREEN: Above and beyond, even,

right.

MR. LOPINTO: Then I would give him whatever that maximum, as you used the term, outstanding above and beyond.

If you hadn't talked about a component at year one back six years ago and said, you have to be off in 2010 and you didn't put in as part of the deal you're going to get something for that, to now come in and change the rules of the game, I don't think that's fair. Now, I don't know whether I can say that or not.

MR. BRUNSON: We're the board and we can change the rules.

MR. LOPINTO: Okay. But I think you understand what I'm saying. But I look at different airports. I've heard Bradley mentioned and Milwaukee mentioned, I think when you said Mitchell field. I look at -- I don't know if Morristown airport --

CHAIRMAN GREEN: It was on.

MR. LOPINTO: Morristown, New Jersey is a very similar style airport. But you also have to look at where the growth is at St. Augustine Airport as compared to these other airports.

St. Augustine Airport's a sleepy little

airport as compared to some of these others that are out there in the country. May be a few years behind in that growth curve. It will be found and it will be found by the corporates over the -- hopefully over the next few years. But my two cents.

MR. BRUNSON: You know, those are good comments. One ray of light for the St. Augustine Airport I believe is the 450th anniversary. And I think that's a plus for us to go forward, trying to get some of these airlines that possibly would not come. But there's people going to be coming here, and I think we should be prepared to accept them and try to have an air -- but my question was, Madam Chairman --

CHAIRMAN GREEN: Yes.

MR. BRUNSON: -- is there a time limit on this decision that has to be made to the percentage?

CHAIRMAN GREEN: Yeah. We need to do it. I mean, the -- what the contract was up, what --

MR. BURNETT: July 1st.

CHAIRMAN GREEN: Yeah, it was up last week.

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

CHAIRMAN GREEN: Yeah.

MR. BRUNSON: So this was -- we don't have to wait till the board meeting -- do we have to wait till the board meeting to --

CHAIRMAN GREEN: Yeah, we're not making votes tonight. It's just a workshop.

MR. BRUNSON: Okay.

CHAIRMAN GREEN: This whole workshop was everybody just bouncing ideas off.

MR. BRUNSON: So somebody will have a -- a motion at the board meeting. So, if we're going to discuss anything, it needs to be done now and that moves very quickly at the board meeting.

CHAIRMAN GREEN: Well, and that's -- well, it was on the agenda before and people still wanted a workshop, which is why we're here.

MR. BRUNSON: Right.

CHAIRMAN GREEN: But this information should help you with some other ideas or if you want to do some of your own research.

And for whatever my one cent may be, maybe not two cents, but very similar to what Joe was saying and what I was trying to say before, with what was hit with our airport this past year as far as what hurdles had to be come -- had to come over with regards to Skybus and everything, Ed and the staff did above and beyond the call of duty.

There were nights. There were weekends. Sacrifices, everything. And there is no -- in my mind, there has to be some significant compensation for that, to come up to stuff with performance like Joe was saying. If we want to work with the bonus situation, that's fine, too. But that just shows the performance that he gave and staff gave.

So, whatever number that is, for my one cent, I'm just saying that's what I'd like the board to just consider. Look at what -- what they had when they came to the level they rose above and beyond it.

MR. BRUNSON: And --

MS. BARRERA: I'd like to speak.

CHAIRMAN GREEN: Go ahead.

MS. BARRERA: I think what I'm hearing, which concerns me, is that we're talking about two

different things. We're talking about a five-year
contract --

CHAIRMAN GREEN: But it's reviewable every
year.

MS. BARRERA: -- based on performance,
correct?

MR. BURNETT: That --
CHAIRMAN GREEN: That's a component of it. It's not -- go ahead, Doug.
MS. BARRERA: My understanding is that we're looking at a compensation contract, an employment agreement, a compensation contract. Okay. And then what I looked at in that employment agreement has an element, an arm that addresses performance, in addition to the compensation contract.
CHAIRMAN GREEN: There's a base salary, yes.
MS. BARRERA: So what we're talking about is -- because we keep talking about performance. And to me, we're looking at the contract first. What is the base? And then the performance is an extension --
CHAIRMAN GREEN: Right.
MS. BARRERA: -- of that. So what Ed does last year, what he does next year on a performance needs to be separate to bringing his base salary

up to par with his counterparts.

CHAIRMAN GREEN: But when you look at the other comparative packages, they have a base salary and then on top of it are your bonuses. Some do, some don't.

MS. BARRERA: But bonuses don't always

necessarily -- you can give somebody a lump-sum bonus or you can give them a performance increase.

CHAIRMAN GREEN: Well, and I think we're talking about basing it on performance.

MR. GEORGE: I thought we were looking at establishing a base --

CHAIRMAN GREEN: Correct.

MR. GEORGE: -- for this contract --

MS. BARRERA: Right.

MR. GEORGE: -- and while we're doing the contract, put a provision for next year and the next year and the next year that --

MS. BARRERA: That allows an extra.

MR. GEORGE: -- based on your performance, that allows us to give you something extra --

MS. BARRERA: Okay. I want to make sure. That's --

MR. GEORGE: -- a lump sum or something.

MS. BARRERA: -- what I -- but when I'm

hearing comments from other people, I think those lines are getting confused. And I want to make sure that we're looking at it as a contract that gives a provision to reward for performance versus performance dictating the contract.

MR. GEORGE: Well, I think --

MS. BARRERA: Because what you're sitting -- what you're talking about going forward --

MR. BURNETT: Mr. Brunson, your cell phone is close to the mic, I think. I might be wrong.

MR. BRUNSON: No.

MS. BARRERA: When you look at it going forward and the base is the base is the base. You can't guarantee the performance, the performance, the performance.

CHAIRMAN GREEN: Right, but I think we're talking about is the base adequate right now.

MS. BARRERA: And then -- right.

CHAIRMAN GREEN: And I'm saying please take into consideration what the base has been and what the job description was. Job description is not the same anymore.

MS. BARRERA: Right. Correct.

CHAIRMAN GREEN: So we need to reconsider the base.

MS. BARRERA: And the job description is a great way of reanalyzing it.

CHAIRMAN GREEN: And then performance, bonus, merit, whatever you call it, you're right, different component, I hear that from Joe. I mean, I think that's what I'm hearing from everybody.

I'm just asking the board, for my one cent, like I said, is to consider the base from based upon what the job description, which when I came here eight years ago, granted we've given increases, the job description's much more diverse now. And I think the base salary has to consider that.

MR. GEORGE: As does his peers' salary seem to represent that now.

MR. BRUNSON: And we all agree with that. It's just the --

MR. GEORGE: Well then, good, let's go with the $128-.

MR. BRUNSON: -- amount. Pardon?

MR. GEORGE: I'm sorry.

MR. BURNETT: If I could --

CHAIRMAN GREEN: Doug, yeah.

MR. BURNETT: -- make two comments. One

thing is, as I've observed over the last several
times of how the Authority has gone about
evaluating Ed every year, you didn't have a
mechanism really in the prior -- the previous
contract.

And you're right on, Ms. Barrera, that now there is this mechanism to somewhat spell out how we're going to go about evaluating Mr. Wuellner every year, and that is if he does average and the Airport Authority is satisfied with him, then it would be a CPI. But then you have the ability to go beyond that if there's outstanding performance. And of course if there's unsatisfactory performance, you can knock him back down to the base or what the prior established base was.

The one other thing I would say is, and I know you all realize this, but just to reiterate, the thing that's different about this time is we're back to having to negotiate a contract, rather than just an annual evaluation.

CHAIRMAN GREEN: Right.

MR. BURNETT: So...

CHAIRMAN GREEN: And that's why I don't know if people had time to read the contract when Doug sent it out to everybody; but, I mean, there's

some good provisions in there which set the
parameters, which we may have been missing ten
years ago, whenever it was first done. Yeah. I'm
sorry.

MR. GORMAN: How did you receive the contract
to read it?

MR. GEORGE: I got it by e-mail --

CHAIRMAN GREEN: E-mail.

MR. GEORGE: -- as a pdf file.

MR. GORMAN: Did you --

MR. GEORGE: Before the last meeting.

MR. BURNETT: I also handed them out at the last meeting.

MR. GORMAN: I got the handout.

MR. BRUNSON: He asked you to call him.

MR. GORMAN: I got the handout.

MR. RIPPE: I have just a couple of comments.

As you're working through this contract and you're trying to develop a framework for the next five years for compensation, I come from a background where, you know, my total compensation used to be -- have two pieces: A fixed and a variable.

And the variable piece was a number that if I did average, I got it. I got a hundred percent of the variable piece, right? If I did less than that, I got less. And if I got -- I guess my point is, if we had just a few key metrics --

CHAIRMAN GREEN: Uh-huh.

MR. RIPPE: -- right, that we could quantify, that we could use on a year-in year-out basis and set goals, quantifiable, measure them and reward for them -- I mean, I think this was probably a heck of a year for the airport, and I agree with your point, Suzanne, but --

CHAIRMAN GREEN: Well, kind of what I'm saying, too, is it doesn't have to be that we're off the tax rolls. Let's say we increase revenues and decrease expenditures because certain capital projects come on line. I mean, that's all the positive growth. That may be one metric.

MR. RIPPE: Right. Profitability --

CHAIRMAN GREEN: Yeah, profitability.

MR. RIPPE: -- revenue, right, controlling expenses and, you know, you can set up systems where every year, you sit down, the board sits down with Ed and they say, okay, Ed, what are the five things that we want to accomplish next year? And you know, you set those goals and you set the measurement for those goals at the beginning of the year, right? And at the end of the year, you know, that's a component of the variable piece, you're sitting there going, did that, okay. You know, didn't do that.

And -- and it's not that complicated to set those metrics and make them measurable and -- and then when Ed looks at his compensation, he ought to go, hey, I got this for a base salary and if I perform according to plan, you know, I got another 20 percent for bonus, and he can look at that. I mean, he may not get all 20 percent, but he might get more.

MR. MARTINELLI: Can I ask a question?

CHAIRMAN GREEN: Yeah.

MR. MARTINELLI: Your performance evaluation, doesn't it do that?

CHAIRMAN GREEN: It does. It gives a percentage of -- in different areas of what the board rates, so there is -- and I -- I gave a whole compensation of all that. I added them all up and did percentages in each area. So that's there.

But I agree what you're saying is in our contract, it could say -- however you want to word it for the merit portion of it, not the base salary, the merit portion of it, that what should be -- should be looked at is profitability, increase in revenue, whatever, for example. Not specific -- not just limited to that.

Because remember, unlike you and I as an individual, we may -- I don't work for a corporation, but if you did, it's you and your performance.

Ed can perform all he wants. We've got a great board. Let's say he doesn't have a good board and he's trying really hard to perform and the board inhibits that. So, the board should look at a lot of different things.

But you're right, I think we should have some parameters in here. I think the words you were using about profitability and everything else are key. Davis and Monk can help us with that when we get our accounting stuff back. But that's all the merit portion. That doesn't deal with the base salary.

MR. BURNETT: If I could make a selfish request, that would be that y'all form some sort of closely resembled -- something closely resembling a consensus today if possible, so that if there's any major change to the contract, I can sort of have that part ironed out and those changes made before we come to the next regular meeting.

CHAIRMAN GREEN: I would like at least two or three things that we can agree on. Profitability was an excellent -- excellent one, as to what would be considered for merit that the next board should look at when we're looking at those things. Kelly, whatever -- Randy, come up with some different words. But just as including but not limited to.

MR. LOPINTO: Madam Chairman?

CHAIRMAN GREEN: Yes, sir.

MR. LOPINTO: There are some areas to be careful of that you have no control over. For example --

CHAIRMAN GREEN: That's what I was saying.

MR. LOPINTO: -- fuel. Fuel drives operations here. How many airplanes are going to come and go? And that can be across the board, not only at the GA level, all the way through the corporate.

So, be careful when you start looking at which metrics you want to measure as to what types are really potentially controllable or that the executive director has the ability to react to.

CHAIRMAN GREEN: Excuse me.

(Ms. Green leaves the room.)

MS. BARRERA: I think our job here is to try to come up with these and make sure these proposed different areas are covered, and then we don't have to come up with the language of how we're going to do our performance evaluation, just that there will be a performance evaluation and what it can enable, I think.

MR. GEORGE: I think that outside of his contract, we need to establish a burden on us to develop that performance and those milestones that we want him to meet, say within the next 90 days. We don't need to come back next year and say, yeah, we were going to work on that and we have this little form -- we need to get somebody assigned to do that.

MS. BARRERA: I know that --

MR. GEORGE: Doug.

MS. BARRERA: I know that when we did his performance evaluation, each one of us came up with goals that we wanted to see met. So maybe that would be the first part to start with, what the -- those would -- what those goals were and to have those down in a concise format.

MR. GEORGE: Who has those?

MS. BARRERA: I believe Suzanne would have those.

(Ms. Green enters the room.)

MR. BRUNSON: What's the biggest challenge --

and I know you say the aviation is our first priority.

MR. GEORGE: Right. It is.

MR. BRUNSON: But, you know, what is the -- what is the biggest challenge we have at this airport today? Each individual here in your mind knows the biggest challenge we have.

And if we're going to do this, I guarantee you, Mr. Wuellner can tell you right now where he is in the financial model, if he's ahead 2 percent, if he's behind 2 percent of us getting off the tax rolls. And -- and if I'm voting on something, I'm going to look at each month, year, of that goal. And so, I think that, as you said, that's in the performance evaluation for me. But that's our biggest challenge.

MR. GEORGE: That's the biggest overall challenge, but we have other things like --

MR. BRUNSON: Oh, we have several.

MR. GEORGE: -- I think I put in mine last
year, PR, getting more involved with the
community, you know, to have a better image, you
know, with them.

CHAIRMAN GREEN: Obtaining grants and finding
them, funding --

MS. BARRERA: Security.

CHAIRMAN GREEN: -- working with the DOT --

MR. GEORGE: In your absence, I was saying that I thought that we need to have a time frame and some way of coming up with that performance evaluation, be it a form, you know, whatever --

CHAIRMAN GREEN: You mean the one that we already sent out or --

MR. GEORGE: No, but something that's going to define measurable milestone.

CHAIRMAN GREEN: We have one that comes out. Are you talking about modifying that or something in addition?

MR. GEORGE: I think that everybody put on the last one what they thought the improvement areas or the areas that need to be addressed. And I'm saying take what we've talked about here of where the thrust should be, adding those other things to it. And here's a list of 12 items that

we'd like to see. Here's what we'd like to see in
there.

CHAIRMAN GREEN: Well, I mean, I'll --

MR. BRUNSON: We don't need to add that to
our contract -- to our contract.

MR. GEORGE: I didn't say that. I said the contract provide -- should provide for a performance evaluation, and then we as a group need to come up with what that performance criteria for the next one year is.

MR. GORMAN: Just to simplify things for Doug to get this done. Cannot we just say that there is a bonus inclusion, the possibility of a bonus inclusion in his contract awarded yearly for performance to be -- to be then decided by the board? In other words, just put in a bonus inclusion.

MS. BARRERA: Doug, could you read off what -- how you've worded it? Can you read it off?

MR. BURNETT: Sure. And I'm going to read the entire paragraph.

Should the Authority's annual review and evaluation of the executive director determine that he's performed in a satisfactory manner, the executive's salary shall at a minimum be adjusted by an amount equal to the percentile change in the CPI. All items posed by the U.S. Department of Labor.

Should the Authority's annual review and evaluation of the executive determine that he has performed in an excellent/outstanding manner that has resulted in an improvement to the fiscal -- fiscal performance of the Authority, the executive's salary may be increased beyond CPI-U and may be -- and may even be increased to reflect the market rate for similarly situated airport executives as determined by the Authority.

CHAIRMAN GREEN: And that's -- those names, those -- verbiage, satisfactory, excellent, whatever, are in our current evaluation when you give percentages. Those of us that filled them out, it's in there.

MR. GEORGE: But Jack brings up a good point. He's talking about a bonus --

MR. GORMAN: I'm talking about a separate bonus; in other words, a balloon payment, a separate bonus that is not a salary, that is a balloon and that -- for performance, that we can ascertain.

We can say, if you do this, we'll give you this. And to me, that carrot on the stick concept certainly is done in business all the time. And that also simplifies the language and also that -- that balloon or bonus can be withdrawn, should performance not --

CHAIRMAN GREEN: Just not provided.

MR. GORMAN: Right. Exactly. It just simplifies the whole matter. And then we can hash out exactly what we want later.

CHAIRMAN GREEN: Mr. Martinelli?

MR. MARTINELLI: Yeah.

CHAIRMAN GREEN: I'm sorry, Vic raised his hand.

MR. MARTINELLI: I think you're right on, Jack. But it's a two-way street. In my heyday, there was a thing called management by objectives. And what management did was set up a series of objectives and say, hey, this is what we want to achieve. And those are broken down into goals and then into more immediate time frames.

And so, you have a responsibility -- the board has a responsibility to set up the objectives. And the objectives should be a part of his, call it annual direction. And if he

achieves those objectives, then he either gets a
CPI plus a merit or a CPI plus merit plus bonus,
depending upon the discretion of the board and how
difficult it's determined the achievement of those
objectives was.
So, you know, think about that, too. You

can't -- you can't say, well, you know, he's got to achieve certain goals. But you've got to set the goals and the goals have to be set by the board.

MR. GEORGE: Right.

CHAIRMAN GREEN: Doug?

MR. BURNETT: And I could easily word in that section where it's talking about excellent/outstanding performance, that the Authority could, instead of just giving CPI-U, increase his salary however much it determines or -- and/or award --

CHAIRMAN GREEN: And/or.

MR. BURNETT: -- a bonus.

MR. GORMAN: And/or.

MR. GEORGE: Right.

MR. BURNETT: And in that bonus language, yeah, I can see the point there, which is you may not want to have the huge salary increase, because then that is locked in for future years.

MR. GORMAN: Correct.

MR. BURNETT: You may want to have a reasonable salary increase and have a bonus so that the next year, he's motivated again to continue that level of performance.

MR. GORMAN: That was exactly my thought.

MR. BURNETT: That's an easy change to add to that language.

CHAIRMAN GREEN: And when we -- not that we've done it, but when we do it, do we 1099 it, or how do you do any kind of bonuses or anything like that, or have we never done that?

MR. GEORGE: We'll take care of it when it happens.

CHAIRMAN GREEN: I just wondered.

MS. GLASSER: We've never paid a bonus.

CHAIRMAN GREEN: Never? Okay. That's fine. I just didn't know if there was --

MR. MARTINELLI: Bonus is not a 1099.

MR. BURNETT: It's W-2.

CHAIRMAN GREEN: I was asking. If there's no history of it, it doesn't matter; we can do whatever we want.

MR. WUELLNER: It's just salary. It's just more income.

MS. BARRERA: Taxed at higher rate.

MR. WUELLNER: Of course.

MR. MARTINELLI: Unless he has a dual
personality. If he's a consultant one day and
he's an employee the other day, then you can give

him 1099.

MR. WUELLNER: Yeah.

MR. BRUNSON: As I said, don't pay him by the grants, because we can't afford that.

MR. GEORGE: Why don't we just give him stock.

MR. WUELLNER: Not falling for that one.

CHAIRMAN GREEN: All right. Do you have enough direction? I think we're all talking about the same thing. It's just we haven't come down to numbers, but at least people have enough idea. This gives you parameters as to what's comparative and I think everyone wants some type of merit bonus provision.

MS. BARRERA: But also the provision if he doesn't perform, that he gets no bonus.

CHAIRMAN GREEN: Right.

MS. BARRERA: I mean no -- no increase.

CHAIRMAN GREEN: Based on merit. And then

ask people to consider, you know, that there are
the other perks and whatever, just to keep that in
mind.

MR. BURNETT: Yeah, I didn't finish reading
the entire paragraph, but the rest of it does deal
with, you know, unsatisfactory-type performance.

CHAIRMAN GREEN: It does. But tied not just to salary; tied to the merit, too. Okay. Any more comments on that?

This is coming up, I would like all of us to be prepared and do our homework so that when we vote on it, we can make decisions and not drag it out anymore, since it took a July 1 -- and it's going to be retroactive to July 1 because that's when our contract ended.

MR. BRUNSON: Good.

MS. BARRERA: I just --

CHAIRMAN GREEN: Kelly was --

MS. BARRERA: I just want to reiterate the fact that if this is another five-year contract, the contract is the contract is the contract, which is separate from the performance.

So we can't discuss how -- whether or not he should have a house. We can't discuss whether or not we're going to do the car. We can't discuss -- once the contract's set, it's set.

MR. GORMAN: Right.

MS. BARRERA: It's not up for renegotiation at that point.

CHAIRMAN GREEN: I understand that. But those provisions -- read the contract. It was provided to you, because those provisions are in there.

MS. BARRERA: I know. I just want to reiterate that, because in the past, I've seen where we've discussed these things at performance evaluation time, and performance evaluation time isn't contract time.

CHAIRMAN GREEN: Right. But that's why I'm saying, remember those things are in there. So keep that in mind when you're reading through.

Okay. Hearing nothing more, let's do our homework. We are back here Monday for a regular meeting at 4:00.

MR. WUELLNER: 4:00, yes.

CHAIRMAN GREEN: July 14th. All right. Thank you all very much. Thanks everyone from -- Vic and Herb and Joe for coming in.

(Workshop concluded at 6:51 p.m.)

REPORTER'S CERTIFICATE

STATE OF FLORIDA)
COUNTY OF ST. JOHNS)

I, JANET M. BEASON, RPR-CP, RMR, CRR, FPR, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true record of my stenographic notes.

Dated this 18th day of July, 2008.

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