ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

Workshop

held at 4796 U.S. 1 North

St. Augustine, Florida

on Thursday, June 27, 2007

from 4:07 p.m. to 6:10 p.m.

* *

BOARD MEMBERS PRESENT:

RANDY BRUNSON
JOHN "JACK" GORMAN
KELLY BARRERA, Secretary-Treasurer

BOARD MEMBERS ABSENT:

SUZANNE GREEN, Chairman
WAYNE GEORGE

* *

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.

* *

JANET M. BEASON, RPR, RMR, CRR, FPR
St. Augustine Court Reporters
1510 N. Ponce de Leon Boulevard
St. Augustine, FL 32084
(904) 825-0570

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

P R O C E E D I N G S

CHAIRMAN BARRERA: I'd like to call the meeting, the financial workshop of the Airport Authority on June the 27th, 2007 to order. And if we'd all stand for the Pledge of Allegiance.

(Pledge of Allegiance.)

CHAIRMAN BARRERA: Okay. Ed?

MR. WUELLNER: Yes. You -- you have several handouts, and we'll -- we'll get as much of it on the screen as it will allow us, for those of you trying to follow it home, so to speak.

But I thought we'd start out with the one-year budget, which is the smaller 8 1/2 x 11 size package of information. Front sheet, this is the same general format you saw last year and the year before, so shouldn't be any surprises in finding information off of it.

Starting with the summary and starting at the top here, you have a couple -- a couple of extra columns that apparently aren't -- didn't print there for you, but I'll get you clean ones by the end of the meeting.

Operating revenues, primarily from leases and fees. Leases, the left-hand column here, which is column E, if you're looking at the -- at the board up there, is the budgeted 06-07, this is the approved budget numbers from last year. So, those are just plugged in. There's no changes. It's exactly the way it was approved last year at -- in September for the budget.

F, column F, or actual year-to-date, represents the eight-month snapshot, which is the last complete month of financial information available. So, it gives you where we are to date within that budget year.

And then last column, or the next column, which is column G, also the blue column, is the estimate of what those lines will be at the end of the fiscal year, so the end of September.

And you'll notice throughout this that, you know, some things are absolutely in line with expectation, and then some things, you know, we'll -- we'll have some explanation for.

Then finally, column H, which is the proposed

07-08 budget, is our best guess of what next year looks like in terms of revenue or any other budget item -- item as we go down here.

Now, on the screen, we also have a section shown here as the 07 -- 06-07 versus the 07-08 by line item. So, you can see as an expression of a percentage what the relative change is. And obviously things in red indicate that, for whatever reason there's a negative change, and -- or there's been some sort of change to the negative. And -- and black numbers represent a positive change or no change at all in the case.

If you see that little division by zero, there's obviously a relationship issue, either there's -- there must be a zero that's trying to be divided somewhere in there, which means that it's -- you know, you can basically ignore it. It's not -- it's the absence of data that's calling that -- causing that.

All right. Moving down -- this is, again, the summary. We've got the other sheets we can bring up one at a time as you want detail. But I'm only going to kind of talk through the -- the summary page. But if you want to pick apart where the specific revenue line items are, we can pull

that up on the screen real quick. And you have
that in your hands and see what, you know -- you
know, A row T-hangars or A and B T-hangars
generate versus port-a-ports versus K, L, and M.
Or, you can kind of pick and choose how you want
to pick the data apart.

And then finally, we do have two more columns to the right, which kind of help you there, and that's looking at the 06-07 budget compared to the estimated year-end of that, and you get a feel for how we're doing within the context of this fiscal year. Obviously, there's no way to know that going into next year until we start -- until we get into that year.

All right, major column -- or major line items here are home rentals, T-hangars, conventional hangars, commercial leases, and other lease revenue and fees. Other lease revenue are typically -- they're a handful of ground lease types that are out there that they -- that falls in that.

Fees are all over the place in terms of what they are. It's everything from rental car fees to fuel flowage fees.

In the case of Grumman, there's a residual line item for some impact fees. Doesn't amount to much money, but it -- it's from the older -- one of the older lease agreements. Those kind of things.

Anyway, when you look at this year versus last -- or this year and next year, there's about a $600,000 increase in revenue. And some of that's -- in fact, the vast majority of that comes from two sources. One is the addition of commercial service and its impacts on fuel flowage fee and parking revenues, and the other major area is -- as it relates to the addition of a ground lease component with Northrop Grumman to the tune of about $158,000, is what that number's working out to. So, those -- those three line items for the most part make up the $600,000 revenue.

There is another component of about $70- -- let's say $75-, $78,000, which is a six-month revenue off of the new T-hangars. So, you've got that item in there, too, and I can break down that. It's only a half -- about a half a year's worth of revenue based on projected completion date of those units. And then obviously that gets changed to a full year revenue going into next year. It's a little -- it's not underestimated;

it's more -- it's just more closely related to
what we -- the expectation is.
And then moving down this a little bit,
you'll see the line 24 is the cash forward number.
This is literally our expectation of money we
would be bringing forward from this -- from the

06-07 budget into the 07-08 year.

And that -- going into next year, we expect to bring forward about $1.7 million. And most of this is allocated capital that either didn't happen completely in a year or some other capital project. In almost every case, it's capital dollars that's just kind of rolling forward with the project. And we can talk about those projects in a minute, if you want.

Then the next major seg -- or the next line item is interest income, which last year was estimated at $40,000. You can see we're already at about $130,000. Part of that is because unexpended capital dollars that belong to the Authority, which is basically unexpended ad valorem dollars, is in the SBA account and generating interest.

Well, when you're dealing with about a $2 million balance on your account, it generates a fair amount of interest even when interest isn't the -- you know, isn't really, really high. It's still a fair amount of money. So, you can see that it's -- this year, we're expecting to have about $130,000.

We, in my opinion, probably low-balled the revenue expectation of interest next year. And my -- my best guess is we'll probably better than double the number there, based on just what's being held in reserves and money brought forward. And it's -- it really just becomes a cash flow item as to how big the interest income becomes.

And let me look across here real quick, because I'm not sure what -- oh, and the next line item in the next year's budget, you'll see a half a million dollar line item there. That is estimated first-year collections on PFC revenues. And if we keep pretty good pace on this, we'll probably begin collecting PFCs around December, this calendar -- or this -- of this year. And that is, we've got -- you know, we've got a lot of work to do before we begin collecting that and a fair number of approvals that have to happen. But that will -- that has to be expended -- PFC revenues are collected and have to be expended

related to the commercial transportation of
passengers or freight by air on capital
improvement projects. So, it's a dedicated
capital fund, if you will, or capital revenue
source to the Authority for infrastructure. But
it has to be commercial related.

So, for instance, we couldn't go back and build more GA apron with that, with a PFC dollar. That doesn't mean you can't get grant monies for it; it just means those dollars can't be expended for it. But you can improve taxiways, ramp.

You can -- we're going to be able to reimburse your expenditures on the -- the terminal building. You can use that money. You can bond that money. You can do just about anything you want as long as it's shown in your capital budget and approved through the normal FAA and -- channels, primarily. And once you -- once you collect that, that's -- that's where that money -- it's kind of a dedicated source.

Now, the other thing that will happen -- it's not shown in this year's budget or the coming year's budget because we won't be eligible to collect it, but beginning the following October, we should be able to collect a new entitlement for the airport related to commercial service.

And you'll get at least the minimum entitlement, which I believe as currently authorized is at least $800,000 a year. And again, that money must go toward capital improvement programs on the airport.

And I don't think there's the same restriction on it being commercial service related, so that money may have a little more broad use. It's just you're guaranteed that much federal grant money as a minimum each year. It's not -- and you -- you kind of decide through your -- your capital program what you apply it to as you go.

Then the next series of lines are the state, federal, and other grant shares for the year. You can see we're not expecting -- at least as I -- I see it on the horizon for the next calendar year, I don't see us having a federal project of any significance. So, there's no federal dollars on the line item there. There is state dollars, and obviously we match that in some form, depending on the particular grant.

The next line is the ad valorem revenues. And the whole budget is built around you taking it -- the rollback rate, which means you're -- you're not increasing taxes. In fact, as a -- as a percentage to the individual, it would come down slightly.

I do not know what those numbers are. We will not have that data until -- well, actually,

you should have it next week sometime. But it --
the property appraiser does not have to
statutorily have that out till the first of the
month.

So, we'll see revisions of that in -- and I
also do not know at this point what the actual
implications are relative to the State's
legislation relative to -- to ad valorem. That
will -- that should start falling through to us as
to how that's being done as we get the data from
the property appraiser's office. All that tax
base stuff is not stuff we do in-house. It's
stuff that's generated and required by the
property appraiser's office. And we'll get a
value to which we can apply a millage at -- at --

MR. BRUNSON: Ed --

MR. WUELLNER: -- hopefully next week.

MR. BRUNSON: -- you don't waste your time
trying to guess at what's going to happen on that.

MR. WUELLNER: No. And I would not be surprised, statewide, to see that the -- that -- the time that data comes out, because of the short suspense that's been here from the legislature acting and the data having to be out, that there's not a delay in getting the taxing authorities,

including counties and cities, the -- the baseline
data of what the tax base that they've got to work
off of. I would not be surprised that that's gets
delayed. I don't think it's going to shorten the
statutory time. It's just going to give us less
time to react.
MR. BRUNSON: Right.
MR. WUELLNER: That dead time between July
1st and September when you hold public hearings.
And I don't see the TRIM date changing,
either. So, you're going to have to act on the
TRIM in -- at your July meeting. That's not a
today item, but you'll have to set your maximum
millage rate that you -- that you could except --
assess at your July meeting. So, that's coming up
in two weeks.
All right. So anyway, the revenue
expectations, including grants, is about $11.6
million. That's down from last year, but that's

again entirely related to the -- the capital grant program that's expected next year.

You can see that we're, you know, from capital projects, down from, oh, about almost $7 million down to about $3 million in just the grant side of things.

All right. Moving down, you're actually seeing what's -- what is it now, $773- -- no. You're about $2.5 million -- this number here in the right here represents the difference between the total revenues, which includes grants, from last year to this year. So, you can see your -- your total budget is actually down about $2.5 million.

MR. BRUNSON: Now, we don't have that line here.

MR. WUELLNER: Correct. I'm going to reprint those. We just didn't -- I guess I didn't --

MR. BRUNSON: Right.

MR. WUELLNER: -- get the right print area. But I will correct that for you. It's just a simple matter of reprinting it.

All right. Moving down. Drop off my columns here. But this is -- first line item, or first subtotal -- just I'll deal with it as a total --

is -- is personnel expenses. That, combined with the next line item, the $1.15, which is your -- the summation of your operating expenses, equals what you -- you would argue as the operating budget for the airport. And what's interesting to point out here is that you have about $1.8 --

$1.82 in expenditures, versus, look at the operating revenues for the first time being $2.33 million in actual lease and fee revenues.

So, you can see you're -- you're contributing in a -- in a sense about $200,000 or more toward capital development that's excess -- call it excess operating revenues that now goes into the capital side. So, that's -- that's -- that's a real positive thing relative to the airport's financial health.

And I've got -- I can detail again those two line items however you want to do that. But you can see in total, you're about $75- -- or expecting about $7800 more in personnel expenses going into next year; however, we're offset a little bit by about $76,000 in operating expenditures we don't expect next year based -- compared to last year's budget.

(Mr. Burnett enters the room.)

MR. WUELLNER: Moving down, you can see there's no debt service programmed at all. We end up at the end of the year next year with about a $2 million reserve number.

Now, keep in mind that one -- about a half a million dollars of that is the offset for the PFC revenues you collected, so that you've got a place where you're holding that money so it doesn't get confused with cash you can just spend.

Then you've got a capital budget here of $66,5- in equipment that's currently shown, and about $6 million in actual construction projects. Some -- majority -- I wouldn't say the majority, but a number of those projects are carry-forward projects from current year budget. And you can see we moved money forward for that, too.

So anyway, your total, as we have it plugged in today, is about $9.8 million. So, you have about -- this number right here is the most important one you have to know today, I think, is that you currently have about $1.8 million of unidentified expenditure. In other words, that $1.8 million could go anywhere from reserves to the extreme case of that could be a reduction in ad valorem, if you wanted to -- you know, wanted to think that way. Given the state of the reserve account, it would -- it would seem to be more prudent to get your reserve number where you want to be.

MR. BRUNSON: What portion of that can be used for capital equipment?

MR. WUELLNER: You can use it all for capital. You can bolster expense, individual expense, operating expenses. You can do anything. That's -- it's --

MR. BRUNSON: The PFC's not in that.

MR. WUELLNER: That is not in that number.

MR. BRUNSON: Okay.

MR. GORMAN: Where -- what -- I'm a bit lost as to what have you got budgeted for insurance and where would that be budgeted.

MR. WUELLNER: Yeah. And I can go to that.

MR. GORMAN: If it's coming up, don't worry.

MR. WUELLNER: Well, I'm -- I'm not going to detail all of the sheets, but that -- that's a good a question to start with as any.

MR. GORMAN: Because that keys into the reserves.

MR. WUELLNER: Absolutely. All right. Your -- your insurance expenditure line item is line item -- it would be on your third sheet, I believe that you have. It's line item 451 and labeled "Insurance," and it looks to be $280,000, which is actually below what we budgeted last year. Now, I would point out --

MR. GORMAN: Oh, goody.

MR. WUELLNER: Because remember, you've got this really -- we did -- we did something weird, if you recall, in terms of how it looks last March. If you remember, we -- we changed the fiscal year or the calendar year on which we pay insurance --

MR. GORMAN: Oh, that's right.

MR. WUELLNER: -- okay? So, when you look at the year-end number, it looks like it's almost double what we were dealing with. And the reason is, you did kind of prepay into next --

MR. BRUNSON: We did that because of the season.

MR. WUELLNER: Exactly. I mean, you did it for -- with -- with thought. I mean, it was -- it was an intelligent decision. It just -- it's making it look kind of -- why would you budget half what --

MR. GORMAN: You prepaid the insurance.

MR. WUELLNER: -- it looked like you
expended? Well, that's why. So, you have that little anomaly that's in the operating explanation for this year.

And other than that, the other big number change -- actually, it's, I think, consistent, is we actually are, for the first time in a couple of years, reducing the budget line item for legal expenditures. And the reason is that right now, we're set to try in August, and whatever expenditures related to that would be a this-year's expenditure. That would conclude trial, all of the -- all of the numbers. The only thing left, hopefully, is some sort of an award as a result of the trial, would be, you know, the settlement or whatever would come out of the Earth Tech.

But we would be more normal in our budgeting related to legal expenses starting next year than we have been for -- since the litigation began. So, that's -- that's -- that's a nice change for -- we haven't had being able to reduce the legal. And I still think it's high at $90-, but there's -- there's -- you've got a couple of -- you've got a couple of things out there. One's

wrapping up this Grumman stuff. You may or may
not have -- end up as billable hours outside of
your retainer. So, it's probably going to be fat
at the end of the year, but --
    MR. BURNETT: And, Ed, let me comment on that
real quick so that y'all know. I know Ed knows

this. But most things that come along that technically we might be able to claim are outside the retainer, we really don't -- it's pretty -- pretty rare occasions, and I don't think that's going to happen related to the airport service stuff.

In fact, the commercial service, although we've been working a lot on it -- and that's honestly the reason I was late; I was -- I've been talking -- I've got a note over here that I was going to wave at Ed, which is I've been talking to Grumman. So anyways, we -- we try and stay within that retainer every month.

MR. GORMAN: And just to refresh my memory and put it in and record it, what is the retainer?

MR. BURNETT: It's $4,000 per month. And historically, when you look at the retainer amount, we've actually spent more time on -- on it. You know, it fluctuates. Some months, we

don't work that much. Some months, we work much
more.
    When you average it out for us, we've --
we've looked at it as though when we've averaged
it out, we've actually had more hours in it than
we have retainer. But it's good work and we enjoy

doing it, so -- and we try and stay with -- you know, even -- even on things that, such as the airport service, the airport commercial service, where right now we're doing a lot of work, and technically in the agreement, we could add -- add additional fees, but we tend to not do that other than on rare occasions.

And I think we're going to skate through and not do that as on this one as well.

MR. WUELLNER: You've also had a number of -- while not being directly handled by these guys, you've had several threatened or instigated lawsuits that were out there related to the insurance claims against -- I mean, the insurance carrier was handling the -- the vast majority of the legal, but there are occasions during deposition --

MR. GORMAN: Talking personal liability?

MR. WUELLNER: Yeah. You know, they're

handling it from insurance -- where these guys
oversee our interests with the insurance company
periodically, almost all of that's gone now.
I'm not aware of anything that's out there
pending. Everything has settled in the last 60 or
90 days. The insurance companies have settled out

everything and done a great job of -- really had
little liability, although they're still stroking
some checks out there. But --
MR. BRUNSON: Has Skybus --
MR. WUELLNER: -- that's their decision.
MR. BRUNSON: Has Skybus impacted any --
MR. WUELLNER: Legal bills?
MR. BRUNSON: -- additional high legal fees?
MR. WUELLNER: No. So far, it's being all
done -- they're doing it within the retainer.
MR. BURNETT: That's -- that's correct, yeah.
And -- and Ed, that's a good point related to, for
example, personal injury stuff. We -- we like to
make sure -- and we keep it within that retainer.
We like to make sure, or we have in the past,
traditionally, kept it within that retainer to
make sure that we send one of -- one of the
lawyers from my firm to go along with, if for
example, they're going to depose an airport

employee like Ed, that yeah, we make sure that
someone from our firm is there with the insurance
defense counsel just to make sure your interests
are protected.

MR. GORMAN: That's a good question that
Randy brought up about Skybus and about any

possible legal fee increases, only because your liability is certainly going to increase with a Part 121 on the field.

MR. WUELLNER: We -- we've actually, because of the way the -- the federal government requires air carriers to be insured, it's extremely low risk from the actual airline operation. You do increase -- and the insurance company so far said they didn't see any premium increase, because you're only dealing with the liability side, not property. So, it's the least expensive component we have.

MR. GORMAN: That's my question and my answer. In other words, there is no liability increase in our --

MR. WUELLNER: Not at this point.

MR. GORMAN: Neither budgeted nor expected.

MR. WUELLNER: Not at this point. I -- I would expect that they'll review that a little bit

as they go forward, because you're going to
have -- because you'll have a lot more people
involved, you're going to have some trip-and-falls
and those kind of things that --
MR. GORMAN: Right.
MR. WUELLNER: -- are going to hit the

liability side. But, you know, our insurance expenditure is almost entirely made up of property insurance, not liability. So, liability's the cheapest thing we do because of the sovereign immunity thing that sits over the Airport Authority that kind of really gets difficult to pierce from a -- from a lawsuit standpoint, which is a good thing.

Anyway, there's your -- there's your individual line items in the operating budget. Is there -- is there anything in the -- I mean, the operating expense side. Are there any -- you know, we've made some increases in things like, you can see we -- we're only estimating $95,000 under utilities, as an example. We had budgeted $145-. We know there's going to be some increase because of bringing that terminal building and -- and the like on line in terms of dollars, but it's still less than we budgeted for last year. So,

it's still $25,000 from a budget standpoint less
than it was for -- budgeted for this year. So, I
think that becomes a pretty realistic number. In
fact, it probably -- barring some huge rate
increase, I think it's a pretty realistic number
now.

I don't know what else -- what else directly we could speak to.

MR. BRUNSON: Well, tell me about contractual services going from $40,000 to $75-.

MR. WUELLNER: Forty to seventy-five.

MR. BRUNSON: Thirty-nine --

MR. WUELLNER: Okay.

MR. BRUNSON: -- to seventy-five.

MR. WUELLNER: Contractual services -- and Donna's here to kind of slam things at me here. But contractual services includes everything from -- is it navaid maintenance to janitorial services to -- it's pretty much anything we execute either a service contract -- pretty much a service contract on. We do have -- it is gone up because we will have some terminal-related expenditures related to janitorial.

MR. BRUNSON: So, that's -- that's a good answer on that one. I mean, that's in there?

MR. WUELLNER: And I think -- I'm trying to
think what else is in there, but that's basically
the kind of stuff that's in there.
Service-related -- janitorial's probably the
single biggest individual component in there.

MS. HOLLINGSWORTH: RVA, the tower.

MR. WUELLNER: What do we pay RVA?

MS. HOLLINGSWORTH: Servicing the --

MR. WUELLNER: Oh, we've got a -- I know what -- I know what she's saying. The tower equipment maintenance contract, not the tower operation itself. But we're responsible, part of the contract tower, for the equipment in the tower. That's on an annual service because that stuff's got to be recertified annually for use, and those kind of things are built into that number.

MR. COOPER: Ed, is that where the fire alarms and fire extinguishers --

MR. WUELLNER: Yeah, that's another -- another place that's in there.

MR. COOPER: -- and as we increase the number of T-hangars, we'll increase the number of fire extinguishers that have to be certified every year.

MR. WUELLNER: Yeah. Although fire extinguisher side is probably the least expensive thing in there at a dollar or two a unit, but it is there.

MR. MARTINELLI: Ed, can --

MR. WUELLNER: Yeah, please. I don't know if that's on.

MR. MARTINELLI: Hello?

MR. WUELLNER: It's on.

MR. BURNETT: It's on.

MR. MARTINELLI: Okay. Going the other way, telephone expense going down from $40,000 to $33- $33 and so on --

MR. WUELLNER: Yeah.

MR. MARTINELLI: -- and utilities going down from $145- to $120-, which is substantial.

MR. WUELLNER: Yeah. The -- the utility, I just explained, we -- we overestimated last year. Our estimate for the balance of the year is only going to be a total of $95,000 against a $145- budget.

MR. MARTINELLI: Okay.

MR. WUELLNER: So, there's -- it is going to go up with the terminal, but it will still be less than budgeted for last year.

The data side, we've actually -- every year, it seems, every two years, we reshop our telecommunications access for everything from internet to -- to lines. And we do Voice over IP here, and we've actually been able to take, as that business has gotten more and more and more competitive, especially in the last few years, the contract values of those services keep going down and getting better and better.

MR. BRUNSON: It's going down.

MR. WUELLNER: You get more -- you get more bandwidth and things like that for less money, so...

MR. BRUNSON: And you -- you explained the insurance, you know, the reason it was high.

MR. WUELLNER: Yeah.

MR. BRUNSON: 07-08, it should be normal.

MR. WUELLNER: We work through the individual -- just Kelly's been involved. And we -- we sat down for better part of a whole day and, you know, picked apart every one of the revenue items, every one of the expenditure items and, you know, brought it to where -- where we looked at the eight-month period and the estimate for the year and, as well as, you know, what seemed proper based on the expenditures going into next year.

We looked for anomalies during that -- that long day where we sit here and do this, things that just popped up in a year that aren't normally budgeted for that might be affecting how the number's looking, and weed those out, if they're appropriate, or include them in if they are. It -- it varies by line item.

I think it's pretty much -- pretty much it unless you have specific questions on the operating budget itself.

MR. BRUNSON: No.

MR. WUELLNER: I do want to kind of run down, just from an explanation standpoint, some of the things in the revenue, because I just -- I think you need to just understand what we did, because a few things look weird when you look at it quick. Primarily, the T-hangar side's pretty straightforward, the T-hangar and conventional. I'll have to move that up a little bit here.

The house rental side's pretty stagnate from our -- from our point of view. There's -- there's not a lot going on there. In fact, you know, we're not adding units. In fact, if anything, you know, we -- we would probably end up dropping a unit over the course of a year due to just not making sense.

In fact, we did on this one. We've got the Jackson Park line item, as an example, had two last year, two units. That's down to one. So, you know, you can see the revenue adjusted just a bit as a result of that.

T-hangars, moving down to that row, you've got hangars B and C. This is different rate structures that are in play. And the kind of orangish-looking highlights indicate we did something in that line item that I wanted to call your attention to.

New T-hangars is all I'm trying to point out there. This is half a year's revenue for the new T-hangar units. And so you don't see an '06 item for it because there was no revenue against it. So, it's a new item completely. And I'm -- I'm sorry, it looks like it's off the screen here, but you can see it's about $75- -- $75,600 is the estimate for a half a year on those T-hangar units.

All right. Moving down, these first items are -- these items in this area -- let me bring it

to the top of the screen a little bit here. These
items here are the small, the box hangars,
corporate -- the little corporate hangars like H
and I row, G, H, and I, primarily. And the number
of units involved is -- this, they're on the left
side. There's a little explanation, but when I

pull it over to show you the explanation, the other thing -- the last column drops off here.

Rental structure that's in place and the ex -- expected revenues coming across. I point out the 50 x 60s, only because we've just separated them out this year. These are the new 50 x 60s that are in that T-hangar project. So again, that's a half a year revenue expectation. That's this line item right here.

All right. Moving down, the next two small corporates, 50 x 60s and 65s are the ones in G -- excuse me, H and I row -- G, H -- no, just H and I row that are left. I say "left" in that we haven't reclassified. If it has a commercial lease with it or a true corporate lease with it, it's being classified that way by the name of the -- of the tenant instead of just lumped together generically.

That's to include air rehab, which is on --

one of the old 8, 9, 10 hangars. You'll see down here that 8, 9, and 10 had $52,000 budgeted against it this year. It doesn't have anything budgeted against it next year, and the reason is that 8, 9, and 10 are listed separately now instead of as a lump. So you'll -- that line will just disappear next year without -- without any further adieu, so to speak.

And moving down, SEA is Southeast Aero Services. That's their two current leases on lines 42, 43. SK Logistics is 44. AVOX is again one east corp -- it's number 9, hangar number 9. Hangar number 10 is also Southeast Aero. So, you can see that Southeast Aero is -- you know, that -- that business is now worth to the airport over $110,000 a year in -- in lease-related revenue. So, it's become a significant tenant in terms of generated dollars. I think it's probably number three in terms of list, individual tenant revenues to the Airport Authority. So -- behind SK and -- and the FBO.

North American Top-Gun, Galaxy, that's the combined leasehold rental there. Hertz rental counter, Old City Helicopters, Enterprise. I say new rental counter. I'm kind of happy to tell you

we executed today the lease, the little office
space lease with Avis, so you'll now have Avis on
the field also. And they'll be moving in over the
next couple of weeks and be in place to support
the terminal also.

MR. BRUNSON: Are they going to be located in the terminal?

MR. WUELLNER: They're going to be in the terminal. They will also man one of the --

MR. BRUNSON: Kiosks?

MR. WUELLNER: Short -- yeah, kiosk in the main terminal -- or the new terminal building. Get the terminals straightened out. So, they will have one of the --

MR. COOPER: So, where you're showing zero there will actually be a number then?

MR. WUELLNER: That zero is for last year.

MR. COOPER: I see.

CHAIRMAN BARRERA: But the -- the blue zero is the one Bryan's talking about, and that will actually --

MR. WUELLNER: Yeah. It'll actually --

CHAIRMAN BARRERA: Yeah. He's right.

MR. WUELLNER: And now that you'll have a few hundred dollars against it by the end of the fiscal year, that's true.

CHAIRMAN BARRERA: He's right.

MR. WUELLNER: And we're estimating what would be $4,000 of -- and that does not include the fees associated with that lease, just so you know. That's only the cost to have the counter space and the little bit of office, that 200 feet of office in the -- in the terminal. That's all that is. The fees are down lower under rental car fees.

And then speaking of which, we get into -- this is the ground lease revenue area. It just says "lease revenues." As you can see it on -- it says "ease revenues" on the screen. But you can see that's minor in nature. It has -- the military affairs lease is our ground lease, which is all we have with the National Guard hangar. Luhrs has a component for a ground lease, and that's -- there's a revenue against that, and then the Grumman ground lease.

Now, it's important to roll over here. You see that there's suddenly a ground lease component here with Northrop Grumman for the North 40 property, just the ground component of it. And I'll adjust that number later, but it's about

$158,000 now, not $150-. So, that will come up
just a smidge, too.

And you guys are, you know, set to talk about
the Grumman -- the Grumman stuff at next meeting,
anyway, on the 12th. So, we'll hopefully have
some -- some better numbers working forward in the

forecast that doesn't apply to this.

Now, here's your fuel flowage, the FBO, flowage fees. You've got SK's and our self-fuel flowage fees. You also have user fees. These user fees are -- refresh my memory here, Donna. I'm dropping that real quick. User fees...

MS. GLASSER: It's access badges.

MR. WUELLNER: Oh, okay. Also, there's another --

MS. GLASSER: Late fees.

MR. WUELLNER: -- component is, we have an operating agreement with the banner tower, as an example. Anybody that is granted a privilege fee for -- or some sort of access privilege that has a fee associated, it gets lumped into that user fee classification.

Now, we did -- that used to include, as kind of an FYI, used to include rental car fees, but now that the rental car side's likely to have a

discernible revenue moving forward with three
vendors and commercial service, and -- and we're
hearing from the airline now that their experience
in the last few months is that in excess of 40
percent of the passenger load is renting cars, and
it's -- I think not only are we being pretty light

on the revenue expectation right now, but it's -- it's now been separated out and we're expecting at least a $90, $100 rental car fee.

Oh, the other thing in the user fee, that line above it is wash rack fees. You get a dollar a vehicle for every rental car washed on the thing out there, in addition to a $2 per vehicle rental fee for contract executed, not per day, but just per contract executed on the rental car side. So, there's a fee side that should be significantly higher than the lease component with your rental cars. We will fee them to death, just as we should.

MR. MARTINELLI: Hangars -- Grumman hangars 1 and 2, which hangars are they?

MR. WUELLNER: Hangars 1 and 2 are the old Coast Guard facility on the extreme north end of the U.S. 1 side.

MR. MARTINELLI: Okay.

MR. WUELLNER: And that -- that lease is one of those -- probably the oldest lease the Airport Authority has with Grumman and will be -- that expires in 2010.

MR. MARTINELLI: Oh. Well --

MR. WUELLNER: It all goes to market.

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

MR. MARTINELLI: Well, I'm looking at the your -- I'm sorry. I'm looking at hangars, Northrop 1 and 2.

MR. WUELLNER: Uh-huh.

MR. MARTINELLI: Your -- there's a tremendous increase from year 3 to year 4.

MR. WUELLNER: Oh, you're -- you're in the --

MR. MARTINELLI: Half a million dollars.

MR. WUELLNER: You're in the other one -- you're in the forecast. I'm still doing the single year.

MR. MARTINELLI: Oh, I'm sorry.

MR. WUELLNER: I'll pull that up in just a second and walk through the whole Grumman thing.

MR. MARTINELLI: I'm sorry.

MR. WUELLNER: You're -- you're one spreadsheet ahead of me.

MR. MARTINELLI: Okay.

MR. WUELLNER: All right. So anyway, last,

you've got here is the old -- I mentioned earlier,
the old Grumman impact fee thing, which is really,
I think it's about a $4,000 impact. Has to do
with the number -- there's a formula based on the
number of aircraft delivered out of the facility.
And it was designed to mitigate FAA's concern 20

years ago relative to a through-the-fence operation when Grumman had no leases with the airport, and to access the airport, they established this little impact fee thing that mitigated their access to the airfield. That will likely disappear in the new lease structure as not really -- it's not a -- doesn't need to be done that way nowadays.

Terminal parking, this has gone from a zero revenue item for this year, and you can see we've got really a -- probably a low number of $182,000 revenue source for terminal area parking. This is the passenger terminal parking lot area, not the FBO front parking lot. That still would remain without charge. It's just those people related to commercial airline service. And that's, from what it's looking like, is going to be an extremely conservative number. So -- and that's based on -- I think the $182,000 is only based on single flight a day.

MR. GORMAN: Not at the budget meeting, but later, we'll have to discuss how you keep those separate.

MR. WUELLNER: The revenue -- how the parking is. Yeah --

CHAIRMAN BARRERA: Parking, operationally.

MR. GORMAN: Yeah.

MR. WUELLNER: Primarily because they're geographically separated. They're really not -- well, we'll work --

MR. GORMAN: Right.

MR. WUELLNER: We've got some issues to work through, too, on it, to be honest with you. What was the last item there I didn't touch?

CHAIRMAN BARRERA: The miscellaneous.

MR. WUELLNER: Miscellaneous. This is where -- where she was talking about gate card fees, stuff like that, accumulate in that, and not in user fees.

So, anyway, there's estimated about $2.1 million next year in revenue, which is $681,000 more revenue than we collected this year -- or budgeted last year.

You can see we're actually about $60,000,

$50- -- $55,000 ahead of the revenue estimates from last year. So, it's -- we're -- you know, we're still on the right track. Things are looking better and better from a revenue generation side.

MR. GORMAN: I have to ask one question.

MR. WUELLNER: Sure.

MR. GORMAN: Just not having studied it thoroughly enough to be able to do line by line item. And besides insurance, which is my pet peeve, what is the single -- the singlemost area that you think money might be saved by either negotiation, by elimination?

MR. WUELLNER: Out of the operating budget?

MR. GORMAN: Out of the operating budget. I mean, you just obviously believe in your own budget, so it's an odd -- it's an odd thing to ask.

CHAIRMAN BARRERA: We did talk about that.

MR. GORMAN: I should ask Kelly that, then.

CHAIRMAN BARRERA: No. Let me -- my memory is --

MR. WUELLNER: The other, you know, big operating budget impact item, probably secondary to that, is the -- is legal fees, as a total. And

if we are closer to the retainage number than the
$90,000 number, you know, you could get close to
having that, cutting that number from $90,000 down
to the -- to the $50-, $60,000 range.
MR. GORMAN: With insurance --
MR. WUELLNER: The balance of items are --

are, you know, literally based on bills for something, you know, whether it be the power bill or the gas bill or whatever. I mean, those are -- those are pretty, you pay them or don't get the service, kind of thing.

MR. GORMAN: I know. I just asked that for discussion purposes. I'm just throwing that in the air. Whether or not it's --

MR. WUELLNER: Yeah. And -- and the other thing to just keep in mind as -- as a percentage of total budget, you know, typically, your operating budget, inclusive of personnel, is only 20 percent of the big number. I mean, it -- it seems like a big number, but it's not the -- not the place that's -- it's not easy to find meaningful overall budget impacts within the operating budget as it is within the capital budget.

Capital budget is just such a big -- you

know, it's a lot of money. It's a lot of in and
out on big dollars, and it's -- you know, the vast
majority -- you'd have a $2 million budget if it
weren't for capital. I mean, not that capital's a
bad thing. But it's the lion's share of your
budget every year. At least will be for a long

time.

MR. BRUNSON: How -- what are we going to do, just discuss this as --

CHAIRMAN BARRERA: Well, I was just going to add on to that, that when we were going through this, we specifically talked about uniform expense being something that was greatly reduced, and also about the professional development were areas that you had a lot of control over that you have actually diminished and you've been proactive on diminishing in that.

MR. WUELLNER: Yeah.

CHAIRMAN BARRERA: So, I want to point that out.

MR. WUELLNER: Those have come down over the years. I mean, you've got -- you've got a few -- at least you've got some discretion in things like promotional expenses.

MR. BRUNSON: Well, I have that on my list.

MR. WUELLNER: Things like that. They're not a lot of money, but you --

MR. BRUNSON: Yeah. And I have that on my list.

MR. WUELLNER: -- you can pare them back.

MR. BRUNSON: That here's my thing. I think you budgeted $30,000 promotional. That seems kind of low, to me, to -- to do what we want to do to -- for the committee you're trying to do, Kelly.

And then this budget has no consideration for a second FBO, because that's too far out to --

MR. WUELLNER: It -- it shows up in your forecast budget here.

MR. BRUNSON: Yeah, over the year, on the second one. And I noticed in there, we -- we are budgeting for Wind Dancer.

MR. WUELLNER: As a --

MR. BRUNSON: As for income. And so even though we haven't --

MR. WUELLNER: No, you -- you have a lease agreement with them. You guys -- you guys --

MR. BRUNSON: That's right.

MR. WUELLNER: -- executed that a couple of months ago.

MR. BRUNSON: Okay. So, have they -- are they --

MR. WUELLNER: They're in, paying rent.

MR. BRUNSON: Okay.

MR. WUELLNER: That rent reflects the rental that -- the lease value.

MR. BRUNSON: Is he active now and --

MR. WUELLNER: Oh, yeah.

MR. BRUNSON: Okay. Good.

MR. WUELLNER: It's up and running.

MR. BRUNSON: The -- the -- the $85,000 a year we pay in port-a-potties?

MR. WUELLNER: Eighty-five thousand in port-a-potties?

MR. BRUNSON: Is that what it was? Maybe --

MR. WUELLNER: That seems a little high.

MR. BRUNSON: Let's see what --

MR. GORMAN: Talking about the port-a-ports?

MR. BRUNSON: Port-a-ports. Oh.

MR. WUELLNER: That's a revenue. It's not an expenditure.

MR. BRUNSON: Excuse me.

MR. GORMAN: That's just a --

MR. BRUNSON: Gosh. Eye glasses.

MR. WUELLNER: A few of those will resemble a port-a-pot.

CHAIRMAN BARRERA: Randy, those things bother me, too, those port-a-potties. And -- and having to -- and having to --

MR. WUELLNER: Let alone spend $85,000 on it.

MR. BRUNSON: Let's change -- let's change the port-a-ports to -- to new hangars, buildings.

MR. WUELLNER: And I think order of magnitude, the port-a-potties around there run about a hundred bucks a month.

MR. BRUNSON: Oh, okay. Well, that's okay, then. My mistake.

MR. WUELLNER: And that would be in contractual services, I think.

CHAIRMAN BARRERA: Yes, it is.

MS. GLASSER: Yes, it is.

MR. BRUNSON: And I have a reason for asking this. With Skybus, are they going to use any of the Fly-By Cafe's --

MR. WUELLNER: Yes. They -- they are -- part of the user fee structure that you -- that we saw down here, a part of that number is the -- the low-end guess of the impact of Skybus. They are using our restaurant -- I should say we're using our restaurant to facilitate food in the new terminal.

MR. BRUNSON: Okay.

MR. WUELLNER: So, they're the concessionaire today, to start out with, for --

MR. BRUNSON: Yeah. That's a hard business. And any way we can --

MR. WUELLNER: Yeah. Yeah, we can't get it -- exactly. And we're -- we can't get into the aircraft with it. That's coming out of Columbus. We don't have any control over who puts food on the airplane. But what's sold at the terminal is exclusively ours, and that's right now exclusively with the restaurant.

Now, we may want to review that over time and come up with other ways, and as it gets bigger and better and, you know, we may want to look to whatever to do -- to do concession. But to start out, it's basically a -- you know, premade sandwiches, you know, bottled soft drinks, some -- some various and sundry items, some newspapers, magazines, you know, a very small-scale unit that's only manned a couple of hours a day, so...

MR. GORMAN: Again, not for the budget meeting, but let's put that -- the parking on the agenda for a little discussion item for later.

MR. WUELLNER: Okay. Sure.

MR. GORMAN: Because that's going to get white hot.

MR. WUELLNER: The parking itself?

MR. GORMAN: Yeah.

MR. WUELLNER: Yeah.

MR. BRUNSON: Can we put port-a-potties on the agenda?

MR. GORMAN: Oh, sure.

MR. WUELLNER: If you want.

MR. GORMAN: Sure.

MR. BRUNSON: I don't want to.

CHAIRMAN BARRERA: And I -- and I have a lot of ideas about the parking that I got while I was up in -- in Washington.

MR. WUELLNER: Good. You got a note of that? All right. All right.

CHAIRMAN BARRERA: Not operationally, but from a revenue standpoint.

MR. GORMAN: The revenue will fix the operation to some extent.

MR. WUELLNER: So, you've got your revenues and your operating expenses. Nonoperating is extremely straightforward, because there's very little to that.

There's no debt service, which is the top section there. So, there's no principal or interest payments being made.

First line is your general reserve. That would be funded at a minimum of $1.5 million. That's not touching the $1.8 million that you have not assigned to a location. So, anything -- if you were to assign that, for instance, to reserves, it would jump that number to what, $3.2, something like that?

Currently, the five-year -- excuse me, the 10-year doesn't begin funding a -- a repair and replacement for buildings or fuel farms till about year 3 or 4, we start putting some money in there and adding to it annually. And it ranges from about $15- or $16,000 a year to $30,000 a year for each of those line -- I think the building repair one is at about a $15- or $16,000 a year, and the fuel farm escalates at $30-. I may have it reversed. But they -- once they begin, they continually fund through the forecast model. And I'll touch on that when we get there.

Then the next line, as a placeholder, because we're -- I'm -- I'm treating it for purposes of holding the money as a reserve account, the PFC

revenues. At some point in the future, as capital
projects emerge that are funded out of that,
they -- we just reduce the PFC line item here.
So, it's just kind of a placeholder account for
the PFCs.
And as we get in the forecast model, you'll

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

see that I just accumulate it. We generate a half million dollars, I just keep adding it together as we go over the years, and it eventually is staring, at 10 years, at about $13 million in PFC revenues.

Now, that would assume we didn't spend any of it, which is not the way PFCs work. But that's kind of the net effect over ten years of -- of airline service at only a three-flight-a-day scenario, is that you're generating $13 million of new capital revenue on the airport that you wouldn't get otherwise, I can pretty much guarantee you. That self-funds in a sense.

Then the next two items is the compilation numbers of the construction and equipment, capital line items from the -- from another sheet, and I'll -- I'll walk through that.

Let me -- we added this chart last year. Buzz suggested it. It -- it only looks at this year's performance on the capital side. Tries to give you a handle on what got done, what didn't get done, and -- and give you a ballpark value. And you get a feel also for what are the types of projects I'm talking about that we're moving forward into the next year.

And you'll see that you had -- you've got your left columns, your budgeted number. You can see that some items are on track, some items either -- either we brought in under or over budget, and a few are just deferred at this point or we're expecting to be deferred into next year, primarily because they're either not ready to happen, there's a grant associated with it that isn't ready yet, just the production of that project is -- is delayed for whatever reason.

Some of these are obviously aggravated if you want to -- if you want to use that term, aggravated in terms of totals by the terminal project in that, you know, it wasn't exactly budgeted in a strong way going into last year.

We were able to secure state grant funds for half of pretty much everything we're doing in the terminal. And I can tell you you can -- I believe you'll be able to completely back-fund your share of the terminal, so half, your half, the local dollars, with PFC revenues, when once you collect them.

So, I think at the end of the day, you're revenue neutral; it's just going to take you, you know, a year to get there out of the terminal

side. So, hey, put a building up and have
somebody else pay for it, it's a pretty good deal.
Completely. And it's still your building. That's
not a bad way to go.
Let's see here. You can see there's not a
lot -- yeah.
MR. GORMAN: Just hit me on the side. Cell
tower?
MR. WUELLNER: We -- you budgeted this last
year. We talked about it.
MR. GORMAN: Right.
MR. WUELLNER: We have not done anything
other than continue the studies necessary to get
straight civil answers. It's about ready to come
to you guys and decide whether you want to do it
or not. We -- it's -- it's actually got a pretty
good revenue associated with it if you decide to
do it, so...
MR. GORMAN: I know the revenue stream's

supposed to be terrific.

MR. WUELLNER: We'll give it all to you when we're ready to do it. I don't think it's going to be July, but probably August. They're real close. Everything -- the data's all done.

MR. GORMAN: It's still a discussion item --

MR. WUELLNER: Yeah.

MR. GORMAN: -- because it's -- it's in the budget to discuss.

MR. WUELLNER: Exactly. I mean, we've -- we've spent a little bit of money, but it's taken us to get the answers and everything from the geotechnical stuff, which really affects the cost of building it. You know, what's the ground like, what's the footer design got to be, whether it's guyed, nonguyed type of -- you know, all of those things take some effort to get to there. And we have pretty much all those answers together now to come and say, all right, this is what the tower would cost to do, this is the lease revenue off the tower, this is the annual maintenance related to the tower. You know, does it make -- does it make sense? Do you still want to do it? Do you not want to do it? Whatever. But realize that probably to date, you're in it about $13-, $14,000

that, you know, you're not going to get back out
of it if you decide not to --

MR. GORMAN: Yeah, just for engineering.

MR. WUELLNER: You can at least make a good decision.

MR. GORMAN: Engineering studies so far.

MR. WUELLNER: Yeah. And one of our tenants is doing a lot of that work for us and just doing an absolute fabulous job on it, GWANDA, who has a lot of that second floor terminal leasehold. They're just -- they're fantastic. I wish we had about ten of those guys around here.

All right. Shoot. Just blew right by it. For instance, we're not going to get to re-mark 13/31 probably till fall. It's really hard to do during the summer.

And miscellaneous -- some hangar roof coating, some terminal improvements as a line item that's just going to move forward.

What else have we got here moving forward? That's about it in terms of a total project. We have some that are started but won't finish till next year.

And that -- as I said, that money we move into next year comes in as cash forward, just so

you know, and then is reallocated as a normal
capital project again at whatever the next year's
guess is. And that's probably your next sheet
here, if I can bring it up, is the proposed
capital.
    All right. This reflects our best guess in

the next year for capital expenditures. And you can see there's some -- some parking-related expense for -- anyway, your equipment adds up to about $66,5-, which was about a $300,000 expenditure last year.

You've got a common fuel farm in this, and by that, I mean creating a new location to create a single-point location for storage of aviation fuels that would be developed and owned by the Airport Authority and leased to FBOs or others that -- that might want to have access to that facility. It's a state match grant with us at about 80 percent so, you know, for $125,000. And we're looking at things like 50 to a hundred thousand gallon tanks of jet fuel instead of 40, I think we currently can do.

CHAIRMAN BARRERA: And the security aspect.

MR. WUELLNER: Yeah. You've got to, you know, put it in the concrete dike facility and, you know, you've got environmental things that just you can't do this today without -- without doing.

We're still working on where to put it. But notwithstanding -- it's -- it's something we're also going to need to really get out of the terminal area. The fuel farm is uncomfortably close, from our perspective, TSAs, FBO --

MR. GORMAN: That was built --

MR. WUELLNER: The way we're doing it, but it's -- we're kind of --

MR. GORMAN: That was built, what, 20 years ago when there was not --

MR. WUELLNER: About '80 -- yeah, '85, something like that. And it's currently leased. I mean, it's -- it is producing revenue in two ways. You've got a lease on it with the FBO, as well as fuel flowage. So, it's not something you want to give up as a revenue source.

What else have we got here? T-hangars, you can see we've got about $2.36 million in T-hangars. That -- a part of which were in -- I should have pointed it out, but in the previous sheet, you have some of that expenditure in this year, and then that would be the brought-forward amount relative to T-hangars because a good portion of the construction will actually be between October and occupancy in -- in January, February.

Re-mark's back in there. We just carried it forward. There's currently nothing in property acquisition for next year. That's something you may want to begin to talk about. Cell tower's back in there, as a placeholder, at least.

Hangar row G, door replacement. If you're familiar with D row, those are those 50 x 50 box hangars. We'd really like to, this year, or going into next year, retrofit those with the -- the HydroSwing doors like we did on G -- excuse me, H and I row. That's about a hundred thousand dollar expectation there.

Still got the restaurant stairs in there. This is -- this next one, this education building study is the building that we've been bantering around that would be kind of a common use building to support Pilots Association, educational tours, things like that that could be used as a general meeting space to the public. This is just some study and design money to decide what that would be, where it would be, that kind of stuff, and come up with some drawings, hopefully, if it ends up being a project.

You'll notice in the -- when we get to the forecast budget real quick, you'll see that it has a funding item for building something the following year. And, of course, if you decide not to do it, you know, that project would fall out of that later.

The other is I've got about a $25,000 line item here for park planning to do whatever real engineering might be related to, comes out of that park study.

MR. GORMAN: Talking about site and access.

MR. WUELLNER: Yeah, yeah. What -- there's some money in there to get the nuts and bolts together, and then we'll fund it as capital project or identify sources or whatever comes out of it to fund it. So anyway, there's a little placeholder money in there to do some of that little bit of study.

We've got -- we made some promises back in Araquay, and obviously we need to -- we need to make good on those.

So anyway, your grand total on the construction side's about $5.8 million. That all plugs back into that summary sheet, the front sheet that we looked at first.

And anyway, you're staring at about $1.8 million that at -- by September, we need to allocate into some things, either -- even if it's just into reserves.

I do have a few things you -- that I -- that I'd like to get you thinking about. One, and I don't have a number yet, but what I'd really like to consider doing is paving the parking area, the terminal parking lot over, the new parking lot area, is getting that paved completely and brought up to snuff. Right now, it will be a combination of gravel, some residual asphalt, and even a few spots that are actually turfed out there.

So, I'd like to see that that becomes a real parking lot and deal with the drainage and the like. And I've got some folks looking at the numbers to give us an idea what that is in order of magnitude cost there. But I think you're going to want to do that. It's just a matter of when or how.

It's not eligible -- I'll tell you right now, it's not an eligible PFC project. You cannot use it for parking. You can't use it really for

landside, PFC dollars. The only thing you could
use it for is the terminal building itself.
    See, one of the -- one of the things I don't
know that I really explained real well last month,
but the -- the way we've gone about the -- the
operating agreement with the airline itself -- and

I'm careful to use the word operating agreement, because we don't lease them anything. And -- and there's a good reason. While other airports go about leasing terminal space and even exclusive space and things like that, it really messes with your use of PFC dollars if you look forward enough.

If it's not leased to anybody, it's considered by the feds as common space, because I -- I just change the signs, and it's ABC airline in addition to. I don't have squabbles over who -- whose leasehold this is on. It's all the Authority's property. It's not the individual airline's property. So, you can multiuse gates and accesses and parking and -- and things that you tie it up and, oh, this is mine.

MR. GORMAN: Instead of -- instead of lease fees, you're using user fees.

MR. WUELLNER: We're using user fees, fuel flowage.

MR. GORMAN: So, you have control over --

MR. WUELLNER: We have parking lot revenues. We -- we control it all, and we've preserved this huge revenue source moving forward for capital. That keeps the -- this terminal as well as any future terminal, if it should be necessary, as a fundable item out of PFC revenues. So, you really, the way we've constructed this, we've tried to stay really light on our feet with it.

You can do a lot of things that you -- that, for instance, a JIA could only fund common area improvements to the terminal. So, when you get in the gate-hold area, all of that's got to be picked up by the airline itself. And it really benefits everybody. It's the users of the airline that are -- that are paying for the improvements. That's not general tax dollars.

CHAIRMAN BARRERA: And it sounds like, from one of the airline panels that Bryan and I and Randy attended in Washington, that that really seems to be more attractive to luring more air service to your community. In addition to that, I'd like to point out that we also haven't given out any incentives to lure.

MR. WUELLNER: No, none.

CHAIRMAN BARRERA: So, it's a win-win on both sides.

MR. WUELLNER: Yeah. We're not paying for air service.

CHAIRMAN BARRERA: Right.

MR. WUELLNER: I mean, it if --

CHAIRMAN BARRERA: Right.

MR. WUELLNER: -- it doesn't prove profitable here --

CHAIRMAN BARRERA: Where several communities are.

MR. WUELLNER: Yeah. Paying huge. And -- and some are even constructing certain grant opportunities that have fixed times. And there's no guarantee the service will stay after that one-year or two-year period. And, you know, this stays market driven, as far as I'm concerned.

You know, if the airline's successful, everybody's successful in the mix. If the airline's not successful, we go back to our GA role with the building converted to a hangar and we will -- we just keep moving. The nice thing is we put this together as pretty low risk, extremely low risk.

CHAIRMAN BARRERA: With our portion of the terminal having been paid for by the PFC.

MR. WUELLNER: Exactly. If the airline sustained itself for a year, there was no expenditure of the Airport Authority.

MR. GORMAN: So, there would be no

expenditure for us except for parking.

MR. WUELLNER: Yeah.

MR. GORMAN: The only -- the only expense you're going to have to do is parking.

MR. WUELLNER: Yeah. What I mean is the -- yeah.

MR. GORMAN: Yeah, which is total --

MR. WUELLNER: It's true. Very true.

MR. GORMAN: Which is totally funded by this Authority.

MR. WUELLNER: Yeah. Right. The revenues.

MR. GORMAN: With no share -- with no matching.

MR. WUELLNER: Well, I get DOT dollars, FDOT dollars. What I don't get is FAA dollars.

CHAIRMAN BARRERA: We get 50 percent.

MR. WUELLNER: FDOT has no problem with helping us.

MR. GORMAN: For parking.

MR. WUELLNER: Yeah.

MR. GORMAN: Hmm.

MR. WUELLNER: FAA does. Actually, I think FAA can get involved in some aspects of parking; they just can't do it -- you can't do it with PFC revenues. That's -- that's where part of that goes.

But, generally, parking garages, those kind of things are -- end up being the -- an authority or the operating entity bonds, that kind of project, against the revenues from it.

MR. GORMAN: And the FDOT share is 50 or 80?

CHAIRMAN BARRERA: It depends, I guess.

MR. WUELLNER: It varies, but -- or it's at least 50.

MR. GORMAN: At least 50.

MR. WUELLNER: Theirs, on this -- I'm sorry. Maybe I'm not answering your question. The -- the -- if you're referring to the grant we're using for the terminal, it's 50.

CHAIRMAN BARRERA: No, he's referring to the parking.

MR. WUELLNER: If you're talking about a future grant, it --

CHAIRMAN BARRERA: It's the parking.

MR. GORMAN: The parking, I was just --

MR. WUELLNER: Yeah, would be 50. Currently, it's 50, yeah. Eighties are typically -- we don't use a lot of 80s, and -- and the reason is we can get a lot more -- we're able to match it at 50 without a lot of hardship around here. Some airports can't. And it really limits the total project available to you. I mean, it's the same half a million dollars, so -- you know, let's just say. It's the same half a million dollars, whether it represents 80 percent of the available capital project or 50 percent of the capital project.

We treat them, almost every case, as a 50 percent of the capital project, so we build more units because we can match it better. It's that or get back in line and -- and wait for another project. So, our demands are high enough, and thankfully the revenue sources, you know, even though it's ad valorem, but they've been -- you know, they've been good enough that we can get a lot more done.

MR. GORMAN: The revenue sources are -- are -- are certainly sustainable enough to --

MR. WUELLNER: Yeah.

MR. GORMAN: -- justify 50 percent.

MR. WUELLNER: We can get a lot more done for the same match than paying less and getting less.

Anyway, all right. That -- that's pretty much it for the -- for the one-year budget. Let me -- let me bring the other one. I thought I did there. That's the wrong one.

All right. The first two columns -- this is the forecast budget. The first two columns represent the current year's budget, that is the budget that would expire in the end of September. And the year 1 budget is the budget I just -- we just walked through. So, the year 1 is that budget. And they're linked -- just, you don't really need to, I guess, understand this, but when I make changes to the annual budget, it automatically updates this forecast now. So, we've -- we've spent the extra time this year of linking as much as possible so that when we make a change in the budget, we can, you know, visit it on its impact out a little bit. I mean, not every line item does that, but most cases, we can forecast it.

All right. We're back at the summary here. A lot of this is, you know, just using percentage

adjustments, things like that, CPI adjustments,
adjusting expenses again at a little higher rate
than we would revenues, just to try and keep it
as -- as reasonably conservative as possible.
    There are some things I would just point out
to help you understand the magnitude of growth.

If you'll follow this line item here, this line 26 across, and you can -- you get a feel for the accumulation of -- of PFC revenues over the years. You know, you can see that by going to three flights -- three flights a year -- three flights a day, that your PFC revenues could easily approach $1.5 million a year.

And if you -- if you follow that new money logic and come down to the reserves line item here, you'll watch the impact of this line as you keep adding a million and a half dollars in a -- in a reserve line item, and -- and suddenly, out here in -- in, you know, in year 10, that you're staring at -- at a reserve line item of $17 million. Now, not all of that is PFC revenues, but the vast majority is. So, you're probably looking at $14-plus million of PFC revenue collections that go directly into capital projects that wouldn't be out there for us.

And -- and I'll warn you now, there's one piece of this pie that's not in here in the -- in a true sense, but it's in there under the federal grant line item, is whatever that entitlement picture ends up being. You know, as you become commercial service, after a year's worth of service, you're in that entitlement program, and you can -- you can, you know, add years together of that entitlement and get larger projects. I think they currently let you link up to three years of projects. So, you know, you could have $3- and $4- and $5 million projects that are funded entirely out of PFCs and entitlement.

So, you're not even in that discretionary money that you could also compete very well for, in fact have a priority over GA airports. So, you've got a -- by being commercial service -- I know it may be -- you know, you may -- may have its negatives, and it does, but the positive side is you've opened up a lot of capital revenue sources that you just -- that weren't available to you. And it's part of the way the big airports do it.

All right. Bottom line -- I think -- I think the most important line we're -- we're going to be

talking about is this bottom line on the -- on the
thing here where it talks about profit and loss.
And basically, that's the amount of money in a
particular fiscal year that we move forward into
the next year, excluding reserves. Reserves are
already moved forward.

CHAIRMAN BARRERA: Your line number 37 doesn't equal with your line number 61.

MR. WUELLNER: 37 equals 61. They're a dollar off.

CHAIRMAN BARRERA: Which doesn't equate to line number 63.

MR. WUELLNER: There's a 50 cent rounding error somewhere in the -- to be honest, I haven't been overly interested in finding it, but somewhere in the -- in the mix. And the next time you put it up, it will look equal. I -- here nor there. So, we're $1 off on paper here. And I think the reason it shows zero is it's less than a dollar.

CHAIRMAN BARRERA: Probably.

MR. WUELLNER: But anyway, that number, if you -- you keep running it across, you could think of that in a sense as net profit each year. You know, it's arguably not truly profit in a sense as it rolls forward, but you can see, that's -- that's kind of the telltale location in the forecast model as to the stability of the Authority, whether you have -- if you're, you know, trying to do more capital in a year or more budget than you can support with your own revenues, you'd start seeing those turn red.

Instead, what we're watching here is, you know, if you trend this, you're seeing that increase year after year after year. Yeah, you have a year or two where it appears to drop off, but if you look above it at the corresponding capital projects that are in our program, look at some of those capital numbers. $24 million in one year, $20 million, $21 million, $22 million. Those -- those are huge capital expenditures that are within your grasp. I mean, I -- you know, within the fundable grasp. I'm sorry, I'm reading the wrong line item there.

It's -- your capital numbers range from about $6 million -- $16, $17 million. You know, those are -- those are huge capital expenditures, even -- even in good years. That's -- those are -- what -- and we can look at the projects here. And some of them are -- when you get past from year 6 on, I've just got a placeholder in there, because the capital funding programs don't let us get in there and put it in the computer yet. So, I'm just kind of holding space after -- after year 5. But up to then, those are pretty much what's programmed within the grant -- within grants. And that, again, doesn't include that entitlement so, you know, the picture just gets better, actually. I stumped you or --

MR. GORMAN: No, I'm not stumped. I just -- in other words, we're talking about the available monies to actually expand the airport?

MR. WUELLNER: Yeah. All aspects of the airport, not just any -- not just commercial service or something like that.

MR. GORMAN: The only problem I have is this airport's almost full.

MR. WUELLNER: Well, you've got some big projects that -- that we'd still like to get accomplished related to GA, and one is a permanent facility for Southeast Aero. There's the -- the area that we show on the Master Plan between the northeast corporate area and the east corporate area as another location for additional corporate development. There's another T-hangar development, so to speak, maybe five years out.

MR. GORMAN: And again, considering all these
projections, should that not lead us into, not at
this meeting, but in another meeting, the
discussion of the expansion of an airport at a
different site?

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

MR. WUELLNER: I totally agree. I mean, this is something we're going to have to start --

MR. GORMAN: Because of those projections alone --

MR. WUELLNER: I agree.

MR. GORMAN: -- that should be -- have to be discussed as yet another agenda item.

MR. WUELLNER: But -- but I guess that what we're trying to do here is just kind of --

MR. GORMAN: Right.

MR. WUELLNER: -- prove the concept that you -- it's fundable. Yeah, you -- you can make those things work. And again, I pointed out earlier the 20 percent ratio, the 20 percent of operating versus 80 percent of capital.

You -- where you keep yourself solvent, even in a bad year, if something just catastrophic happened, is in your capital development program. You -- your -- your operating revenues are -- are fine. They sustain themselves. And if you have a year that just everything goes -- goes south on you, you -- you cut your capital or defer your capital projects for a year. You just don't -- you just don't do them.

There -- that's where your -- your real

flexibility is in moving forward. So, you pick it. If you want more reserves, maybe we do less capital in a year and -- and pack up the reserves a little bit.

If you had, let's say, a hurricane hit three years, or even this year, and you're out a whole bunch of cash, well, then we don't do capital for a couple of years and rebuild the reserves if we ended up, you know, with unrefundable or unreimbursable-type expenses out there.

The flex -- because it represents such a huge portion of your budget, and the fact that your operating revenues are now exceeding your operating expenditures, you should always be solvent without having to worry about that part. It's just how you deal with the big numbers later, the capital side. So, I'm -- I'm very excited about the trending. It's -- it looks --

MR. BRUNSON: I tell you, I am, too. This --

MR. WUELLNER: This will have a huge --

MR. BRUNSON: I'll have to admit to you, this is the first time on the projected budget that I'm just delighted to see the potential that we can do here. And we pretty well have looked at the expenses. They're pretty fixed. We can't -- it's just the revenues that we need to work on. And --

MR. WUELLNER: And that's finally -- I mean, you've got -- you've had a pattern. I mean, we've -- we've consistently worked at it collectively for over ten years now --

MR. BRUNSON: Yeah.

MR. WUELLNER: -- in -- in building the -- the long-term revenue sources. You know, some of those sources are now ten years old. But we've also got some that are just coming on line, T -- new T-hangars. All of those things go to the bottom line.

MR. GORMAN: Just because of the physical constraints of this airport, I mean, and just this budget meeting, along with those projections, which don't seem wild, again, that's -- it's a must agenda item for an off-site development, because you're just flat out of space here.

MR. WUELLNER: Yeah. We're going to --

MR. GORMAN: And that's not a budget item
discussion --

MR. WUELLNER: -- have to deal with that.

MR. GORMAN: -- but it is a discussion that
even this budget discussion points to so directly.

MR. WUELLNER: And you're going to deal with it sooner rather than later. I mean, within the next couple of years, you're going to have to solidify some plan as to where -- what we're going to do.

MR. GORMAN: I do recall talking about Hastings and everything else a couple of years ago.

MR. WUELLNER: There's -- you know, that one doesn't look like it's a go.

MR. GORMAN: Well, not Hastings.

MR. WUELLNER: But something else will show --

MR. GORMAN: Not Hastings per se, but, you know --

MR. WUELLNER: Just going west.

MR. GORMAN: Yeah, west.

MR. MARTINELLI: Madam Chair, may I --

CHAIRMAN BARRERA: Yes, you may.

MR. MARTINELLI: -- inject something about that?

MR. WUELLNER: You freaked me out.

MR. MARTINELLI: I got a microphone this time. Talking about another site, which as you look at this and development -- and Jack, I certainly agree with you -- we're -- we're landlocked here as to how far we can go. Shouldn't there be some provision in your long-term forecast here for putting some money into that to -- to do that?

MR. WUELLNER: You -- you could argue it's really already there. If you look at beginning fiscal year -- or I guess we're calling it year 6 and out, you have capital that has no identifying item with it. You know, if that's land acquisition for a new airport, you know, we just identify it as we -- as we know more information, I guess --

MR. MARTINELLI: Yeah. What I --

MR. WUELLNER: -- is what --

MR. MARTINELLI: What I'm thinking of is prior to that time, prior to six years out, maybe three, four years out, supposing you need to have that expenditure four years out, do you have provision for it?

MR. WUELLNER: I'm trying to look -- look here, but you've got --

MR. MARTINELLI: I guess at the bottom -- if I can. At the root of my question is you're going off the tax rolls on year 4. Maybe what you're doing is really cutting off a funding source.

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

Because once you're off, it's awful hard to go back on. And what I'm thinking is --

MR. WUELLNER: You want to have a plan together before that?

MR. MARTINELLI: Yeah.

MR. WUELLNER: You want to know what you're going to do and how you're going to pay for it.

MR. MARTINELLI: Yeah, exactly.

MR. WUELLNER: And that would be -- that would make sense. It would be a whole lot more palatable to continue it than it would be to quit and then come back in two years and say we're going to --

MR. MARTINELLI: Right.

MR. WUELLNER: I mean, that's an example.

MR. MARTINELLI: Because no matter where you look within the county here, which is your jurisdiction, if you look at Julington Creek, or whatever that is up there, not Julington Creek, but Switzerland, Switzerland?

MR. WUELLNER: Yeah.

MR. MARTINELLI: As another possibility, there's a lot of capital that's going to have to go into there.

MR. WUELLNER: Anywhere.

MR. MARTINELLI: Hastings or wherever we look. So, I think that's a consideration that the board ought to address prior to solidifying that forecast.

MR. WUELLNER: Plus you -- you know -- I mean, if you do develop a new airport, whatever scale, you know, it's essentially a nonrevenue producer, you know, at least for a while. I mean, so -- and that -- that could -- you know, you basically merge budgets in a sense. I mean, this -- this airport can support its development and cover its costs, too. So...

MR. GORMAN: Certainly just as a public statement, you can zero balance this airport and then --

MR. WUELLNER: And plug all the capital somewhere else.

MR. GORMAN: -- make it very clear to the public that these studies are for necessary

expansion, that we have zeroed this one out in its
load to the public.

MR. WUELLNER: Exactly. And anything being
generated here can be absolutely applied to a new
location to -- to solve that.

MR. BRUNSON: Let me ask -- let me ask a

question. And what triggers this question is, at the commissioners' meeting yesterday, they were debating medical clinics in west Augustine and Hastings, and it was stated that if they didn't do something immediately, that some outside source or company or private practice could petition to put a clinic in St. Johns County from Duval County.

If -- if we didn't move fast enough, could some outside governmental or private or -- put an airport in west St. Johns County?

MR. WUELLNER: Technically, yes.

MR. MARTINELLI: Yeah, as a matter of fact --

MR. WUELLNER: It would have to be from in-county.

MR. MARTINELLI: As a matter of fact, Randy, they -- some several years ago now, we all got questionnaires. I don't know how many fellows here are airplane owners, but I got one from a gentleman up in Jacksonville who was thinking about building a private strip, wanted to know whether we'd move over there and get a hangar there. So, there is interest out there in doing that.

MR. WUELLNER: As a -- as a governmental entity -- you know, let's talk generically. If it were out in Hastings, as an example, and could be incorporated into the city of Hastings, technically there's nothing to prevent the city of Hastings from building or -- and operating an airport. Likewise with the county. Or, the creation of yet another entity to -- to build or develop an airport.

So -- but it would be unlikely, not impossible, unlikely to -- to be able to, for instance, JIA or somebody like -- Jacksonville Airport Authority to cross county lines. They -- they couldn't do that now. But the legislature could authorize them to do something like that.

MR. BRUNSON: Anything's possible through the legislature.

MR. WUELLNER: Yeah. Well, the legislature, you know, in a sense has divine power over those rules.

MR. BRUNSON: Highly unlikely.

MR. WUELLNER: But the same way you're empowered to develop airports within the county, you're not given the exclusive right to do that, at least not my reading of the charter. I mean, I don't know why anybody would want to develop a startup airport and, you know, at -- at this

point. I mean, we --
MR. BRUNSON: And not have taxing authority.
MR. WUELLNER: Yeah. And especially spending ten years aggravated that we -- we collected to operate an airport to turn around and they're going to obviously collect -- collect some sort of tax money to operate an airport until it gets on its feet, if ever. Why any governmental agency would want to jump into that, I don't know. That's not my call.
MR. GORMAN: From a public relations standpoint, as soon as you prove to the public you have a zero tax load on this airport, it certainly would be much easier then to allow the public to swallow, understand --
MR. WUELLNER: Yeah.
MR. GORMAN: -- or be a part of the development of something that would be in the greater good, you know, west of here. You've got

to --

MR. WUELLNER: And if it's at zero cost to the taxpayer. You know, if this airport could sustain development of another airport?

MR. GORMAN: Yeah, you could prove the planning process does produce the zero tax load.

MR. WUELLNER: And I don't think you -- you could make the argument that another governmental entity could go in there and do that, because they'd -- they'd have to -- their source of revenue is entirely different than ours. Ours is user fee based, in a sense; theirs is tax dollar, strict -- almost strictly. So, anyway, really good point.

CHAIRMAN BARRERA: Whether they show it on their property taxes or not, the point should be made.

MR. WUELLNER: Oh, correct. It's in a general fund dollar --

CHAIRMAN BARRERA: Right.

MR. WUELLNER: -- that's allocated --

CHAIRMAN BARRERA: Right.

MR. WUELLNER: -- to however it's allocated every year.

CHAIRMAN BARRERA: Right.

MR. WUELLNER: Yeah. So, that's a general purpose budget or, you know, general --

CHAIRMAN BARRERA: So many people have their --

MR. WUELLNER: -- general purpose taxing --

CHAIRMAN BARRERA: -- money hidden.

MR. WUELLNER: -- for authorities, cities, counties. But we're not one of those.

CHAIRMAN BARRERA: Right.

MR. WUELLNER: Ours is a special purpose -- special district.

MR. BURNETT: I just wanted to offer two sort of nonlegal comments. And that is, as far as locating another airport in the county, it's an interesting time right now, and it'll probably extend for I don't know how many years. Most people are trying to be optimistic.

But the decline in the residential real estate market is really changing the way large property owners in this county view the properties that they have, because they simply don't have the ability right now to currently have national home builders knocking on their door trying to buy those large parcels.

So, the parcels that you'd be looking at to do an airport somewhere else in the county, you're not competing with the national homebuilders that are trying to develop them into DRIs, necessarily. There's a lot of long-term property holders that are sitting on the property now because they can't -- they simply can't develop them under the current political environment and under the condition with some of our roadways that require significant roadway improvements in order to put the traffic from those new homes onto our roadways, and -- and the -- just the decline in the residential real estate market. And I don't know how long it's going to last, but you have a -- probably as good an opportunity as there's been in years for acquiring properties in this county.

MR. WUELLNER: Could very well be some of the last opportunities.

MR. BURNETT: Yeah.

MR. GORMAN: The cycle has gone -- four years ago, it would have been more expensive, you're saying, than it is now, only because the supply and demand.

MR. WUELLNER: Absolutely.

MR. GORMAN: And the supply of land --

MR. WUELLNER: You would be bidding against a
home.

MR. GORMAN: -- exceeds the demand now.
Yeah. And actually does in large parcels.

MR. BURNETT: Yeah.

MR. GORMAN: Yeah. That's a good point.

CHAIRMAN BARRERA: And with that point, I'd like to point out we do have that $1.8 million --

MR. WUELLNER: Yeah.

CHAIRMAN BARRERA: -- that -- that could be used towards any type of, should the board decide it --

MR. BRUNSON: Study.

CHAIRMAN BARRERA: -- at a meeting.

MR. WUELLNER: Actually, you -- you actually have more. I mean, you have your other reserve items, too.

CHAIRMAN BARRERA: With the entitlement.

MR. WUELLNER: Yeah, plus you've got your regular grant funding sources that, you know, we can parlay into maybe more.

CHAIRMAN BARRERA: So, to further make the point, with this budget, there are still plenty of options available should the board decide to go in any of those directions.

MR. WUELLNER: Excellent point. That's -- that's the nice thing about where you are right now.

Let me walk the revenue, just point out a few things, because I think you just need to understand. Especially going into -- going into the discussion on the 12th related to Grumman, I wanted you to see what -- and I'm sorry I don't have a way of showing what was in there before, but what I think you need to -- to really get a handle on is the impact of these lease renewals and what we're asking -- what we're going to ask you again to -- to talk about and think about relative to -- to Grumman itself, okay?

If you recall, all previous models of this, or all previous versions of this model, up to and including last year, had a revenue expectation from Grumman of $450,000 a year. That was it.

As we've gotten, you know, gotten through the appraisal process, as we've now gotten into what I would consider substantive negotiations relative to their leases with the Authority, the -- the revenue opportunities have multiplied, so to speak, over that $450,000 number.

And to kind of illustrate the -- the

impacts -- now, we used to run the model based on
that and still projecting solvency and -- and
ability to get off the tax rolls and all of those
good things based on that $450,000 number. And,
obviously, some of the good fortune we see in our
budget in out years is a direct result of a

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

continued long-term business relationship with Grumman.

Now, with that said, the two line items that were in your budget and we talked about as revenue earlier, follow that across a little bit under parcels -- Northrop 1 and 2 and the North 40. And also look down a little bit further on line 76 on the screen where it's talking about the Grumman land lease scenario. And you can see that the Grumman land lease kicks in, if you guys end up approving what we're going to ask you to look at with -- with -- and approve, you would begin next year with a new revenue above and beyond what revenue they're paying today, which is, what, $50-, about $75,000. You would add about $158,000 of new revenue next year from Grumman and each year thereafter to the tune of $150,000.

The first lease to expire would be the parcels 1 and 2 leases, if you grant the extension

on the North 40 that we ask you, all right? That
expires in 2010. Grumman is agreeing at this
point to negotiate in good faith to market value,
which is critical here, on what is that old Coast
Guard hangar on the north end and the adjoining
land that the Airport Authority owns that is

currently within, in most cases, inside Grumman's fence today. There's, I think 16 -- 15, 16 acres involved to that. That would come to market value in 2010, beginning 2010, with a revenue expectation in and of itself of at least a half a million dollars.

So, in a -- in -- in the context of the model, you are back performing above, by about $175,000, what your expectation was relative to the Grumman leasehold at -- in the year 2010.

But the important number to kind of watch now is look what happens in Northrop, by extending that first term, the five years like we brought up last meeting, beginning in the fifth year, that $24,000 revenue item jumps to a million dollars, plus you still have the $400- -- which at that point is now working over $500,000 a year on the parcels 1 and 2.

Plus, look what happened to your ground lease

down a little bit further. You'll see when we
renewed in 2010, the ground lease component of
the -- out there jumped from $158,000 to $245,000.
So, you're now -- in the course of five years,
have changed your Grumman revenue source from
about $75,000 a year to over $2 million a year in

year 5, and the -- and they're renewing those leases for, you know, at least 5- and 10- and 20-year periods of time.

So, you've not only got a great long-term revenue, you've got a -- in a sense a bit of a cash cow that's developed. Plus, you've now retained this firm in the community. Although it's not a revenue issue, you know, you're preserving the at least half a billion dollars of -- of economic development that is attributable to Grumman now and the jobs and the -- you know, you're not the guys that's running them out of town. This is negotiated in a sense. You know, they're -- they're happy. And the numbers scream good things for the airport.

You know, we're not really getting -- just so we don't get past the -- the agenda, because it's -- it's -- we'll talk about the lease part of it.

MR. GORMAN: Right. My only comment was, and just like my letter before, because I couldn't attend the meeting --

MR. WUELLNER: Right.

MR. GORMAN: -- was five years versus a one-year extension, in other words, to allow the buildup of these revenues to become gradual, I don't understand why they would jump the fifth year and why you couldn't --

MR. WUELLNER: Yeah.

MR. GORMAN: -- you couldn't attainably just raise them incrementally over the five-year period. That's something, for instance, that I've had people in the public ask me about, and then I just, common sense, still --

MR. WUELLNER: And the logic -- the logic is sound. I mean, it -- it does make sense. You -- you know, the ratcheting up is reasonable and rational.

It has to do, as I -- I limply explained at the -- the last meeting, but the North 40 in particular, it has something to do with the way they price or -- or bid the projects with the federal government. It's an accounting issue on their side as to how and when the revenue from that facility enters the projects' budgets that they carry with the Department of Defense.

In order to be competitive on that project, they need to show it really as a no new expenditure against the North 40 building in particular until the fifth year, when it's in ramped-up production on the E-2 -- the next generation E-2C.

MR. GORMAN: In other words, they have to show --

MR. WUELLNER: It's an accounting issue --

MR. GORMAN: I mean, to simplify it, that they have the reserve or a lack of debt service.

MR. WUELLNER: Exactly.

MR. GORMAN: -- into the contractual agreement.

MR. WUELLNER: Yeah. It has to do with something they way they treat capitalize versus lease. And I don't pretend to understand it.

MR. GORMAN: And that's --

MR. WUELLNER: Again, that -- that whole governmental accounting Department of Defense thing is way beyond me. But that's the explanation.

They're not -- honestly, every discussion

we've had with them, they're not trying to just
not pay rent, when you really get into it. They
do have this -- and I -- given the -- you know,
they do have this kind of bathtub thing going on
for at least three years that has to do with the
production cycle of the E-2C and the development

of the next generation --

MR. GORMAN: It sounds like we need to discuss this at the next meeting; however, I mean, they can contract --

MR. WUELLNER: Well, you're going to, because they want an answer.

MR. GORMAN: -- if they're going to contractualize into -- beyond the five years, then you can buy something like that, I mean. But just extending it without a contractual agreement, why would anybody do that?

MR. WUELLNER: Well, what you would do is you'd keep the agreement you have in place. The -- the land lease was a separate component, which they're negotiating separately at market value, which is where this $158,000 --

MR. GORMAN: Right.

MR. WUELLNER: -- revenue source comes in. So, you -- you really have improved the revenue on

the North 40 just by doing the ground lease. Then
at 2010, there are no more options. There are no
more extensions on the existing lease on this side
of the field. That -- they've run every option
they had for the last 20-some years out, and it --
it's now fair market value beginning in 2010 on

that hangar, and that's the -- among the newest
buildings on the whole west side of the field.
That's that -- up where the ARFF equipment's
parked on the air -- airside, the big tank, that
hangar that's -- you know, foam system. They park
the production stuff up there, the stuff they're
flying.

MR. BRUNSON: Ed, if you don't mind --

MR. WUELLNER: But that building just --

MR. BRUNSON: -- may I suggest that Jack and
you get -- because we're going over the same
thing --

MR. GORMAN: Exactly.

MR. WUELLNER: Sure.

MR. BRUNSON: -- that we've been in the last
two meetings.

MR. WUELLNER: And I can even hook us up
with -- with Grumman, and maybe we can get a
better explanation of the revenue side.

MR. GORMAN: Like I said, it's for next meeting.

MR. WUELLNER: My -- my only point in the whole thing is I -- I don't want to see y'all get -- and we can talk about it again in July. But I don't want to see y'all worked up over what appears to -- if you really want to micro look at it, you know, may not look like the sweetest deal for the first few years, but when you plug it into where you're going with them over -- it's -- you know, I hate to say no worries, but, you know, the reality is the -- the revenue stream is so much better than we ever imagined out of that, the Grumman side, that, you know, it so makes up for the first couple of years of -- of helping them through the rough patch and in a sense ratcheting the whole thing up.

MR. BRUNSON: And they deserve it.

MR. GORMAN: And like Randy said, we'll discuss it. Mr. Brunson, we can discuss it.

MR. WUELLNER: I don't -- I don't want to beat it any more than we already have anyway.

MR. GORMAN: That's fine.

MR. WUELLNER: But keep in mind, through the model, too, that's about all I wanted to talk about or to point out. Look at terminal parking revenues over time, look at rental car fees over time.

(Mr. Brunson leaves the room).

MR. WUELLNER: Keep in my mind, my model only addresses a maximum of three flights a day. Okay?

I can tell you what I know already; you will be at three flights a day by February, okay?

So, while I'm showing that over a couple of the -- couple of years, those things could be reality within the next budget year in terms of the additional revenue, as well as the issues that go with it. So -- and I -- I don't -- it's not going to stop there.

And if you really look at -- I mean, if any of you have gone online and looked at what's gone on with that airline relative to ticket sales and the like, there's no reason to believe this is flash in the pan at this moment.

I can tell you the first seven or eight weeks are at over 80 percent load factor already, and there are several days in there you're over 95 percent load factors already. And November is already gone, I mean, in terms of it's over 80 percent already, also.

They're already telling us, be prepared for number two by the end of the year. The numbers are strong systemwide. And that will conclude our activities to Columbus, just to refamiliarize yourself with their business model. That's it. We will have no more round trips that I -- that

they even foresee into Columbus.
Now we're talking new round-trip service to another city and then another city and another city. So, it -- it won't be -- you're not going to just keep adding flights to Columbus, let's put it that way. The -- the availability of access gets bigger as we go. Whether that's a good thing or not or whether the city -- it's a great idea; I don't know.
MR. GORMAN: And again, it's not a budget discussion, but I went through Pan Am. I was there on the ground --
MR. WUELLNER: Well, this --
MR. GORMAN: -- during the whole issue.
MR. WUELLNER: This model is nothing like --
MR. GORMAN: Hopefully.
MR. WUELLNER: I mean -- well, I just -- I'm just saying their -- their method of business, their -- the revenue structure, their everything

is nothing like traditional airline. That could be good. That could be bad. I'm not making a judgment on it. But the numbers look good.

If you're looking at enplanements as -- as a base, at the end of the day, they've made no bones about it; within -- I think within three to five years, they're taking this public in terms of, you know, doing an IPO and moving the whole thing forward. So, they're going to have to satisfy a lot of investors between now and when they do that.

CHAIRMAN BARRERA: One other thing to keep in mind is that it's not just the company. It's the St. Augustine market and St. Johns County market and Flagler County and those around us that are going to -- that's -- that's what's going to make it different here, as opposed to the company. It's the demand because of the location.

MR. MARTINELLI: Also, Kelly, it's going to be Duval County as well.

CHAIRMAN BARRERA: Yes, I agree with you, Vic.

MR. WUELLNER: It's coming from all over based on --

MR. GORMAN: Again, Kelly, not to -- not to

belabor the whole thing, that was the business
model of -- of this other airline that I'm talking
about that did actually fail in that it was a
feeder airport, it did have less congestion, it
did -- was easier to get to, and it was drawing
from markets that were in a satellite.

CHAIRMAN BARRERA: Previously unserved. But that has been -- that has been Southwest's success.

MR. GORMAN: That's true. I mean, it's invaluable. I'm not going to say it won't work. I'm just --

CHAIRMAN BARRERA: No, but I'm -- I'm just saying that, you know, even if it's not at this point, if it's not this company, you're going to be seeing interest from other companies.

MR. GORMAN: Oh, I agree.

(Mr. Brunson enters the room.)

MR. GORMAN: I could -- like I said, this doesn't mean it doesn't work; it just means it's not as written in stone.

CHAIRMAN BARRERA: Put that in your back pocket.

MR. GORMAN: When you're budgeting things, you --

CHAIRMAN BARRERA: No, I agree with you. You can't write it in stone.

MR. WUELLNER: Okay. So, that -- I'm not going to beat revenues up anymore, but it's in there.

Personnel, that's a pretty linear, you know, all the way through here. We don't -- I mean, we're not budgeting, increasing employees till out I think it's year 8 or 9, and it's by one.

Of course, you know, if the airline side gets more aggressive, we may need some -- some other assistance. So, we'll deal with those as we go. But the end of the day, when, on balance against revenues, it should be -- you know, it shouldn't be a big deal. And, yeah, the related stuff with it, I won't beat that up anymore.

Operating expenditures, a lot of this is linear. We can continue to just forecast increases in certain things based on a 2 1/2 -- I believe the number we're using is 2 1/2 percent here. Actually, I'm moving expenses up in some cases by 5 percent a year. And we're using the revenue increases at 2 1/2 percent a year. So, we are, you know, intentionally outpacing the expense model, and traditionally that's proven true;

expenditures typically do outpace to some degree the CPI, but not in all areas. But anyway, that stays pretty linear.

If you look across, you're going from, you know, about $1.2 to $1.4 million over a better part of 10 years. So, it's -- you know, it's not -- not horrendously out there.

Nonoperating, this -- this is where we really just kind of display what's going on with PFC revenues. This -- obviously there's no debt service in this model. That's still available and out there if it proves to be something we need to do later. I don't -- I'm not saying we do or don't, but it's -- you've got it out there.

This top line, line 11, running across is your regular reserves. We top that out at about $3 million, which if you see there, it's about two times the operating budget. We -- we may want to tweak that in out years later on. Maybe we want to ratchet that up to four or more as a -- as an operating reserves.

The line below it, 12, is the -- where we begin funding a building -- the building reserves that -- that you mentioned, Randy. Beginning in 08-09, we plunk a half a million dollars in there

for the first time and grow that at about $15,000
a year as just a repair and replacement kind of an
account for buildings. And I'm sure we'll --
we'll have some needs as we go forward.

MR. BRUNSON: I tell you what --

MR. WUELLNER: But it provides a dedicated source for it.

MR. BRUNSON: Cross our fingers on that one. We might need that.

MR. WUELLNER: You just never know. And then out year 4, you see we begin to plunk down at $30,000, an R -- a replacement account for fuel farm kind of things.

Then the last line item there is the PFC accumulation, if you will, and it starts out with first year at about a half a million, and it goes to about $1.5 and then increases annually at about $1.5. Again, that reflects the -- the half -- the three-flight-a-day number. So, you know, if that -- and if it ratchets back, it will be less. But it's just the accumulation. There's no direct expenditure against it. It's just a placeholder for all the money you're collecting.

And you will make expenditures out of that over ten years. So, don't think of it as having

just $15 million at the end of 10 years that you
don't have a home for. You're going to be
required to expend it within the PFC program on
capital. But we don't know what that is yet.
Maybe we'll have a better focus on that once the
PFC -- a program, is adopted, in place with us,

revenues against it, and we know what the capital projects are.

So, you know, next few months, I don't know that we'll have -- it will all be in place by the -- the adoption of this budget, but I think you'll be well in place going into next year's look at the same model. We should be able to predict when some of those PFC expenditures will occur and have a better handle on what the real revenues in are. Here nor there.

But, obviously, when you -- when you do the math on the totals of reserves, you know, it goes up dramatically over -- over a 10-year period here in terms of total reserves. Not all that's available for anything.

And then the last two items are -- last two lines there are capital equipment. Other than the next year's prediction of about $66,500, I use a placeholder amount for equipment, because

typically we don't -- you know, we don't
anticipate the direct, I need -- you know, a new
this or that, by year. So, they're just kind of
placeholder amounts of $200,000 annually.
And beginning in year 6 and out, I have a
generic $8.6 million kind of capital number in

there, with no specific projects attached to them. The number will go up, it will go down as we add projects in out years. But that's -- that's -- it provides a good baseline of what -- what the expenditures are.

Now, probably the next -- or the last and probably most -- certainly the highest dollar value items are the capital programs. Stand back over here.

All right. This -- what you're looking at in front of you right now -- oh, I'm sorry.

MR. BRUNSON: Hold on.

COURT REPORTER: That's okay. Go ahead.

MR. WUELLNER: What you're looking at right now is exactly what's in the -- the budget for next year. So -- the capital programs exactly. So, we already really talked about this year.

As I move it across here, this is predicted capital program for next year. And you see

there's some federal projects in there. There's
some ARFF-related expenditures.

From capital side, there's a Southeast Aero
facility in there with some -- some FDOT matches
in there. There's some initial second FBO
development money thrown in there as -- as

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

placeholders.

You can see there's the money for the building for the -- we were talking about the aviation education area -- center. Hangar -- or a project related to getting a permanent home for the flight school on the south end here. Again, placeholder kind of numbers.

Park construction money in there. There's some property acquisition. And also, probably more importantly, is terminal planning study, which we're really going to need to begin by next -- the year after, taking a hard look. If -- if this airline is as successful as it has the potential to be, you're going to be needing to make long-term terminal decisions, terminal facility.

This facility we're building is not designed -- you know, it's designed for one flight at a time. And, you know, we don't know where all

of that's going. It may -- you know, it may
evaporate as a capital project and the whole
thing, you know, just becomes a nonissue. But
just -- just as a placeholder number, there's
some -- let's look at it.
You know, it gives it about 18 months of --

of under its belt. You know, I think everybody will have a better feel for whether it's going to be long-term successful or gone already. I don't know any more than you do in terms of whether it will be or won't be. Feels good so far, but, you know, that can wear off in a hurry.

MR. BURNETT: I like that expression.

MR. WUELLNER: Going out fiscal year 9 and 10, again, some more of that Taxiway B safety area project. Approach lighting to complement the ILS on that end. It -- it may or may not, again. Some of those things show up.

RingPower's already screaming at us to -- they've expanded their jet fleet now and they've totally outgrown what they've got, and I have another jet on order, and I would really like to be in about double or triple what they've got right now by three years. So, it's out there as a capital project and obviously a revenue associated with it.

Second FBO development, second phase of that. You know, again, you've got to think of it more as placeholders. They'll become projects in the year they're funded, not the year that -- that we're predicting, so...

You've got some property acquisition money in there and you've got some terminal development engineering money, maybe.

Moving out another year to fiscal year 10-11, same kind of scenarios. Rehab of runway 13/31, which would basically be some crack sealing and an overlay of some sort, looking out three or four years. Perhaps adding an ILS to the other end of the runway.

You know, they're less realistic than placeholders. So, don't go freaking out if you just don't like the project. We'll -- you know, it may not be a project at that point. It may have a whole different title and a whole different dollar value when you get there.

Also T-hangar -- another -- put my hand over that. Another T-hangar development project out there, combination redevelopment. We're -- we're predicting useful life on the port-a-ports to be about done there. So, this kind of has some placeholder money to deal with either redoing that whole area or moving that area somewhere else. Not obviously the same buildings, but the -- the capacity somewhere else. Whatever. I mean, your guess is as good as mine. We're talking four years out at that point.

I've got money sitting in there for railroad relocation. Is it even -- I don't know. But it's -- it's there holding a $5 million federal project in place. You know, that may be, again, may be a whole another project by the time we get out there. In fact, it's likely to be.

Terminal development plan, this is -- or this phase, this would be perhaps developed -- it's now out year 4 or 5. Perhaps you're in construction on some kind of permanent terminal solution in the wildly successful airline prediction. Maybe we're earmarking that money for another GA project with no airline service at all.

Now you get into the crystal ball phase, and it's -- all we can do is say it's -- it's feasible. It's not necessarily what will be done.

11-12, we're -- we're about the end of programmed projects at this point, and those

include widening, finishing -- or widening the
north section of Taxiway B, which is up along that
building 1 and 2 of Grumman, if you -- that
section there is a 50-foot-wide taxiway, and it
would be the last piece of -- of not 75 section.

You've got some property acquisition money of about a million dollars in there, and then you've got some terminal development money again in -- and again, wildly successful.

You're probably -- this funding source is probably PFC dollars and federal dollars to the tune of probably 90, 95 percent of -- of that number. So, it's play by ear; we'll adjust it every year and see where -- you know, obviously the further out we go, the more speculative the capital program is.

And then beginning about -- at fiscal year 12 out -- we're just using this -- this generic page, which is very nonspecific, as you can tell. There's a line item for construction, a line item of land acquisition, and a line item for planning, totaling $8.6 million and $200,000 in equipment.

And we're expecting that to be -- the funding sources to break down something typical of what they do every year on that -- on that level with

us picking up about 21, 22 percent of that capital
total as a part of the Authority share. And
that's plugged in for the last five years, that
same exact number setup. And that's how your
forecast model's built at this point.

I mean, if you've got, you know, dramatic input, I mean, we can declassify -- declassify capital projects and make them vanilla and just placeholders, whatever you -- we're just -- the feasibility stuff gets -- you know, drops off rapidly after -- after a couple of years.

So, that's about where it is. You want more detail on something, if it's not on your detail sheets, doesn't make sense, if you don't -- you know, please feel free to come see us.

We've got a lot of time to beat it up, talk about it, you know, do what we want. You don't really take any -- you'll approve your -- you've got to do something with your ad valorem millage your next -- on the 12th, to set your TRIM, which is your not-to-exceed millage. That's your last budget action till September.

So, you've got plenty of time to beat, massage, tweak, redo, whatever, whatever suits your fancy by that point. We've just got to have

something kind of squared up and ready to go by --
by I want to say the first week of September.

So, that's all I've got for you. You know, whatever you guys want to talk about relative to this or --

MR. BRUNSON: I want to study it and --

MR. WUELLNER: -- you're full and want to -- don't want to go on.

MR. BRUNSON: I think this is -- you know, it looks good to me. I've got a couple of little items that I might want to move around or recommend, but --

MR. WUELLNER: Again, a project in the current year budget, which is really what we're all about going into September, or the next year's budget, you know, one of the things I'd like to let you guys seriously think about is doing something right now, the probably big dollar item is doing something paving-wise for that parking lot over there.

So, you know, I don't know what the number is. I'll try to get something gelled up even by the -- by the meeting on the 12th, an order of magnitude cost, at least, because I think you're going to want to do something with that. It's just -- I think it's going to prove to be a nuisance all across the board for use. It's just not a -- it's not a high quality parking lot by any means.

MR. BRUNSON: It doesn't -- it doesn't look like the airport.

MR. WUELLNER: No. And, you know, it's the only thing that really isn't arguably up to snuff going into July. You know, it's --

MR. GORMAN: This -- this paving -- paving project, we're going for bid in the normal --

MR. WUELLNER: Yeah. Yeah. There'd be some -- there's not a lot to it in terms of engineering and the like. And it's -- we're not talking about a high quality airfield pavement, you know, type of design.

MR. GORMAN: It's parking.

MR. WUELLNER: It's a parking lot.

MR. GORMAN: Just parking.

MR. WUELLNER: Some crushed aggregate and an asphalt overlay and whatever we've got to do to deal with drainage. As soon as you make it paved, you're going to have to deal with the drainage. But it -- I mean, parking lots are big areas and, you know, unfortunately they eat up a lot of budget if you're not careful. So, we'll have some numbers. We'll look at it and see if it's something you want to do.

In terms of whether you want to do it sooner rather than later -- I mentioned this to Kelly before the meeting -- that you could -- you know, you're carrying forward about $1.8 million into next year.

You could fast-track it -- you know, assuming the engineering supports it and the bid process supports it, you could fast-track it, you know, and decide let's just get it going, or we can delay it, in a sense, and put it -- to build it into the budget for next year. If you choose to do it. I mean, you -- you can do either way you want to do it. It -- it doesn't have any impact in the big picture.

MR. GORMAN: Are you going to actually need it operationally for Skybus --

MR. WUELLNER: Yeah.

MR. GORMAN: -- or can it be put off?

MR. WUELLNER: No, it is going to be operational in its current form.

MR. GORMAN: So you're going to make money with or without.

MR. WUELLNER: It's going to make money with
or without it, yeah. But the bottom line is,
does --

MR. BRUNSON: You're going to have some
complaints of women walking on that gravel.

MR. WUELLNER: Well, there's going to be a no-fun, you know, rollover section to that, you know, with a wheeled luggage. So, I mean, it's not going to be your most popular feature out there, I can tell you that, in its current state.

MR. BRUNSON: Having said that, though, we -- you know, we don't know what Skybus is going to do.

MR. WUELLNER: Agreed. And I'm -- I'm just saying, you know, at the end of the day, it's not like you're making an improvement to somebody else's property. You know, it is yours. The -- you know, it could stay in its current form. You may want to, you know, whatever. But it is yours. It's not like you're, you know, literally paving somebody else's property here. That is your property.

So, anyway, something to think about. Back to you.

MR. GORMAN: Well, are you ready for comments or --

MR. WUELLNER: Absolutely.

MR. GORMAN: -- wind it up? The projections due to the demand for services are so strong, they are strong, and our space is so limited that, to me, again, an agenda item is a westward expansion.

However, the large percentage of the projections
of the large reserves in the future, it looks like
hinge on this tremendous success of the Part 121.
You still are going to be successful without the
success of 121 --
MR. WUELLNER: Agreed.
MR. GORMAN: -- strictly due to the -- the
demand for lease. I mean, it's just going to work
anyway. But, I mean, those large projections I
saw are in -- in great extent due to this 121.
MR. WUELLNER: Absolutely.
MR. GORMAN: To me, we've got to show the
public our credibility as manager of the public
funds by showing zero ad valorem taxes on year 4.
And then at that point, with that kind of
credibility, you can move right along. That's
just the way I think about it.
MR. WUELLNER: I agree.
MR. GORMAN: Because I don't see any way but

west expansion, if -- even without the 121, you're
out of space.

MR. WUELLNER: You may just be delaying --

MR. GORMAN: And the demand is still very
high.

MR. WUELLNER: You may just be delaying a year or two.

MR. GORMAN: Right. Exactly. That's a good meeting. It's -- it was a good presentation. I'm certainly -- the projections amaze me.

CHAIRMAN BARRERA: Randy?

MR. BRUNSON: I have no comment.

MR. WUELLNER: What?

MR. BRUNSON: I mean, I'm going to review it, and I've made my comments as we went through it. So, I have no ending comments.

CHAIRMAN BARRERA: I have no ending comments, either. Do we have any public comments?

MR. MARTINELLI: Excellent presentation. A lot of work went into it.

I would differ on one score with Jack, and that is, showing credibility to the public doesn't necessarily mean you have to be off the tax rolls.

I think that as long as you demonstrate to the public that you are getting a return on their

investment, which far surpasses anything that they
can get no matter where they put their money, I
think as long as you can demonstrate that -- and
how you demonstrate it, by the way, is using it
only for these projects which are jointly funded
by FDOT and FAA, because for every $25 bucks I as

a taxpayer put in, I get a hundred dollars back in assets.

And those assets, by the way, return big time to the -- to the taxpayers by supporting -- through the economic impact, by supporting what they would otherwise have to pay in ad valorem taxes to -- to support their government here and government projects and services.

So, I think that the important thing is, one, that you use the ad valorem taxes for expansion, for capital items that are jointly funded by FAA and FDOT, number one. Number two, that you demonstrate to them that every dollar that's invested has a tangible and intangible return. The intangibles, we haven't talked about. Those are services, emergency services, firefighting and so on.

But definitely, very definitely, I think before you precipitously get off the tax rolls without exploring expansion to another airport site and then at some point trying to say, well, we passed our opportunity, the window closed, we -- the land that was available in Switzerland is no longer available, the real estate market is changed, think about all of those things and think about the opportunity that you will miss.

And I, as an investor in this facility, and you as custodians of my investment, I think owe it to continue giving me the kind of return on investment that you have been giving me in the past.

MR. GORMAN: I disagree.

MR. MARTINELLI: I knew you would.

MR. GORMAN: I just -- I just think you're going to have a hard sell once -- I think you're going to have a hard sell to the public once you promise them something, then not deliver.

MR. MARTINELLI: Well, you haven't promised them. Wait a second.

MR. GORMAN: I've heard it a million times.

MR. MARTINELLI: Yeah, you've heard it from about two percent of the population.

MR. GORMAN: It's not true.

MR. MARTINELLI: About 95 or 98 percent of

the county population don't care. And if you put
it on a referendum, you'd find out how many cared
and how many didn't care. Maybe that's what you
ought to do. Otherwise, you're talking about
statistics that are not well founded.

MR. BRUNSON: Thank you, Vic.

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

CHAIRMAN BARRERA: Thank you, Vic. Do we have any other public comment?

MR. REILLY: I'm Jack Reilly. I just want to make a brief comment. First of all, I thought the presentation was quite good. I'm having a little trouble digesting all this, and I'm crunching numbers as we go along.

I've done a lot of projections over the year, mostly in the -- in the manufacturing and commercial end. The only -- the only point that I'd bring up relates to operating revenue.

I see a growth of almost 300 percent in five years in operating revenue, but a growth of only about 13 percent in expenses. If that can be attained, that is great. Because frankly, I haven't seen it in any of the things that we've worked on over the years.

I think -- I think perhaps as we go forward, we need to take a look at various factors that --

that impact those expenses. Not that it would necessarily be material, considering that a lot of the -- the revenues in here seem to be nonoperating in nature and may be totally independent of this. But perhaps something just to keep in mind.

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

CHAIRMAN BARRERA: I appreciate that.

MR. BRUNSON: Thank you, Jack.

CHAIRMAN BARRERA: Any further comment?

(No further comment.)

CHAIRMAN BARRERA: Seeing no further comment, this meeting is adjourned.

(Workshop adjourned at 6:10 p.m.)

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007

REPORTER'S COURT 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 11th day of July, 2007.

____

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

AIRPORT AUTHORITY WORKSHOP - JUNE 27, 2007