ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

Workshop Meeting

held at 4796 U.S. 1 North

St. Augustine, Florida

on Monday, June 12, 2006

from 2:05 p.m. to 5:27 p.m.

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BOARD MEMBERS PRESENT:

BOB COX, Chairman
WAYNE GEORGE, Secretary-Treasurer
RANDY BRUNSON
JOHN "JACK" GORMAN
SUZANNE GREEN

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ALSO PRESENT:

HAZEM BATA, 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.

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I N D E X

P R O C E E D I N G S

CHAIRMAN COX: We'll go ahead and call to order the budget meeting and workshop for June 12th, 2006. First order of business, if we could stand up and say the Pledge, please.

(Pledge of Allegiance.)

CHAIRMAN COX: Thank you. What we're going to do this afternoon is Ed's going to give us an overview of minimum operating standards. And what I'd like everybody to do is let him finish his presentations. If you have any questions during what he has to say on the min. op. standards, just write them down, and then wait till he finishes his presentation and then ask the question. I'd like to get -- keep some continuity going through the presentation process. We've got a lot of information to cover.

Then we'll do a budget walk-through, Staff prep -- the preparation for the budget and discussion on capital projects. We'll do a walk-through of the forecast for the -- for the next upcoming budget and then see where we want to do workshops for August and September.

So, Mr. Director, you're on stage.

2. - MINIMUM OPERATING STANDARDS

MR. WUELLNER: Thank you. First order of business is the minimum commercial operating standards, as promised, assuming I can get this thing to cooperate. I say who's -- I'm already jumping.

Okay. I gave you a copy of the advisory circular, the FAA advisory circular covering minimum commercial operating standards, and I've also provided you a copy of your current minimum commercial operating standards. And by "current," I mean the last adopted.

In this particular case, the last time you guys even looked at -- I don't know why we're just running along here. But the last time the Airport Authority looked at minimum commercial operating standards for the purpose of adopting something was about approximately six months before I got here. So, they date back to 1996.

I understand there was quite a bit of deliberation on the minimum commercial standards at that point. I -- you know, I'm not a big fan of the particular document that was adopted. It's a somewhat difficult document to interpret as it's written today, pulls in some terms that are very poorly defined. In fact, they're not defined in

the document very well at all. They're very generic and general and -- and as such, make it fairly difficult to interpret and give direction back to this board. I say "give direction," but to provide advice relative to your own policy back to you folks for consideration of individual commercial tenants.

Now, the whole idea behind adopting minimum commercial operating standards -- and really all I'm going to try to do today with you is give you an idea of what they are, why we do them, you know, where that -- where that background comes from. And at the -- kind of the last slide I've got for you today throws out a bit of a schedule or a recommended direction that -- that -- that y'all may want to take moving forward.

But the primary purposes are to keep you in compliance with the FAA as it relates to the airport and the specific clause that's contained within the deed, and it's also contained within all of our grant agreements that we've executed with the federal government through FAA.

And every time you execute a new grant agreement with FAA, you're prolonging that obligation to the federal government by an

additional 20 years.

Now, you -- it's already there in our case because of the deed to the property. It contains the same language. But the provision's called generically "exclusive rights." And FAA prohibits the granting of exclusive rights on any public airport where they've invested money, or in this particular case, where they were the deedee (sic) of the piece of property to the individual governmental entity. So, as a result, you've got two pretty strong arguments for paying attention and adopting something that keeps the airport compliant.

Keep in mind, not doing this -- this -- this document, or adopting a minimum commercial standard document, is not a requirement. It's not a -- not something that -- that absolutely has to be done. But it's real easy to get in trouble without something written down and something easy to follow moving forward, especially an airport that's as -- as dynamic as this one is in that we have a lot of leasing activity, a lot of discussions, a lots of things that go on relative to the use of airport property. And it's not hard at all to get into trouble. And if you don't know

what you're talking about, it's the quickest way in the world to find yourself litigating with someone who believes their rights have been infringed upon relative to this.

It's a real popular point that -- that folks go after, lessees go after, potential lessees go after, as the airport is out of compliance with FAA. They make this argument routinely.

You may have recalled, those of you that have been on the board long enough, when our -- when we were talking to Embry-Riddle a few years back, this was exactly the direction they went against the airport -- or tried to go to the FAA on -- is this argument of exclusive rights, in that we already had a flight school on the airport, and as a result, you folks were denying them access to the airport because you already had a flight school. And they tried to make that case that that's why the Airport Authority had denied them a lease.

The reality was the minutes and everything else didn't support that argument, and we -- and it -- and it all went away. But that's the direction. It's a real easy one to antagonize FAA over. As a result, they encourage you to develop

and adopt some kind of standards. But again, you're not required to do so.

All right. You have an obligation to make the airport available to the public on fair and reasonable terms without unjust discrimination. And by "discrimination," we're not talking the -- the typical definition of discrimination that -- that kind of is in vogue over the last few years. We're talking about discrimination in the use of airport property, in that you can't let a single type of business exist without at least having some provisions for additionals if the airport will support it.

And you have to make it available through these -- your FAA agreements available to all types, kinds, and classes of aeronautical activity. That means that we cannot unilaterally do things like we no longer will allow skydiving here, or you cannot do ultralight flights out of here, or you can't ban turbojet aircraft or -- or some variant of -- of a discrimination, you're just simply not going to be able to do.

Now, that doesn't mean that the airport necessarily in each case is capable of accommodating those activities. It's just you

cannot unilaterally say I'm not going to allow commercial air -- air traffic here, or I'm not going to allow balloon activities, or I'm not going to allow aerobatic flight or something along that line.

Now, in developing minimum operating standards, FAA provides some -- some -- some guidance that helps clarify what it is they're talking about, because they're -- they're extremely bureaucratic. And you can imagine the way they write isn't necessarily the way people understand.

MR. BRUNSON: No.

MR. WUELLNER: It's hard to imagine. But they've provided two different documents. One is an advisory circular, which you have a copy of I just provided to you. The other is a document called the FAA Compliance Handbook, which takes the form in FAA publication world as an order which is a different classification document than an advisory circular.

As you can imagine, "advisory" means this is what we suggest. "Order" means this is what we interpret the rules or the law to be. And you -- you need to evaluate your development of policy

based on that.

Now, the whole idea between -- for commercial or minimum commercial operating standards is to keep the playing field even. That's -- that's the whole idea behind it. It's -- it -- it tries to get -- as I say up here, kind of creates the rule book for the airport's leasing game plan. In other words, it's designed to benefit all of the users of the airport.

It protects existing tenant investment if they're done properly. It allows for new tenant investment, without having an -- an overwhelming obstacle of -- of -- of competitiveness that -- that has to be met with a -- with a like operator. It develops operating standards. And by "operating standards" in this case, I mean, you're -- you're literally telling a business you've made a determination as to what are appropriate hours of operation for that business, level of staffing, maybe the number of aircraft, whether their employees are -- are to be uniformed, whether they provide fuel, don't provide fuel. You name it; you're telling them what that's about. And, of course, that also applies to things like insurance and liability

waivers.

You've kind of -- this document serves to kind of present a baseline acceptability to the tenants. So, you're -- you're telling the tenants, as well as future tenants, what you expect them to do, in some cases prior to entering the lease, in most cases it's done after.

All right. So, what do we need to know in order to develop these or move forward? First of all, the exclusive rights. It limits the usefulness of an airport if you grant exclusive rights. And this is from FAA's perspective and generally airport users' perspective.

If you granted exclusive rights, you're saying, as an example -- and I'm just using this as an example -- we're only going to have one FBO on the airport. If you make a decision like that, you in a sense could be accused of depriving the public's best interest by only allowing one FBO on the field.

Pick any kind of aviation business and you can apply the same example to. It deprives the public of benefits of public competition or competition in the marketplace if you're not allowing -- or have the ability to lend more

businesses of the same type. And as such, FAA looks at the whole thing as, you know, you're going to -- it's going to be prohibited activity. In other words, you cannot grant exclusive rights.

Now, as with any good federal policy, there are exceptions. And there are always a few, as I say up here. But basically, FAA will review on a case-by-case example and allow exceptions to that rule. In other words, if your airport physically -- there's some examples here. But if your airport physically won't accommodate a second FBO, the FAA does not require you to go out and acquire land and -- and make that second FBO available on the property if it -- just physically. And there are some very small airports where there's just no way. Even if they had the activity level to support a second or third FBO, it just physically won't work.

Safety considerations. You could only locate this business or the type of business that lends itself to an unsafe condition periodically. Examples of that might be multiple banner-towing operations, might create enough of that type of activity that creates an unsafe operation at your airport. A little less concern here of that kind

of operation in -- in the example.

But there are airports where really they limit one banner tow operator as -- as meeting the idea of not exclusive rights, in that you have not banned a class or use of the airport, but at the same point, to have more than one operator might create an unsafe condition.

And a way you can -- I don't want to use the term "justify" -- that kind of a policy decision, almost always involves taking your case to the Flight Standards District Office or FAA and asking them to make a determination as to whether you can safely accommodate multiple operators of a -- of a specific activity.

And more often than not, they're going to be very liberal, for lack of better terms, in that -- in that they're going to -- to make the determination you probably can in most cases accommodate more than one operator. It's a really tough case to sell. You'd think they'd err the other way, but more often than not, they're giving the public the benefit of the doubt that more than one is better. So, it's -- it's very hard to do.

They'll also review things like insurance limitations. Anything you've used to -- to make

it difficult for another business to come on the airport are all subject to evaluation.

Now, self-service activities here. They're talking about "self-service" meaning you have not denied someone's right or ability to service their own aircraft. This is not to be confused with self-service fuel down here to where you're providing an opportunity for somebody to self-fuel their aircraft. That's not the type of business they're talking about here.

Also, monopolies beyond the sponsor's control. The only example FAA cites for this, and I've -- I've thought about it a lot, and I can't come up with any either, would be something like the -- the UNICOM station on the airport. You're only going to get one license for that on an airport. You're not going to get multiples. And it could be in some airports that the FB -- one of the FBOs, one of two FBOs, perhaps, has that license, and as such, second FBO is precluded from getting its own discreet UNICOM frequency, because it would create an unsafe situation from flying. That's the -- that's the kind of monopoly they're talking about. It's kind of bizarre, but it's out there. And it also excludes, for your

information, any activity that the sponsor, which is in this case the Airport Authority, chooses to conduct itself.

So, in an extreme example, and -- and one that -- that Mr. George brings up periodically -- is South Florida, where there are some -- there are some places where the Airport Authority or the airport operator is the FBO. And when you do that, you're under no obligation to open the doors and allow private sector businesses to come in and operate that at your airport also. You can control that activity as the sponsor. But once you've opened that door, it's very difficult to close it.

All right. So, what are the objectives here? You're going to try to create a document that promotes safety, higher quality of service, protects the users of the airport, enhances the number of service providers on the airport or the availability of those services, and also serves to promote the orderly development of the land. Makes sense.

What is not an objective, which you need to be really aware of, is protection of one business owner on the airport or the intentional exclusion

of another operator from being on the airport. They're -- they're almost polar opposites, but you can't -- you can't protect one on the airport, nor can you develop a set of standards for the sole purpose of keeping somebody else off the airport.

Now, the FAA, in their infinite wisdom, kind of in -- vests all of those obligations with the airport sponsor, which is you. You can create restrictions, as I kind of mentioned earlier, on types and sizes and numbers or weights of aircraft based on physical constraints on the airport. That is perfectly legal.

For instance, if you had a guy contact us tomorrow that said he wants to operate fifty 747s out of the airport and you're required to let him do that, well, no, you're not.

And also, it would be detrimental to the physical plant of the airport. The airport's not built to accommodate that. It's not -- it doesn't deal with those weights. That's -- that's kind of an absurd example. Or, you know, I'm going to build and operate 400 blimps off the airport. Well, that may not work, physically may not work on the airport.

Vehicle access, security, crowd control, efficiency of the airport are all reasons you can exclude additional operators. But you better be very careful that we've dotted the I's and crossed the T's, that those conditions actually exist.

For instance, you're not required to -- to open up areas of the property there's no access to, or, we create a security problem in that it's -- there's no way to fence it or secure it, or, we create a crowd control problem. You've got a guy running an aerobatic school and is going to have people all over the airport, as an example, trying to see the aerobatic activity, or, the efficiency of the airport, you know, your business tenants create a choke point on the airport because of the type of operation.

And always, FAA allows exclusion based on safety if something -- something just doesn't fit. For instance, it would be a -- based on the type of activity -- this is a very diverse airport in that we -- you know, you -- literally, when you describe what goes on here, it's everything from ultralights to F-14s. And -- and it's a huge mix within the -- within the aviation community.

And it's very hard to make a case to continue to accept or develop slow aircraft-type business, such as an ultralight flying school on the airport or a skydiving school or something -- or a glider train or -- or something like that on the airport becomes more and more and more of a safety issue on the airport, because it doesn't mix well with all of the other traffic on the airport.

So, you -- you do have some abilities to limit the number of operators, or even completely deny the operations. You also have some things that gets excluded because you have a tower.

All right. The whole concept of minimum operating standards is to make them fit the airport. So, you're going to tweak and bend and -- and cajole and discuss and -- and hammer out standards that fit this airport and where you see the airport going, so that we can include those in our discussions with future tenants and also make them a part of existing lease agreements so that when they seek to expand or do something -- do something outside of their lease agreement, the standards have been set as to what they have to do.

And obviously that reflects the type of airport, the physical limitations of the airport. You need to think in the context of your Master

Plan a little bit and decide whether those activities fit what the airport is planned to do. What does the Airport Master Plan say about future use of the airport?

Space requirements of activities. Obviously, it's really hard to go out and lease 200 acres to individual tenants within your commercial operating standard as we sit today, because we just don't have that kind of property laying around. So, that could be a basis for excluding a tenant.

Qualification of applicants. You -- you have the ability to control who gets on the airport based on whether they're qualified to do the work. You don't have to let somebody in who obviously does not -- cannot do the work, or there's serious question.

Compliance standards. Those are -- those are items within the FAA order.

Insurance. Can they -- can they provide insurance? What level of insurance are you going to require based on the type of operation? You can set that. And relevancy to the activity on the airport. Is it -- is it something that makes sense for the airport?

I use the term "new" versus "existing" business operators. But again, if you're -- if you're -- if you're developing these documents properly or developing this standard properly, you've protected the baseline interest of existing businesses on your airport, and you've also allowed the door to be opened reasonably to additional tenants. And sometimes that's -- you know, one of the more interesting things we're going to have to work through is the inclusion of -- of smaller businesses who -- who seek to gain a foothold on the airport, but are inadequately capitalized to jump in at, you know, 10- or 15,000 square feet.

So, you're going to have to find either a mechanism, you know, something that allows them to step into it, or the alternative is you can simply exclude those activities, but then you've created I think your own little enforcement problem when it comes down to not including or not allowing those businesses to access the airport. Now you're going to be defending that position a lot.

And, of course, FAA's -- in their wisdom, is going to look at it for the reasonableness, the relevancy to the airport, in other words, what --

if you've put a standard in there that's particularly onerous, why is it in there? You're going to need to be able to defend those positions.

And also the industry requirements. That's probably the biggest factor is, you know, what -- what really does a business -- and you've got to think by type of business. What do they really need in terms of space to be able to operate and -- and do the best job for the public?

You know, it's really maybe unreasonable to ask a guy who wants to sell airplanes only to come out and lease 20,000 square foot of -- of empty hangar and -- and 5,000 square foot of office when maybe something dramatically smaller, maybe something the size of a T-hanger and -- and a couple of hundred square foot of office allows the guy to be in business and protects the airport's interest.

The same point, might have an FBO who's a fairly mature operation with -- I'm making up numbers here -- but hundreds of thousands of square foot of leasehold, and it might be, you know, unreasonable to expect the new kid on the block to come in with similar numbers. But you

might be -- might be reasonable to expect them to stair-step it to that point over the course of a five- or a ten-year period so that at the end of that time, everybody's pretty much equal.

I think I hopped past that one a little bit. All right. The other point to mention is through-the-fence operators. I think I've had a few of you ask me about this provision over the years. But through-the-fence operations, as FAA defines them, are people who are, or businesses that adjacent to the airport, who believe they have some kind of right to get on the airport and access the public infrastructure, and it doesn't benefit the airport. "Benefit" in this case has a lot of variance, but primarily doesn't financially benefit the airport, is probably the biggest one.

An example of a through-the fence operation -- it's actually kind of a blend, but the only arguable through-the-fence operation that this airport has could be argued that Grumman is a through-the-fence operation. And Grumman owns the majority of property they access the airport from.

However, in the case of Grumman, they have a separate executed agreement with the Airport Authority that pays for that access to the

airport. In addition to that -- that's why I mean a hybrid -- they actually have facility they lease directly from the airport. So, it kind of overcomes the burden of it being just a straight through-the-fence.

Examples of this is a guy that -- you'll find this all over the state. But an example comes to mind is over at Zephyrhills Airport where you have a flight -- a school that teaches you how to jump out of airplanes, a skydiving school. They are not a tenant of the airport. They exist next to the airport, and they fly their airplanes in and out of the airport, but they're not a tenant of the airport. They do not benefit the airport in any direct way. As such, they'd be defined as a through-the-fence operation.

And FAA's telling you you shouldn't be granting access to those operators, that activity should be discouraged, and those -- any -- anything that goes on like that could be reviewed for compliance issues with FAA.

Now, you can get by that by simply negotiating if somebody wants to execute an agreement with the Airport Authority to access the field, the airport gets paid for their access,

then you can create those arrangements. But they're -- they're subject to review by FAA. They want to be sure that it's -- you know, it's benefiting the -- the airport.

And the reason is, they -- they consider the airport to be a, you know, a repository of public investment, and as such, a private business operator that comes in and just simply uses it with no return to the airport is not viewed on favorably by FAA.

Independent operators. Now, this is where we get into the area where we've been talking. There are a lot of people that fall into this independent operators. They're not big enough or the nature of their business doesn't necessarily lend itself to needing a lease agreement with these people. But it would very likely lend itself to being something where we'd want to put together some kind of an operating agreement with them. They don't have a basis of operation here; however, they access the airport to do business. It's kind of a licensing, if you want to use that term, or permitting.

Examples of that is that we do a similar type of arrangement with a banner towing operation out

of Jacksonville.

(Whereupon, Ms. Suzanne Green enters the room.)

MR. WUELLNER: They're not based here, but they pay us for an annual operating permit with the airport to come in and pull banners. And we limit the number of banners they tow, when they can do it, ascribe the parameters to keep it all safe and -- and copacetic.

There are other things like the guy who has an aircraft washing business, as an example. He doesn't need a place to operate. He comes over and uses a wash rack. We charge him a fee for that, and he has access to customer base on the airport.

Many of you -- I say "many of you," but many of our tenants employ private mechanics. Somebody comes in and just works on their airplane and comes out. In some cases, depending on the scope of what they're doing, we look to them to create an operating agreement with the Airport Authority in order to accomplish that.

Those are some examples of independent operators. Not -- not catering companies. I mean, there are tons of these little things that are not covered by somebody else's lease. You

could develop something separately with them. Rental car companies.

That's pretty much what minimum operating standards are. Now, in order to put it in context, which I'm not intending to do today, but to put it in context is we need to look at your Airport Authority document, your minimum operating standards.

We thought if it would help, that Staff will put together a revision or a recommended revision, at least a starting point. It will give you an idea. We'll try to put that in some sort of a matrix form where you can take the type of business and run across and compare your old to what's being suggested. Some cases, there may be no changes. But it'll give you some point of discussion to move forward.

And we would like to do kind of a wholesale change in the format of the document so that it's much easier to just kind of plug in a particular business and -- and -- and spit out what the basic requirements are of that when talking to new tenants, or proposed potential tenants.

And then follow that with a couple of additional meetings. One would be after you've

had that chance to compare and just talk about those, and us again present those numbers, is let's schedule either a workshop format or an extended agenda item at a meeting where we can bring the tenants that are affected by commercial operating standards, our existing tenants, and get their input, because they're going to have a perspective of this, too. And don't be the least bit surprised if they're somewhat protective of their investments on the airport, even if they have not made all of those investments.

But they've developed a business over the years, and they're not going to want to just let you hand that over to other companies. So, there'll be some interesting discussions, I would think, that tenants will want to weigh in on that. Commercial tenants. It doesn't affect corporate guys or T-hangar guys. It affects commercial, folks that are in this for commercial businesses.

And then following that suggestion is we then revise the document as the result of that public hearing or agenda item and bring it back, and if necessary, at that point, I guess, consider it for some sort of an adoption.

And I think you're looking at a 60- to 90-day

window here to kind of walk through all of those pieces and parts. So, that puts us out in September, October range. Probably September range, I'm guessing, to adopt something new or to adopt a revised document.

I think that's all I've got on it. So, any questions on just what they are and how they go? Otherwise -- and if you've got -- you want to change that -- that process, you're certainly welcome to do that. We're just kind of throwing that out as a -- but you definitely need to get your tenant input on this. You need to understand why you're doing it, because on the surface, it's like, well, we're just trying to regulate for the sake of that.

But you've got some very serious grant implications. Keep in mind, if you're found in default of those grants, there is a mechanism, and they don't employ it very often, but there is a mechanism for the FAA to try to recover their investment they've made in the airport. In other words, you have to repay it.

There's even a way to exercise a reverter clause in your lease and them snatch that and give it to some other public entity.

CHAIRMAN COX: Mr. Gorman?

MR. WUELLNER: They don't do that very often. I don't mean to scare you.

MR. GORMAN: The first and best question, if we could get some type of -- of a referral to when that's been done by the FAA to see the depth or the scope of what type of -- let's call it either paranoia or bureaucratic nuances we need to adopt. In other words, I'd like to see, you know, what's been done versus doing a lot of regulating that may not be necessary.

MR. WUELLNER: I can give --

MR. GORMAN: I'm just curious.

MR. WUELLNER: I can give you an example. Naples has gone under this but under two different ways. One, they had an individual who was seeking to sell fuel on the airport. In this case, Naples is the only FBO. And they challenged that with FAA, and this went on for a number of years, FAA ultimately ruling that the Airport Authority indeed was the sole provider and the individual tenant lost.

The same process is in place when they were fighting the noise -- the stage three ban that they went through. And ultimately won, it looks

like, but that was, you know, five years later. And according to Ted Soliday down there, that was in excess of a $15 million lawsuit by the time they were done defending their -- themselves.

MR. GORMAN: I suppose what I'm asking for is maybe an executive summary of your worst-case scenarios. I mean, that's it.

MR. WUELLNER: Oh, what -- what would be the implications to this airport?

MR. GORMAN: Yeah. Just --

MR. WUELLNER: Like what would we be on the hook to pay back --

MR. GORMAN: Right.

MR. WUELLNER: -- kind of this thing?

MR. GORMAN: Just -- no, just an executive summary of -- of what you feel we need to protect ourselves against, and then show an example through what level has done -- has -- what precedence has been set before and at what level.

In other words, just an overview like you've done verbally but, I mean, just a sketch outline.

MR. WUELLNER: Okay. Let me see what we can do.

MR. GORMAN: And that would -- that will lead credence to what you want to, you know, then put

in place.

MR. WUELLNER: Actually, we've -- we've got examples of those. I mean, we -- we have some other examples of minimum standards in use at other places. But again, you've got -- you've got to temper that a little bit with your specific airport. What fits Orlando International obviously does not fit here, or Jax International. The same point, what works at Herlong may be overly generous here. Maybe. I'm throwing those out; I don't know.

MR. GORMAN: But because -- because one of the -- one of the main onuses of -- of putting this into application at this airport is FAA, then, you know, protection from any type of grant recension by the FAA, then I'd like to look at what's been done before so that we can see whether we're either trying to overprotect ourselves or -- or maybe we're not going far enough.

MR. WUELLNER: Okay. I'm not -- I'm not sure if gathering it --

MR. GORMAN: I don't know how easy that is --

MR. WUELLNER: -- in summary form will be that easy, but we can certainly, on a point by point, if we're aware of any, you know, challenges

that have been made over the years in particular areas, we'll certainly chime in.

You know, if you're -- if you're heading in a direction that makes me squirm, we -- we probably need to really seek some guidance from -- even FAA

is willing to look at those kind of things in
advance, you know, before you adopt it, before you
get into trouble with it. They'll offer their
opinions on stuff. I mean, they're pretty good
about that.

MR. BRUNSON: That's good to know.

CHAIRMAN COX: Ed, you said --

MR. GEORGE: Faster than the Master Plan
approval?

MR. WUELLNER: Would almost have to be,
wouldn't it?

CHAIRMAN COX: Ed, you suggested a September,
October range to basically kind of look at
adopting a new format for you guys. When -- when
will you think -- would be a target time frame
that Staff would have a proposed -- some proposed
language for us --

MR. WUELLNER: I'd -- I'd like to have you
something --

CHAIRMAN COX: -- to study?

MR. WUELLNER: -- in July --

CHAIRMAN COX: Okay.

MR. WUELLNER: -- at your July meeting as something to do the comparison. Maybe do a brief, you know, something no longer than this, probably shorter than this. But just runs through comparing what you've got in place versus what we're recommending. End it at that. Transmit that information to your commercial tenants. Invite them to maybe the August meeting, or a meeting date in August for that purpose. Hash out what you're thinking of doing versus what their -- their agreements say and what the old minimum standards say.

If everybody's comfortable, everybody comes to some conclusions then, then we'll slate it, depending on what format we -- we took on meeting type, schedule it for September or October, and get a final document and get it documented.

And if you're light years apart, you know, maybe another meeting or two is, you know, appropriate to hash it out, or a couple of iterations.

CHAIRMAN COX: Mr. George?

MR. GEORGE: I, for one, am kind of

disappointed in what we're seeing here. And just -- and it could be my understanding. But my

recollection, which has been getting a little
weird recently --

MR. WUELLNER: Well, there's another piece to this.

MR. GEORGE: -- says that two to three months ago, we directed Staff to come up with a way that we could change our procedures that would allow startup businesses to do an incubator type of thing. And what we've got here is we've got a presentation on this is the background of why we have it.

I thought that the last two to three months, that that's what we were working on. And I thought what we were coming up with was FAA -- we don't have any space available. We've got a long waiting list for people to get in. We are going to allow some through-the-fence operators, you know, and maybe coming up with something that says they've got to deposit this amount of money that is gradually over 12 months, and when the space does become available, they have to take 10,000 square feet, 8,000 square feet, and then tell our Master Plan guys that are doing our new ramp and

where we're putting hangars, you have got to
prepare for five of these companies to come in.
That's where I thought we were.
MR. WUELLNER: That -- that is your next
meeting.
MR. GEORGE: Okay.
MR. WUELLNER: That is -- that is what we're
doing. Because that's the -- that comes under the
heading of proposed changes to minimum operating
standards.
All I want to do is get you an idea of what
that document is or what that basis for why you
have this discussion. Because you're going to
have some discussions with your tenants. I mean,
I can't imagine that all of them are -- are
thrilled at the concept of -- of, you know,
waiving the standards, for lack of better terms --
creating standards.
MR. GEORGE: If you publish your recommended
changes, you'll get comments.
MR. WUELLNER: Yeah. I mean, that's the
whole idea.
CHAIRMAN COX: Yeah.
MR. WUELLNER: But at the same token, I don't
think it's fair -- you know, unless you guys tell

me otherwise, I don't think it would be fair to publish those, then make you aware of them.

MR. GEORGE: No, no, no.

MR. WUELLNER: You know, I think you -- y'all need to -- you know, I need to brief you, and -- and we use that to then solicit --

CHAIRMAN COX: You're both on the same track.

MR. GEORGE: We are. Yeah.

CHAIRMAN COX: Okay. Mr. Brunson, you had a question?

MR. BRUNSON: Exact same thing. Number two thing is -- and I know the answer to this --

MR. WUELLNER: Okay.

MR. BRUNSON: -- is why? Okay. And as Buzz has said, the Enterprise-type people that can come in here, smaller, I think is our goal for this changing of the minimum operating lease, is similar. And you've covered the number one thing I had, that anything we do of a proposal of a change does not jeopardize our grants --

MR. WUELLNER: Right.

MR. BRUNSON: -- and -- and not complying with FAA. And then you're going to give -- you're going to give us your recommended change through Staff.

MR. WUELLNER: Right.

MR. BRUNSON: Having said all this, and if we adopt this, what is the potential lessees' procedure if they disagree with our interpretation? Do they go to Flight Standards to --

MR. WUELLNER: Well, keep in mind you've got two -- two things going on. One is you're developing minimum standards. Those directly affect what you do in the future.

MR. BRUNSON: Okay.

MR. WUELLNER: The -- the other part of this is you have -- you have built lease agreements with our commercial tenants based on today's minimum operating standards, and in some cases, you've allowed -- I'll use the term the "wiggle room" in the lease, that when you change the rules, the lease complies with the new rules.

So, ultimately it is your decision, and you guys, you know -- but you get the heat that goes with decisions that, you know, that vary dramatically.

MR. BRUNSON: So -- so, they -- they go to FAA if --

MR. WUELLNER: I mean, it -- it would have to

be something really significant to -- to get their attention.

MR. BRUNSON: Now, who sets the insurance minimums?

MR. WUELLNER: You do.

MR. BRUNSON: The board does?

MR. WUELLNER: In some cases, it's statute, but --

MR. BRUNSON: Okay.

MR. WUELLNER: -- for the most cases, you're -- you're setting those.

MR. BRUNSON: Okay. And the staff is going to recommend certain things. But could we peep under the tents -- tent a little bit here? And what are some of the major changes you think that need to be made?

MR. WUELLNER: Well, one is the format of the document. They keep using this term throughout your existing documents as these "limited FBOs." That's a term that doesn't mean a whole lot. It's kind of a term of art within your own document.

I would really like to see y'all get away from that term. Because what we end up doing is

defending arguments all the time that a guy who's
simply doing aircraft repair or simply painting

aircraft are in some way vested with rights as an
FBO. And I don't think that was ever the
intention.
But by using the word in the -- in the title,
they feel that there's some promise of their
ability to expand or be an FBO, or that they
indeed are one.
CHAIRMAN COX: Right.
MR. WUELLNER: And in -- in those cases, you
defend things like, "Well, I have a right to sell
fuel to the public." I have a right to -- to do
this or that, and clearly they're not rights
granted in their lease, but there's the argument
that -- that your standards provided for that or
intended that. That's one of the items.
CHAIRMAN COX: So --
MR. WUELLNER: The other is to accommodate
things like -- I'll use -- I'll use the term, but
I don't mean it necessarily the way we say it --
but to include things like we were talking about
in the incubator discussions we had, in that we

can deal with small business operators as -- in their infancy, in that they're -- when they're starting their business or starting a business location in St. Augustine, we have a -- some

method in place that lets us deal with them openly, up front, with some legitimate standards in place that are enforceable by us in -- in getting that business off the ground in St. Augustine; but more importantly, not to leave them there indefinitely, but to require, you know, this may be the standard today, but at the end of -- and I'm making numbers up here -- at five-year point, you need to have grown your business to a point where you can -- you can be accommodated in a normal lease setting under all the terms and conditions and enjoy all those privileges.

While you're in that restrained condition or small con -- infancy condition, we're going to be watching you like a hawk because we need -- you know, we don't need to grow a bad business on the airport. That's not beneficial to our users.

CHAIRMAN COX: So --

MR. WUELLNER: As an example.

CHAIRMAN COX: And your suggestion I think -- and it's well taken, at least in my opinion, is to do maybe possibly a workshop on minimum operating standards for this and -- and get into it a little more on the -- in the September, October time

frame after you get us your suggested language.

But -- and I don't want to launch into a discussion on all of the tangents of minimum operating standards here, because we need to kind of get to the budget time.

Are you -- this is a little bit of a more informal meeting because it's a workshop. Is there any public comment? Yes, sir.

MR. CAMERON: I have a couple of questions.

CHAIRMAN COX: If you'd step up to the microphone, please.

MR. BRUNSON: I had one last item when he gets --

CHAIRMAN COX: Wait.

MR. BRUNSON: Just --

CHAIRMAN COX: Okay. That's fine. We'll get you. Go ahead.

MR. BRUNSON: Go ahead.

MR. CAMERON: Jerry Cameron, St. Augustine. Just one quick question. In -- in one sentence, how would you view the document that would come out of this process as being substantially different from the document you have?

MR. WUELLNER: The document I see is being more flexible in how it treats entry level

businesses onto the airport in that I think it will allow a much -- or a greatly reduced investment onto the airport for a period of time, at which point the standard in a sense reverts to something substantial.

The other is, it's a document that hopefully will curtail the vagueness of interpretation as the old one is written. It's a very kind of flowing generic document that -- that's in there today.

The -- the one I would envision or propose is going to be a very straightforward -- you'll be able to plug in the type of business and literally read across the line with the -- the absolute -- the metrics that have been put on there, you know, the insurance is this, the number of employees you've got to have, the number of aircraft you own, the minimum square footage that needs to be leased, the minimum ramp size. Those types of things are very easy to -- to quantify and come up with a table that makes sense.

The biggest problem we've got with today's is, you know, we end up entering a discussion with a proposed tenant, and -- and we have a viewpoint of what those documents say. They need something

different. They need something that -- that varies from that or is just from the practical standpoint may not make sense.

MR. CAMERON: Assuming that a copy of the MCOS has been submitted with every grant that goes in...

MR. WUELLNER: It's not really -- it's not required.

MR. CAMERON: But it has been.

MR. WUELLNER: No. The requirement comes out of the grants for us to have those.

MR. CAMERON: Okay. Has -- has there ever been an FAA critique of the existing document?

MR. WUELLNER: Not of the entire document, no.

MR. CAMERON: They critique portions of it?

MR. WUELLNER: The -- the closest we came to a critique of the minimum operating standards was in our -- in the complaint that was registered with Orlando Airport district's office relative to Embry-Riddle. And -- and frankly, that came back and -- and was absolutely -- they had no issues at all. It was dropped immediately. FAA felt our -- our document and our version of what had happened was -- was clean.

MR. CAMERON: So, the FAA is not really the genesis of this revision.

MR. WUELLNER: No, sir.

MR. CAMERON: What primarily is the genesis?

MR. WUELLNER: Primarily, it's trying to accommodate the types of tenants that are asking to get on the airport.

MR. CAMERON: Okay.

MR. WUELLNER: Small business operators.

MR. CAMERON: So, this is directly connected with your incubator.

MR. WUELLNER: Yeah. I mean, in terms of dealing with the issues that came up during that process.

MR. CAMERON: Okay. Thank you.

MR. BRUNSON: Last thing I had, Bob.

CHAIRMAN COX: Is there any further public comment?

(No further public comment.)

CHAIRMAN COX: All right. Thanks. Mr. Brunson?

MR. BRUNSON: The only thing that I think needs to be looked as closely, and I know you will, is -- is this operating agreement, that -- that we not have gray areas in that. And just

like you just said, list the business and really what those entail.

MR. WUELLNER: Yeah. Today's operating agreements -- and you don't see a lot of those, because they're typically really, really low dollar value kinds of things, if -- if any. But literally resemble a lease document, other than you're not giving them use of a specific piece of property. You're -- you're in a sense allowing them to access the airport, or even a specific area of the airport, to do a -- to wash aircraft or something along that line.

But you're not creating a specific place on the airport. So, it -- it's a little different than a lease in that some of the real property considerations in there don't exist. But you are -- but you are very narrowly constraining what they do on the airport and how they do it in order to keep that operation compliant with everything else that goes on in the airport.

CHAIRMAN COX: Mr. George?

MR. GEORGE: Ed, we -- in our basic operating standards, we've got an operating standards book, and every one of them has a number like operating standard 96-12. I notice that this one doesn't

have it. Do we have many more agreements like this that are not in that?

MR. WUELLNER: The -- the format of a -- of a policy, you mean?

MR. GEORGE: Yeah. In other words, would this fall as a policy? It's an operating standard.

MR. WUELLNER: I think you're at an op -- you have an opportunity here to do one of two things: Historically, and the way it was -- how we got to where we are today, is that this document was done in '96. Later on, a few years later, after I was here, we developed -- began developing that lease policy.

The lease policy refers by nature to minimum commercial operating standards. As a result, we -- we wrapped this in as an appendix to your lease policy.

MR. GEORGE: All right. That's good. That's all I need.

MR. WUELLNER: It could be done as a stand-alone or just made a part of the lease policy --

MR. GEORGE: No, I --

MR. WUELLNER: -- at the end of the day.

MR. GEORGE: I just wanted to make sure that -- that we were consistent. And somebody coming in here and saying, I want to see your operating procedures --

MR. WUELLNER: I think --

MR. GEORGE: -- policies --

MR. WUELLNER: I think it's appropriate either way.

MR. GEORGE: -- this is in there somewhere, and that's exactly where it should be, is in the lease, so...

MR. WUELLNER: It's appropriate as a part of the policy --

MR. GEORGE: I withdraw the question.

MR. WUELLNER: -- or a stand-alone. It could work either way. We have a very -- yeah. One thing you've got to your credit is that we have a very detailed lease policy. And I'll guarantee you that doesn't exist at -- other than at maybe some high-end commercial airports around the state. That kind of level of what we do and putting that out front and, you know, letting people have a look at exactly what it is we're going to do and what we're looking at when we look at your -- your proposal of the lease.

MR. GEORGE: And that's the attitude that we want to take forward to the public.

MR. WUELLNER: I think so, too.

CHAIRMAN COX: All right. Very good. Let's move forward to, Ed, I think you've got a budget walk-through you want to present?

MR. WUELLNER: I sure do.

MR. CAMERON: May I be excused?

MR. BRUNSON: Yes, you may. Nice seeing you.

3. - BUDGET SUMMARY

MR. WUELLNER: All right. First thing I wanted to do, because a couple of you weren't here, is walk through, just real briefly, what's in the -- because I think at least one of you didn't get this book till today.

We -- we put a binder together that's got a number of information pieces in it. Some of it's just reference material that you -- as -- as the name implies, you can look back on and -- and help understand where it is we got something, perhaps, or what all's in there. We've had questions about the details of how the lease revenues are developed or how expenditures are -- have been made. That kind of stuff's in here.

The first section is your existing -- is the

focus of most of what we'll be doing over the next several months. It is the existing budget, the 05-06 budget. It provides a year-to-date summary, that is, a seven-month snapshot of what the expenditures have been made relative to that budget; a projection of what the budget is likely to look at -- look like at the end of this fiscal year. It also puts on the table our first blush of what the proposed budget for next year might look like.

Now, keep in mind, that's just our input into this, and there's a lot of discussions and all of that to go on to get to something that's final. But it's kind of what we do traditionally each June time frame, is kind of throw out a staff budget, and it forms the, let's -- we'll just start from this point.

Now, we've added some columns from this year to last year, and they are primarily allowing you to -- to make some ready comparisons, if you will, of some lines. One is the 05-06 budget versus the 06-07 budget, giving you the dollar difference, as well as a relative percentage.

The other piece of information that's been added here is the budget versus actual expected

expenditure for the year. So -- which is also provided to you monthly, if -- if you're really watching your -- your monthly compilations from the -- from the CPA that we give you. But this gives you the same -- same general kind of information.

I believe, if my memory's correct, when I developed this, the budget versus actual is -- is the percentage based on our projected year-end, not year-to-date. So, it's inclusive of year-to-date, obviously, but it's where -- based on where we think the end of the year is.

Now, as always, we have a handful of subsheets, if you will, to this. But gives you some additional back-up. You're -- you're looking at the summary sheet here that just kind of takes the -- the totals of a number of these supporting sheets or schedules, whatever your preference in term is. But those supporting schedules -- and they're listed there at the very bottom -- to include personnel, operating expenditures, current year capital, the capital budget as proposed for next year.

Now, that's a change from last year. I added a sheet because it -- I could not come up with an

easy way of helping you understand what we were doing this year and how that relates to next year's capital budget.

So, the current year capital sheet will help us explain that to you and explain how some of those carry-forwards from this current fiscal year into next year are proposed to occur. And, of course, that includes revenues and nonoperating expenditures as well.

Now, the next section of your -- of your book is the forecast information. This includes, for the most part, everything you see in the first -- the first column. I left out one sheet for you. Here. No, I didn't.

So, anyway, the book -- let me back up. The book, when you get in the forecast, we've added or provided to you, a few of you today who picked them up last week, the information that tries to help you walk through the forecast document. It's been updated. Hopefully I caught everything that seemed to change in the -- in the budget. But at least it gives you an idea of what some of the baseline assumptions were made in developing that forecast. And there are a ton of them in here.

So, it is not -- please don't think of it in

the context of historical. There are a lot of variables that affect virtually every line in the proposed budget in the forecast. So, if, you know, one little thing doesn't happen quite the way it is, obviously there's some trickle-down within the current year as well as in out years.

But the five-year budget provides you, in the blue column, the current year information. That's the forecasted end-of-the-year numbers. So, it's taking the column off the budget sheets we just talked about, and has moved them over into the forecast.

Then the next column, which is the Year 1 numbers, are currently the staff proposed budget numbers that you see up on the -- on the board. I am not showing you the five-year budget as it stands -- or -- the five-year -- the forecast is not on the screen right now. I can bring it up here, but it -- in fact, I will, just for clarification.

Now, the only difference between yours and mine is I've made the column, it looks green, but it's really yellow. Your printouts are all in blue. That column's in blue, but it's yellow on the screen, because it became totally unlegible on the screen and also didn't copy well.

You can see here, you've got current year information that's forecast end of this fiscal year. This is staff proposed budget information in Year 1. And then beginning Year 2, is looking into the crystal ball moving out. And we take that out a period of ten years. So, what -- what used to be an eleven-year forecast is now a ten-year forecast, because I stole that column on the worksheet to add our current-year information in it so that it helped -- helped with the flow of information between the two different -- two different documents.

Again, there's supporting sheets for all of that. Some things -- when we get into this and talk about it in detail, there's some things I need to make sure you understand and are, you know, in terms of what's in this document or what's in this -- this model and how it affects the -- the overall picture. But I'll do that when I get there.

The next section of your book is what we call the financial backup for current year. It includes, as the tab indicates, that it's profit and loss, but it also includes not only our profit and loss, it has a copy of the balance sheet for the same period.

Now, we're -- we're dealing with a seven-month period here, just so you know. This does not -- what you're seeing in this section is factual data. The only thing that could possibly change is something at the time of the financial audit, something got reclassified, which is -- is common, but it's not a big-scale thing. It's like one or two items if it does happen. But that gives you the financial data for the previous seven months, basically, year -- say year-to-date through end of April.

The last -- or not the last section, but the next section, and I think we tabbed with a blue sheet, if your -- if your book's up to speed here. At the blue sheet is where we drop off from profit and loss information, and the balance sheets immediately behind that before we change the sections.

All right. Next section is the capital. Now, I mentioned this at the -- at last Monday's meeting, but what we've done is include a copy of your strategic plan where you adopted -- this probably predates most of you. But the Authority adopted a set of goals and objectives as it related to how we operate the facility or what was important to the Airport Authority. Those goals and objectives formed what we called the strategic plan document. All of the capital improvement program should fit into those goals and objectives as y'all established.

Now, I did mention two last Monday that perhaps, when we're all done with budget or at some point when it's appropriate, we look at that document again, determine its relevancy. And I can think of at least maybe one other goal that probably needs to be in there.

Keep in mind this was adopted about six or nine months before 9/11, and the emphasis on general aviation airport security was nearly nonexistent at that time. So, that's perhaps a goal that needs to be established and -- and we create the talking points under it. But that's another -- another day.

So each of your -- this -- this section identifies on a case by -- or item-by-item basis all of the capital projects in here that were not grant projects.

MR. GEORGE: That are not grant projects.

MR. WUELLNER: That were not grant projects.
So, this would include Authority -- projects
intended to be funded entirely by Airport
Authority funds. So, it's equipment in most
cases, some kinds of repair and maintenance items
that become capital by their dollar value or what
they do, such as reroofing or repainting on a
runway, that's significant expenditure, qualifies
as a capital item, extends the life of our asset,
but in itself is not a grant project. So, that's
where those are listed.
Not all of the projects listed in this
section are currently shown in the proposed
budget. But many are. And we'll walk through
those as we get there.
MR. BRUNSON: When you get there, Ed, when
you do capital improvements that are income
producing, you'll --
MR. WUELLNER: We'll identify those, too, for
you.
MR. BRUNSON: -- identify that.
MS. GREEN: Do we know where we are on the
health insurance stuff at all? Any feedback?

MR. WUELLNER: Actually, he's --

MS. GREEN: That's just such a big budget

item.

CHAIRMAN COX: Let's not get into it.

MS. GREEN: Okay. I just wondered.

MR. GEORGE: Yeah. I have an answer for it when we get to it.

MS. GREEN: Okay.

MR. WUELLNER: And the last section we put in your book, and it's just strictly there as a reference for those of you that either can't find your copy or just may have a question as it -- as it may have come up, but the last section is a copy of your last year's financial audit. So, it's the final document of that. And it's just been included in the back as a reference. So, if you somehow or some reason need to compare old versus new or what we did -- what the end of last year looked like, it's -- it's in the back of the book for you.

Now, if there's anything else that you -- that you want in terms of detail, I'm sure we can produce it for you and get it out on the table for you today or whenever you want it. But we felt like this probably give you a good background, at least to see where some of this goes and -- and also allow us to -- to talk through some of those

points.

All right. We made some assumptions. We're going to go -- start at the beginning of the book and kind of talk. My -- my first hope is to -- is to kind of quickly snapshot current year-to-date, and also in the context of what are proposed -- what we think the end of this year is going to look like. Because that's probably the most important part of -- is finding the baseline for where we are current year before we start talking about what those numbers might look like for next year.

So, in working through that real quick... All right. Again, the left column here, the budgeted number is just that. That's the number that was approved in last year's budget.

The next column, the yellow column, is what we've expended in seven months or what we've received in revenue in those cases. Or -- and you need to understand this point, too -- or what we've received on an item that would be otherwise accrued.

Now, there are a few of those items that sneak their ugly head in there and become confusing. But examples of that, the revenue item

for ad valorem appears to be below budget when you look at it. The reason is, there's still some fiscal year left where that balance still accumulates from accrual.

You'll see things like, on the expenditure side, insurance, as an example. We pay that in lump sum at -- pretty much at the beginning of your fiscal year. We don't accrue the expenditure except monthly. So, that number is divided by 12, and 1/12th is added each month of the fiscal year.

MR. GEORGE: Ed, are all of those accruals going to be completed by the end of the fiscal year?

MR. WUELLNER: Yes. If it's an accrued item --

MR. GEORGE: It's not --

MR. WUELLNER: -- it should show up in the blue.

MR. GEORGE: So it's not anything that shows here that we actually received revenue that goes against next year's budget.

MR. WUELLNER: Correct. I mean, you may have a stray lease account that pays a month early, or a few weeks early, but they straighten that out at audit. It's really insignificant in the scheme of

things. But majority of items, that's how it's handled.

MR. GEORGE: Okay.

MR. WUELLNER: Then the blue column is the estimated end of the year, where we, at this point, forecast the budget, the real budget expenditures or revenues to be at the end of the year.

Now, obviously, there are going to be some variations. In fact, you're going to find just about every line varies from what we projected -- from what we budget to what we expect it to be, some good, some bad.

The next column is the proposed budget. This is our first run at, for lack of better terms, what we think next year would look at -- or look like. Now, that tries to eliminate -- just walking you through that part of it, that tries to consider anomalies that have happened within the current year. And there are occasions where that happens. Something has broken of significant dollar value that has blown a budget item; something we were going to expend didn't need to ultimately, or found a cheaper way to do it or a better way to do it.

So, you're going to find some -- some significant budget busting. You're going to find some items that we didn't spend anything near what we thought we would. And those are the kind of reasons, but we'll -- we'll talk about those.

All right. Summarizing the revenue picture here. We budgeted homes at $64,191 thousand (sic). We're expecting to end the year at $68,528 -- or $-525. The difference is, obviously, we collected more money. Something remained in inventory longer or we adjusted the rental rate on the handful of houses that are still out there.

Now, you'll notice next year, it disappears. We have a couple of houses that come out of inventory or affected the amount of money we collected this year. They're out of inventory currently or will be out of inventory by the end of the fiscal year, and as such, we won't have revenue against that asset because it won't be here.

MR. GEORGE: How many more homes do we have? I thought that we basically --

MR. WUELLNER: We are down -- we have seven, I think it's seven homes that's actually --

actually, I can tell you.

CHAIRMAN COX: I don't want the presentation interrupted. Please ask the chairman to be recognized for this --

MR. GEORGE: Okay.

CHAIRMAN COX: -- okay? Let's move forward. Do we need to -- do we need to ask?

MR. GEORGE: Yeah, I -- I find it very difficult for me to wait till the end of a two-hour presentation to ask a question about a line item back here. I just find that a difficult way of doing it. But it is your meeting and we'll do it your way.

CHAIRMAN COX: If we continue to interrupt the presentation with every line item question we have, we'll be here all night long.

MR. GEORGE: You're absolutely correct. And we will understand what's in the budget.

CHAIRMAN COX: Okay. I'm just --

MR. GEORGE: I understand.

CHAIRMAN COX: I'm trying to manage it so it's -- you know, we can get done in a timely fashion. Go ahead with the answer, Ed.

MR. WUELLNER: I was just going to suggest that perhaps the way -- way I'm doing it will lend

itself to answer just some of those questions if I -- I'll just go to the supporting sheets first rather than deal off the summary sheet. I think that may help. Because by putting the revenue summary up like I just have, you get an idea of what's left and where it is and how the numbers are generated. So, they're -- they're now up on the screen for you.

The 05-06 projections, you had one unit in St. Augustine North, four in Oak Grove subdivision, and two in Jackson Park that exist today that are producing revenue. In all of those cases, those properties are outside of what we're currently developing, and it -- and it's not involved in a construction project that makes it untenable. They were in good enough shape that it didn't make sense to bulldoze them down, so they're still going to generate a little bit of revenue even into next year. Maybe not as much, but it's there.

T-hangars, the next classification under revenues, you can see that we projected $245,000. Year-to-date's $137-. Biggest part of that is the period -- you're just slightly over one-half of the fiscal year when you look at the actual

numbers. Projected end of year is $236,000.

I think there was an issue, if my memory's correct, in the total number of units that were available to lease when I did the original budget last year. It's nothing -- you know, was nothing dramatic, but that's where it was.

The rates, if you look at these, again include a minor rent increase, but it's only because we raised them last year late; that is, we didn't do it, I think, until March, February or March, it's based on that. So it only reflects

about a -- about a five- or six-month period of
the fiscal year with the revenue. So, don't --
you can't go in there and get the exact number
based on that, so you'll need to do the math
yourself.
But you can see we have 20 standard T-hangars
that's being defined by us as hangar rows B and C
out there. Hangar row K through M generate
$235 -- or projected to generate $235 a unit.
Port-a-ports at $185. There are 23 of those.
Twin engines, which are strictly hangar row Alpha
out there. And you have some end units that
generate 120 bucks a month and generate about a
proposed $242,000 -- almost $243,000 for next

year.
So, you can see adding $10 to the rent
equation has a -- you know, a real effect at this
point of about, what, $15,000? Not even $15,000.
CHAIRMAN COX: Ed?
MR. WUELLNER: Yeah.
CHAIRMAN COX: To reconcile Mr. George's
concerns, how about instead of like, you know,
what he was talking about, each time you go

through one of these like house rentals, T-hangars, and stuff, if the members could reserve their question to the end of each --

MR. GEORGE: All right.

CHAIRMAN COX: -- each subsection? Would that work?

MR. GEORGE: That's good.

CHAIRMAN COX: Instead of each line item?

MR. WUELLNER: Okay.

CHAIRMAN COX: If they have a question --

MR. WUELLNER: That's cool.

CHAIRMAN COX: -- that will give you -- lend you some continuity.

MR. WUELLNER: You've got it. Conventional hangars, moving on down to your revenue item, you've got a certain number of what are defined --

I don't understand this term, but they've always been -- it's been here when I got here, is the term "box hangars," but they're 50 x 50 units out there, which is primarily your hangar row G. You have some 50 x 60s scattered in H and I rows. You have some others at 50 x 65, again, in H and I row.

And you have some corporate units. These are leases that are strictly corporate leases. They're not commercial leases. We just differentiate now. But you have the Sheriff's Office lease to St. Johns County. PGA. You have Ring Power, Infinity Aviation, Luhrs, the old Ring Power hangar, and hangars 8, 9, and 10.

Now, point out on 8, 9, and 10, there's no revenue this year. It was budgeted some revenue for this year, but this project took -- is still forever getting started, and as such, didn't generate revenue and is unlikely to because it's still not even really constructing.

So, we have a half year of 8, 9, and 10 budgeted for next year. Right-hand -- almost the right-hand column, but hangar -- row H there -- or column H, excuse me, has an amount there of $50 -- what is it, $52,500, which represents

approximately 50 percent of the revenue for those units when they do come on next year.

So, we're -- we're trying to be a little conservative. Hopefully, you'll get more like nine months out of it, maybe even ten months out of it. But we're -- we're only budgeting based on six.

Commercial lease revenues. And let me -- any questions on conventional hangars? Everybody's okay?

(No questions.)

MR. WUELLNER: All right. Commercial lease revenues. This identifies those entities on the airport that have some sort of commercial lease with the airport, not necessarily aviation, but a commercial lease. Includes Southeast Aero's leases over in the eastside corporate area; SK Logistics; North American Top Gun; the FBO; the separate lease with Aero Sport for the Hertz counter in the terminal; Old City Helicopters; Enterprise Rent-A-Car; Matt Swart, who has something to do with the Cirrus organization in the terminal. It's just a little bit of office space. Second floor office leasing; parcels 1 and 2 of Grumman; the North 40 with Grumman; and the

restaurant on the second floor, represent our commercial leases on the property.

And those generate $600 -- or projected to generate $630,000 last year, and are projected to generate about $604-, just under $605,000 for current year.

CHAIRMAN COX: Mr. Gorman?

MR. GORMAN: Ready for questions?

CHAIRMAN COX: Yeah, sure. Go ahead.

MR. GORMAN: The North 40, this Northrop Grumman North 40, which only amounts to $28,000, when does that come up for review and when --

MR. WUELLNER: Comes up in October of 2007. So, it does not impact this next year's budget --

MR. GORMAN: Okay.

MR. WUELLNER: -- but will after that.

MR. GORMAN: Just seems like a low figure.

MR. WUELLNER: It is. It's a horrendous figure.

MR. GEORGE: One other thing, just so everybody will keep it in mind, that's not cash money. All that's been paid for way back when. So, that's a bookkeeping entry for it, just like depreciation.

CHAIRMAN COX: Ed doesn't agree with you. Go

on.

MR. WUELLNER: No, no. The -- the numbers, as you're seeing it here, are cash numbers.

They're -- what you're referring to is the balance sheet entry for deferred rent, which is not a cash number. This is not deferred rent. This is an actual -- this is a check we get actually for this stuff. It's miscellaneous little -- they have the -- the -- the lease for North 40 originally in the bond documents --

MR. GEORGE: Understand.

MR. WUELLNER: -- includes their ability to lease the run-up facilities.

MR. GEORGE: It was my understanding from accounting that if I've got a balance sheet item that says deferred rent, and I've collected this rent which goes for the next two or three years, at the -- during each year or each month, a piece of that comes out of deferred rent and goes into revenue. My question was, is that in this revenue? And you're saying, no, it's not; this is just cash.

MR. WUELLNER: Correct. Your -- your budget deals only with the cash side of -- of the Authority's finances.

MR. GEORGE: Okay.

MR. WUELLNER: It does show up -- you're

absolutely correct; it does show up in your monthly compilations.

MR. GEORGE: Okay.

MR. WUELLNER: And it certainly is a balance sheet item. But it is non -- a noncash item for purposes of creating a budget.

MR. GEORGE: Okay.

MR. WUELLNER: At least for next year. Then it should become a cash item. From that point on, it's real money.

MR. GEORGE: Okay.

MR. WUELLNER: Right. I say real money, but you know what I mean.

All right. Those -- now, keep in mind, this is a little -- it's -- it's accurate, but you've got to be careful when you're plugging into any of these, because the rental increases are -- while most of them are CPI-type adjustments, they don't all occur in October 1st. In fact, I don't know that any of them occur October 1st. They occur at some other month in the -- in the course of a year.

So, even a projected CPI adjustment will affect only part of a fiscal year. And that's reflected in these numbers. They're as accurate as I can possibly make them without the variable. And it's important you understand that. I do not know what CPI will be in February of next year. You could make a lot of money, if you knew that. But we don't know. So, we take -- we've taken a number and we've applied that as a CPI as an average number.

It will vary. The number we're using I believe is two and a half percent. Current CPI is well over three percent. In fact, it's closer to four percent right now. So, it should be extremely conservative.

Right now, I don't see CPI falling below two and a half percent for next year based on what's been going on. It could, but it's probably not. So, as a result, you've got conservative revenue estimates for those leases that have CPI adjustments in them.

All right. Other -- other lease -- any questions on other commercial leases?

(No questions.)

MR. WUELLNER: Now, the other point I want to make out, you've got at least two leases in the commercial lease revenues that generate another stream of revenue, those being your FBO and SK Logistics. They generate a fuel flowage number that's reflected a little bit further down. And I'll hit them as I -- as I get there. But that's not inclusive of fuel flowage. Those are street -- straight revenue projections based on the lease document itself.

All right. Other leases we have include two homesites -- I'm sorry. That's one homesite that will disappear by the end of the fiscal year, meaning that site will be vacated. It will no longer produce $2,500 -- or $1,800 in rent, nor will we have the liability of somebody else's mobile home on our property.

And the other is Florida Air National Guard. Theirs is a straight ground lease with the Airport Authority dating back, I don't know, 11 or 12 years, before I got here. But they're strictly a ground lease. They -- that is their building. Leased as it stands today. So, it's just a ground lease.

Then the last -- last main section, if you don't have any questions under -- on the other classification, are fees. Projected fees include

FBO fuel flowage; SK's fuel flowage. You'll see here that we have self-fuel flowage, user fees, and there's the impact fee from Grumman.

That's, again, an old lease-related language that provided for a per-aircraft kind of fee to the airport based on what they deliver out of the -- out of their facility. This is kind of how you get past -- or this condition, in my opinion, absolutely gets you past any argument FAA would have that -- that Grumman is a through-the-fence operator. You do get a fee for their use of the airport.

CHAIRMAN COX: Question: Are you -- is that -- are you finished with your --

MR. GEORGE: Fees?

MR. WUELLNER: Yes.

CHAIRMAN COX: Under "Miscellaneous," estimated year-end at $14,000?

MR. WUELLNER: Yeah. We had some --

CHAIRMAN COX: And budgeted --

MR. WUELLNER: Actually, your backup's in here. Find my --

CHAIRMAN COX: Excuse me for a second.

MR. WUELLNER: All right. The

"Miscellaneous" classification. I know just asked

me, but if you look at this, there are things like gate card fees, pay phone revenues. Let me see what else here.

MR. GEORGE: Yeah.

MR. WUELLNER: Interest fees -- or not interest fees. VOR.

MR. GEORGE: Ed, you're anticipating it to be $14,000 by the end of the year, but the budget next year is for $5-. Is that because some of it's being reclassified or going away?

MR. WUELLNER: I think that was the case. A couple of these, for instance, we had a $3,200 revenue item on that classification that was for the -- we got paid for the pine trees that were removed in the -- when we did the work in Araquay. It was -- it ended up being a revenue item, obviously not a budgeted item. Ended up in miscellaneous, rather than create an account for a one-time use.

So, there's some things that were affecting it a little positively this year that I don't -- I can't project as being a continual item.

MR. GEORGE: One other question. On the fuel

flowage for the government and Grumman, we had
$19,000 budgeted. We're getting zero?

MR. WUELLNER: Yeah. It's a -- it's a change in -- this is important. That's a good question, really good question. When you --

MR. GEORGE: Thank you.

MR. WUELLNER: When you executed your lease agreement with the FBO that included the fuel farm lease, you changed the -- the method in which we collect money on flowage changed.

There used to be a classification for -- Grumman had its own set of percentages applied to fuel that Grumman used. That disappeared with that agreement. So, it's -- that's why it's underperforming this year and doesn't exist in the future.

There's no longer a distinction for whether it's pumped to Grumman or any other -- any other individual. It's now -- but what you've seen, though, is watch your unrestricted fuel flowage numbers go from $90,000 to $135,000, and we're hanging around $130,000.

I -- I don't know what -- you know, we're doing the best we can projecting what the next year's --

MR. GEORGE: That's fine.

MR. WUELLNER: -- flowage are, but it's --

you know, now you're doing a straight cents per gallon. It's not based on -- on percentage of -- of retail price. There -- there -- it's basically all the result of the change in how we do it.

MR. GEORGE: That's good.

MR. WUELLNER: You'll see, the net is we do better. At the end of the day, we make more money. And it's consistent and it's measurable based on the number of gallons instead of variable by virtue of what the retail price is for it.

Every time the FBO discounted fuel, we lost money under the old formula. This makes no -- they can sell it for whatever they want; we get the same $8 cents a gallon. Okay. That's revenue.

Any questions -- let me go through the balance of revenue by going to the summary sheet real quick. If there's anything that -- there's a handful of items here that do not have separate sheets. They come under Non-Operating Revenue.

It's now toward the top of your -- of the screen, and it starts with "Cash Forward."

Now, our projected last year cash forward number was $433,000. Keep in mind we project that, you know, three or four months in advance at

the end of the fiscal year. The actual number brought forward was $324,000 and -- and change, so to speak. And that's a reliable number based on the financial audit done by our independent auditors.

So, that is the actual number that came forward, not $433-. That number obviously doesn't change, so it's the same number for seven months as it would be for 12 months. It's the beginning balance, so to speak, of money we had at the beginning of the year.

Now, projected for next year, you'll notice, is dramatically higher. And part of that is explained when we get to the capital budget. It's literally a cash-forward number of unexpended Airport Authority share dollars. And I can tell you the vast majority of it's a capital move-forward. But it's a good thing.

All right. Next item is interest. Because we've had money in the bank all year with the SBA, the State Board of Administration, for those of you that are inclined to think of it as Small Business Administration -- we're not involved with SBA in that context -- it is an investment pool of the State of Florida, wherein they act kind of

like a brokerage house and buy various financial instruments and make those investments on our and most other governmental entities in the State of Florida's behalf.

It is the entity that we are permitted to make investments based on your policy. And your policy -- you have a financial policy that basically puts the money there when we're not using it. And it's relatively low risk and doesn't require fees and charges, anything like is on the outside.

You can see we had loan revenues predicted at $409,000. We did not borrow money last year or have not borrowed at all this year. So, we didn't get that money. So, we did not get $409,000. Nor are we projecting we're going to borrow money in the next year based on what we're -- we're asking for budget.

Ad valorem. Again, that's collected-to-date numbers. And I made a mistake when I -- when I opened and said that that was an accrued number. It is not an accrued number. I apologize for that misstatement. It is -- it is literally what's been collected to date.

It varies month by month. That's why we do

not accrue it. If they gave us all the money in September -- or October 1st, then -- then -- then we would be accruing it. But in this case, we don't get -- we get money when they get it, is pretty much how it works.

That's what's been accumulated. You're near the end of a tax year for purposes of collection, so there's very little difference. There -- in fact, there's only about a hundred thousand dollars between what we project the end of the year to be and what has been collected to date. So, we have virtually all of the ad valorem revenues in -- in pocket, so to speak, in -- in the bank at this point.

So that -- you can see there's significant variance; I'll just point this out. You know, we budgeted about $14 million -- oh, I'm sorry. I skipped over a classification here.

Grants. Probably where the majority of the budget in revenue comes from. Now, keep in mind our grants are only a function of what we expend. So, when a project is delayed or doesn't happen or is underfunded, it -- it absolutely affects the total revenue picture. But keep in mind that revenues can be off dramatically, but there'll be

a corresponding off a lot on the expenditure side when you get to the capital projects.

It's a reimbursement, so we've had to expend the money in order to get the revenue. So, while the revenues are off, there's a corresponding series of expenditures that were not made. So, it's -- you're not going to find yourself -- in this particular case, you're almost -- the actual revenues are approximately 50 percent of what was budgeted. But you'll also find that's very similar number to what was done on the capital side. That's why it all works out.

MR. GEORGE: Ed, I notice the proposed '06 and '07, that doesn't show much of an increase.

So, here's -- here's where I'm going with this:
We had budgeted $3.5- and $4.8- for state and federal, and that was associated with particular projects that we didn't get to.
I would have expected the '06 and '07 to be higher, because it would include those projects we didn't get to this year, plus the projects that we're planning on getting to next year. So, could you -- have we lost any positioning on any of those grants?
MR. WUELLNER: No. You -- you haven't lost

your positioning. The only thing you've lost is from a phasing standpoint or a scheduling standpoint.
We had two significant projects. The -- probably the most standout item is under the federal grant line item -- or line there. You see it was -- was projected at $4.8 million. So far, we've gotten zero. We're expecting maybe $950,000 of reimbursable expenditure by the end of this year and a carry-forward of $3.25 million.
There were two projects in there last year. If you remember, the Taxiway Bravo project and

this apron project were both budgeted last year, both for round numbers, a little over $2 million. As I mentioned, I think it was last month's regular meeting, that we ended up okay from a -- from a budget standpoint, because the Araquay Park project came in at almost twice as much as we projected it to be at the beginning of the year. Of course, the scope of it was adjusted and the like.

But we -- the Taxiway Bravo project, by our estimation, is going to skip next year. It is just still not going to happen next year, because they have not finished the environmental

assessment. FAA is not finished with the EA. There's no way you're going to get construction dollars even in the federal -- you've got it in their capital request list, but there's no way we're going to get an commitment for capital dollars from FAA next year until that EA is done.

So, as a result, that project kind of falls out and should pick up again. We should begin seeing it again in the budget in the '07-'08 budget. So, we're going to skip a budget year.

Other than that, you're going to see a few deferred projects, which is normal. I mean, we're making our best guess of what we do in a year, but we don't have all of the variables.

And that -- hopefully -- you know, this might be a good time to, if you don't mind, let's -- let's do the current year capital, because I think that helps explain some of that. I pulled that out. You have a sheet in your budget called "Current Year Capital." It's a new sheet this year, so the -- the format of that sheet's different than what you've -- you know, you've never seen it before.

CHAIRMAN COX: Third page.

MR. WUELLNER: Property acquisition -- walk

through those lines real quick -- we had $2 million in the budget. We did not buy new property that wasn't covered by the grant. So, our actual expenditure was the wrap-up of your ad valorems and any others that had not been -- had -- had not been finalized, and it's $691,000.

You have a revenue item of $750,000. Just so you know, you had a revenue item against it of $750,000 from the State of Florida. That is not

money that's available until after -- after July
of this year. So, it will still fit in our fiscal
year, but you have not realized the revenue
against that -- or the -- the grant share from
FDOT. This is under that whole big land
acquisition -- multi-year land acquisition item.
CHAIRMAN COX: We -- we skipped over the
equipment area.
MR. WUELLNER: Okay.
MR. GEORGE: And just a question. We had
$55,000 approved to be spent, and we actually
spent $253,000. Forecast to be $286-. That's --
MR. WUELLNER: Yeah.
MR. GEORGE: Where did we get the authority
to spend that money? Was it a carryover from the
previous year?

MR. WUELLNER: That's a -- if you -- that's
another great question. It is. It's a carryover
from last year's budget item. You had a $225- or
$250,000 security expenditure line item for last
year. We were late getting started on a number of
our security projects, and it rolled forward into
this year.
MR. GEORGE: Okay.

MR. WUELLNER: Now, this -- this sheet will help us get a handle on that each year, because what -- that is a piece we never get a handle on. Or, it's hard to explain when you get into it each year.

MR. GEORGE: Would it be difficult, and would it be desirable, every time we have a situation that comes up that affects the budget to the magnitude of something like this, that a memorandum, you know, about a budget change or budget impact --

MR. BRUNSON: Footnote.

MR. GEORGE: -- happened throughout the year, that -- and maybe that's what the new secretary/treasurer next year can take care of. But it would seem to me that rather than waiting to get here and have to go through it all, if we

had all of those notices as we're going along --

MR. WUELLNER: Sure. I mean --

MR. GEORGE: I mean, would it be beneficial at all?

MR. WUELLNER: Yeah. We -- we look at it as it's -- it's -- you're right. It's a carry-forward from the previous year. It's a part of what is the carried-forward number from a -- from a money side. So, this is the expenditure that matches some of the money coming out, that was carried forward from last year.

MR. GEORGE: Okay.

MR. WUELLNER: But I really think this sheet is going to do, you know, a lot of what you're just asking us to do. We have not -- we have not done a very good job from a staff side of explaining how that stuff rolls forward. We just show you a cash-forward number in your normal budget and, you know, you in particular have had a hard time getting your hands around it because you really were interested in those details over the last couple of years, and that's what is -- that's what's happening.

I -- I created a separate sheet to help explain that, because I really felt like when you

wrapped it into the normal capital sheet, you can't -- it -- it just makes it even worse, I think. You just look at the current year performance, and then we'll focus that based on what's next year.

MR. GEORGE: Okay.

MR. WUELLNER: All right. Walking down the items, I think I already did property acquisition. Taxiway B EA, there's really been nothing accomplished. We've had a few revisions to get back to FAA, so consequently there was an expenditure made on that line item. The grant is closed with FAA. It's not a reimbursable item at this point. But in order to get the EA approved to get the additional documentation requested by FAA, an additional $15,000 is projected to be expended for the balance of the year.

That should take care of it. That -- that should be all of the factual information they've been requesting and should take care of the expenditure under EA. The next thing we'd get would be something that lets us fund the actual construction project moving forward.

Miscellaneous buildings, I'd have to look at each one of these as we -- I don't remember that

one by number. I don't -- do we have notes on -- do you know what they were? You probably have them sitting right in front of you, knowing you.

While she's doing that, let me move on to a couple of others.

Airport improvements, same deal; I don't have the detail up in front of me. Seaplane ramp reconstruction. It's a grant project. In order to keep the grant alive, we've had to expend some money on some design just to keep some -- if we don't bill the project every 90 days, FDOT can close the grant.

We're actually trying to rush some construction details to y'all by the end of this fiscal year to try and get that money expended. You have a grant that's going to expire at the end of August of this year if we do not do some work. So, we're rushing production of some documents even now.

You will see it next month. Actually, I think you're going to see the proposal this month. We're going to try to open bids in July and get some work done so we can -- we don't lose $225,000. And that's what's going to happen. We've extended the grant already once and haven't

expended the money, so we need -- we need to do it this year.

South development Taxiway F and the apron, this is the FAA project. We're at a point in the fiscal year that even if the grant money shows up tomorrow -- and now the project's up about four and a half million dollars -- but even if the project shows up this year with -- at best shot, we might expend a million dollars of it. There just won't be enough time and construction.

Now, keep that in mind when I move into next year's capital budget, you'll see that four and a half million dollar project total is a three and a half million dollar project next year. We expended a million this year; will be three and a half in next year. And, correspondingly, the revenue is divided that way, too.

MR. GEORGE: That's 90 -- 90 cents on the dollar?

MR. WUELLNER: We're actually getting 95 cents from the -- from FAA now and -- and in most cases another two and a half percent from the State. So, we're -- we're literally building these for two and a half cents a dollar.

MR. GEORGE: Okay.

MR. WUELLNER: FAA jobs.

Second floor buildout. This is a -- carried-forward into the end of last fiscal year. It was an early fiscal year expenditure. That's why the number's the same in both columns. There's nothing currently being expended against it. It was -- just happened to straddle the fiscal year to get closed out. But, again, a closeout of a previous year project.

What have we got here? South area site, we had nongrant stuff. We expected to spend, guessing, last year, $167,000 to finish the demolition back there. Ended up the projection is $185- at the end of the day. So, based on the number -- I don't remember the total number of units back there, do you, Cindy? But it was --

MS. HOLLINGSWORTH: Total number?

MR. WUELLNER: It was quite a few.

MS. HOLLINGSWORTH: Twenty-five?

MR. WUELLNER: 2/20 improvements was a nonbudgeted item this year. We expended about $3,300 plus Staff time to relight 2/20, as you recall, and make that a 24-hour -- I say tower -- runway, reactivate that as a runway for 24/7. That was the expenditure on that.

East corporate 8, 9, and 10, budgeted at a million. Actually came in at $1.9, that you recall. We're expecting it to -- again, a late start on construction. We'll, at most, expend about $900,000 this year.

You'll notice moving into next year, the capital line item for that will reflect the difference between the $900,000 and $1.9. So, it will be about a million dollar expenditure identified for next year.

Row H and I, door replacement. Again, a wrap-up of a last-year project. That was just probably in the order of a retainage release or something along that line that carried forward.

South -- south area. South area site development, which was -- this was what we did for the tree relocation, the site clearing back there, the initial drainage improvements back there, the fencing around the perimeter. It was a grant project with Florida DOT at $625-, and it looks like it's pretty close to closed out. There won't be any other expenditure.

Actually, the only thing left is retainage on one -- one element of that job, and it's at $610,000. So, it's a little, actually did a little better than what we were forecasting at the beginning of the year.

ARFF facility, $600,000. We're getting into that grant mess, too. The only difference is we do have a little more time to deal with this one. But that's for the fire station, for lack of better terms. We've expended about $16,000 in total, keeping the grant alive, and doing some site selection and some preliminary site engineering kind of work to keep it billable.

We're hoping at this meeting, either this month or no later than July, we'll have the -- all reserve issues settled with Grumman and be able to propose an actual project here and get it off of dead center. We need to talk about liability and some -- some waivers and the like, and once that's resolved, I think we can move very quickly.

T-hangars. This is, again, thinking the infrastructure would be a little further along, we were hoping to be actually building some T-hangars. That's not happened, other than we initiated some design work. And the balance of that of that will -- will carry on.

Boat ramp. About $6,500 in survey and backup information related to this.

ARFF vehicle. Again, tied to the fire station. Nothing's been expended to date. But we're going to need to make a commitment on that, too.

Both of those grants expire, I want to say it's the end of September, end of October, next year, so we've got about a year. If we aren't on the station and the like in the next 60 to 90 days, there's just no way you're going to get it expended in time.

Safety area EA, did not do. That was with the discussions of what -- what we could do to extend the runway going north made that project kind of delay. And if at all, it would be an FAA project if it did happen.

Taxiway Bravo. Again, didn't do anything this year on it. We're going to skip a fiscal year with that because the EA is not approved.

And the last is corporate hangars on the southside. You have an open grant for that, but we have not expended it. Again, until the infrastructure's done, there's no place to put anything, anyway.

And that kind of wraps up the capital side, which ties back to your -- right back to your

summary.

CHAIRMAN COX: Mr. George?

MR. GEORGE: Would you repeat the comments you made about Taxiway B extension? Mr. Sesona just came in, and, you know, you were -- when you were talking earlier about the Taxiway B extension is not going to happen, or didn't happen this year --

MR. WUELLNER: Right.

MR. GEORGE: We're doing environmental assessments and stuff like that. And it directly affects him.

MR. WUELLNER: Yeah. We've -- we've had a project, quote, unquote, in the works for a while. And a part of the process that we need to do -- and I think we -- we talked about this separately.

But the Taxiway Bravo project, which is the one that's most likely, if -- if it does end up affecting you, was or has been -- was an FAA project, had -- for an environmental assessment to be conducted of that project. Obviously, it has

some impact on the -- the saltwater marsh
adjoining on the west side to runway 13/31.
We did the study about -- probably working on
two years ago with FAA, was when the grant was

offered. It's been at FAA for review of that
environmental assessment. They have to make a
determination, a legal determination as to
whether -- how the environmental aspects of this
job are accomplished. And it's called a
determination, for lack of better terms.
But we can get what's called a FONSI, a
finding of no significant impact, in which it
pretty much opens the door immediately for us to
apply for the construction funds or engineering
funds and move the project forward. At this
point, it's just a paper project.
MR. GEORGE: So, there's nothing happening on
it. And once we get that, then we can get back
into the planning of it.
MR. WUELLNER: And we don't expect that
determination for upwards of another year.
MR. SESONA: That's fine.
MR. WUELLNER: So, it will be at least that
long until we even know whether there's a

determination.

MR. GEORGE: Two or three years would be fine with you, I'm sure.

MR. SESONA: Yeah.

MR. WUELLNER: Well --

MR. GEORGE: Right.

MR. WUELLNER: Then you're in the queue for money, which could put you out many more years.

MR. GEORGE: I'm sorry, Mr. Chairman.

MR. SESONA: Thank you for enlightening me.

MR. WUELLNER: That -- that's the to-date numbers -- or dates, for lack of better terms.

CHAIRMAN COX: Are we back to the budget summary?

MR. WUELLNER: Yeah. Let's -- let's go back there just real briefly. That brings you -- you see the difference, the net difference there on what, line 36, if you're reading along there. But the totals, we expected about a $14 million budget from a revenue standpoint; ended up being about $7.6 million, is our best guess of where the year's going to end up.

But you'll also look down at the bottom here where it says, on line 60, the total of expected expenditures, going from that like number of $14 million, we're only expecting to expend 6 -- $6.1 million, or $6.2 million, if you prefer to round up. So, the balance of that money, which represents -- is about $1.466 million would roll forward and become the cash-forward number

projected for next year.

CHAIRMAN COX: Okay.

MR. WUELLNER: And almost all of that is capital projects that are delayed or have multi-year funding involved.

In most cases, it's -- and in nearly every case -- in fact, I don't know an exception -- that would be our matching portion to those projects. It's not money we've received and haven't expended, because that's just not how those programs work. We get reimbursed. We do not get the money and they hope we build it. That only happens, other entities.

Okay. Personnel expenditures. This -- I'm sorry. I need to slide it over here just a little. Total number budgeted last year is twelve and a half employees. We actually only have eleven and a half. We're estimating to end up with eleven and a half for the year. And we're not asking to budget any additional positions for next year. So, at this point, we're looking to stick at eleven and a half positions.

Salaries budgeted was $477- (sic). End of the year is looking like $462-, and moving that forward, as the base point for next year, so when

you put all of that -- you're actually looking at a 10 percent -- no. I have to look. I don't remember. Seven percent is put in there for salary reserves for next year.

Class "C" travel and overtime or -- yeah, travel and overtime, budgeted at $10,000. We figure we'll be fairly close to that at the end -- at the end of the year. And as a result, we're sticking to that number moving forward to next year.

One of -- one of the adjustments we did make this year, and I don't know that we've had a full year, Kevin, under our belt, is we have adjusted maintenance staff hours to provide a presence here seven days a week. So, we actually have at least two -- ordinarily at least two maintenance folks here seven days a week during normal hours. We're not going 24/7 or anything like that.

But we've managed to rotate days off and their schedules so that they pick up about one weekend every five, six weeks, something like that, which has actually served to reduce what was looking like a disastrous year on overtime and callouts. Because as you can imagine, the airport, in terms of tenant usage, is at a peak on

Saturdays and Sundays, and we were getting a lot of calls to come out. "My door doesn't work," this or that kind of stuff. And, "I can't get it closed." And whatever the -- whatever the deal is. And it was adding up in a hurry. And it really did seem to rein that in by having people out here that could respond to that. Getting meaningful work done every day of the week.

Of course, FICA line is what it is. It's 7 -- 7.65 percent. And workers' comp is, again, determined by the -- the rate chart for the classification of employees.

Retirement's fixed by the state. It varies by year, but they fix the percentage. And that's

what we're bound to. It's not a local -- local
determination. We're in the state retirement
system.
    Insurances include health insurance. And you
have a short-term disability insurance. And you
also have a dental insurance for employees. And
that's the aggregate total of all three of those
together.
    CHAIRMAN COX: Okay. And just --
    MR. GEORGE: You were going to ask about --
    CHAIRMAN COX: Let me just -- let me say

something.
    MR. WUELLNER: But you can see a reducing a
position at the end of -- you know, or basically a
static number from what we budgeted last year to
what we are budgeting for this year; however, the
net is we -- there is one less position in the
budget. So, it's -- it's not truly stagnant, but
the total dollars are the same -- or almost the
same there.
    CHAIRMAN COX: Ms. Green had a question on
health insurance.
    MR. GEORGE: Yes.

MS. GREEN: I was just going to ask --

MR. GEORGE: The -- the County has a self-insured --

MS. GREEN: Right.

MR. GEORGE: -- policy, if you will. And we've been trying to get into that.

MS. GREEN: Right.

MR. GEORGE: We met with the -- the various parties involved. And we've had the attorneys for the insurance company and the County got together to work all those out.

At the next meeting, they are going to recommend that they allow us to come in. And I

think there's one other one to come in, also. That then goes to the County Commissioners for them to approve, you know, for us to come in.

MS. GREEN: Okay.

MR. GEORGE: The net effect is it will save us about $35,000, you know, a year. But what Mark Bailey recommends, because of the way health insurance has been going up, you know, be sure and still forecast the budget, you know, the budget for the same thing you've been paying now, plus an increase, because we won't be able to get into it until January the 1st, so we've already got four months of the year that's gone.

MS. GREEN: That's what I was wondering, how much we had to forecast.

MR. GEORGE: Yeah. Right.

MR. GORMAN: I have one quick question about -- if you could go back one page.

MR. WUELLNER: Sure can.

MR. GORMAN: Just on -- just on this workmen's comp entry. It's just the percentage of change. I'm just lost with that.

MR. WUELLNER: They did a reclassification of jobs, and the rate went with it.

MR. GORMAN: So, the rate went down.

MR. WUELLNER: It went up, actually.

MS. GREEN: It went up.

MR. GORMAN: I'm just -- I'm looking at -- that's why I'm looking at the --

MS. GREEN: Budgeted $18-, went up to $28-.

MR. WUELLNER: They used to -- they used to -- I'm trying to remember the name of the classification, but they've changed it to that to municipal employee or some kind of classification change, and obviously the rates are based on what the job function is.

CHAIRMAN COX: We realized a negative 56 percent.

MR. GORMAN: Yeah. I don't know why I said down. It went up. I was just confused. It just -- it seems such a tremendous difference. That's all. Just discussion.

MR. WUELLNER: Other than, you know, you're statutorily required to have it, and the rates are what they are, and it's one of those deal-with-it items in the budget, unfortunately. I don't like it, either, but...

Operating budget. This is one of the two more curious parts of the budget that everybody has questions about.

CHAIRMAN COX: Operating accounts or operating budgets?

MR. WUELLNER: Same thing. Operating accounts.

CHAIRMAN COX: I want to know what page you're on. It says "Operating Accounts" on ours.

MR. WUELLNER: That's -- that's it.

CHAIRMAN COX: Okay.

MR. WUELLNER: That's the -- that's the page.

CHAIRMAN COX: Good, good.

MR. WUELLNER: These -- and -- and just remind you that the account numbers used in the left column all begin with 542, but those are the -- those account numbers match the State's chart of accounts. So, if you -- if you want to know those details. And I thought we were going -- that's something we didn't remember, or I didn't remember to get, but we were going to get a -- the textual chart of accounts thing to put in -- put in their books, so...

MS. GLASSER: It's several pages.

MR. WUELLNER: Huh?

MS. GLASSER: It's several pages.

MR. WUELLNER: Yeah.

MS. GLASSER: I thought we had given it to

them last year.

MR. WUELLNER: Well, we probably just need to -- we don't need to do it right this second, but just -- we need to get that to them so they can remind themselves of what's -- what types of things are in those line items on the state account -- state chart of accounts.

All right. Uniform expense. Pretty straightforward. Budgeted $3,000. Expecting to spend $2,500. We're looking to rebudget $3,000 for it.

Accounting and audit. This is -- two items primarily make up this account. One is your annual audit, and the second is your monthly compilation. Monthly compilation runs anywhere, depending on the month and whether the payroll taxes are due, between $400 and $550 typically per month, is what your monthly compilation is. The audit is, do you remember? About $14-? You know what? I've got all that in front here.

MS. GLASSER: The audit was $16,5-, I believe.

MR. WUELLNER: $16,5- last year? Fifteen?

MS. GLASSER: $16,4- something, it seemed like.

MR. WUELLNER: If you pick up in your chart of accounts in -- in this book, if you want more detail, picking up about page 27, well, each of those line items gives you a snapshot of what's been expended and to whom. It's under your -- it says "Profit and Loss" section in your book. They're hand-numbered pages, and beginning on page 27 picks up your chart of accounts for the -- the expenditures here.

MS. GLASSER: By vendor, how much we spent.

MR. WUELLNER: Is that in here, too?

MR. GEORGE: That's great to have, Ed. Thank you.

MR. WUELLNER: The -- the other thing that she's -- that's all right. They don't need it. The -- the $16-, about $16,000 -- it's page 28. If you turn it over one more, you'll see that Davis, Monk versus Waler, W-a-l-e-r -- Waler is our monthly accounting. The Davis, Monk is the annual accounting, or is the annual audit.

And the expenditures were $16,480 for the audit last year. I can -- you know, we can also look it up by vendor, so if you want to know a specific vendor's number, we can do that, too.

Admin. expenses. What your -- I don't even

know what's in it right this second here. I don't even think we provided a detail for me on that. But it was -- obviously it's not a lot of money,

$500. We're expecting to spend $200 of the $500 and rebudget it -- proposing to rebudget to $500. Spend any more time looking on that one.

Publications and memberships are anything from magazine and book subscriptions to professional association memberships, such as AAAE and Florida Airports Council. Budget is $6,500, or expected to expend at this point $6,100, and looking to rebudget to $6,500. We're unaware of anybody raising dues or anything like that. So, the number should hold for next year, also.

Contractual services, general. Budgeted $50,000; proposing it by the end of the year at about $46,500. That includes things like your cleaning contract for the terminal, this office, and the air traffic control tower; pest control services; rental on the portable toilets out on the field. What else might be in there? Rug rentals for terminal and office. Pretty much it. Number looks pretty good for next year, so we're -- we're holding to the $50,000 recommendation.

Professional development is conferences, seminars, things in that nature. Budgeted $5,500.

Shortly after the budget was done, one of our staff members asked if it would be all right if we -- if he elevated membership in -- to a board position with the national -- Professional Grounds Management Association, so he's a board position there, and that resulted in some additional -- additional expenditures there. Plus, any time we attend conferences, and including yourselves, that's the line item those registration fees for conferences come out of.

We have goosed that a little bit, you'll see, from $5,500 to $9,500 for next year. We've had very good success in getting you folks to attend some of those professional development things and -- which is -- which is fantastic. But it will require a little bit of adjustment.

Now, fuel and oil actually look all right for the balance of this year, but if -- if we were carrying those kind of increases for a whole year, we would have probably been in budget trouble on that line item. I don't think anybody expected fuel prices to do quite what they've done in the last six months. As a result, we're -- we're looking to increase that by about $4,000 in the next year to make up the difference of what is likely going to happen.

Insurance. This is a big unknown. We budgeted $260-, ended up at the end of the day, which is literally at the beginning of last -- of the year, at $283,000. That's including all of our insurances, liability, automobile, property. All of those types of insurances are wrapped into that number.

We've put $310,000 in for next year as -- as the number. You will have Ralph Klein here at this next regular meeting to talk about options that may be on the table. And there also have gotten some of the carriers to go ahead and quote in advance of what we normally get numbers.

So, heading into the actual budget hearings in September, we should have much more solid numbers and should be able to more closely match the expenditure to what is likely going to happen October 1st and kick -- put some of those things on the table and get them -- get them started to discuss --

MR. GEORGE: Yeah, well, that's --

MR. WUELLNER: -- relative to self-insurance and everything else. So, all of those things are -- are out there.

I think -- I'm not -- he was talking that he was going to handle it himself. I think Doug Wiles is going to come by and provide as much background information on self-insurance and -- and those things. Because they actually knew -- when we got down to it with Rogers Towers, without expending a whole bunch of money for, I'm not sure -- they recommended, talk to your -- talk to your carrier. They -- they know that market better than anybody and what needs to be done, if it's even a viable option. So, we're bringing them in and we'll see what happens, where it goes.

MR. GORMAN: Next meeting.

MR. WUELLNER: We'll start the discussion that meeting, and we'll probably be with them a couple of more times, I would think, excuse me, before the budget's adopted.

Where are we here? Land appraisals. We're not anticipating -- we didn't expend any money this year. These are any types of appraisals that aren't otherwise covered by a grant. It may be that that -- we end up with -- we're not doing any appraisals that I'm aware of between now and the end of the year for nongrant reimbursed projects.

Grant reimbursed projects show up as -- on the capital side, because they're grant eligible.

Advertising. We budgeted $7,500, expecting to spend about $7,500. The -- that's pretty much with the single publication. And frankly, we're having trouble tracking any meaningful results out of it, and -- and we'll probably scale that back and -- unless directed otherwise, and -- and probably just do some spot ads here and there versus a commitment over a year to -- I don't even remember the name of the publication. Is it the AutoPILOT?

MS. GLASSER: AutoPILOT, Florida and Georgia?

MR. WUELLNER: AutoPILOT magazine?

MR. BRUNSON: Mr. Chairman, I've got a quick question.

CHAIRMAN COX: Mr. Brunson?

MR. BRUNSON: When you have -- you skipped over memberships. Is --

MR. WUELLNER: I don't think I did.

MR. BRUNSON: Well, I mean, I did.

MR. WUELLNER: I'm sorry.

MR. BRUNSON: Excuse me. Does that include the MPO fee and --

MR. WUELLNER: Actually, that's payments in the outside governmental fees and assessments line item. That's a little further down on 497.

MR. BRUNSON: Okay.

MR. WUELLNER: It's in that number.

MR. BRUNSON: Okay.

CHAIRMAN COX: Court reporting.

MR. WUELLNER: We did advertising. Miscellaneous expense. Again, nothing really to talk about there.

Court reporting. Budgeted $8,500. We've spent $4,900 to date. And as long as we keep talking, it will get to that $8,500 by the end of the year. Keeps the lady over here to my right smiling.

Office supplies. Budgeted at $8,000. Year-to-date, about $2,700. We're not expecting they'll go much more than about $3,800 for the year. As a result, we're recommending reducing the office supplies line item from $8,000 to $5,000 in the next year, which is probably still very adequate. Office supplies.

Software. Budgeted $4,000. Spending $1,700.

We've reduced that down to about $2,000, since most of that stuff's new and we're in pretty good

shape for a little while.

Operating supplies. Budgeted at $24-. Expecting to go to -- expecting to expend about that amount for the year. These are consumable items, just for reference, things like -- everything from airfield lights to -- could be fertilizers and -- you've got a detail of it here, if I'm -- if I could be fast enough to turn the page with myself. Probably just drove right through it.

MS. GLASSER: Page 43.

MR. WUELLNER: 43? Thank you. Batteries, paper products, those kind of things, all make up that consumable item. Toilet paper, paper towels. Looks like about an occasionally this or that in there.

Next item, postage and express, $2,500. Probably add about $2,900. But it seemed to me we had an extra mailing or something in there that had a one -- one-time anomaly there that -- that jumped that up. Twenty-five hundred is almost

always more than adequate for us. I think we did
an extra mailing or two for -- to -- to tenants.
Rentals and leases. These are expenditures
now, not -- the only thing we lease under -- we

lease -- if you guys could stay ahead of me on my
page numbers, that would be great. Rentals,
they're copier leases, those kind of things.
Heavy equipment leases out in the field.
Next item -- budgeted $15-. Expect $12,5-.
Depending on what some of the capital decisions
you make, we may be able to reduce rentals and
leases down to about $5,000. We're going to --
going to talk briefly, when we get to capital,
about some equipment that we ordinarily rent a
lot, perhaps going ahead and purchasing that and
eliminating that from a lease -- or not from --
MR. GEORGE: When we rent a piece of
equipment for a capital project, why shouldn't
that lease go against the capital project?
MR. WUELLNER: It -- it can in certain cases.
We don't -- we don't lease anything long-term, so
the example, it's more of a rental classification,
so it's short-term rental. If it is a grant
eligible project, we do get reimbursed for it.

The -- the vast majority of our rentals are things that are not -- not -- not grant-related capital projects.

MR. GEORGE: Okay. Well, we have other capital projects that are not grant-related. When

we get back to those, you know, those particular items really are part of the operating budget as opposed to the capital budget, because it's maintenance on a building, refurbishing the --

MR. WUELLNER: You're right. We've -- depending on the actual item, I mean, we currently don't capitalize anything under, I believe it's $2,500. So, in some cases, we'd have to exceed $2,500 in single rentals to even capitalize or consider it a capital -- capital item, so it's going to stay in an operating account.

We do have some things that support capital projects but aren't necessarily -- a high lift, changing light bulbs on the ramp, things like that.

MR. GEORGE: Okay. Great.

MR. WUELLNER: You know, they're -- they're just flat rentals versus cap --

MR. GEORGE: I was just making reference to the -- the projects that we have a capital budget for. We've got a hundred thousand dollars in here for refurbishing the terminal.

MR. WUELLNER: Okay.

MR. GEORGE: Okay? If I have to rent something -- I don't care if it's 50 bucks --

MR. WUELLNER: That would come out of it.

MR. GEORGE: -- it should go against --

MR. WUELLNER: That would.

MR. GEORGE: -- that capital budget.

MR. WUELLNER: That would in that case.

MR. GEORGE: Okay.

MR. WUELLNER: But you're talking --

MR. GEORGE: That's good.

MR. WUELLNER: -- about a project next year, not this year.

MR. GEORGE: All right. Uh-huh.

MR. WUELLNER: Okay. Any questions on rentals and leases? Pretty straightforward.

Rental house expense, $15,000 was budgeted, and ended up expending $18,5-. Had one of the seven homes with a roof problem. And we also had one with an AC problem. It required replacement

of the unit. That was an anomaly.
We really don't -- we've -- we're holding our number, actually reducing it to $12,5- since the -- the seven remaining homes are all in pretty good shape. And I think we've expended all we need to on those for quite a few years.
MR. GEORGE: So, we're getting more -- far more than this expenditure on income --

MR. WUELLNER: Correct. Sure.
MR. GEORGE: -- coming in.
MR. WUELLNER: Yeah.
MR. GEORGE: Okay.
MR. WUELLNER: We even think we'll spend less next year.
MR. GEORGE: And the taxes we pay.
MR. WUELLNER: Yes. And the taxes number is going down, too, so...
In fact, we're coming up on that. Printing, reproduction. That's, you know, pretty straightforward. Production of -- printing letterhead, anything we just need to go out on the market and purchase printing, which isn't a lot.
Property taxes this year are $20,000

budgeted. $22,399 was actually expended. If you remember the earlier discussion when we were talking about revenue, and we had at least one or more rental homes that were still on the tax rolls. We've got to be off a full fiscal year or full calendar year to get it off the tax rolls as well, plus file for the exemptions.

Those have all been filed since they've been removed off the inventory so that number should -- $20- should be generous, to be honest with you,

moving to next year. Unfortunately, there's about a year lag in what the property taxes reflect and what's in inventory. Kind of the opposite when you're adding property.

Promotional expenditures. This included your air show stuff, plus other things we were involved in. I'm trying to pull it out here.

MR. GEORGE: Get ready, Jack.

MS. GLASSER: Page 41.

MR. WUELLNER: Page 41. Oh, work on the insert. You had air show expenditures.

MR. GEORGE: Who's Talented Friends?

MR. WUELLNER: Ad preparation. They do the ad development for the magazine publications.

MS. GREEN: And the air show?

MR. WUELLNER: They did the air show, also, yeah. But they did -- the air show expenditure for -- for them was by the air show, not by us.

Professional services, engineering, $20,000 budgeted. Expecting about $18,000 in actual expenditure. $20- should -- should really hold for next year. Engineering, these would be nongrant, you know, parking lot, drainage adjustments, things like that, fairly minor in nature. But they don't qualify for grant

projects. And may not have resulted in a capital project either, of substance, either.

Professional services, general, $35,000. Expenditure estimated this year at about $5,000, and as a result, we're -- believe we can reduce that number down to $7,500. 318.

MS. GLASSER: Page 27.

MR. GEORGE: The detail is in numeric sequence by general account number.

MS. GREEN: Yes. It looks like it. Yeah.

MS. GLASSER: The detail follows the chart of accounts.

MR. GEORGE: Okay.

MR. WUELLNER: Oh, expenditure. It's thrown me for a loop. I was looking for something for $5,000 or something and I really should be looking for $2,100. Okay. Looks like support, software support, web site support, and web site hosting fees. And as I said, we're looking at reducing that from $3,500 (sic) down to $7,500. That's about seven months worth of expenditure there. Should -- should more than hold it at $5-, so...

Professional services, legal. This should be -- these are our general representation and nongrant reimbursed legal fees. So, this includes

all of your litigation.

MR. GORMAN: When can we ask questions about that?

CHAIRMAN COX: Right now.

MR. WUELLNER: Go ahead.

MR. GORMAN: Right now.

MR. WUELLNER: Have the ball.

MR. GORMAN: This figure of 75 -- this figure of $75,000 represents all legal fees paid to date by this --

MR. WUELLNER: No.

MR. GORMAN: -- administration?
MR. WUELLNER: No. No. This represented the budgeted amount for it. The actual --
MR. GORMAN: Right.
MR. WUELLNER: -- expenditure number is estimated to end the year at $110,000, plus the grant eligible portion, which is not going to show up here. It's going to show up under the land acquisition line item. So, this does not include any of your land acquisition legal fees, but it includes all of your litigation fees and your retainer to this -- to this year.
MR. GORMAN: That's this year's to date.
MS. GREEN: No, that $110- --

MR. GORMAN: A hundred and ten --
MR. WUELLNER: Is the estimated --
MS. GREEN: -- is total fiscal year.
MR. GORMAN: -- is the estimated --
MR. WUELLNER: A hundred and ten is estimated to the end of the year. You've currently expended almost about $67,000, plus the land stuff.
MR. GEORGE: Jack, Donna can get you a printout by payee, everything relates to Rogers

Towers, and put it together if you need that.

MR. WUELLNER: If fact, might even have it here.

MR. GORMAN: I had discussed with Ed --

MR. GEORGE: Some of it's in different areas.

CHAIRMAN COX: If she can get it, let's just -- let's move forward instead of launching into the discussion, unless you have -- if you have more you want to get on it.

MR. WUELLNER: Obviously, that's about $30- -- estimated to be about $35,000 more than was budgeted. And that included -- the budget included some -- some money toward those things. The retainer's only $40,000 a year.

CHAIRMAN COX: Here's my question: Go ahead.

MR. GORMAN: It's my contention that the

legal fees have been moved to different columns -- different column -- columnized figures, and the legal fees actually paid by the airport administration to -- for legal representation are much higher than that.

MR. WUELLNER: They are. I just said that.

MR. GEORGE: He agreed that.

MR. WUELLNER: The -- the only piece that's not in this number is what we expended for eminent domain-related legal fees, because that's grant eligible and is actually covered as a capital item.

MR. GORMAN: And litigation fees?

MR. WUELLNER: Litigation is in this number. Everything we've written to Rogers Towers with the exception of land acquisition is in this number for this year.

MR. GORMAN: And -- and how does that compare with last year?

MR. WUELLNER: Last year, we were about $75,000 in total. So, it's -- that's what that number was based on, our $75,000. No, you know what, I don't even know that's true.

MS. GLASSER: I'll go get last year's.

MR. WUELLNER: She can pull it. But it --

they're probably very comparable in total dollars.

CHAIRMAN COX: Okay. Are we expecting next year to have litigation on the same --

MR. WUELLNER: Well, you don't even have a trial date until November of this year, so you're into next year with --

CHAIRMAN COX: So, your projection is to -- to be a little high on the side --

MR. WUELLNER: I'm project -- I'm carrying forward a number like last year's. Like is actually expected to be this year's number, $110,000.

CHAIRMAN COX: So, without any -- with a positive outcome in our litigation, we can expect to see that number come in positive on our side.

MR. WUELLNER: Well, even -- even if it's negative, the litigation ends --

CHAIRMAN COX: Right.

MR. WUELLNER: -- and the expenditure stops.

CHAIRMAN COX: Right.

MR. WUELLNER: It doesn't mean you get any money back, but it does mean that --

CHAIRMAN COX: No, I didn't mean that.

MR. WUELLNER: -- the bleeding stops.

CHAIRMAN COX: That's fine.

MR. WUELLNER: Winning or losing, unless you choose to appeal it for some reason.

Outside governmental fees and assessments. This is where your -- your dues are. This is also where we've been told to include our portions of administrative fees assessed by outside governmental entities. By that, I mean, the property appraiser has an administrative fee that they charge us to determine the County's property values for your use in ad valorem.

Likewise, with the property -- or excuse me, the tax collector's office, they have an administrative fee that's shared on a pro rata basis by all of the taxing entities in the county. We pay -- we're required to show that in our budget.

You have fees to other governmental entities that are assessed, such as the MPO. There was one other, too, that was in there we were just talking about it.

MR. GEORGE: I couldn't find that in numerical sequence in the attachment. Maybe when Donna gets in, you can show me the detail.

MS. GLASSER: 497.

MR. WUELLNER: Well, what's the number on it?

That would help.

MR. GEORGE: It says 497, but if I go back to the detail, it jumps from 471 to 481.

MR. WUELLNER: Oh, I know part of the reason why, is it's not -- the auditors are wanting us to show it in the budget, but it's not a real expenditure. In order to explain it, I would -- I wouldn't have treated it that way, but that's what they're requiring us to do. It really is --

MR. GEORGE: A reduction.

MR. WUELLNER: -- taken off the top before we get it. But they want us to budget the gross and subtract out the fees --

MR. GEORGE: Okay.

MR. WUELLNER: -- for purposes of accounting.

MR. GEORGE: This -- this account Quick report should have where those adjusted fees out are.

MR. WUELLNER: Well, you're mixing financial reporting with the budget, and the budget does not enter the financial accounting. That's a -- you know, preaching to the choir. But that's what's really happened on the financial reporting.

The budget is what we think's going to happen, and you can -- you can mix the two for

purposes of comparing, but the budget is not -- what happens when we budget it does not necessarily reflect as a cash item and show up in the accounting.

So, in this case, we're not -- I don't -- I don't show the gross amount of property tax collected and subtract the fees out. But that's why I don't agree with what the auditor asks us to do. We only -- I can only -- I can't show money I never get --

MR. GEORGE: I understand that.

MR. WUELLNER: -- which you -- which everybody can appreciate. The same point, I'm required to show an expenditure I don't directly make in several cases. The property -- the tax collector's money is gone before I get it. I do write a check, however, to the Property Appraiser's Office, because they don't ever touch money.

MR. GEORGE: Well, I agree with you. I don't agree with that type of accounting, you know.

MR. WUELLNER: It -- it came out this year in the audit. They started dinging us on it.

MR. GEORGE: If I get a check in for $300,000 for taxes, and they withheld $30,000, I should be

$300,000 and then $30,000 and --
MR. WUELLNER: I agree.
MR. GEORGE: But we can fight that battle later on.
MR. WUELLNER: That would be a --
MR. GEORGE: But one of the other --
MR. WUELLNER: -- if I wrote write them a check?
MR. GEORGE: One of the other items in this -- this category is MPO fees, and that is a direct fee. And I just don't see an accounting Quick report for that particular item.
MR. WUELLNER: It's assessed annually and may not be up yet for the fiscal year. It may not be paid. Remember, you're only looking at seven months.
MS. GREEN: Seven months.
MR. GEORGE: Okay. You mean that's not an accrued thing that -- like you do with insurance?
MR. WUELLNER: I don't know.
MR. GEORGE: I'm just kidding.
MR. WUELLNER: I really don't know.
MS. GLASSER: We didn't pay it until we --
MR. GEORGE: Well, Randy had a question about that --

MR. WUELLNER: We didn't pay it till we got the invoice --

MR. GEORGE: -- when we get to it.

MR. WUELLNER: -- so I guess we're not. We probably should be.

MR. BRUNSON: That -- that hasn't been paid long. It might not be in here, the MPO.

MR. WUELLNER: MPO was probably paid very late in the fiscal year.

MR. BRUNSON: Yeah.

MR. WUELLNER: So, you've got five months of the fiscal year that isn't even -- aren't -- aren't in these numbers yet.

MR. GEORGE: That would be a prepaid expense in the ending balance sheet for last year.

MR. WUELLNER: It should be.

MR. GEORGE: Okay.

MR. WUELLNER: I see --

MR. GEORGE: I agree with your exception to what the accountant says.

MR. WUELLNER: But you're -- you're probably dead on the fact it -- it should be accrued.

MR. GEORGE: Okay.

MR. WUELLNER: If we're paying it just once a year, it should be accrued. So, we -- we need to

look at that.
MR. BRUNSON: That needs to be a separate line item.
MR. WUELLNER: Well, it shouldn't --
MR. GEORGE: At least identifiable.
MR. WUELLNER: Yeah.
MR. GEORGE: How much is it going to be this year?
MR. BRUNSON: It's going down.
MR. WUELLNER: I like the language.
MR. BRUNSON: I don't know exactly.
MR. WUELLNER: Telephone, $30,000. Estimated $40- for the year, and projected at $40- next year.
CHAIRMAN COX: Like my daughter's cell phone bill.
MR. WUELLNER: We've -- we've actually -- we mentioned -- somebody asked the last -- what was it, the last -- when you guys were here last Monday when we started -- started to do this, we were -- the question was asked about the radio, the radio thing and that will -- should positively affect this line item moving forward.
You've got an expenditure on the repeater and

some additional handhelds, and we're going to be

dropping part of this telephone expense moving forward. So, it should -- actually, $40- should be very generous moving forward to next year.

CHAIRMAN COX: Go ahead.

MR. GORMAN: Can I say something?

CHAIRMAN COX: Yes, sir.

MR. GORMAN: This is the type of item I'd like to see a comparative analysis on. Just curious. I would like to see what other airports have decided on expending on telephone, for instance.

MR. WUELLNER: Okay.

MS. GREEN: I was going to say, that was in our Gainesville --

MR. GORMAN: Depends on whether you believe that or not.

MR. WUELLNER: What have you got here? Travel, per diem -- reading the right numbers. Estimated at $15-. You've got $9,900 expended. You've got FAC coming up, whatever that amount's estimating it about $1,500 -- or, excuse me, $15,000. Number stays fairly stagnant on the -- the travel cost. So, it's probably all right.

Utilities, $120,000. That's probably going to project out to about $130,000. Keep in mind

you had, as you probably experienced at home, the significant increase in the percentage of your FP&L bill, rate -- rate changes approved by PSC over the last year. So, that's where the majority of that money's coming, is in -- in that.

You also -- we've also -- it also includes as a line item your water and sewer expenditures with the City of St. Augustine. So, it's not just -- just electric.

Maintenance, self-fuel. We budgeted last year $10,000. Our actual expenditures on self-fuel are estimated to be about $500 this year. We expect that to double, because we'll have a fuel filter replacement due this year. Other than that, it's a very inexpensive maintenance obligation for self-fuel.

CHAIRMAN COX: Great.

MR. WUELLNER: Maintenance on buildings. Budgeted $45-, expending $23-, estimating at $30-. There's also a capital item I'll call your attention to later when we're looking to recoat some roofs and do some other capital expenditures to buildings, but they won't come under the classification of maintenance in and of itself. They're -- they're too expensive to be maintenance

items. They'll be capital items.

MR. GEORGE: Ed, we're -- I'm sorry.

CHAIRMAN COX: Go ahead.

MR. GEORGE: We're all working toward becoming self-sufficient, you know, at some point down the road. And maintenance on the buildings being a capital project, you know, or being just a regular budgeted line item, I think all of that stuff needs to be considered, because it will just -- that's one of the reasons the accountant suggested we put a reserve out there.

MR. WUELLNER: Agreed. And you'll find -- your forecast have reserves for those things. On your forecast sheets, now, have reserves for maintenance.

MR. GEORGE: Right.

MR. WUELLNER: Unfortunately, we've had no reserves. The only forecast reserve for the last couple of years is in this coming year's budget. So, finally a step in the right direction. And that was actually accidental, when it comes down to it.

Maintenance on equipment, contracts on things like the VOR, air traffic control tower equipment, repair and maintenance on vehicles. Actually, we

keep a separate line item for vehicles. Gosh, electrical items for -- for -- like City Electric's in here. Elevator maintenance contracts. Fire protection contracts. Fire extinguisher, sprinkler systems. All of those things are all wrapped into that.

Maintenance of equipment line item. Budgeted at $45-. Actually ended up with $78,000. I think we have -- in reviewing it, there are just some items that weren't in there or were reclassified as a part of the audit and are now going to be tracked in those accounts.

Some of the -- we had some items classified in contractual services that should be under repair and maintenance, equipment, instead of contractual. It would be, I would say, an easy mistake to make, because you think you have a contract to repair something, it would be contractual services, and the reality is it's still a maintenance item for their purposes. The existence of a contract doesn't matter for the -- for purposes of classifying it in the accounting system.

Last item is repair and maintenance of -- is vehicles, $6,000 budgeted this year. It's going

to be about $8,500 at the end of the year. You had at least one or two vehicles that had fairly significant problems with the air conditioning, and we had a front-end repair or replacement that -- that affected it, that weren't really -- we didn't really budget for those repairs.

But in any case, moving forward, we think $7,500 would be -- would be about appropriate, since that's more -- more aligned with what we would expect -- or experienced this year.

So, a net difference between what was budgeted and what we're expecting to happen is about $52,000. But if you look carefully at where the expenditures are made -- I'm sorry, $150,000 -- I was right.

You're really looking at a couple of line items, one being insurance, which you're all aware of. The other is certainly legal fees, as being another dramatic line item discrepancy in there. And I -- I think when you account those -- take into account those things, you actually are pretty close in line when you look at the total projected expenditures for the year. Those things -- those two items alone exceeded the budget, one by $23,000, the other by almost, what, $35,000.

That certainly is more than the difference between estimated end of the year and what was budgeted at the beginning of this year. About $150,000 disparity between the two, what's proposed and what was budgeted last year, again, a couple of key items making up the balance of that, or making up the majority of those lines. It's not the day-in, day-out expenditures as much as it is a few row of line items that have got some things in there that are -- that are quite expensive, and insurance and legal fees being probably the two, with the ongoing --

CHAIRMAN COX: You're saying $150,000.

MR. WUELLNER: A hundred and fifty --

CHAIRMAN COX: I'm showing $50-.

MR. WUELLNER: Well, I may have misspoken.
But the $50,000 disparity is between the estimated
end of the year and what was budgeted. The $150-
is the difference between this year's budget and
next year's budget proposal.
MS. GREEN: Uh-huh.
MR. WUELLNER: I'm sorry. Not this year's
budget. This year's expected end-of-year budget.
CHAIRMAN COX: I'm looking at budget versus
actual.

MR. WUELLNER: I'm sorry.
MR. GEORGE: Yeah. That's --
MR. WUELLNER: Yeah. It's budget versus
actual. I'm sorry. That's what I was trying to
correct.
MR. BRUNSON: And the thing about it is that,
really, the $50,000 is made up of four items, the
insurance, legal, utilities, and telephone.
CHAIRMAN COX: Right. You're saying
$150,000.
MS. GREEN: Look at the difference between --
CHAIRMAN COX: And I'm saying $50,000 --
MS. GREEN: -- the estimated year --
MR. BRUNSON: He's talking -- he's talking

about his budget for next year to the budget of this year.

CHAIRMAN COX: All right.

MR. GEORGE: To the actual.

MR. WUELLNER: To the actual.

MS. GREEN: It's the estimated year end to the proposed.

MR. BRUNSON: The actual. It's $50- over.

MR. WUELLNER: Yes.

CHAIRMAN COX: Got it.

MR. WUELLNER: All right. Next major -- any

other -- any questions, other questions on operating accounts at this point?

(No questions.)

MR. WUELLNER: All right. Nonoperating. Just -- just fairly simple. We had budgeted interest only on debt service. We elected -- you guys elected back in December to go ahead and pay off the debt service on the previous note, which was accomplished. So, while had no planned payment of a million dollars, you went ahead and paid off the million dollars, and there's no proposed debt service moving into next year.

So, yeah, that's a huge one-year chunk, but that also illustrates there, if you didn't have that debt service you paid off, you'd have about two and a half million dollars of roll-forward money this year instead of one and a half million dollars. I'm using round numbers. But that's -- that's a big chunk of money that came out of what would have been reserves moving forward.

MR. GEORGE: That's $35,000 we didn't pay in interest, too.

MR. WUELLNER: Exactly right. That's one of the major reasons you elected to do it.

MR. GEORGE: Right.

MR. WUELLNER: Reserves. Straightforward. Nothing was budgeted, nothing was expended. However, next -- in this case, it shows up as an expenditure item because it's -- it's there to hold the amount of money against the budget revenues.

So, you'll see, starting next year, that you begin with a reserve of $1.4 million, plus accomplish most of the things in your budget. So, it's a really positive step. That's someplace we didn't expect to be for a couple of years, was a reserve of that kind of number. It's a real positive development, all things considered.

Construction and planning, and I'll detail that in a second, but you had a budget of about $12.2 million. We've really only expended about $3.2 million. So, the majority of, again, your roll-forward money is capital match money of the Authority's that didn't get expended. Projects have either moved forward, been deferred more than a year. But in any case, that -- that's where that reserve comes from. And a million of that, again, got paid off in debt service.

The capital budget's about a million dollars less proposed for next year than it was for this

year. Again, you -- expect that that will dramatically be different than what -- at the end of the year than what we're proposing.

The capital budget's the squirreliest thing you do in your budget. All we can do is take one-year snapshots of what we think will happen. And there are variables associated with every individual capital project that make it -- make it very interesting to try and budget.

CHAIRMAN COX: It's called a swag.

MR. WUELLNER: Well, it is. It's -- we do the best we can with it.

Just keep in mind that, you know, when you -- it's real obvious when you're missing the revenue projections on grants in particular, you're also missing the expenditure projections on grants, capital projects. So it's -- they both tend to counterbalance each other with anything that's surplus from your local budget, your Authority revenues, literally going forward. So, it's not money you lose; it's just money that didn't get expended and then didn't get reimbursed by the FAA -- or FDOT in this case.

MR. GORMAN: Under -- under Capital, under Equipment, I'm a bit lost as to what that would be

specific to.

MR. WUELLNER: We actually went through it already on the current-year capital line item. But that was the -- primarily the security-related things that carried forward from the year before, is why it -- why it missed the budget projections. It was a capital project approved the year before and didn't carry forward. That -- that's one of the differences. We actually went through it the last sheet, sheet before, something like that. No detail, but it was right here.

MR. BRUNSON: We approved it.

MR. WUELLNER: You remember that sheet.

MR. GEORGE: You know, that -- that bothers me. I'm sorry. I had a line item for last year, and I didn't spend the money, that money is now sitting in cash.

MR. WUELLNER: It's actually an error in budgeting.

MR. GEORGE: So, therefore --

MR. WUELLNER: It was -- it's actually an error in budgeting, because we should have carried it forward as an expenditure.

MR. GEORGE: Okay. Fine.

MR. WUELLNER: You're absolutely correct.

MR. GEORGE: Okay. All right.

MR. WUELLNER: But it was a project we didn't expend. I didn't pick it up, carrying it into the budget. As a result, it -- it ends up outside of it. But it was money that was actually committed to be spent, so...

MR. GEORGE: So, you will change the budget to --

MR. WUELLNER: It's already changed.

MR. GEORGE: Okay. Fine. Thanks.

MR. WUELLNER: That's one of the reasons I developed this particular sheet that's back up there again on the current year, was because that kind of stuff is so easy to miss.

I've actually had you pass budgets before and not had -- or had the Authority's share in there improperly. The column totals didn't add up. I mean, fortunately, the errors have always been in our favor, with this possible exception.

MR. GEORGE: Yeah. Okay.

MR. WUELLNER: But at the end of the day, there had to be a better way to show that and -- and track it. I'm hoping this does that.

Now, the last major sheet here is a capital expenditure projection for next year. Now, we've

done a couple of things. I want to go -- if you'll let me defer past equipment, we'll come right back to it. All right? Because I want you to be engaged in that part of it, too.

But these are the carry-forwards. Keep in mind those were all adjusted, the capital, construction and planning projects, those were adjusted based on our discussions on revenue and also were adjusted on -- on the -- on grants. And if you remember me, when we were projecting the capital costs forward, some of those monies are expended in the current year, or we're hoping two projects, primarily the grant project for the apron, and the other one being hangars 8, 9, and 10. Those represent, I think in the 8, 9, and 10 case, $900,000 being spent in the current fiscal year, and in the case of Taxiway F, a million dollars being expended in the current year.

So, we're carrying project costs that aren't 100 percent of the cost of that project, just to remind of you that. And we've adjusted the grant totals that go with that accordingly.

All right. So, Taxiway F expecting to expend about $3.5 million of which $87,500 is actual Authority money; 8, 9, and 10, a million dollars

in addition to what would be expended this year, balance being $625-.

Now, I do need to note that in the event those projects don't kick off this soon or we don't expend those numbers, the capital totals will go up, but so do the revenues and all of the pieces that go with it. So, it should be a no-loss difference to us. And it should be -- it should be no net difference in terms of how the money's expended. It just may carry forward differently. We've still got four-plus months left of the fiscal year.

Engineering, Southeast -- this is the Southeast Aero final location. Looking to maybe expend some grant money and local money to begin that design effort to find them a permanent facility down here on the south.

Site development is another grant with FDOT for some additional site work down on the -- down on the south end. That money right now looks like it would be earmarked, if y'all agree, would go toward the site development for the T-hangars and related area down there. Then we have money set aside also for the buildings themselves.

This would be things like the taxiway access,

utility work, underground utility work, anything along that line. May even be that the tree relocation comes back into the picture when we -- when the buildings are finally laid out. And you may want to talk about whether you want to move another tree or two back there.

You're still not there yet. The project's not there. That's what -- you authorized that design work last month, so we don't -- I mean, you'll see that very shortly and can make those decisions. If you do make decisions one way or the other in June or July, we can adjust this projected budget forward and make those changes.

ARFF facility and vehicle are in there. Less what was expended or expected to be expended this year.

T-hangars, which represent three different grant projects over two and a half or three years, fiscal years of FDOT funding, end up with about $2.55 million available for actual T-hangar construction, which right now looks to be playing out to about 36 T-hangar units, as well as four 50 x 60 size box hangars, for lack of better terms, that could be developed and leased in that -- within that number.

There's about -- I put $500,000 in there for -- you know what? There was a separate grant, I'm sorry, with the --

MS. GREEN: The box --

MR. WUELLNER: The box hangars was a separate line item. It's right below it. Estimated about a half million dollars for four of those 50 x 60 units.

We put in there desire to re-mark 13/31. It's due to be re-marked out there. So, it would be lightly pressure washed. And we're looking to contract that out this time. And the reason being is that the commercial re-marking companies tell us they can re-mark the runway in less than two days, doing it at night; and whereas, if we do that work, you're looking at, you know, typical weeks, just by difference in type of equipment being applied to the job. And obviously we don't work well at night. We're not set up to do that kind of -- that kind of thing, and that works real well. There's surprisingly not a lot of difference in the cost to do it. Very pleasantly surprised.

Property acquisition. If you notice, there's no expenditure related to this. There's simply a reimbursement there of $50,000 -- excuse me, $500,000 reimbursement from Florida DOT. That's the last installment of the land acquisition money. So, there's no expenditure made against these, simply a new revenue. I say "new revenue," but the final payment, if you will, for the Araquay Park.

Next project we've got is development of this -- this, I expect to have some spirited discussion over. But we have been exploring the possibility of developing a single tower location on airport property to be leased to cell phone companies for their use in spreading their signal on the airport area.

We are contacted almost continually during the year about -- with private vendors trying to place a tower in the black hole between Jacksonville and St. Augustine, that is, the airport. They would like to put towers all over the place. If left unchecked, they'd already have five or six cell towers along U.S. 1 and messing up the airport's part 77 surfaces.

We have been talking about developing that tower ourselves, wherein we control all of the variables of its location, its size, and then leasing that space to cell companies.

The investment, as it's being projected to us, would approximate about $250,000. Revenue annually projections against it exceed a hundred thousand dollars per year in lease revenue off of that. It appears to be almost a no-brainer if -- if -- and we've identified a location that keeps it out of our Part 77 surfaces, is already owned by the Airport Authority, and would fill the missing link in cell coverage that is a common complaint along U.S. 1 in the vicinity of the airport. It's really -- it is a poor area, poor service area.

And it can be leased to multiple companies on a single structure. So anyway, we've put it in there as an item to -- to think about and be talking about. We're developing some additional information, and I'm confident we'll have a lot more detail to share as to what the project entails, what the expenditure expectations are, and what the revenue projections are by the time you get to a decision later on. But that's probably the single-most, I hope, controversial thing that's in the budget, but it seems to make a lot of financial sense.

And the -- the concern I have is that any other arrangement results in either a lease or a tower that's located in the vicinity of the airport with all the variables out of the control of the airport. This, you could -- you know, lease is expired, you could even remove the tower. I mean, there are other -- as technologies change, so...

CHAIRMAN COX: Let's not launch into a discussion about it. But go with a question?

MR. GEORGE: A discussion.

CHAIRMAN COX: I don't want to discuss cell towers. Let's just --

MR. GEORGE: Don't want to discuss cell towers.

CHAIRMAN COX: Right. Good.

MR. GEORGE: I want to discuss financing, which is what we're talking about.

CHAIRMAN COX: Right.

MR. GEORGE: If we have to take $250,000 of our cash to defer some of the construction into the southern development area, I think that would be a travesty.

This would be an ideal situation -- I think
Randy could agree with it -- that you come in here

with contracts from some, you know, powerful and
good financial statement companies, you can go to
the bank and borrow that $250- just like that and
let it pay for itself out, and it doesn't affect
our development --
MR. WUELLNER: You -- you could. The -- the
way we're proposing it here, it would just be an
additional reserve amount at the end of the year
you would not -- you would not place into reserve.
So, you can look at it either way as -- you can
look at it as zero percent financing for two
years --
MR. GEORGE: Yeah.
MR. WUELLNER: -- or, you know -- there would
be an interest expense.
MR. GEORGE: As we can go through it.
MR. WUELLNER: Yeah. You guys make those
calls as you move forward.
Next item I have is a recoat of hangars A, B,
and C, the roof. The elastomeric coating to be
applied -- reapplied, I should say. It's been

about six or seven years since that was done.
We'd like to reapply that. Expecting about a
$15,000 expenditure.
Another item we bring to the table, it's --

it's -- you know, I hate to say this, but it's really an item of convenience. It's not an additional revenue, I'm sorry, against this. But what I'm -- what I'm looking to do would be create a additional storage capacity down at the self-fuel.

One of the problems we're having, and it's -- thankfully the fuel sales have been good enough that we're having this problem. But we only invested in a 10,000 gallon tank, which makes managing the inventory on the self-fuel extremely tricky. We're really down to about a 3- to 400 gallon margin between when we can make the decision to -- to buy fuel and having to take fuel in 8,000 gallon increments.

And it -- it really gets tricky when you factor in reserve of the tank. It -- it -- 10,000 was not a good number to put in. Twelve- would have been great. But we don't -- you know, that's not what's there.

The suggestion here is that perhaps we look at ex -- expanding the fuel tank storage capacity down there by an additional 10,000 gallons. It also allows you to play the pricing game, the wholesale pricing game a little bit by, when you

find these momentary dips -- and they're really momentary right now -- dips in the wholesale price of av. gas, you can buy the 8,000 gallons of av. gas and have a place to put it.

Right now, we're at the absolute mercy of what wholesale is when I get down to about 3- or 400 gallons. I have to buy fuel or not have it. It's -- it becomes that simple. Being out of fuel is bad for business, not only real dollars, but it's bad for our customer base. They go somewhere else.

And when you start getting that reputation, we may as well just close the pump down. We've had an excellent year on self-fuel. I think if you look at your numbers, you're going to be very, very pleased with total gallonage and even total dollars made this year.

And we're -- I think we've made all of the adjustments we can. So, anyway, it's in there for your consideration. It's about a $40,000 expenditure.

It would also allow -- we don't have this problem routinely right now, but it would allow parallel refueling to go on down there. The terminal head, the computer head there allows for

multiple pumps to be fed off that computer -- that credit card reader down there. So, you could establish, you know, two people using the self-fueling facility at the same time.

It's in the mix. It doesn't end up with any more money because what they do is just wait on it. But it is --

MR. BRUNSON: Have we lost any business?

MR. WUELLNER: We've had some aggravated people, and we've had a few periods of time of half a day or a little more where we've literally had no fuel to sell. We've even had it run out on people, you know, filling an airplane, and they have to --

MR. BRUNSON: That's bad.

MR. WUELLNER: Those are not good scenarios. I'm sorry. History is if we'd have put 12- in, we'd have had plenty of margin to play with. We don't sell 2,000 gallons of fuel a day, but we sell enough that it -- it really can interrupt the -- the supply.

CHAIRMAN COX: I think the most important thing to the airport is it allows us to take advantage of the spot market at any time.

MR. WUELLNER: It does. It truly does.

CHAIRMAN COX: And that's -- that's what's the very --

MR. WUELLNER: This last time we bought fuel, a little less than two weeks ago, we could have bought fuel for almost 35 cents a gallon less than what it's quoted today. And you could have sold it and maintained a nice stable price on that and made a, you know, a generous profit off of it. And right now, I'm staring at buying fuel in probably three days, and it jumped another 12 cents since Saturday for us.

MR. GEORGE: I'm going to go fill up.

MS. GREEN: I was going to say --

MR. WUELLNER: And if you want to go to the pump right now --

MS. GREEN: -- write a check right now for $40,000 and get that tank.

MR. BRUNSON: Be back in a minute.

MR. WUELLNER: You better get there quick, because there's not a lot in there now, so...

CHAIRMAN COX: Twenty-minute recess. No.

MR. WUELLNER: It will take longer than that with three of you in line.

MR. GEORGE: All right.

MR. WUELLNER: All right. Now, going back to

the -- that rounds out the construction kind of projects.

Now, going back to the equipment projects, we provided you in your capital section a lot of those individual project items to -- to talk about. We listed ones I -- you know, my mind could make the cut on and you ought to think about in terms of funding for next year. They're all a hundred percent Authority dollars. I'm sorry I don't have grant funds to match some of these things. But they're things to be thinking about.

There are a couple of projects that you have in your book and those sheets that are not in there. They could be subbed. Some of these could be removed. The bottom line is you remove projects out of your capital equipment line, it goes to reserve, or you can, you know, find something else to put the money into.

Probably about a $50,000 final expenditure on -- on security updates. That's getting the last gates up and running; the transition to the new card reading. It also includes the addition of a quantity of camera capabilities out there to include -- we'd like a couple of the key gates done, the fueling areas, to have surveillance

capability or, you know, to where if something does happen, that video can be recalled and turned over to law enforcement. Those run $2- or $3,000 a location to get them into the system. That's all included in that kind of a number.

Maintenance equipment shed. This is an item that it literally amounts to two 30 -- I think they're 30 X 40 foot metal pole barns, for lack of better terms. That's two of them. And our best guess, based on discussion with the contractor, what that would include would be the erection cost for it.

That's two of those buildings on -- erected on-site. That's not pouring concrete floors. We didn't feel that was necessary, but doing it on, you know, the 57 stone or something along that line. But get some of that equipment that routinely just sits out in the weather 24/7. And, you know, just -- it takes its toll over time, and this just gets it out of the majority of the weather. It doesn't put it in an enclosed building. We should avoid a lot of code issues and code conflicts by not enclosing the building.

We've still got to pull permits, but it's -- some of those fire issues should cease to exist by

having an entirely open building. So, that -- we've got that on the table there.

Third item is a backhoe. Our guess, we'd like -- we'd like to look at a late-model backhoe. The majority of our rental expenditure line items -- this is one I referred to -- was for this specific type of equipment. And that's a used piece of equipment, late model, typically less than a thousand hours, correct? And, you know, late model meaning about 2004, 2005 in age. So, used but -- but entirely functional.

That's -- that's a budget number we don't
have a piece identified. It's one of those when
you're ready to go, you go out on the market.
Excuse me. Next item's AEDs, the
automated -- automatic electric --
CHAIRMAN COX: Yeah. Right, those.
MR. WUELLNER: -- defibrillators. I forgot
the middle name. External, that's the word.
External defibrillator. We have one currently in
the terminal. All of the airport staff, as well
as all of the FBO staff, are trained on its
operation. And one of the things we were talking
about doing was expanding its availability to a
couple of other locations on the airport so that

in the event that kind of an emergency crops up,
that equipment is not far behind.
If you need an AED, you do not have typically
the time to wait on EMS to show up no matter how
close they are. It's the types of incidents that
happen that need that kind of shock need that
pretty darn quick. So, think about it. They're
about $2,100 a unit. They -- they can even be
made -- they can even be used portably, so they

could be kept on, you know, for instance, in the maintenance supervisor vehicle or, you know, made portable for special events. In any case, something to think about. Life of me, I don't remember what office was...

CHAIRMAN COX: It was the chairman's office.

MR. WUELLNER: Yeah. That was it.

CHAIRMAN COX: No.

MR. GEORGE: The incoming chairman.

MR. WUELLNER: I have no idea.

CHAIRMAN COX: Oh, well.

MR. WUELLNER: That's a good start, isn't it? Last item on my -- I'll try to come up with it -- was the high lift. This is one we -- we rent quite a bit because of the extra height needed. This is a 40-foot unit which lets us reach all of

the parking lot lights and -- and ramp side lighting. Lets us do the majority of the maintenance work around here where we rent one of these.

We've had a bucket truck, a bucket truck we bought used with a billion and a half miles on it back, oh, gosh, seven, eight years ago, maybe even longer. Spent $11,000, is my recollection, that long ago. We have managed to keep it working.

It only has a 28-foot reach and doesn't reach the parking lot lights and some of the other things that we do the maintenance on. But again, this is a used piece of equipment. It's -- it's self-propelled, but it's not a -- not a vehicle like the other one was. It's not a van. So anyway, that's on the -- on the list, too.

And I said you had a couple of other items that are in there. We actually identified in total projects about $645,000 of this stuff, some of which is already down here in the construction and equipment.

There are -- there are a few items that weren't on here, that we -- that the people -- we came up with. One was the -- the -- a duplicate of the sign down on this end, up on the north end,

slight relocation of the fence, creating that nice sign on the north end. Our estimates are that's about a $30,000 expenditure. It's currently not reflected in here. It may be something you want to think about.

Another item I'd like to actually have your consideration to get moving on this year is some terminal rehab work over there. You have several projects that really need attention. I'd like to do it this year. It might affect -- in fact, in probably it would affect the roll-forward a bit.

But projects that really need some attention are the replacement of the flooring in the main terminal bathrooms, has -- has had it. It was never installed properly 12 or 13 years ago when the terminal was built. It needs to be done. There's really nothing else that can be done with that floor in there. It is in -- in bad shape, cannot be cleaned any further.

And -- and secondary is the exterior patio portion of the restaurant, same problem. Wrong -- an inappropriate type of tile was placed outside and has become unusable the way it is.

CHAIRMAN COX: You're talking about the balcony portion?

MR. WUELLNER: The balcony.

CHAIRMAN COX: Okay.

MR. WUELLNER: In concert with that, if you've been up those exterior stairs, they have had it. They were not -- again, were not installed properly. They were not leveled properly, and they have continued to hold water, despite our best efforts, and after 12 years, all of the steel associated with that is gone. And they're hanging on, but they need some serious attention.

We have asked Passero to try and come up with some alternative solutions. Our suggestion to them was to look seriously at the kind of layout and design and materials that we used on the exterior stairs of the -- of the office building next door, where it's primarily galvanized aluminum and stainless steel components that should provide years of service. No poured concrete. There's some serious problems with what it was. Reconfigure it slightly and redo the floor on the second level there, too.

Our best guess, total dollars to do all three of those projects, is approximately $100,000. So, if it's something you don't have a problem with me

pursuing, we'll get some stuff put together and see what the bids look like to get the work done. And --

CHAIRMAN COX: Bring us a proposal.

MR. GEORGE: Yeah.

MR. WUELLNER: I would like to do it rather than wait to even start it till fall. Some of these things just need some work done.

MR. GEORGE: Those items, Ed, are not on this capital expenditures summary.

CHAIRMAN COX: He said that.

MR. GEORGE: So, they need to be added to it if that's what you recommend we do.

MR. WUELLNER: Well --

MR. GEORGE: One of the problems we had with the restaurant that's there -- and I think all of us at one time or another have talked about putting a balcony out there so that they can add some more seating, outside seating. Maybe that should be included, if you're going to redo those steps coming up, to redo that, also, and maybe the join the two buildings.

MR. WUELLNER: Yeah. We actually have a terminal expansion project that we envision -- that's programmed with FDOT in a couple of years

that would let them participate in upwards of half of that money or maybe even more.

MR. GEORGE: I like that.
MR. WUELLNER: By -- we were looking at that, expanding some office capability over there for additional lease revenues. Trying to come up with a project that was a little broader than just adding some square footage to the restaurant. That -- that's in that -- that was in that mix. That was part of the project we were hoping to do over there.
MR. GEORGE: I've got two questions about the equipment. One is the two maintenance sheds.
MR. WUELLNER: Yes.
MR. GEORGE: Now, all of that equipment that's by that little white building --
MR. WUELLNER: Would be under that roof.
MR. GEORGE: -- would be under that roof. Which means that white building would be then made available to Civil Air Patrol, Pilots Association. That's what we had talked about --
MR. WUELLNER: Well, they're --
MR. GEORGE: -- a year ago.
MR. WUELLNER: They're currently using that -- that white building for storage of --

they've got equipment packed in there, too. But they also use it for storage of things that are not allowed in the maintenance warehouse.

MR. GEORGE: Like flammable items?

MR. WUELLNER: Like flammable items, fertilizers, pesticides, things that -- things that you would not -- that -- without going to foam suppression and all kinds of stuff when they built, which just was, you know, insane.

CHAIRMAN COX: He's got one more.

MR. GEORGE: Okay. I've got one other item. And that is, you and I have talked for three years about putting hangar identification on all of the corporate stuff, okay?

MR. WUELLNER: Yes.

MR. GEORGE: In other words, right now, we refer to Ring Power hangar. Okay? If I'm not over there, which one is that? But if we had them laid out, this is hangar A, B, C, or however you want to do it, at least we've got some consistent nomenclature that we have with the T-hangars here, and it's easier for people to know where it is.

MR. WUELLNER: Yeah. We've been relying on the fact they hang a sign on the outside.

MS. GREEN: Yeah.

MR. GEORGE: Well, we need to hang our signs out there.

CHAIRMAN COX: Mr. Gorman?

MR. GORMAN: Just from common sense and just as kind of a fun item, I think we ought to label all the ends of the hangars. Every hangar we have should have an end label on it.

MR. WUELLNER: They've got the material in to do it.

MR. GORMAN: Right.

MR. WUELLNER: Just have not gotten to it.

MR. GEORGE: You mean they've got the material to do that, but they don't have the material to do my project?

MR. WUELLNER: That's -- that's part of it.

MR. GEORGE: I'm just kidding.

CHAIRMAN COX: What else have you got, Ed?

5. - BUDGET FORECAST

MR. WUELLNER: That's it under the existing budget. Again, you've -- we can walk through the forecast portion of it, but basically taking this information, plugging that into the first couple of columns of the forecast, and --

CHAIRMAN COX: Yeah. Before I ask for any public comment, I want to see if there's any more

queries from the board. Any comment from the
public? Anybody have any questions?
MR. GORMAN: Are you going to -- are you
going to wait for final comments on the budget
from the board?
CHAIRMAN COX: Oh, I'm not closing out
anything yet.
MR. GORMAN: Okay.
CHAIRMAN COX: I just wanted to make sure I
didn't -- I wanted to get the public queries in if
we had any. Do you have some discussion you want
to get into?
MR. GORMAN: Not particularly discussion,
just an end statement.
CHAIRMAN COX: You had -- okay, Ed, you
wanted to --
MR. WUELLNER: Okay. Just -- I'm not going
to -- I'm not going to rehash any of those
numbers, and I'm not going to go into the detail
numbers of what -- the forecast itself. I think
it's just important you -- you get the picture of
what's going on. We can go into whatever detail
level makes you happy on it.
But we've already -- really already beat up

the -- the yellow column, the current -- I think

blue on yours -- but the current year information, and we've also talked briefly about what our proposal is for next year, which is your Year 1 in the forecast model.

Suffice it to say that four years out, if you -- if you go to the summary sheet, which should be the first sheet on there, the important things I would really like you to just kind of walk away with is that, indeed, four years out, fiscal year 9000 (sic) - '10 would be the last year of ad valorem collection based on the model. So, it's four years, including next year. So, four years from October would be the last of it.

The model, as per direction I think we got last year, we're not projecting any additional ad valorem revenue. So, we're taking -- effectively taking the rolled-back rate for the next four years. So, it's allowing a -- you know, a small reduction in the ad valorem rate for the next four years, followed by a complete removal from -- from the rolls, based on the model.

One of the variables you need to understand is primarily out beginning about year 5 and

beyond, is that we don't know what the capital
projects are going to look like in a true sense.

We've got placeholders in there with -- with dollars and projections. They're -- they're really sparse on description, and that's purposely because we haven't built the grant programs. Those are built -- we add a year each year. So, we aren't going to know those things till we get closer.

The other is you have the latitude within those capital programs, which is where 80 percent or better of your budget is each year, to adjust the scope of your capital program in any one year. Now, it may have negative effects on -- on some revenue, but you control the big dollar variables in any one year.

It does maintain a healthy -- or relatively healthy reserve accounts in three areas, an unencumbered reserve. It does create and maintain and continue to build a capital reserve account for buildings.

We do, again, repeat the assumption made each year, which is that when we project a capital building project, primarily a revenue-producing project, we delay the forecast of revenue by a full fiscal year. So, we don't -- we're not piling that on top and creating something

that's -- that's truly not going to work.

We identify in your sheet your assumptions and development notes when we add T-hangar. We don't say -- it should be pretty obvious when the capital projects are when you look at the capital portion. It should also be very noticeable within the revenue development page, that -- that there's a jump in revenue projections in certain line items for additional facilities. And those have -- we have increased revenues throughout the model at two and a half percent per year, but increased expenditures in most line items by at least three and a half percent per year.

There are some line items that have historically accelerated much faster than that. An example is health insurance premiums. Those have been adjusted to a higher number. I don't remember what it is. It's like ten and a half percent or something. We adjusted that forecast to base on that kind of a number.

So, we've -- we've tried to be as conservative as possible on all sides. In other words, we'll -- we think we overestimate what the expenditures will be and underestimate what the revenues will be. When in doubt, that's what we

try to do.

It is not a miracle. It's not the -- you know, it's got as many variables as you can possibly get your hands around, which obviously creates an -- an interesting issue with its, quote, unquote, statistical reliability. But it's -- you know, it's the best shot we've got. Everything looks great. I'm very pleased. Everything still seems to be on track.

Probably the single biggest revenue item coming up is how we collectively handle dealing with Grumman's lease. That's got potential of a significant revenue source to the airport. It's in there. It's in there conservatively. You may be able to do significantly better than that on the lease, which obviously just keeps making the balance sheet better and better.

Current millage rate, just so you know, is

.2055, I believe. And that should go down holding the same -- if you take the rolled-back rate. I -- I don't know and won't have this information until July. I do not have what the projected ad valorem numbers will be. We do not get that information from the Property Appraiser's Office until --

CHAIRMAN COX: July.

MR. WUELLNER: -- approximately July 1.

CHAIRMAN COX: July 1st.

MR. WUELLNER: It will be within a couple of days of that. They, by statute, have to have it out by that date. And then that gives us a number we can actually hold a millage and calculate or do a little more detail gains on.

But right now, we're just pulling forward the number we actually got, or projected to have this year, across the four years. So, even with holding the millage rate -- or taking the rolled-back rate, I'm sorry -- it typically does generate a few more dollars each year, because there are things that come in and out of exemption.

CHAIRMAN COX: Mr. George?

MR. GEORGE: My dad said one time, "It's going to be time for this board to fish or cut bait."

We came up with a plan to get off the tax rolls in seven years. And I think that The Record called it as "pie in the sky," which I totally objected to. But at the time, I don't think any of us forecasted that concrete was going to go

from $34 a yard to $120 a yard; a hangar that we had budgeted $1.2 million was going to come in at $2.1 million. Manpower is going up construction-wise because the material's going up, so why shouldn't the manpower? So -- so, everything is going up.

I'm not sure how the federal budget handled this, but I read an article the other day that said that the FAA portion was cut back a billion bucks?

MR. WUELLNER: It was, but it's been restored with an extra billion right now, so...

MR. GEORGE: Oh, okay. Good.

MR. WUELLNER: Depending --

MR. GEORGE: If that did happen, that's going to have -- you know, that's -- that could have an impact on us, because we're -- we're assuming that in the five-year-out time period, or four years out, we're going to have the same type of revenue assistance, you know, that we have now, and we might not have it.

So, I think we're going to have to look at maybe keeping the rate the same. Last year, that would have generated another half a million dollars, okay? And -- and last year was a good

decision not to do it because we were rolling right along. But now, looking at all of the construction costs and everything that we're behind on, we -- we're going to have to consider it. We're going to have to consider other ways of doing things.

Basically putting hangars here is in the -- the building erection business. And with as much as we've got going on, maybe we need to develop our own crew to start doing it, because look at the money we saved on the VOR movement and the money we saved on the parking lot.

But these are some hard decisions we're all going to have to sit and take a look at as we get further into this budget.

MR. WUELLNER: Well, I can tell you that we -- with the help of Passero, we did adjust the first five years' worth of projects in the forecast to reflect what's gone on in the last year. So, those capital expenditure items as they're identified in this for the first five years have been adjusted.

Beyond that, there really aren't specific projects to get -- get in and do too much meat to. So, you're still dealing with the same aggregate

totals. So, it may result in a little less project or a redefining as we go forward.

But we have made some adjustments for -- for what's going on the construction business, you know. If it changes that much each year, we are not, if that has not been done. But we have made at least a one-year adjustment for the rest of them.

MR. GEORGE: If we look at what happened this year, we had budgeted like $6 million in capital, and because this project didn't get started or this project didn't get started, all of that also impacts when the revenue that's coming in from those gets started. So, Ed --

MR. WUELLNER: We did make those adjustments.

MR. GEORGE: -- you put together a model for us that said from the time you approve a project, here's how much it time takes from here and there. You know, they're just -- I'm going to relook at that and see if that agrees, too.

MR. WUELLNER: Well, we probably need to revisit the time lines on that and regenerate for everybody, too.

MR. GEORGE: Right.

MR. WUELLNER: But we did make the

adjustments, too, for projects that were -- you know, we knew were being deferred. Or, you know, whatever adjustments were made in the first five years are reflected on both the expenditure and revenue side of -- of the model.

MR. GEORGE: Yeah.

MR. WUELLNER: So, again, we tried to make it as -- as accurate as -- as reasonable at this point.

MR. GEORGE: A big piece of that is Grumman. And can you give us a quick update of what's going

on with the -- has Grumman had any discussion at
all about --
MR. WUELLNER: No.
MR. GEORGE: -- asking for a lease?
MR. WUELLNER: Not directly, but they did
mention to me -- we were over there talking about
their support for the -- the north relocation
and -- and the like, the railroad relocation and
the like, and talking about that, as well as fire
protection issues, and I was told that over the
next few weeks, we should get a call from the
folks up in New York to begin -- begin a dialogue.
They recognize it will take them a while to get to
something, too.

MR. GEORGE: Good.
MR. WUELLNER: And, you know, you're coming
up on about 15, 17 months, something like that,
between now and the expiration of the lease. And
there are things they want, things we want that
really make generating a new lease a good idea.
But the fallback position -- just so everybody has
a comfort level, the fallback position as it
stands now, there are only two options, either

they vacate the premises or pay market value under the existing lease.

So, right now, they're not in a position to vacate. But I can -- I can tell you that there are -- they have long-term issues for survivability on some elements of their company, and we need to be paying attention to all of those things moving forward. It's not a time to be greedy; it's a time to be fair. So --

MR. GEORGE: Yeah.

MR. WUELLNER: Moving forward.

6. - MEETING DATES

CHAIRMAN COX: Need to discuss August workshop, dates for these discussions, do we not?

MR. WUELLNER: Yeah.

CHAIRMAN COX: And a September meeting date.

MR. WUELLNER: Well, you can -- yeah, you're going to have -- statute's going to determine when your two meetings are --

MS. GREEN: Right.

MR. WUELLNER: -- for the most part in September. They've got to fall within a couple of real tight time lines in order to keep you legal. Typically, it's about 10 or 12 days into

September, is when the first one -- first budget hearing can occur, maybe even slightly before that. And then the other one can't occur but a week later -- or about a week later. I don't know if we have -- do you have dates here?

MR. GEORGE: Mr. Chairman, do we need to have a united front when we have that first meeting with the public, or is that first meeting where we are actually asking questions about it, too?

And my -- my thought is if we need to -- to have those meetings, that here's our budget, then we probably need to have another workshop to get input on some of the detail.

MR. WUELLNER: Well, let me give you -- your public hearing dates are most likely, if you hold them to Mondays, if you want to keep them on Mondays --

CHAIRMAN COX: You're talking about --

MR. WUELLNER: Keep in mind --

CHAIRMAN COX: -- September meeting dates.

MR. WUELLNER: These are September meeting dates. And that's again holding Monday dates.

And the other thing to keep in mind is you are required by statute to stay off of these two dates: You're required to stay off of whenever the Board of County Commissioners decides to have their public budget hearing. You are not allowed to schedule it on those same dates -- or during the same times, nor are you allowed to schedule it over the top of the School Board by statute.

But any other times, you're allowed to, you know, be in conflict with any other public entity. Two dates we're holding or look like statute will work, timewise, are September 11 and September 18. 18th would be your normal Authority meeting.

So, my suggestion is you at least tentatively shoot for the 11th as your first public hearing at 5:01. Keep in mind it can't start until 5:00 in the evening.

CHAIRMAN COX: You want to have an airport meeting on 9/11.

MS. GREEN: For budget meeting.

CHAIRMAN COX: I don't care what kind of meeting.

MR. GEORGE: 9/11.

CHAIRMAN COX: I don't care what kind of meeting it is.

MR. WUELLNER: That didn't even click until you said it. If you want to pick another date, you can. You just -- we've got -- this is the -- the 11th date is the only date that we have to provide as a part of our TRIM notification back to the Property Appraiser's Office, because it gets published with the TRIM notice.
MR. BRUNSON: That's fine with me.
MR. WUELLNER: But it's --
CHAIRMAN COX: That works.
MR. WUELLNER: That's the 11th at 5:01. And you have an Authority meeting at 4 o'clock, tentatively, on the 18th. And you would interrupt that at 5:01 for your public hearing, or you can pick another time. It doesn't have to be 5:01. It just can't be sooner than that. But you do have to advertise the time.
CHAIRMAN COX: So, you know that the Board of County Commissioners' meeting is on a different date, and also the School Board?

MR. WUELLNER: No, they won't probably set their budget public hearing dates until probably July or August. That's usually what happens, is we submit the dates --

CHAIRMAN COX: Right.

MR. WUELLNER: -- and then in the event there's a conflict, we hear from the Property Appraiser's Office, and we reschedule ours.

CHAIRMAN COX: All right.

MR. WUELLNER: We ask, but they don't know yet. You know, I can guarantee the answer today is they don't know.

MR. GEORGE: I need to ask a question. Do we need to have another workshop so that we're all united before that September the 11th?

MR. WUELLNER: That's -- yeah. That's really up to you guys. You can do it as a workshop. We can have an extended agenda item and talk about it. You can do it however you want to do it, depending on how much time you want to spend and what areas you feel like you need to spend time on.

CHAIRMAN COX: Maybe we do it in addition to the August meeting, the regular monthly meeting.

MR. WUELLNER: You do -- the only definitive

action you've got coming up that must be taken is at -- at the July meeting, you will need to set your TRIM.

CHAIRMAN COX: Right. Millage.

MR. WUELLNER: You won't have a choice. That's -- so you'll have your not-to-exceed millage needs to be set in July. But you don't do anything else to budget. We don't even have to talk about it. But you do have to set that.

MR. GEORGE: But if, at that meeting, we all decided that because of the variables we will not exceed the present millage, then we can always come down --

MR. WUELLNER: Absolutely.

MR. GEORGE: Okay.

MR. WUELLNER: You can come down. What you cannot do is go higher than what you set for the TRIM.

CHAIRMAN COX: You and I discussed an August workshop. What was that in reference to?

MR. WUELLNER: We talked about an August workshop for the commercial minimum operating standards.

CHAIRMAN COX: Okay.

MR. WUELLNER: They could be combined. We could do that again. I wouldn't envision -- unless you guys feel otherwise, I wouldn't envision needing anywhere near the amount of time we spent today.

CHAIRMAN COX: No.

MR. WUELLNER: The second round through the budget, unless --

CHAIRMAN COX: It's just up for discussion. But you wanted some direction from the board on -- on what you wanted -- you know, what we wanted to do on -- for that particular issue.

So, anyway, the proposed dates for the September meetings are September 11th and September 18th. Anybody have any issues with any of those?

(No objections.)

CHAIRMAN COX: We'll tentatively put those in based on what comes out with the other two boards. And if you want to have a -- I mean, we can discuss this next meeting, if you want to have an August workshop on the minimum operating standards.

MR. WUELLNER: Your regular meeting is tentatively on the 21st.

CHAIRMAN COX: Of?

MR. WUELLNER: Of August.

CHAIRMAN COX: August.

MR. GEORGE: On July the 17th.

MR. WUELLNER: It's July 17th? I knew I'd get the whole year out, like it or not.

CHAIRMAN COX: Yeah, our December meeting is when?

MR. WUELLNER: December?

CHAIRMAN COX: Just kidding.

MR. WUELLNER: I don't know. Yeah. July is 17th. So, you've got an Authority meeting then.

MR. GEORGE: Why don't we have another discussion of the budget at the July 17th meeting?

MR. WUELLNER: Fine by me.

MR. GEORGE: By what time do we have to tell them about our millage will not exceed?

MS. GREEN: Our TRIM rate, July meeting.

MR. WUELLNER: We need to set it at your July meeting.

MS. GREEN: Right.

MR. WUELLNER: You actually -- you technically need to have it done by the end of the month.

MR. GEORGE: By the end of July.

MR. WUELLNER: End of July.

MR. GEORGE: Fine. Okay. It works.
MR. WUELLNER: But it needs to be at a regular -- you can't do that at a workshop.
MR. GEORGE: Right. That has to be at the board meeting.
MR. BRUNSON: You can put that on the agenda.
MR. WUELLNER: Yeah.
CHAIRMAN COX: It has to be a regular meeting.
MR. WUELLNER: If you want a workshop before -- you can do that, or you can workshop after, whatever, but you -- you need to be able to get to a TRIM number at the July meeting, regular meeting.
CHAIRMAN COX: Any further discussion on budget workshop? No further discussion?
(No further discussion.)
CHAIRMAN COX: Jack, you just about said something. Oh, you had -- you had some final closing statements. My apologies.
MR. GORMAN: I just -- just I'm going to make it even more brief, and a joke at the end. I think the insurance and litigation costs are off the charts. And I think that we need to address

those with some out-of-the-box thinking, as simple

as that. A quick way to do it would be to stiff the lawyers and buy Kevin all the maintenance equipment he needs. Just buy him the shed and all the equipment.

MR. HARVEY: Here here.

MR. GORMAN: But that's it. We've got to address those two issues.

CHAIRMAN COX: Are you done?

MR. GORMAN: Yes.

CHAIRMAN COX: Yes, sir.

MR. GEORGE: Being a little bit more in-depth about what we would like -- what I think would be good to see, Ed, if we could see on that capital equipment what the carry-forward, what we've already spent on the project, that's easier to tie it back to a previous, you know, budget item.

MR. WUELLNER: Okay.

MR. GEORGE: Back on the operating accounts, Jack asked to see a report of everything that's been paid to our -- in legal fees of any kind, and I would hope that you would take that as an action item to get that to him.

MR. WUELLNER: Uh-huh.

MS. GREEN: I had requested that, and Doug
was supposed to get me the time and billing

statements that I could review.
CHAIRMAN COX: Right.
MR. GEORGE: Okay. Good.
MS. GREEN: And I reminded Counsel that I
have not gotten those yet. Because I -- I was
like, I would like to have them and review them
before next Monday. Because we have a shade
meeting.
MR. GEORGE: I think Jack wanted to see what
the raw dollars were and knowing that you were
going to go through the detail.
MS. GREEN: Yeah. I was going to go through
the detail --
MR. GORMAN: Exactly.
MS. GREEN: -- for reasonableness in what was
expended.
MR. GEORGE: Yeah. Maybe you would like to
have a copy of the detail, and that's one little
page, just to see what invoices they gave you.
MS. GREEN: Well, I know what to look for,
and I've already asked and Mr. Burnett --

MR. GEORGE: All right.
MS. GREEN: -- is supposed to be getting it to me.
MR. GEORGE: The other thing, Jack, you said

that you wanted to see an audit of the telephone expense.
MR. GORMAN: Just a -- this comparative analysis budget here, as far as I'm concerned, doesn't directly and pragmatically address issues like that.
MR. GEORGE: Okay.
MR. GORMAN: I would just like to see just -- just for a snapshot, how close we are to someone else as far as that item. It seems high. Maybe it isn't.
MR. GEORGE: Okay. This is their budget (indicating) --
MR. GORMAN: Right.
MR. GEORGE: -- you know, for all of those companies. Would that suffice what you were asking for?
MR. GORMAN: I -- it just seems high. I would just like a little -- that's just a snapshot of what seems high to me.

MR. GEORGE: Well, we're trying to get an action item so that you can have it, so at the next meeting where we talk about the budget, you don't have any questions or you have a report back on your telephone. So, what do you need them to

give you?

MR. GORMAN: The telephone costs of two adjacent airports of reasonable size and what -- what they spend --

MR. GEORGE: Okay.

MR. GORMAN: -- versus ours.

MR. GEORGE: Sounds good.

MR. GORMAN: If it's reasonable, it's reasonable.

MR. GEORGE: Thank you.

MR. WUELLNER: I've got your -- the summary of the year before was $179,619 for legal fees for the year -- year prior. And that's exclusive of the land again.

CHAIRMAN COX: Anything further?

(Nothing further.)

CHAIRMAN COX: Meeting adjourned.

(Whereupon, the meeting adjourned at 5:27 p.m.)

REPORTER'S CERTIFICATE

STATE OF FLORIDA)
COUNTY OF ST. JOHNS)

I, JANET M. BEASON, RPR-CP, RMR, CRR, 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 20th day of June, 2006.

____
JANET M. BEASON, RPR-CP, RMR, CRR
Notary Public - State of Florida
My Commission No.: DD531390
Expires: April 30, 2010