

The Airport Oversight Committee convened for a meeting on Thursday, March 21, 2013 at 1:36 p.m. in Room 266 of the Charlotte Mecklenburg Government Center with Interim City Manager, Julie Burch presiding.

Present were Julie Burch, City of Charlotte; Bob Hazel, Oliver Wyman; Kim Eagle, City of Charlotte; Ashleigh Price, City of Charlotte; Tom Murray, Charlotte Regional Visitor's Authority; Landon Wyatt, Childress Klein Properties representing Charlotte Regional Partnership; Kim McMillan, City of Charlotte; Mike Minerva, US Airways; Ed Hoosier and Sherry Ells, UNCC Center for Transportation Policy Studies; Andy Dulin, Charlotte City Council member; Chuck Allen, US Airways; Catherine Bonfiglio, City of Charlotte; Michelle Mohr, US Airways; Natalie English, Charlotte Chamber of Commerce; Shawn Dorsch, Airport Advisory Committee attending via telephone; and various members of the press.

Interim City Manager, Julie Burch called the meeting to order at 1:36 p.m. and asked those in the room to introduce themselves.

Ms. Burch said thank you for being here this afternoon. The reason we are here is because the Charlotte City Council, on the 4th of March authorized me as the Interim City Manager to engage a consultant to study the governance of the Charlotte Douglas International Airport. Council approved the scope of work and they also approved the establishment of a Study Oversight Committee which several of you are sitting around the table right now, to oversee this study as we move forward with it. The study came about a result of some legislation that is pending in the General Assembly to change the governance of the Charlotte Douglas International Airport from the City Department that it has been for a number of years to an authority. The Charlotte Council did not request this legislation and is on the record of not supporting it. As a result they felt it would be important for us to have an independent, unbiased study done of the various governance models for airports across the country and also in particular to have an opportunity to determine the drivers or the interest to change to an authority at the Airport. As a result of that the Council authorized me to engage this study at a cost of approximately \$150,000. The City staff as well as members of the Oversight Committee who were available participated in interviews. I'll back up and say we vetted 9 different firms who are specialists in airport matters. We interviewed 2 and the unanimous choice of the Committee who met last Friday was to extend this engagement to Oliver Wyman, a firm that is in New York City and Bob Hazel is one of the partners in that firm. Oliver Wyman will be conducting the study for the City between now and May 1st. The consultant is going to talk with the committee this afternoon more about his background and the scope of work so we will talk about that more in depth shortly.

The Oversight Committee role is to ensure that this study is as objective and unbiased as possible. The City is engaging the consultant, but City staff will only be providing any resource information that the consultant may request. The consultant otherwise, Mr. Hazel, will be doing independent work and as a part of that he will be reaching to a number of stakeholders, not only those represented on Oversight Committee, but also other business and community leaders that may be identified through future interviews and he will be talking about a little more in a few minutes. Again the role of the Committee is to ensure that this study is as independent and unbiased as possible. We want the study untarnished and we would like the Committee to make

sure that is the case. The Committee does not have a decision making role, it doesn't have a recommendation formulation role, it is simply to ensure that outside study is indeed as independent as it can possibly be. The consultant will be asking you for feedback, ask you to be a sounding board in terms of this scope of work, making sure that questions that are asked get addressed in an adequate way to our satisfaction in terms of governance models. That is the focus of this. That is why we are gathered here today and Shawn Dorsch, Chair of the Airport Advisory Committee is on the phone. That is a Citizens' Committee that is appointed by the Mayor and Council who act in an advisory fashion to the Airport Director.

I believe you have in your packet a copy of the charge as well as the roster of members. Councilmember LaWana Mayfield is also a member of the Committee, but she could not be here this afternoon. Landon Wyatt is representing the Charlotte Regional Partnership today because Mr. Bryant could not be here.

Mr. Wyatt said I believe it is because he has asked the chair to represent our partner Parker Poe and he felt a conflict based on them being bond counsel. So he asked if I would serve in his place. I will be representing the Committee.

Ms. Burch said Tom Murray is here representing the Regional Visitors Authority. Both Mr. Minerva and Mr. Allen are here representing US Airways. Mr. Dorsch is on the phone and I know Frank Emory could not be here so Natalie is here representing the Chamber and I appreciate you being here as well. Before we move into the next pieces of the agenda, any questions or comments on the study that we are embarking upon and particularly the charged Oversight Committee? If not then I will move to Part II on the agenda.

II. Operating Procedures

Ms. Burch said this is normally the place for a newly appointed Committee to decide whether or not they need a Chair or if you need any set procedures around the operation of the Committee. As I've indicated in my communications to people to be members, I would anticipate that this group would meet probably three or four times between now and the 1st of May. Whether or not we need much in the way of operating procedures, I'm going to leave that to those of you who are here or whether you even need a Chair. The Consultant and Kim Eagle are project managers can help facilitate meetings if you would like but I open that up to the floor now for some conversation.

Mr. Minerva said it is unlikely we will need a Chair but for organizational purposes I think it would be good to have one person as a primary contact.

Mr. Wyatt said my reaction was the same, can't imagine needing a Chair for three or four meetings especially when we are going to be led by experts.

Mr. Murray said I think our role to make sure there is not bias and I just worry about if we appoint a chair it might distract from that so I suggest that we do not have a Chair.

Ms. Burch said are people comfortable with that, it is entirely up to you. That is the question around operating procedures I don't know if there is anything else in particular that you might want to discuss. Then next portion of the agenda we are going to talk Media Relations and Communications. We think it is important that the Committee have some conversation around that. If there no other questions regarding Operating Procedures we will move to that. I will ask Kim McMillan to kick that off and offer comments in terms of how we can help you deal and interact and answer questions from the media as they occur.

III. Media Relations and Communications

Kim McMillan, Corporate Communications Director said at your place I've provided a copy of the news release that went out yesterday as well as a copy the website airportstudy.charlotte.nc.gov. This will be a centralized location for all the information. Anything coming out of the Committee meeting, the agenda, the official minutes will all be posted on this website so everybody has the same information. There is an opportunity for each of you to be contacted separately by the media and if you do need information you can use this as a resource. If this website does what it is supposed to do, then it will have everything up to date and is your best source for news and information. Other than that I just wanted to see if you have any questions. For those of you who are one of the organizations that have communications staff, if we can be a resource to them or help vet inquiries we'll certainly facilitate that. We are meant to be a resource and provide the most up to date information.

Mr. Murray said will you be monitoring the media making sure that their reporting is factual? I noticed that some reports in the media described our role as more than an oversight committee and I just wanted to make sure that gets corrected from time to time so would your organization be doing that.

Ms. McMillan said absolutely and you can also call it to my attention. If you get media inquiries we are also going to do fact checking and put the correct information on this website as well. There have been some things, I'm aware of things being reported yesterday and our job will be to promote these meetings as open to the public and our job will be also to promote public input meetings which will also happen and so with that we would be putting any Q and A out there that we might need to correct or inform.

Mr. Minerva said when you say contacted by the media I assume you mean in this capacity, some of us have multiple capacities.

Mr. Wyatt said we do have multiple capacities. I foresee that much of the media will be focused on whether we think it is a good idea or a bad idea and we should make it clear our role and the role of the Committee is to not say whether it is a good idea or a bad idea, but rather to ensure that the study is unbiased.

Mr. Minerva said I agree.

Ms. Burch said that is correct and again the role of the Committee is to ensure the independent review of governance models and to make sure the study is as objective and unbiased as possible that is the role of this group.

Media asks for repeat of website.

Ms. McMillan said airporstudy.charlottenc.gov.

Ms. Burch said with reference to the minutes that Kim made just a minute ago, I want to point out that today Ashleigh Price, our Deputy City Clerk is here taking the minutes. We will be posting those and they will be available to the public. We did that through the interview process and we are also doing that with Oversight Committee Meetings, the public meeting that will be scheduled in the middle of April, we'll also have links to that then obviously the report that will be generated along the way and so those minutes will be available to the public.

Ms. Burch introduced Kim Eagle and said her other job is Deputy Director of Charlotte Mecklenburg Utilities. Kim is also an experienced project manager and has done a number of projects over the years for the City and I've asked her to coordinate this project and be the main contact with the consultant as part of her role working with the Committee, again ensuring independence and lack of bias throughout. With that I will turn the meeting over to Kim.

Kim Eagle, , Airport Governance Study Project Manager, said we have listed the process as a separate item on the agenda but Bob and I had some conversation this morning and we have actually combined that with his review of the project steps and schedule.

I wanted to reference your packet and the last two pages of your packet is a full copy of the bio for our consultant so if you have any interest you can look there. You will see that Bob has a lot of experience in Aviation and works for a global firm and we are very pleased that he has agreed to do this study and we are glad to have him on board. That being said I'll turn it over to Bob to get into some of the details.

Mr. Hazel, Consultant, said thank you to Kim and Julie and members of the Oversight Committee for selecting us to do this project. Just some brief introduction and then I'd like to go through the study process. First, as I said during the selection process I am committed to giving you an objective review of airport governance issues at the Charlotte Airport. My background is that of a management consultant who specialized in airport issues. Prior to that I was an airline executive again specializing in airline, airport issues and so I have quite a bit of experience in this area. I fully appreciate the vital economic and strategic impact of the Charlotte-Douglas Airport on the City and on the region and with that let me turn to the project and how I plan to conduct the project and I will seek your comments on that.

The outline of work provided by the City Oversight Committee puts forth a very logical approach to the study and has three basic work streams. The first is, determine why some stakeholders have prepped for change in the current system and we'll do our best to interview as many stakeholders as time permits. We start interviews tomorrow morning. The general ground

rules are that, that person interviewed will be listed in my report, but I will not attribute specific statements to any individual. In other words I will draw conclusions about what we have heard and there will be a list of individuals that I interviewed at the end but I am not proposing to attribute statements to specific individuals. We will be seeking to interview the Mayor and City Council members, members of the Mecklenburg Delegation, the co-sponsors of the Airport Authority bill who are house members, the interim city manager, the new city manager and the aviation director, all members of the airport advisory committee, members of the Oversight Committee, other business and community leaders who we identify during that process and we will be looking to you to help us identify other community leaders. We are going to review as many as we can within the limited time that we have. We do have a limited time to get this done. The interviews will lead to our first draft report on April 5th which summarizes the specific reasons for any interest in changing the governance structure of the airport and we are going to be asking, of the people we interview, two basic questions first, what is the reason you favor a change, if you favor a change. The second is if you favor a change in governance how do you believe the change in governance will address the specific issues that you raised? The length of the report will depend upon the responses we get.

Mr. Murray asks Mr. Hazel to repeat the second question.

Mr. Hazel said, if you believe that a change in governance is necessary to address a specific problem and you have a specific governance structure in mind we are planning to ask how does that structure solve the problem. It is just a logical follow up, is it going to solve the problem.

The next milestone is the public input meeting to allow broad public input and comment which is tentatively scheduled for April 16th, for this meeting what we contemplate is the following. The first report will be done by then so that will be provided to the Steering Committee as well as the public and the meeting will be structured to provide conclusions from that first report as the drivers of the interest in change of governance and will be seeking broad comment on all of the topics of the study. There are three basic topics, one what are the drivers for the interest in change in governance. We'll be seeking additional input on that subject from anyone we missed in the interview so they can speak in the public hearing. Second, what views do commenters have on the preferred governance structure for Charlotte as the second component of the study and third, what issues do believe must be overcome as part of any transition of the current governance structure. At that public input meeting, anyone can comment on those three things. My understanding is that the Oversight Committee will be asked to attend that session to receive public comment. I would propose to provide a background and introduction to the meeting.

While all this is happening there are two other work streams going on. The first involves assessing peer airport governance and specifically address whether the form of governance makes a difference in economic development contributions, service delivery, or costs. We will be reviewing that analysis, we will be reviewing the research that is already done on that subject and we be doing interviews. The second work stream that will be also be going on at the same time will be addressing specific transition issues if the airport were to transform to the a different governance structure and on this second point I will note as they have in the Committee that we will not be providing specialized legal or financial advice. We will be identifying issues likely to

be encountered and how those issues have been addressed in prior transactions but we will not providing specialized legal advice, for example, on bond issues we will not providing advice on that topic. On that subject we will be doing research to review the transition issues that have occurred in the past and how they've been resolved. By April 25th and this is all moving very quickly, we will provide a draft report to Oversight Committee and the Interim City Manager simultaneously which will then have a very short period to write a comment on the report in time for us to write a final report by May 1st. Given the fast track schedule I'm eager to set as much as possible of the schedule today, including all future meetings, or as many as we can and I'm also eager to start the interviews. I have one tomorrow morning and to get advice from people we interview on who else we need to interview beyond the initial group. With that, I'm glad to answer any questions.

Mr. Wyatt said question on how you phrased the first issue asking if you interview someone whether there should be a change in governance or not be a change in governance assumes a level of knowledge of governance beyond what most people have, certainly beyond what I would have and shouldn't it be more exploring the issues of concern, and you have far greater experience to general issues to this Committee saying here is how governance affects that issue.

Mr. Hazel said that is a great question. The specific scope charges me with interviewing stakeholders to determine specific reasons for the interest in change in the governance structure. So I need to ask why individuals are interested in changing the governance structure. Find out what is driving the current legislation. I need to be careful during those interviews to be in listening mode as opposed to providing my reaction to 'you are interested in this and it would have that consequence'. That part of the project is really the final report in my view. That is to say, here is the study on airport governance structures used at different airports and these are the conclusions we can draw on how those structures work. I think that part of the project is reserved for the final report and not in these interviews.

Mr. Murray said I would support that answer. We can't get in the weeds too much explaining different governance models.

Mr. Wyatt I just am saying that for example if you asked me if I am for a change in governance models or not, my answer is not based on a knowledge of governance, but more on an opinion of issues and I would imagine most people would respond accordingly, maybe not everyone, but we need to looking at the issues that are raised in addition to whether or not a change in governance is a good idea or a bad idea.

Mr. Hazel said I completely agree and I'm not taking a poll. I'm not saying are you for or against change. I'm specifically seeking out a specific reason for the interest in change from those who are expressing an interest in change.

Mr. Murray said if they are not interested in change, we're not querying them any further?

Mr. Hazel said that is a very good question. This first part of the project is really focused on understanding the concern of those who are interested in change. That is the key focus of that

initial report. If we looked at the final report we could again see that I'm going to address different governance structures and how well those structures work. The initial report is to look at the drivers of interest in change are.

Mr. Murray said so if somebody says I think it should stay the way it is, you'll just say have a nice day and move on right?

Mr. Hazel – I would.

Mr. Minerva said I like that formulation that are they interested in change, but I think you made a good point, most people are not that familiar with various governance models at airports so you may be asking people do you want to play zone or man to man and they say well I want better defense. The defense is important the zone or man to man comes later.

Ms. Eagle said other questions or comments concerning Step One in particular?

Mr. Wyatt said it strikes me if someone says I'm not in favor of change, end of conversation there has to be a reason that they are not in favor of change.

Mr. Hazel said I would ask a follow-up question, I would say what is it about the airport that you think functions particularly well. There would be some follow up questions but that is not the main purpose of that first component.

Ms. Eagle said Bob did mention the schedule and listed next steps on the agenda including the date of the report April the 5th. We've proposed a date for the next meeting of this group and I would like to see what reactions and feedback you have that is April 11th.

Mr. Minerva said I'm available.

Ms. Eagle said we are targeting that timeframe that will be following the issuance of the first report and the week prior to the public input meeting so we thought it might be a good time to bring you all back together.

Mr. Murray said that works for me.

Ms. Eagle said we have also listed there for you the meeting time for the public input meeting, tentatively scheduled for the 16th of April at 7pm just across the hall in the Government Center.

In a discussion of future meeting dates, the group decides to meet on the 11th of April at the same time, 1:30pm.

Ms. Eagle said the options would be to meet again just following the public input meeting before the issuance of the final report or we could wait until the final report at the very end of April.

Mr. Murray said what would there be to discuss at the public meeting?

Mr. Hazel said that would be the only new information.

More discussion about meetings dates and the Committee decided to meet on April 29th at 1:30pm.

Mr. Hazel said the Committee would have the draft report at that point and the final would be due two day after that.

Ms. Burch said I would also make a comment on the schedule and what is driving that for the May 1st date. We understand from some members of the Mecklenburg Delegation that if the report is done by that time that they will read it and take it under consideration in terms of how it might relate to the legislation that is pending. That is what is driving this. We have been told that study should be in their hands so they could consider it in this legislative session. So that is driving the short time frame. We are very confident that we can accomplish this work and have the study completed by May 1st. Mr. Hazel is committed to that certainly.

Ms. Eagle said we have completed the written agenda and I would ask if there are comments or questions or concerns.

Mr. Murray said is there anything else this Committee needs to know about the study or any concerns you have about completing it on time, anything that makes you nervous?

Mr. Hazel said no I don't have any other concerns.

Mr. Murray said we are pleased that you accepted our request and we are confident that you will do a good job.

Ms. Burch said on behalf of the City we want to thank the Oversight Committee for being willing to participate and we are certainly very pleased that Oliver Wyman has agreed to take this on as well. You know the Airport is such an important economic development asset to this community that we believe that any governance decision shouldn't be entered into lightly and believe that this study will help inform all of us, not only the Mayor and the Council and staff, but the community in terms of the best crafted model for airports across the country and how we stack up against that, certainly we have a solid track record, so we believe that it is important that we have good information for these decisions being raised about its future.

Mr. Murray said do you anticipate the study, at the end coming to a recommendation for evaluating options?

Mr. Hazel said first I don't know and that is the short answer. I've been asked to evaluate the current governance and compare it to other forms of governance. I have a lot of work ahead of me. I haven't decided exactly how I'm going to answer that. I think it is more complicated than simply looking for a yes / no if that is what you are suggesting but I do hope to provide some insight into the best form of governance.

Mr. Murray said we did have some conversation in an earlier meeting talking about since most things like this are not black and white that we should, if it comes to the point where there are options in your study then we should evaluate the risk and benefit of the choices that might be made if we could measure the value and risk and what could be gained by that risk. It could be a desirable outcome but by what you are saying may not be where you end up with your study. If you stay the way you are there is the risk and outcome you would do a model by legislation, these are the risks and potential gain and then if there are alternatives you study during this process what kind of risks would be associated with those.

Mr. Hazel said I appreciate that but while there are a number of airport governance structures, they come from common families. So I will do my best to list certain attributes, the benefits and detriments, or as you say, the risks, that would be associated with this.

Ms. English said I have a question for the Interim City Manager, I think I understand the role of the Committee is to ensure that the study is done unbiased, fully vetting that everything, but there is no expectation or recommendation from the Committee.

Ms. Burch said that is correct.

Mr. Murray said my conversation is more are we expecting the consultant to come back with their conclusion or just choices? I don't know that we ever agreed on which that was. There was some question by Council for a recommendation. So we are obligated to follow what the Council has voted on.

Mr. Hazel said I understand, but I haven't written the report yet and it is not a fill in the blank report. I don't have all the answers.

Mr. Minerva said it is not a verdict form.

Mr. Hazel said no it is not a verdict form. I do understand Council has called for recommendations.

Ms. Eagle said any other questions? Thank you all very much for your participation.

The meeting was adjourned at 2:16 p. m.

Ashleigh Price, Deputy City Clerk

Length of Meeting: 40 minutes
Minutes Completed: April 3, 2013