

The Airport Governance Oversight Committee convened to receive public comments on Tuesday, April 16, 2013 at 7:00 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Project Manager Kim Eagle presiding.

Those present included: Project Manager Kim Eagle, Consultant Bob Hazel; Study Committee Members Frank Emory, LaWana Mayfield, Mike Minerva, Tom Murray, Landon Wyatt (for Ronnie Bryant)

Kim Eagle said I'm the Project Manager for the Airport Governance Study and I will facilitate the meeting tonight. As you all know, the Council for the City of Charlotte did approve this study. It's an independent study to insure that the public has an opportunity to give input on the issue. I wanted to point out that you can also provide written comment on the City's website. Until April 22, 2013, you can go to www.airportstudy.charlotte.nc.gov. These comments will go directly from that website to the consultant. Speaking of which, I would like to introduce the folks at the front of the room tonight

First, we'll start with members of the Oversight Committee that are here to receive your input: Frank Emory with the Charlotte Chamber, Tom Murray with the Charlotte Regional Visitor's Authority, Bob Hazel, the study consultant. He is with the firm of Oliver Wyman. I wanted to recognize any elected officials that might be here, but I don't believe we have any at this point and time.

So tonight we'll kick-off the public meeting with a brief overview of the study. Bob will provide that for us shortly. Then we'll open the meeting for comments. We have limited each speaker to three minutes for comments so that we can ensure that everyone has an opportunity to provide input. We will open it up at the conclusion of the list that we have so far to see if anyone else would like to give input. I believe we have five or six different folks signed up currently. All of the comments received tonight will be recorded by the City Clerk. Those will be provided to the Study Consultant Bob Hazel to be included in the study. So that's an overview of where we're going tonight and how the meeting will be structured. With that being said, I'll turn it over to Bob Hazel to give us the overview.

Study Consultant Bob Hazel said thanks everyone for coming out tonight on what's really a sad day for everyone; certainly something you can feel if you're traveling today. My name's Bob Hazel. I'm with the firm Oliver Wyman. We're the consultants on this Airport Governance Study. I would like to introduce the study very briefly to you.

The City of Charlotte is commissioned Oliver Wyman to conduct an independent, object review of review of airport governance models and the issues associated with a transition to a different governance model at Charlotte Douglas Airport. Our work is being overseen by a Study Oversight Committee to help insure objectivity, with representatives from six organizations; the Charlotte City Council, the Airport Advisory Committee, US Airways, the Charlotte Chamber, the Charlotte Regional Visitors Authority and the Charlotte Regional Partnership. All contract documents and all study reports are available to the public and our final report is due May 1st. The scope of our work consists of five elements. First, determine the drivers for interest in

change of governance. For this element of the study, we interviewed stakeholders to determine the specific reasons for the interest in changing the governance structure of the Charlotte Airport. We interviewed over forty stakeholders. We reported our findings on April 5th. The second element of the study is to review and assess current governance of U.S. airports. What governance structures are used at other U.S. airports? What are the best practices? What are the advantages and disadvantages of each? And also how would the different forms of governance address the problems or issues with the current form of governance as identified by the stakeholder interviews? Third, review and assess peer airports' governance. Charlotte is the 8th largest US airport as of 2012. How do peer airports' govern themselves? What are the drivers for the difference in governance at peer airports? When we look at peer airports, we look at airports with similar size. We also will look at airports that rely largely on connecting passengers, as does Charlotte. Fourth, what are the governance transition issues for a City department transitioning from a different form of governance? In terms of other airports that have gone through this transition, what are the issues they've encountered? How did they resolve those issues? How long has it taken to make a transition from one form of governance to another? Finally, number five is we'll make recommendations. This is the project timeline. It's very accelerated. We are now in the blue box, April 16th. Our draft final report is due April 25th. That will be a full report. So nine days from now, there will be a full report, with recommendations for review by the Oversight Committee. After that a final report due May 1st; and a City Council briefing on May 6th. Tonight's session; the purpose of the meeting is to allow broad public input and comment. This is a meeting to obtain public comments, not for us to provide preliminary findings. All findings will be included in our draft and final reports. So for those of you who are expecting Q & A, or discussion of best practices at U.S. airports, you're going to be disappointed. We are really just here to listen; we're only going to listen. We will do our best to incorporate what you say tonight into our report, but again, this is a one-way meeting. Speakers should limit their remarks to three minutes. You may submit written comments at any time. I have received over a dozen written comments, so far. You can send them either to the City website which automatically forwards to me or directly to my email, which is listed here. With that, I thank you, I turn it back over to Kim.

Kim Eagle said we will start now with public input portion of the meeting. The City Clerk will read the names of those that have previously signed up to speak. Afterwards, we will hear from others that may have changed your minds and would like to contribute.

Phil Hazel, 1033 Jennings Road, Statesville, NC said the first thing I'd like to say is, I'm here not as a representative of anybody but myself. The thing that concerns me about this operation is that it looks like a rush to judgment to me. The current bills that are before the legislature, the Senate bill has already been passed. It requires a ninety day period of handover of the Airport to the Airport Authority after the legislation is passed. The House version of that has the same language in it. That's mighty fast to do this kind of thing. Thank you for the opportunity to provide input into this airport authority discussion. My name is Phil Hazel. My son Thomas and I are owners of Statesville Flying Service. We operate the fixed based operation at the Statesville Regional Airport. We don't speak for the City of Statesville, who is the owner of the Airport's sponsor. And we don't speak for Iredell County. For 35 years, my company's been in the public private partnership with our Airport Sponsor, the City. Statesville is my town. I live there, work

there, pay taxes there. I consider my role important to the community industrial development. My relationship with the city officials is long, strong and critical to business success for both sides of the partnership. My contribution is leasing nearly nineteen acres of airport property, building hangars, providing good customer services, fueling based and transient aircrafts, seeing to the provision of aircraft maintenance, flight instruction, aircraft rental, concierge's services and serving as a greeter at the City's front door. The City's contribution is being a good airport sponsor, seeking development grants, and cultivating good relationships with the FAA and State officials. Having been in the business for nearly 35 years and having flown for 40 years, I've had the benefit of seeing the overall development of airport assets in this area, particularly in Statesville, and the positives of that development. Of all the positives, number one is the availability of funding through the FAA and the North Carolina Department of Transportation, Division of Aviation. In 1989, the FAA named North Carolina one of three block grant states. That number has since been increased to 10 states, which is the maximum possible under the legislation that created the block grant system. The FAA gives the states lump sums and the states direct it to airports based on their own criteria. States that participate in the block grant program assume responsibility for administering airport improvement program grants at airports classified as "other than primary airports"; that is non-primary commercial service reliever and general aviation airports, of which we are one. Each state is responsible for determining which locations will receive funds for ongoing project administration. Among the criteria for determining is local support. Local support means appropriating funds. Local support in those counties named in the House and Senate bills (Union, Cabarrus, Iredell, Lincoln and Gaston) have been largely strong. I'm concerned that an airport authority acting in those counties operating as the "Corporate Instrumentality and Agent for the Development of Aviation Facilities" would lose the FAA and State financial support and would depend upon the kindness of strangers. The additional remarks I left with you are in your hands.

Kim Eagle said before we move to the next speaker, we have had several elected officials join us tonight. I would like to recognize those folks. We have Council Member Andy Dulin. We have Council Member John Autry. And then we have former Council Woman Nancy Carter.

Nancy Wiggins, 3909 Bon Rea Drive, Charlotte, NC said I am a citizen of Charlotte, North Carolina. The purpose of my testimony tonight is to support the City of Charlotte's retention of the Airport ownership for the following reasons. Since the first airport that I can remember, being the white framed two-story building, the Douglas Airport has been guided by imaginative and forward thinking leadership from our Mayors and Councils, Ben Douglas, Stan Brookshire, John Belk, Eddie Knox, Ken Harris, Harvey Gantt, and Anthony Foxx, to name a few. All of these leaders have contributed to the growth and development of the Airport both in structure and market transportation reach. Our management has always reflected fiscal responsibility and efficient service to our aviation clients, our commercial users, and to our passenger patrons. Due to our City's fiscal policies over the decades, we have enjoyed top borrowing capacity, so that we could expand our horizons in air service when necessary to grow our city and region. I fear that committee leadership will mean that our airport will stagnate in its current state just like our government in Washington has come to a mighty impasse. We will not benefit from the one source solution that has driven the Airport's excellence and growth over the decades. When I was in graduate school in Texas, we lived in the land of authorities. Our simple VA Home was

subject to taxation by eleven different taxing authorities, airport, community colleges, emergency response, etc. This multi-layered taxing system will be necessary for the entire region to insure the Airport's financial well-being in order to retain or secure bonding capacity to meet its needs. These taxing authorities become a nightmare to any property owner who must pay multiple jurisdictions annually and closing the sale of a property become overwhelming. The City of Charlotte was able to step up and provide the safety required for us to land the DNC and to take care of security breaches that have arisen. An Authority would bicker for months to resolve these issues and try to provide a safe and secure facility for all. Under the City's leadership and management through the decades, we have faced and resolved the loss of a major carrier when Eastern Airlines left. We were able to expand to fulfill the growing needs of Piedmont Airlines through its' mergers and acquisitions and changing of its name. We've expanded our regional and national gates to include multiple international destinations. We have welcomed Southwest Airlines as a new airline to our port this week. And finally, the City is continuing to expand our logistics offerings. The logistics have consistently provided 20% of our City's business revenue for decades. We do not need to change this successful enterprise. The region has benefited from the excellent facility in the City's hands. The other communities in the region have not been successful in their efforts to develop high quality air service, so I think the track record speaks for itself. If the political leaders in Raleigh take over the Airport, then they should have to compensate the City for its previous work and require the regional members to reimburse Charlotte for the fair market value and take over the debt.

Allen Shaw, 6909 Idlewild Road, Charlotte, NC said the City of Charlotte has done an excellent job regarding this facility. This facility out at Douglas Airport has been under the City's control every sense the money was appropriated back in the mid 1930's by the Works Progress Administration. The only time that our airport has not been in direct control by our City and Council is during the war years when it was Morris Army Airfield. We have a model of efficiency. We have a model of cost efficiency at this airport that if wasn't for the way its run and operated now, we would not have what we have. Only 25% of the passengers or less originate and terminate in this City. If it wasn't for the efficiency that this gentleman back here provides, the cost efficiencies, we would not have the US Airways Hub that we enjoy today and the ability to travel all over the Country. My background is maintenance and we have a model; if it's not broken then don't fix it. It's that simple. I'm asking that this whole thing come to an end. The City of Charlotte, its Mayor and Mr. Orr have done a fantastic job. In my opinion, when Mr. Orr decides to retire, there should be something of prominence at that airport named in his honor. He's that kind of a guy; he's a great leader. And he's the kind of person that really believes in what he's doing. We're going to need another person, that when he decides to retire, he's probably got someone in mind just like Mr. R.C. Birmingham had in this gentleman back here. We need to continue the path we're on. The people that are wanting to make commissions and create greater bureaucracies; you're going to end up driving up costs. You're going to wheels grind slower. Airlines industry moves at a minimum of 400 miles an hour. You have to be able to keep pace with that. It doesn't need multi-layers of bureaucracy that would impede being able to move with that kind of sting.

Kim Eagle said before we move on, I'd like to point out that we've had an additional elected official to join us. We have LaWana Mayfield that has joined us. She is also a member of the Oversight Committee for the study.

Jeremy Johnson, 10321 Foxhall Drive, Charlotte, NC said I think everyone's opinion is great. I'm totally against it. But the opinions and words we haven't heard are the words of our delegates up in Raleigh. I've been harassing them for the past couple weeks. I have invited all of them back this Saturday, April 20th, 3:00 pm at Myers Park Baptist Church. I rented a room, on my dime, to get them, all the local officials and all of the public to come out and actually talk about it objectively. How the airport is today, what they are proposing, the pros and cons, and just the opportunity to get some discussion going. I hope that our folks up in Raleigh voting on this are actually hearing the opinions that we're all expressing today.

Justin Stewart, 3042 East Independence Boulevard, Charlotte, NC said all of this is new to me. When I first heard it, it wasn't anything that surprised me, given the fact that whether the politicians are in Washington, DC or they're right here in Charlotte; we're going to play this political dancing game until the cows come home. I find it strange, in a sense that they want to transfer the authority of the Airport to an independent advisory board that the Governor, the Speaker of the House, and the President of the Senate appoints. To try to smooth out some ruffled feathers, we'll give the Region a chance to appoint some board members, as well. What's the point? I just don't understand it. I was reading that there's \$800 Million in outstanding bond debt. Are the five counties in question, are they going to help with that as well, or are they going to leave that to the Charlotte taxpayers? All I can hope for is that better days are coming. We hope against hope that we're not crushed against under the already heavy burden that placed on our shoulders. I will say "I smell a rat" involved some way, somehow. I don't know if it's just me or if it's everyone else that's involved in this, but somewhere in the midst of this is some political good-ole-boy system that the Governor and the Speaker of the House and the President of the Senate has cooped up.

David Erdman, 251 Huntley Place, Charlotte, NC said I am a former member of the Charlotte City Council. I'm sitting here listening to this and I've been watching it for the last couple months and it's obvious to me that what we have is an outcome in search of a rationale. When I was on the City Council, I went out to the Airport; I met with Jerry Orr. I was very impressed with him and his operation and I reported that to the City Manager. And for thirteen years since then, everything has held together. You folks have to make a recommendation and I have less than three minutes left to suggest some points. I want to make the point; the most basic rule of conservatism was articulated by Dr. Johnson 250 years ago. He said, "Unless there is reason to change, there is reason not to change." And when I worked around the General Assembly, 30 years ago, the most basic rule there was, as has already been quoted, "if it ain't broke, don't fix it." What has happened to our General Assembly and what in particular has happened to our representatives from these very city limits of Charlotte? But since you need recommendations from me, let me point out that the allocation of 13 members to this board of which only two are guaranteed to the City of Charlotte is an outrageous usurpation. Two more guaranteed to Mecklenburg County and there are some guarantees to surrounding counties. But I worked for the General Obligation Bond Campaign that built that terminal. I was there the day it did open.

Those were General Obligation Bonds. I understand the difference between an airport bond, self-liquidating and all that. But those were General Obligation Bonds. So the most basic rule of democracy is no taxation without representation. Well what we're doing is turning that on its head if this passes and giving representation to those that have had no taxation. So it's representation without taxation. I will finish my remarks in my remaining time by saying what Jefferson said, "When a long train of abuses and usurpations pursuing invariably the same object evinces a design to reduce them under absolute despotism is their right, it is their duty to throw off such Government and provide new Guards for their security". And he goes on and he also says that, "prudence, indeed will dictate that Governments long established should not be changed for light and transient causes." I value US Airways as much as any citizen in this town. I understand your impact and I'm proud of it. I want to make sure we do all that we ever have to do to keep you as a happy tenant. But, I don't see any tether connected between the new authority and US Airways, none whatsoever. And furthermore, I don't see any compelling rationale; it's an outcome in search for rational.

Carey Head, 8717 Douglas Drive, Charlotte, NC said I am a homeowner in the Steelberry Acres Neighborhood, directly south of the Airport. We bought our house in 2007. When we moved in there, we knew exactly what we were getting into. In fact, we tell most people that the Airport has helped us to afford the kind of house that we are in. We have a very large backyard, with high canopy and a beautiful lawn that overlooks Watt Lake and I'm 12 minutes from South End. There aren't many places in Charlotte that you can get that for what I paid for my house. Now I know that the Airport inevitably will grow and expand. We were under no illusions about that and there would be new terminals and new runways. Our expectations however, was that when it came time to deal with the Airport, we would be dealing with Charlotte's airport. As citizens of the City, we would have direct recourse to our elected officials and through the power of the ballot box, be able to have recourse if we were unhappy with what was going on. This regional authority puts additional layers of bureaucracy between us who live in the neighborhood of the Airport and gives us less control over what happens, not only to the Airport, but to our properties, as well.

Charles Bizzell, 4601 Quail Canyon Drive, Charlotte, NC said they're trying to spring it on us all of sudden, it's not fair. Nobody heard about it during the election. Not a word said. All of sudden February comes and we're just going to steal your airport. I put all that sweat equity in that airport. I have been here. We put the money in the Airport. Are we going to get reimbursed? I don't think that's the plan. I think the plan is just to flatten us and say, "Too bad, guys." Now what does Bruton Smith think about this? He puts down a lot of asphalt, so I'm sure they've got a nice airport in Concord. I don't know whether he's going to want to get involved in this or not. Are we going to just desert everybody? I want US Airways to be happy. When people come to my airport, I want them to think, I want to come back. But we don't get that. We get it sprung on us. Where did it come from? Who thought it up? It didn't come from me. I don't know. Does anyone have any idea? We just heard about it. One day we woke up and there it was. I can't figure out why they would try to fix something that's not broken. I can't figure for the life of me. There it is. We want to keep the Airport in our name. We want the deed to be in our name. We want everybody to come visit us to have an enjoyable time in our City. We want everybody to be able to get in and out from our airport that we built.

Nancy Carter, 1401 Cavendish Court, Charlotte, NC said thank you for the opportunity to speak to you all. While I'm here, I want to give you three bests. The Airport was best financed because of the rating of the City, AAA consistently. We have citizens who invested their time, given up other things to invest in our airport and are very concerned that they have service that is locally responsive. We've worked with US Air. I was part of that Council that approved the training facility staying here. We were excited about that. We want the investment of US Air and the new name, as it will come about and we're delighted over that, as well. Thank you so much for the service you provide all of us, but this is a question: Who is going to finance the Airport in the coming years? The Bonds, will they get the cut rate that we do? Will it be the State's rating, which is questionable these days, or will it be ours still? And we are very positive about the Airport and think that we provide the best value there. We're looking at the businesses that have located here because of the Airport. When this change and shift in control impact the people that invest in our City? I'm going to be Chair of the International Cabinet here in Charlotte this coming year, as the Mayor has told me. I am very concerned about international businesses that locate here because they state that the Airport is one of the assets that make them make that decision. We are now an international city. We deserve to continue that way. Number 2 best practices; we are invested in best practices. Our Airport has received the "Crystal Eagle", Best Managed Airport in the world under the guidance of Jerry Orr. The City has had best practices in recruiting the talent that run our City Departments. Notice our new City Manager, moving in with great talent and great experience. We do the same; we recruit the best talent to run our City. It's acknowledged. There are so many national awards that have been given to our City. One sitting right there is our Clerk; she's received a national award. We're very pleased with what we can do in the city and think that the next leadership, with the advice of those who are concerned, will continue in that same practice. We have another best; it is the best supervision. Who gives the best supervision of a local asset? Those who live there; the residents who live there in that area. The City, they participate, so best management practices are here.

Mattie Marshall, 2304 Booker Avenue, Charlotte, NC said I live on the Westside of Charlotte. I feel strongly that the support we have given to the Airport as citizens over the years has been tremendous, not only in our blood, sweat and tears, but we have, as taxpayers, paid tremendously for that particular airport. We are a can-do City with an international flare about this particular city. I feel strongly that the Airport should remain in the hands of the City. I feel that the City staff is experts in their fields. We have utilized a team approach to building that airport. I remember back in 1976 that when I came through Charlotte it was just a little place. But now, because of the expertise and the talents that we have brought to this city, we are making a tremendous difference. As others have said, if it's not broken, why are you trying to fix it? And all the back room deals that I see that I feel are going on are unnecessary. We as a people need to come together for the good of the whole. And what's happening now is not good for Charlotte, North Carolina.

36:49 Mary Klenz of 7404 Sherwood Forest Drive, Charlotte, NC said my family and I moved here to Charlotte in 1973. When we moved here, my husband was flying when it was Piedmont Airlines. And, I'm a frequent flyer for US Air myself. I appreciate having the presence of the Airline here in Charlotte. We have a lot invested in our community over the years and I've

always found local government to be prudent, thoughtful, responsible and forward-thinking. I and many of my friends are stunned that a change of this magnitude is being proposed and based on something that might happen or could happen sometime, maybe never. It really does not pass the smell test. I'm not in a position personally to know what the best governing structure is and who should be in charge. But I do know that how this has come about, this proposed change, is not good governance and it leads us down a slippery slope. It does not speak well of those that are proposed the change. It is a breach of the public trust in my view and I believe the city officials have an obligation to the people who elected them to protect this asset that they are charged with overseeing. I hope that those proposing this change will step back, rethink the implications of what these actions will do and focus their time and attention on issues that benefit rather than harm the public interest.

Justin Stewart said the board up here stated they wouldn't be answering questions so this question just simply goes to the audience, what is the motive behind moving that airport? What do you get out of it? It behooves me to say, you're not doing a good job of governing this airport so let's create a 13-member advisory board, by the way we'll give you two seats on the board, and the other seats we'll appoint the majority so in the end, what we say goes. And the surrounding region, we'll give them a voice in it, too. But in the end, we'll have the final say in it. What is the trophy you get at the end of saying you weren't controlling this to our satisfaction for the last 30 years, so now we'll swap it over to someone we appoint and we'll have final say in it.

Charles Bizzell said I would like to get Mr. Orr's opinion on this, if we could. I'm interested in what he has to say about it.

Kim Eagle said for purposes of tonight's meeting, we're going to stay focused on the public input and not do responses from City staff or others.

David Erdman said when I got to Charlotte in 1976, I was actually surprised that our airport was not under an Authority. I understand authorities. In fact, I asked one of the nation's leading experts on authorities, Robert Caro, what he thought about this transfer. He said the basic problem with authorities is you lose local control and we all know that's true. In fact, that's the actual stated purpose of doing it that I'm hearing through the General Assembly. There are two issues; one is, do we go to an authority, if there is some compelling reason, but there's the other issue, and that is who gets appointed to that authority and what is the allocation of the seats? And what is profoundly unfair is to punish the City of Charlotte which has run this Airport so successfully since the 30's by giving the City a guaranteed two seats out of 13. That is an indefensible outrage. And whatever the Study Commission comes up with as to whether or not there should be an authority, it absolutely should not come down on the side of such an abject revocation of this city's good work and great history related to this Airport. Because if the authority theory works, it works just as well with six people from the City and five or seven or whatever the number is, as it does with two. There's something punitive in that. There are a lot of people here that suspect that, by their own remarks.

Kim said is there anyone else that would like to provide input that hasn't contributed? I would like to remind everyone that you still have the opportunity to provide written feedback and input via the website that closes on April 22nd to allow time to get that information into the final report. The final report will be issued on May 1st. Thank you for attendance and input here tonight.

The meeting was adjourned at 7:48pm.

Stephanie C. Kelly, MMC, NCCMC
City Clerk

Length of Meeting: 48 minutes
Minutes Completed: April 18, 2013