

Paul Payne: First of all, I'd like to welcome everyone here. This is a meeting of the Airport Advisory Working Group, as well as the consultants working for the city. To begin this kick off meeting of the airport privatization process. The first matter of business we have is reviewing the minutes of the previous meeting. I'd like to-

Linda Martinez: Do we need to save one seat for Marlon?

Rhonda Hamm-Niebruegge: Yeah, that one on the end.

Linda Martinez: On the end? Well can we have him closer to us? I apologize.

Paul Payne: Yeah, we're gonna need one seat. There's seven members in the [00:00:30] committee, so we're gonna need one open seat somewhere.

Attendee: One open seat over here.

Attendee: I can slide down.

Attendee: Yeah, if you could slide down so she ... that'd be great.

Paul Payne: Yeah, we're gonna need one chair.

Linda Martinez: That'd be great.

Attendee: Okay, everybody's sliding down over there.

Linda Martinez: The logistics.

Attendee: The music didn't even start.

Linda Martinez: Thanks. Awesome, sorry.

Paul Payne: Again, thank you all for coming. The first item we have on the agenda is the approval of the minutes from the meeting prior. I circulated this earlier. [00:01:00] If we could get a motion for approval, those minutes could get directly into the ...

Rhonda Hamm-Niebruegge: So moved.

Linda Martinez: So moved.

Attendee: Seconded.

Paul Payne: All in favor?

Group: Aye.

Paul Payne: Okay, thank you. Alright, the main purpose of the meeting today is the kickoff from our advisor groups. And we'd like to just turn it over, I don't know who's going to ... Mark, or who's going to take the lead, [00:01:30] starting the presentation.

Travis Brown: I think that's up to me.

Paul Payne: Presentation. Alright, Travis.

Travis Brown: If everybody can see that okay?

Good morning. Travis Brown, President of Grow Missouri, Incorporated. We're partly responsible for the beautiful assembly of diversity and depth here. We're excited to go with you in this process. Kick it off and throughout this process hand it off to a number of the different component team members, just to give you a sense of sort of how we imagine delegation of authorities throughout this. [00:02:00] But we're real pleased with the first slide just showing you the diversity and depth and breadth that has been assembled to date. I think we have an advisor team more than capable of representing this city, this airport, this region, something that reflects all of those different interests. We have taken to heart every directive goals of the city in the work group process that's evolved through our contract [00:02:30] to be transformative, to ensure that we have a process that can improve upon where we've been. And to follow it all out and give a natural milestone. So hopefully we'll achieve that today with this presentation.

I want to turn it quickly over to Glenn at Moelis to walkthrough the next phase of this and how sort of the big overarching goals, the large questions that we have before us, as you follow it through. Thanks to the members of the work group. It's a pleasure to be serving you here and [00:03:00] we're excited to get on with the work. We respect the work and how much is required. So with that, Glenn?

Glenn Muscosky: Thanks Travis. So as Travis said there are a few high level or key priorities that I think have been sent out in the preliminary applications for the FAA, along with the goals that we discussed with the committee along the way as part of the RFP process. These are really the key orienting principles of our team as we work to best meet the desires of the city.

First, deliver the best options for [00:03:30] the city. These are options, nothing has been decided. It's up to the city to decide whether or not it wants to proceed with the transaction. There are some sub-components of looking at those options that we advertise to stakeholders, to the market, to people who might be participating in our process. One, generate meaningful proceeds for the city. Those dollar proceeds can be upfront or paid over time via revenue sharing or upside sharing, and that's an important priority that we'll advertise to the market. [00:04:00] Second, and very importantly, enhance and improve the

airport for all stakeholders: the airlines, the customers, the employees. Looking at clear metrics that have been established and making sure that whatever options we deliver to the city can demonstrably improve those metrics.

Attendee: Excuse me, can I interrupt for a second?

Glenn Muscosky: Yeah sure.

Paul Payne: Do we have hard copies of the slides so we can write notes with?

Glenn Muscosky: I don't think we do. Travis is that correct?

Rhonda Hamm-Niebruegge: If you have one I can have our staff make copies if you want Paul.

Travis Brown: Looks like she [00:04:30] has a copy

Rhonda Hamm-Niebruegge I'm willing to make copies if someone wants one. [crosstalk 00:04:31]

Paul Payne: Okay, great, thanks.

Marc Ellinger: That's not the most recent copy. We made a small tweak this morning.

Alethia Nancoo: I have it. Oh this morning?

Marc Ellinger: Yes. Just a really tiny one, but one word changed can make a difference.

Paul Payne: That's fine. We'll just make sure we get it for reference.

Marc Ellinger: Could we maybe dim the lights a little bit, that may make it easier to see.

Attendee: Sure. You tell me when. Is that too much?

Marc Ellinger: [00:05:00] That's good. Thanks.

Glenn: And it goes without saying, please ask questions along the way.

Enhance and improve the airport for all stakeholders as I said. And then finally, expand regional economic development relationships. So economic development opportunities at the airport, in the region, for the city. And these are really in no particular order. These are all important and in work through, working with the working group we hope to identify how we measure and establish [00:05:30] guidance for the market to be as responsive as possible to these key priorities. Next.

Along the way we have some key questions that we want to ask and get answered. What is the value of the airport to the city? How can that value be enhanced through some of the key priorities that we just established. How is

the airport currently performing? Again, related to some key metrics that we will work with other advisers to help measure and improve in connection with market participants.

If there was a future [00:06:00] transaction, what could the city do with that value, or with those proceeds? That's a really important consideration. The city has compelling needs that a transaction like this can help address. And given the dynamic that happens in the market, that's going on in the market today, it's a very compelling time to be considering a transaction like this to deliver those kinds of proceeds. That could be very meaningful.

How can the airport better serve the city or region? Again, all the stakeholders: the public, the airlines, and the airport employees. So these are all key [00:06:30] questions that we need to keep asking ourselves along the way to deliver, as I said at the outset, the best options for the city to consider as it contemplates a private partnership in connection with the airport. Michael Fleming is going to talk a little bit about the FAA and some of the constraints and opportunities that exist with the FAA.

Michael Fleming: Thank you Glenn. Good morning everybody. We're excited to be back and to be working with you all to try to see if we can find a good opportunity here for the city. [00:07:00] I'm Michael Fleming, I'm a partner with The Wicks Group. We are an aviation boutique law and consulting firm, so aviation is really all we do. We do a lot of airports work. So we are working along with our colleagues at Mayer Brown on the elements of this relating to the FAA, the airline discussions, and the lease and operating standards as well. After that introduction by Travis and Glenn, we'll dive a little bit into some of the particular elements of a transaction that we'll need to [00:07:30] look at and evaluate as we go along.

So just to set the context, this program is in place essentially because without it federal law that governs US airports would prohibit entering into any kind of P3 transaction that would produce proceeds that the city could use for anything other than the airport. So that's the prohibition. This program was developed and designed to give airport [00:08:00] sponsors a means to look at a P3 that would allow you to do that. Now the exception is, you do have your grandfathered payment here from the airport to the city that it can use for other purposes. I think there are six or seven airports in

Rhonda Hamm-Niebruegge: 12 airports.

Michael Fleming: It's 12? Yep, 12 have that. There is some noise in Congress of the possibility of changing that, but for now, and the foreseeable [00:08:30] future, because there's no actual real action on that, the airport can continue to make those payments to the city. So when we're evaluating this, the thought process is gonna be is there an opportunity to do more, to find something better, and to produce an opportunity that would be in excess of that payment that you currently have.

So in that federal statute that defined this program, [00:09:00] Congress anticipated a number of concerns that sponsors and their communities would have, and many of those concerns are covered in a specific statutory requirement. So for example, the labor groups at an airport, looking at this opportunity, are protected right in the statute. The statute says you can't abrogate your labor contracts as part of this, or the FAA cannot approve it.

[00:09:30] Rates and charges. The concern being that if a private company comes in and begins to operate what was a public airport, how can we be assured they're not gonna start wildly increasing rates and charges? There are limits on what they can do, and the airlines were given essentially a veto power in that you have to have 65% of the airlines approve the transaction in order for it to go forward. And that's measured by their kind of activity, their landed weight, and by their sheer number.

So again, Congress [00:10:00] anticipated that. Now of course in the US, in most airports, airlines already have a lot of authority on what gets done in terms of capital plans, through the Majority in Interest contracts, or clauses. So that was something that was already kind of built into the US system, but it's an explicit statutory requirement. And the FAA has to approve the transaction as well for it to go forward. And the FAA's concern is: A, does it meet all of these requirements? And B, can we be sure that if an [00:10:30] airport is leased under this program, and it can only be leased for a commercial service airport, it cannot be sold, if an airport is leased under this program, can we be sure that it's gonna be open for the public, it's going to remain open for the public? It's going to be all the same protections that are in place for a public sponsor, would be in place for a private sponsor.

Now, I think a lot of you already know this, but many airports around the world, and several [00:11:00] airport terminals in the United States, are already being operated under a lease or a concession process where the sponsor maintains its position as the owner of the airport, but a private company comes in and operates the airport, or in some cases here in the US, operates the terminal. There have been several terminal transactions. I think our advisory team has worked, in one capacity or another, on probably all of these. That's a model [00:11:30] that's been there, but that model doesn't allow what I said was the one thing that this program allows, is to be able to free up some money from the airport transaction to use for other purposes in addition to that grandfathered payment that's coming in now. You can't do that with a terminal transaction. Yes, Rhonda?

Rhonda Hamm-Niebruegge: I think it should be noted that, on those, that's not part of the FAA's privatization program.

Michael Fleming: Correct.

Rhonda Hamm-Niebruegge: The terminal at LaGuardia or whether you look at the Denver, those are just a few of the P3 models separate from what the FAA program is.

Michael Fleming: Yeah. I mean, [00:12:00] I think in some of those deals there were certainly some FAA involvement, but it's outside of this program. That's absolutely true. Okay, next slide please. Unless there are any questions on that? So I will turn it over to Andrew McKenna to discuss the team setup.

Andrew McKenna: Thank you. Michael, thank you very much. My name is Andrew McKenna, I'm with McKenna and Associates, and we've responsible for helping recruit and retain a lot of the team members that you see here today. It's great to be talking with you. It would not be an adequate presentation without a homework [00:12:30] assignment. So I do have a homework assignment for you all here today.

So work streams. What we've done is we've broken down the city work streams into six key areas. That was not original thought on our team. Post RFP of your advisors being brought on, we moved ourselves in to fit into the city's work stream and timeline. This was determined by the working group and others here. You'll see these, I don't need to read you the news, but one through six, our team members have cut ourselves into these six working groups to fit inside of the city's [00:13:00] designated plan for those working groups. I think the homework assignment that we'd like you all to ponder and consider, is thinking about who the city working group representation might be for this effort. We are not here to adjudicate that. We're not here to decide, but I would like to talk a little bit about the qualities that might need to be imposed on the folks working on these efforts.

So for airport due diligence, we have a heavy background in approval process being run by Mayer Brown. We'd obviously like to have somebody on the city working group who has an appetite [00:13:30] and a draw for doing the due diligence.

Community outreach and communications. I think that needs to be a broad and diverse coalition of the team member that make that up from the city side of things.

New use and lease agreements for the FAA. That's gonna be run by The Wicks Group and Mayer Brown from our side. So we want to think about who those strong teammates might be from the city side to help work on that.

Market conditions. Glenn Muscosky, Moelis, Paco and the team here are going to be leading that effort. So we do want to think about folks with a finance background, [00:14:00] people who are used to communicating directly with capital markets and how we do that.

Existing debt and finance. Alethia and her team at Squire Patton Boggs will be helping lead that.

And then obviously legal and compliance. So people with the skillset of Mike Garvin and others might be a nice broad suggestion for that.

I don't need to spend any more time. We're very grateful to be here from our working group perspective. We have a wonderful team that is very eager to support and help us [00:14:30] think thought that very first slide. Is this a good transaction? Are there material benefits that can be brought to the city? So this is an exploratory nature. We're grateful for being here. Thank you very much. And Mitch from Mayer Brown.

Mitch Holzrichter: Thanks Andrew. So my name is Mitch Holzrichter. I'm a partner at Mayer Brown. So along with The Wicks Group and Squire Patton and others, we're here as co-counsel on this transaction. [00:15:00] I'm gonna talk a little bit about the diligence process and how we expect this to play out, because one of the most important steps, or the first step we need to take, is to understand what is the asset that we have today? How is the airport running? What are the successes? What are the strengths? What are the areas that can be improved?

So when we're looking over the next six months, this is really about preparation and understanding what the asset is. So we're going to be recommending that we setup a data room where we can deposit information as a team, both with the existing airport management led by Rhonda, and [00:15:30] by the advisors, to look at the information together. So I want to thank Rhonda, we had at least an initial discussion about this. We would like to move forward with the recommendation that we can bring to you. There are two national data room providers that we've reached out to, to provide us proposals. These are typical for these kinds of transactions, where the data room can be set up, it's a secure site. It's still the city's data, but that information would be deposited that the city and its advisors can look at that information [00:16:00] as it's then considering what to do with it. If the city were to decide to then move forward and engage with the market in a potential transaction, portions of that data can also be made available to those potential bidders.

So the next few months we look at as getting that information in place. So we'd be working with Rhonda's team. Our co-counsel on this, and I want to point out a few folks in particular. So Mayer Brown will be working and helping to facilitate this. The Wicks Group, we've already [00:16:30] had Michael, will be working particularly on understanding the existing airline agreements and FAA regulatory documents that are in place. Alethia will be speaking a little bit, from Squire Patton is going to be looking at the finance and debt issues of the airport. So her team would be working on those aspects of due diligence. Jim Clayborne, who I saw enter the room. Thanks Jim. Is going to be helping us work on the real estate and property transaction. At the end of the day, this would be a lease

transaction. [00:17:00] So understanding the title to the airport, and the airport property is very important.

And then Charbonnet and Associates is gonna help us look at the environmental. Whenever we have a lease transaction that involves real property, we also have to take into account the existing environmental conditions of the airport. So that team will be working together. It is a big effort, but it's certainly a manageable one, and one that we can try to work through.

So the next steps in this process would be that we would bring back to you these two proposals. One is by [00:17:30] a company called Intralinks, and the other is Merrill DataSite. They're both very competitive proposals, and we did bring to you a recommendation for your next meeting, if you'd like to proceed down that path. In the meantime, in order to be able to start facilitating this work, Mayer Brown has the ability to setup a secure client data site where Rhonda's team could upload documents solely for our internal reviews. So we would start assembling the documents in a secure platform, in an attorney-client privilege way, and [00:18:00] then ultimately transition that to a data provider once the working group would approve that step.

So looking then at, again, the timeline. So we're actually gonna have a kickoff meeting with Rhonda this afternoon, and some of her key staff, to start talking about this process. We'll then spend the next month or so working on priority data item that we've sent over to Rhonda, things that are critical to the next steps of the process. To be followed by a more comprehensive dive into [00:18:30] other issues, including environmental, leasing, and other considerations like that.

We'll be then also, like I said, providing you a recommendation on a specific data room provider, along with the policies that should accompany that to make sure that we're complying with public records laws, that we're maintaining the security of the data, and protocols on our internal communication as a team. And then we'll hopefully continue to move forward with this process over the next two to three months. So [00:19:00] thank you very much. I'm gonna turn it over to LeJuan, who's gonna talk about public engagement.

LeJuan Strickland:

Good morning. My name is LeJuan Strickland with MS Solutions, and essentially for public engagement we really want to go on a listening tour. To talk to the true owners of the airport, which are the residents of St. Louis. And so, the first six months, like Mitch talked about, is really fact finding. So we want to arrange, facilitate, and participate in community outreach. Which really means going out and talking to, at least 20,000 St. Louis residents [00:19:30] to discuss their issues, and what they know about the airport, and also what they want to see happen to the airport. We all know that a lot of folks, especially from my neighborhood in St. Louis, don't typically use the airport, but everyone can benefit from the airport.



Also develop and adapt collateral materials. What the working group message is, because we're in this together. What we want the residents of St. Louis to know. And then briefing to the board aldermen, and let them know, keep them updated as things come up.

[00:20:00] The key decision that we really need to focus on in the next six months, is approving the communication plan and outreach strategy. Which we will have out in a draft, by the end of this week. And then participate in some of the briefings, as necessary.

This is a calendar of the next 60 days. We put the key points on here, including benchmark polls and also actual city focus groups, which will be held at the end of this month. Next slide.

Rhonda Hamm-Niebruegge: When you talk about that 20,000 residents, are [00:20:30] those city residents only, or are you looking at expanding to the region?

LeJuan Strickland: For right now, city residents only. In this phase right now, which we just want to contact city residents only. During the poll, if you go back one slide, in August that Metro Region Benchmark Poll will include folks outside of the city. But for the next 60 day, all the way up through Christmas, we really want to focus on the residents of St. Louis.

We talked about neighborhood outreach. So as a working group, if there's [00:21:00] anything you think that we should be at, you think would be a good opportunity to talk with residents, we're gonna try to include everyone's ideas into those when we're reaching out to all of the residents. So there's community meetings, church meetings, PTA meetings, there's nothing too small that we want to make sure we have some representation there. Next, I'm going to pass it back over to Travis.

Travis Brown: We've got the city website options made available through fly314.com, and we've taken some [00:21:30] feedback and made some enhancements to that. I just want to kind of articulate sort of what goes into ultimately the archive for any of this process, including meetings like today that are archived and available. The mandate given by the Board of Aldermen, transparency portal, and the like is certainly embedded there. All the documents that would be archived would be embedded there. We see ourselves operating somewhere between the actual airport operation, the day-to-day stuff that needs to continue [00:22:00] to occur regardless of this journey, and the initiatives of all three components of the Board of Estimate and Apportionment that are important to carry along.

So as an example of that, we've put out the facts and the data, the majority opinions by anything approved locally, including the dissenting opinions as well, so that there's a full vetting of all those different viewpoints. We're supportive of this process. That means that in addition to the community outreach

[00:22:30] program, we're gonna do everything to collect that feedback. Not just at the city and resident owners, because we understand that you have a lot of different complexity and layers here, but in order of kind of scope and sequence, landing the planes correctly. Starting with the city and resident owners, but also being mindful that you surround the county communities as well.

So all that, we hope can be embedded there, and we want it to be as rich and vibrant and easy and digestible [00:23:00] for any members of the public in the region to follow as we can. We're open to other ideas too, things that you think would make it better. We're also mindful that we're likely to get feedback that needs to be directed elsewhere, back to the airport, in the case of airport operations, or things that may take some time before it can be proper there.

So the frequently asked questions in the marketplace data. In general the three different big categories that we think about for simplicity is what [00:23:30] are the government functions? By government we mean all layers of government. This is predominately a federally approved process and a locally approved process, but we'll also be mindful of working with the state to make sure everybody is brought along.

The airline process we'll articulate a little further, which is a very important part. The early phase of this work, and just being mainly mindful, in terms of public outreach, that this process takes some time. That's a good example of what could be important closed meeting items [00:24:00] in your negotiation process on behalf of this work group, but very important, from the advice we've been given around the world, to get right early on. And representing that to the world. Saying that through the portal. Making sure they understand our timetables. If there are timetables that the city group wants us to telegraph through the website, by all means, if we're not doing that, we want to make sure that that's broadcast as early and often in any format that you find useful [00:24:30] to you, including physical delivery as we've mentioned with community outreach as well. So we're not just taking that for granted, we're trying to be as proactive as we can.

Next slide we just talk about we recognize that user proceeds is ultimately an important part of this evolution, as potential outcomes. And so right now we're thinking more along the line of what is the structure of user proceeds, more than what are those strategies, because we know the members of this work group in the process of listening to [00:25:00] the community, working through all those items, if and when those milestones are met, are part of the ultimately conversation. I would just say that members of the team have a lot of depth in any of the prior transactions that have occurred, any of the attempted transactions that have occurred within North America, global scope. It typically involves some combination of things when you think about user proceeds. Up front payments, ongoing performance structures to make sure that the incentives are properly aligned.

Obviously, we know we have a big job to do just [00:25:30] to explain that control, and use, and operations continues to stay with the city of St. Louis no matter what the outcome. And we know that is a big part of the early outreach and educational effort. There's also, in the case of San Juan, Puerto Rico, other things that go into that. The capital plan, renewed flight schedules that would be presumptively renegotiated with the airlines, and many other thing that are possible, not just with the current structure we have, but [00:26:00] with the regional authorities.

So we've tried to design that, at least early on day one, so that we have the capacity to record, archive, carry, log, and also ultimately provide that feedback back to the FAA and the US Department of Transportation on this too, who are also collecting comments in their comment periods, in their initial application, and throughout the evolution of this docket as it may occur. We're mindful of that, and in some of the preliminary meetings we've begun to try to understand how they would like to have [00:26:30] that categorized, on your behalf. So beyond that we'll take it to the next slide, and Michael.

Michael Fleming: Thanks Travis. So we thought we would dive down in a little more level of detail on the airline and FAA process. I've talked about that a little bit, but you saw a proposed timetable that was broken into essentially three, six month periods. With the [00:27:00] first being sort of analysis ...

PART 1 OF 4 ENDS [00:27:04]

Michael Fleming: The first being sort of analysis and preparation. The airlines aspects of any potential transaction if it's going to go forward really need to be front loaded. So, if you choose to go forward and the opportunity is presented to the marketplace in, let's say, six months or so give or take, we would want to have an agreement in principle already with [00:27:30] the airlines that says, "This is what a deal with the airlines is going to look like, marketplace. Please bid with the understanding that that's your starting point for how you're going to go forward." That means that we really need to get going on the airline discussion aspects of the transaction. It's a very critical and early item.

What are the key six month objectives? There's kind of an ongoing coordination with the FAA. Questions certainly [00:28:00] come up. Some of their questions are around, "How do we balance evaluating this opportunity with a normal day-to-day requirements of operating an airport?" So, we need to make sure that that is done in a sensible way. We would, as I said, be looking to draft and negotiate the very key terms of a potential new use agreement, a new arrangement with the airlines. That would be something that we could then show to the marketplace [00:28:30] that we believe that a deal with the airlines can be reached.

We are going to create an operating standards development plan to submit to you for review and approval. The operating standards are attachments to both if

a transaction goes forward under a lease, you'd have a set of attachments to that lease that would say, "These are the performance measurements and performance standards that that lessee would have to comply with." Of [00:29:00] course, the baseline would be what you comply with now or what the airport currently holds itself to, and they would be more rigorous than what is in place today along most, if not all, measures. So, we'll give you a plan to develop that. The operating standards are also attached to the agreement with the airlines, so the airlines have an interest in those as protecting their interest as well.

[00:29:30] Again, I said get the airlines on board, achieve the necessary buy-in by the airlines. Then our team lead by Mayer Brown would also be preparing a draft of the lease document with the working group's input and approval so that, again when we go to market, that there is a draft lease so that all the potential bidders would see this is the lease of the airport for the term that's approved that you would be expected to enter into.

[00:30:00] Along those lines, there are several decision points for the city. One would be to review any updates with the FAA, if we need to go back to the FAA and give them a status update. We'll talk about that in a moment. Approving the key terms of a new use agreement with the airlines is a very critical item. We would want to come to the city, to this working group and say, "Here is the deal we think can be reached with the airlines. Here's why. Here is the negotiation," and get approval. Of course, we would only be [00:30:30] doing that in a way that's coordinated with the city and with the working group. We're not out there negotiating on our own. We're doing it at your direction and the city's direction.

Approve the draft lease agreement that would go out to the marketplace, and approve the plan for creating the operating standards. Eventually, probably not in the first six months, but eventually the city and the working group would be asked to approve the actual operating standards document, which has a very detailed technical element to it. So, we'd need to make sure that that document [00:31:00] is approved as well.

All right, next slide. This program, the FAA refers to it as their program office. Their office in D.C. at Headquarters of FAA actually runs this P3 program for FAA. We have worked with that group many, many times over the years as have several of the other members of our advisory team. The FAA is actually, both the FAA and the current administration, [00:31:30] are keen to see some successful use of this program again. They need to make sure that it's in compliance, that the airport will be maintained, and operated, and modernized, all of those requirements of the statute that I mentioned before, but if all those things can be achieved, if the airlines can be brought on board, then the FAA is supportive effectively of having [00:32:00] airports enter into this program.

We did have an update meeting with the FAA on July 27, so very recently. A couple of you were there. That was really just to go back to FAA. The application was filed by and at the request of Mayor Slay in April of 2017, or March maybe it was, so a lot of time has gone by. The FAA has been asking what's going on. So, we had a meeting, which was essentially to go to this headquarters [00:32:30] program office and describe to them the process the city has gone through to create this working group and select the advisory team, and simply update them that that has now happened, this is the team, we'll be working going forward.

Truth is, there's not a lot that we need to provide the FAA right now. They would like to see the time table. That's the thing that they're most interested in. They would like to know what's the end date that you would expect FAA, [00:33:00] if you go forward, the city would expect the FAA to approve a potential transaction. So, that's tentatively something like 18 months down the road based on the tentative schedule that we've put together and I think several of you have seen and was summarized on one of those slides. So, that is the item the FAA is most concerned about, and they do expect us to come back fairly soon when authorized and give them the end date of that timing.

We will [00:33:30] provide a draft FAA communications plan that will just set in place some ideas as to how we need to coordinate communications with the FAA. As these processes go forward, it's very common that disparate group with interest in the airport or different elements of the users of the airport or the public will actually try to establish their own dialogue with FAA. There is an opportunity for that. FAA will have, near the end of the process, its own public outreach [00:34:00] sessions, but at the front end it's important to try to coordinate that and ensure that those folks know there's a method by which your voice will be heard, there's a method by which we want to solicit your thoughts and your input. We already talked about the public method for the residents in the community, but there's also a method by which the FAA will take those concerns and opinions into consideration before it issues any [00:34:30] order.

We'll give you a draft of that to review, and respond, and let us know if you approve of that and have sort of a coordination communication. Yes, Linda?

Linda Martinez: As we all know, there's a very open methodology to communicate with the FAA. They don't comment. You can submit this application. I think we've already gotten 50 or 60 comments. It's not like we're trying to shut down communications with the FAA. Any member of the public can put good and bad comments and good and bad comments on [00:35:00] the site.

Michael Fleming: Yeah, that's correct. There is a docket, and in that docket anybody who's interested can voice their opinion. There's also a formal public comment period that the FAA would have later, and the docket process is already in place. You're absolutely right. I should have mentioned that. People are already commenting

and they're welcome to do so. What I'm talking about is just having a plan for how we provide official city communications to the FAA. So, if we want to update the FAA on, "Here's [00:35:30] the lease we're going to use, here's a draft of the RFP, we're going to go out to market," that part of it we want to make sure we coordinate and we give the FAA the message that the city wants to communicate to the FAA. But thank you for that clarification.

All right, next slide please. Okay, so John Schmidt for Mayer Brown will talk about the existing agreements at the airport.

John Schmidt:

Good morning. It's a pleasure to be here and be part of this terrific team. I should say most of us [00:36:00] have worked together before on transactions of this kind, so it's I think particularly helpful to have a working group, a team that has that kind of prior relationships. The question was how do you deal with the fact that the airport has existing agreements that will expire during the time period that this process may be underway. Obviously that depends how long it takes, but under any assumption, even the most optimistic, there are going to be some agreements that are going to be expire.

It's not a new issue. We faced it on prior transactions. [00:36:30] With respect to the airline use agreements, our understanding is the current agreements run until the middle of 2021. So, we're going to be in pretty good shape there. There shouldn't be a problem having the airlines focus in the near term on what Michael said is a real priority to get to an agreement on what a new use agreement would look like if the transaction goes forward. If at some point the transaction, this transaction, possible transaction goes on to a point where we need to, you could turn to a possible discussion with the airlines, but it doesn't seem like that's a [00:37:00] real issue.

Other agreements, however, certainly are going to be expiring. I know there's a major concession agreement that runs until early 2020. We're certainly going to have to think about that. The approach that we've taken to that in prior transactions is to really identify anything of substance that will expire either during the time period or even shortly after the time when we think a transaction, if you do one, might go forward. Look at them and consider what's the best way [00:37:30] to proceed to both keep the airport operating effectively and avoid, if we can, limiting the flexibility of a private operator of the airport may want to do something different.

The simple answer to that we found is often in some sort of short term extension for six months, or a year, or something so you don't lock in something that the new operator may find objectionable. It takes a little time and effort to make sure you're dealing with each agreement. I don't think in prior transactions we found anything that [00:38:00] was really harmful at all to the airport if we could just work it out, extend. There is also going to be a need to put into any new agreements or into any amendments that we enter into with current agreements a provision that will allow assignment of those agreements

to a private operator. That's something that's part of our due diligence process that Mitch was describing.

We're going to have to look at all your existing agreements and consider, "Can they be assigned to a private operator?" The answer [00:38:30] I'm absolutely certain is going to be a lot of them probably can, but there are going to be some that can't. People really haven't been drafting airport agreements thinking about the possibility of entering into a leasing of airports. The answer to that is, we'll have to identify those. If there are some that require consent of the other party, we'll have to identify those for potential bidders for this lease hold interest. They'll have to know if they do take over. There may be agreements that could only be continued with the consent of the other party to the agreement.

Again, I think it's a manageable process that just [00:39:00] does require some time and effort. It comes down to specific agreements and making sure that we structure everything in a way that will both enable you to continue operating if you never do a transaction and also free a private operator to the extent we can from any unnecessary constraints on their future decisions on how they might think they could improve or change the airport.

Rhonda Hamm-Niebruegge: Do you know which ones would typically not fall in the category of being assignable? I mean, what type of contracts have you seen?

John Schmidt: [00:39:30] To the extent they are framed as real estate leases, and this is an issue that Jim and his real estate people will have to look at, you do run into real estate leases that are written in such a way that the lessor changes and lessee has a right to withdraw from the lease. This issue comes up over the years in things like bankruptcies, and shopping centers, and the like. So, that's one area I would suspect. I think most of your more ordinary operating agreements, [00:40:00] you're going to find that they are assignable. Also frankly, there's no good reason for another party in those agreements not to want to carry forward with a private operator. It would be something like a long return real estate related agreement, I suspect, something [crosstalk 00:40:15] where we're most likely to find it.

With that, I will turn it over to Glenn.

Glenn Muscosky: Similar to the overview we gave you with respect to some of the [00:40:30] FAA activities and some of the agreement activities, we'd also like to give you a little bit more detail and overview of what will go on in connection with the process that we use to approach the market of interested investors in an opportunity like this. First, key objectives and sort of the first thing we'll do is we will do a fair amount of preparation, because before we go to the market, we want to make sure that we've done all our homework, we've completed all our diligence, and importantly, we've gotten the support from the stakeholders that we need to go [00:41:00] through with the process if we actually decided to pull

the trigger and execute a transaction. There importantly, it's the airlines that we want to make sure are onboard before we launch our process.

Here, proprietary analysis of airport finances and operations, so that's part of the broader diligence process that will go on. We'll take a look at it and make sure we understand the state of the airport's finance and operations. We have already started preparing a list of potential investors and contemplated outreach [00:41:30] to those investors that will tell them the working group and the set of advisors have gotten started, that we're prepared to do six months of homework before we come to the market, and some other messaging that we'd like to communicate to the market to make sure that they understand where we are in our process, what our overall timeline is, what our expectations are for communications between the market and all of us, and how we want to handle that in a way that works best with the city and for the process.

As part of that, we will [00:42:00] prepare packages of information, importantly an RFQ and an RFP. An RFQ is a request for qualifications to make sure that operators who participate in our process are actually qualified to do all the things we want them to do, the key priorities that I mentioned earlier, delivering equal proceeds, improve the airport community and economic development. We'll want to make sure that the participants in our process are well equipped to be responsive to those desires on the part of the city. RFP, request for proposal, as I said. [00:42:30] There are key decision points, of course, associated with that. The city will have a chance to sign off on the RFQ and the RFP and make sure that the city's prepared to launch the process before we actually launch the process.

Again, we only want to do that when we have an adequate support of key stakeholders, importantly the airlines, so that when we launch a process and the city chooses to do that, we don't have to stop and start, stop and start. We can just go full speed ahead with our process and give as much confidence to the market as possible to lead to the best option for the city.

Attendee: Glenn, when-

Gary Hall: Before you leave that [00:43:00] page, one more word of caution. First of all, there's a lot of excitement about the transaction in its nascent state. We're communicating with the market at each point of this process. So, the bilateral communication that takes place with the community, you better believe that the bidding community is listening to that. Our communication with the FAA, you better believe the bidding community's listening to that. Our communication in the market is not going when we have the formal process, it's every time we have important information outside of this order.

Glenn Muscosky: That's right. One thing that ... [inaudible 00:43:30].



Rhonda Hamm-Niebruegge: [00:43:30] When you talk about the six month, I'm trying to relate the other topics part of this have had six months. So, is this one running parallel or-

Glenn Muscosky: Yes, in parallel [crosstalk 00:43:40].

Rhonda Hamm-Niebruegge: Okay, so just making sure that they're-

Glenn Muscosky: That's right, exactly right. All these things are going on in parallel and they all feed into one another. As the legal teams are thinking about the heads of the terms in connection with the potential in new use agreement, we are working to deliver these things in tandem so that when we approach the market, the heads of terms of the lease agreement [00:44:00] with the support of the airlines are in place, the RFQ and the RFP are in place, the diligence is in place. So, we can present as well crafted a story as possible when we go to the market.

Are there any other questions? To that question, one of the things that typically happens in these processes is that the team discourages the market from having contact with city officials and the advisor group. That's something that Willy will discuss with you as well, because [00:44:30] we want to make sure that our messaging is as appropriate and tailored to the market and that we are delivering information in a way that we want to deliver the information to the market without people sort of coming in around the side and trying to do things that are not consistent with the way we want our process to be. That's all with the goal of protecting the city's interests, both the ongoing operations of the airport and helping to deliver the best outcome for the city, very consistent with what we would do with any process. Great. That was a good question.

Overall [00:45:00] timeline, so we've got this is consistent with an 18 month process. Importantly, we need all to collaborate around this timeline to make this timeline occur. So, we will do our best to arm you with information to make decisions, but we also will need to get timely decisions made by this group so that we can move smartly ahead when that's called for. First, the preparation phase, I already spoke about. We expect that, generally speaking, to be through the rest of this year, maybe dribbling a little bit over into early next year, within a six month profile [00:45:30] for that.

The qualification bidding process, ideally that would take place in the first two or three quarters of 2019. That's where, again, we first go out and we get responses to our request for qualifications. We qualify parties who are suitable to participate in the process, and we submit an RFP. We'll circulate an RFP to the market, and that's where bidders really have a chance to do their homework, do their diligence with an aim to give us an indication [00:46:00] of value and a binding indication of value as far as that RFP process that will take place Q1 through Q3 in 2019.

At each of these milestones, importantly, the city has decisions to make. So, we don't run ahead and do these on our own. Before we launch any of these or

finish any of these, we're going to make that the city is supportive of what we're doing and comfortable with the results across all of the dimensions that we've already named. Once we get a final proposal and a binding proposal, it'll be up to us and the city to make final selection and then to go [00:46:30] and get the final approvals that are necessary from the FAA most importantly. Any questions on that?

Mary Francoeur: In a scenario-

Mary Francoeur: [crosstalk 00:46:37] sort of throughout the process to basically continue to do a public retention comparator where you're continually sort of evaluating the public delivery.

Glenn Muscosky: Yeah, exactly. That's very important to look what value, however we decide the value should be defined, under a continuing public sector ownership and operation of the airport versus what will come about through the option that we deliver as [00:47:00] part of our process. So, that will be a key consideration. It's a good question. It's going to be a key consideration, I think, for all of you to think about as we deliver that option and weigh one versus the other.

Any other questions? Importantly, as I said, communication with the city throughout all those processes. There are key decision points. We expect another very active dialogue with the working group, with the whole advisory team, with all of the stakeholders, and with the sub parts of the working group that [00:47:30] will be associated with each of the diligence paths that Andrew spoke about earlier. Alethia is going to talk about finances.

Alethia Nancoo: Good morning. My name is Alethia Nancoo, a Partner at Squire Patton Boggs. Happy to be here, happy to be working with the team. I'm going to talk a little bit about your existing debt. The airport and the city has been very careful in going to the market at the right time to borrow [00:48:00] funds that are required to continue to build and develop the airport sufficiently to accommodate the commercial traffic. That being said, you've got a lot of existing debt that's outstanding in the marketplace.

What we envision is my team from Squire Patton Boggs along with in partnership with PFM, Siebert, and Stifel, we'll be able to look at your existing debt along with your existing [00:48:30] bond documentation, your tax certificates, and the other covenants that you've provided in your bond authorization documents and looking at determining whether or not there's any viability of feasibility actually keeping some of the bonds outstanding, keeping the existing debt outstanding and defeasing some portions of it or defeasing all of the debt.

As Wanda pointed out, this is all going simultaneously [00:49:00] as we look at other components of the city's work and group analysis as to whether or not to ultimately enter into an RFQ and RFP and to select a potential bidder if that is

your choice. From that perspective, we expect that we would then look at, again, your existing bond documentation, [00:49:30] your tax certificates and the like to make the determination as to whether or not to do a legal defeasance on some or all of the debt or be able to keep some of the debt outstanding and embark upon a tax remediation of sorts for the IRS.

All of this will come down to whether or not it provides the most fruitful and most economic value of the asset as you look to continue to engage [00:50:00] in the RFQ and RFP process. I think once our team along with PFM and Siebert and Stifel are able to ascertain that information, do the analysis, do the tax analysis that's required, then we would just provide a recommendation to the working group. Then from there, the working group will ultimately give us some direction as to which direction you would like us to go, which direction you think would be the most viable [00:50:30] at that particular time.

We anticipate that that would probably be within a six month time frame if we started today, give or take a bit depending on how much remediation, if we were to keep some of the bonds outstanding, how much remediation and time we anticipate having to deal with the IRS. Then ultimately with that, if there is a decision whether to defease, [00:51:00] to keep outstanding, or do a bit of a hybrid and keep some outstanding and defease some of the existing debt, then it's a matter of managing, to Gary's point, managing the message to the marketplace, manage the message to the potential bidders, coordinating with the rating agencies and determining what does the city's rating look like [00:51:30] with the elimination of all or portion of the existing airport debt. We'll be able to assist the working group with that endeavor as well.

Any questions? Yes.

Rhonda Hamm-Niebruegge: I have a couple.

Alethia: Yeah.

Rhonda Hamm-Niebruegge: One is, we have a callable refunding that we're talking about and working on, which is coming up in May which is a fairly significant one for the airport. I guess I'd like to hear that that's something we could continue, because we have built that into our forecast for next year. Then the second [00:52:00] question I had was, and maybe I misunderstood this, but I thought at the end of the day one of the FAA requirements was that all the debt did have to be paid off. It sounded like you gave options of not paying the debt off, unless I misunderstood that.

Alethia Nancoo: We'll have to look at it. We'll have to look at whether or not, and I'll have Michael chime in as well, but we'll have to look at whether or not we can defease the debt, which would be for all purposes they're gone or is there an ability [00:52:30] to be able to keep some outstanding and then be able to set in place a tax remediation with the IRS.

John Schmidt: It's not an FAA requirement. The FAA, put it crudely, doesn't care what you do with the debt. They make a point of saying they don't judge the terms of these deals. It's a tax issue. Also, existing indentures have to work.

Alethia Nancoo: That's right. You have to accommodate-

Rhonda Hamm-Niebruegge: I think there's some miscommunication out then on that that says the debt must be paid off.

John Schmidt: Well, I should say, for example-

Linda Martinez: That was one of our [00:53:00] guiding principles. I think what she's saying is we're going to evaluate all-

Alethia Nancoo: Full value, yeah.

Linda Martinez: ... to see if there's something that might be in-between that might bring us more value. But that was one of our guiding principles, so-

John Schmidt: You might be able to do it. In the case of Midway, for example, all of the debt had to be paid off. We tried very hard, particularly when the winning bidder couldn't come up with new financing, "Is there any way to leave it outstanding?" It just didn't work under the indentures on the tax law. In San Juan, there was a very small amount of existing debt that was actually debt of American Airlines. It was a pass [00:53:30] through that'd been issued by the Port Authority, but it was actually the debt of American. They were able to work out a penalty payment to the IRS [crosstalk 00:53:39] and leave that outstanding. So, it's not impossible, but it's not easy.

Alethia Nancoo: Right. I think the big thing is to be able to do the analysis to make sure whether or not, if you are going to keep some outstanding, is it going to then provide more of an economic benefit to the city to keep that [00:54:00] outstanding. Your indenture is very liberal.

PART 2 OF 4 ENDS [00:54:04]

Alethia Nancoo: In being able to provide for a third party operator to come in and be able to manage some or all of the airport. It does not say that there is a prohibition in keeping the existing debt outstanding if that would be the case. That if you have [00:54:30] a private operator coming in, your indenture is not closed in saying that all the bonds must be defeased if you're going to have a third party operative coming in and operating the airport.

Rebecca Perry-Glickstein: Who did the 17 refunding? Because this was afoot at the time, and I think we looked at it. I thought, and clearly it needs to be looked at again, that, in fact, what we determined for the purposes of disclosure was that [00:55:00] if anything, if the airport is leased, the debt goes away. It is defeased.

Rhonda Hamm-Niebruegge: That's what's out there, and I think ...

Rebecca Perry-Glickstein: That's per our indenture, not the FAA or anything else.

Attendee: It's not a bad working assumption.

Alethia Nancoo: Right. But there's been some IRS guidelines that gives a little bit more flexibility now as well. There's been recent IRS guidelines that have clearly been in the direction that you can keep some ... You'd be able to depend on ... [crosstalk 00:55:28]

Mary Francoeur: The [00:55:30] bonds eventual control, regardless of the IRS regulations, there's already been an interpretation made to the extent of what the indenture says.

Alethia Nancoo: And then also to your point, Rhonda, about what to do with the callable bonds and your timing going into market, we had the exact same situation with Denver, in that Denver wasn't all the way up to the finalization of their concession [00:56:00] agreement. They were entering into the muni bond market, issuing debt, it's just a matter of managing the disclosure to the bond holders and making sure there's continuity and real time disclosure as to what stages the airport is in, in the process and I don't see that that would be in anyway prohibitive. You should be able to manage that with your disclosure rather seamlessly.

[00:56:30] Any other questions.

Attendee: Rhonda, you'll just want to be exceptionally careful as to gravitation of the callings, yield [inaudible 00:56:39].

Attendee: I mean, it could be an issue in terms of the economics of the funding and market perception of intentional.

Alethia Nancoo: Right.

Attendee: Mandatory call.

Alethia Nancoo: And ultimately it will be the working groups decision to make the determination whether or not get rid of all the debt and take it all [00:57:00] out at the consummation of the potential P3, or keeping it outstanding or doing some sort of hybrid to the extent that there is, there is some economic benefit to the city of doing a hybrid or keeping the bonds outstanding.

John Schmidt: You have to remember if you leave the debt outstanding, the bidders will reduce their bid by the amount of the debt.

Attendee: Sure.

John Schmidt: It's not found money, it's just a question of whether it's your debt or-

Alethia Nancoo: Yeah, it's your debt or their debt.

Any other questions? Thank you I'm going to turn it over ... Oh, sure please.

Linda Martinez: What [00:57:30] I'm really looking forward to is the analysis of our vacant land and potential utilization. I think that's caught up in the tax remediation and the restrictions that are imposed by the taxes and plans, so I assume that's part of the real estate analysis and the bond defeasance analysis to see what kind of opportunities we can unlock that we couldn't pursue because we had restrictions from the tax perspective.

Glenn Muscosky: That's a key consideration, key piece of [00:58:00] information that we will be sharing with the market and see any ideas around, because this airport unlike midway has a very, to which point, very significant unused capacity and one of the interesting things we are trying to determine through our process is how people may value that unused capacity what kind of innovation that can bring to help take advantage of that unused capacity to the benefit of the city.

Alethia Nancoo: I'm going to turn it over to Marc and let him do compliance.

Marc Ellinger: Thank you Alecia, my name's Marc Ellinger with Ellinger Associates and talk a little bit about as we get to the end here, you've heard all sorts of different requirements. Talked about now, FAA, IRS, etc. There's a lot of legal compliance involved. I'm not going to go through all the statutes but clearly there's a lot of compliance involved both legally and as we've already started talking about the contract that we have, [00:59:00] which has a very large number of items that we have to comply with in goals for the city. Along the lines in the first six months, we're going to have to hire additional third party subcontractors. There are going to be special technical areas where subcontractors are going to be needed and in accordance with the ordinances of the city of St. Louis and certainly in accordance with the consulting agreement and the goals that were in there, we want to make sure that we comply and exceed the MBE/WBE guidelines and [00:59:30] goals for the city.

We're going to continue to provide throughout the entire process, a general council and compliance services. And I say that is really important because every action that we've talked about here, and I think Glenn mentioned, they all kind of seam back together. All of those have issues that comply with federal law, state law, the charter of the city of St. Louis, the ordinances of the city of St. Louis, regulations both on the state, federal, local level and certainly the consultant agreement. That's the process [01:00:00] that's constant, it's ongoing at all times. We have to, I think this is important, we have to ensure compliance with the open meetings and open records in the state of Missouri. Everybody calls it the Sunshine Act. It's important that our meetings are open, it's important that the process is transparent. There are times we will have to close

meetings, but we want to make sure that those are done in strict compliance with the law and make sure that they are only done when it's absolutely necessary to close the meetings.

We're also going to have to prepare a draft non-disclosure [01:00:30] agreement. A lot of the documents that we're going to be looking at and ultimately the bidders are going to look at are protected documents, there are going to be security concerns, there are going to be financing concerns, there are going to be operational concerns. And we want to make sure that anybody outside of the direct city employees or direct contractors the city execute those non-disclosure agreements.

Yes, Gerard.

Gerard Hollins: Are there any unique issues with this situation that [inaudible 01:00:56] are owned by the city of St. Louis, the airport, where we're physically located in St. Louis County, [01:01:00] any local county ordinance that would impact this process at all?

Marc Ellinger: As a general statement, the county ordinances will not apply to the grounds of the airport. There are some exceptions to that, as authorized by state law, they're minimal. Basically this is an island that the city of St. Louis located 12 miles outside of the city limits and it operates as an island. The airport commission as you're aware has members from not just St. Louis city, St. Louis County, St. Charles County ...

Rhonda Hamm-Niebruegge: [01:01:30] St. Claire.

Marc Ellinger: St. Claire County, it's a broad group because they're the users of the airport. The region that applies to but the ordinances, the statutes of St. Louis county of the various municipalities in which here will not apply directly to the lease process but they could have some implications to sub-leases, taxes, etc. as we go forward.

Rhonda Hamm-Niebruegge: Marc, one thing to tag on that is the DBE requirements from a federal perspective, I know [01:02:00] that's more local but if we just talk about our legal ongoing compliance, we obviously have to stay intact with the DBE and the ACDBE compliance as well.

Marc Ellinger: Yeah, that's a good-

Michael Fleming: To shed a little bit of light on that, Rhonda, you're absolutely right the same requirements that any public airport has today which are embodied in the grant assurances if you were to choose to lease the airport, that lessee from almost all of those, perspective of almost all of those grant assurances [01:02:30] would become the regulated body from the FAA's perspective. The exceptions are those that relate to holding land, title to land, land use planning, and eminent

domain, those would stay with the public sponsor of the airport everything else including the same DBE and ACDBE requirements that you have today would apply to the lessee under the FAA program plus whatever additional requirements which would be more in Marc's domain from local and [01:03:00] state law.

Marc Ellinger: And our role is candidly to exceed those requirements. That's ultimately the goal here. It's not to just manage to comply, it's to exceed those guidelines.

Rhonda Hamm-Niebruegge: And then one additional question on the Sunshine Law, because we are starting to get a lot of requests and some of those are actually coming from potential operators, I guess the question is and I understand the Sunshine Law, but just trying to coordinate that so there's not requests coming [01:03:30] from everybody for a lot of this duplicated material. I mean it's just a burden on the staff.

Glenn Muscosky: [crosstalk 01:03:34] Consistent with what I said before we want to discourage if not prevent market participants from doing that.

Rhonda Hamm-Niebruegge: Well they're not.

Glenn Muscosky: And one of the outputs from this meeting could be an agreement from all of you to actually authorize us to go to the market and say city directs the market to no longer communicate with representatives of the city and or the airport. [01:04:00] That all communications should be through Moelis as the lead financial advisor, spearheaded by me, with Omar, and Paco, and other members of our team. One again to make sure that people are getting the right information at the right time, when we think it's appropriate but two so you're not being distracted from what you need to do every day of the week.

Andrew McKenna: And that is very customary for a transaction like this, is to have that authorization given to your FA, financial advisor.

Marlene Davis: That bothers me. For me, [01:04:30] I would rather see a timeframe where they're allowed to start asking for information and then that process would be all inclusive of us knowing who it is and knowing what is presented to them. I can't give that kind of responsibility to you only. I have to see it. I see no reason for anybody to [01:05:00] come looking for any information before six months. We have to first of all put our working plan together, as we're beginning today, and secondly we need to get some basic information platforms in place before anybody can start asking us for something or we will never get to the end. If we can talk about that some more, I'd love to see it done that way. Just makes common sense.

Glenn Muscosky: Let me, [01:05:30] let me try to respond to that question, which I think is appropriate of course. The people who are interested in this opportunity are calling around to get any tidbit of information, scrap of information that they



can as early as possible in the process because they believe it might give them a competitive advantage.

Marlene Davis: And I don't care.

Glenn Muscosky: We think it's important that you do care. Because we want all the participants to be [01:06:00] equally situated when they actually make proposals to operate the airport. And, so that's part one.

Part two is and I think Mitch was talking about this earlier we are in the process, we've just started the process of collecting data, information, documents from the airport. And over time we will build a data room that will contain everything that we think investors will need to look at to respond to [01:06:30] our request for qualifications and to make proposals to lease and operate the airport.

Those documents will be subject to strict confidentiality and the working group will have an opportunity to sign off on the procedures governing market participants access to that data room. And that's also very consistent with how these kinds of processes are run generally, whether it's a public-private partnership process or a private M&A process or a corporate M&A process, that's very traditional and [01:07:00] standard because what we want to avoid is anybody having more information than anybody else, we want to make sure that there's a level playing field for all the information that everyone in the market gets and that's very important to help make sure that we can deliver the best value to the city while simultaneously, I think addressing the concern you're raising, which is making sure that you've signed off on the information that's shared, it's subject to strict confidentiality, that's not being leaked or distributed willy-nilly, that it's very consistent with a very organized, orderly [01:07:30] process.

Does that answer your question a bit?

Marlene Davis: It does somewhat, but I'm still looking at we control the timeframe when you can get information ...

Glenn Muscosky: Yes.

Marlene Davis: And we stop giving information.

Glenn Muscosky: Yes, that's right, for example, what we propose is at the outset to communicate to the market that any inquiries about the process come through the lead financial advisor, [01:08:00] for the reasons I mentioned.

One, we want to control the flow of information consistent with the guidance you're providing.

Two, protect the confidentiality of the information.

Three, make sure that the current operations of the airport continue unimpeded. And that all of you are not distracted by getting willy-nilly requests from market participants who are looking for tidbits of information to position themselves favorably, to try to position themselves favorably in the process.

We really want to control that very carefully. And the process that we've all articulated, I think, is very consistent [01:08:30] with that and in terms of timing, we would not really share any information until we, we, you decide to launch the request for qualification process. That would be the first public communication of effort of information from the city to the market. Ahead of that I think we would only share, [inaudible 01:08:52], guidance of what the overall timeline would be, we would share direction on communications from market pursuant should go [01:09:00] through Moelis, we might give them a sense of what we have actually having discussions given market participants a sense of what the key priorities are, economic and community development, improving the airport, proceeds upfront and overtime, I think that's, there might be a few other things, but that's really the extent of it.

But you're right, we would not be sharing information until one, City has signed off. Two, we'd completed our data room. Three, people had signed a strict confidentiality all were entered toward protecting the city's interests.

Marlene Davis: [01:09:30] Okay. Have those requests been coming to you through Sunshine?

Linda Martinez: And to the city.

Rhonda Hamm-Niebruegge: And to the city and to us to fulfill obviously. And we're getting them.

Linda Martinez: I think what we, at a minimum we need to coordinate between the city and the city's airport on what kind of requests we're getting ...

Rhonda Hamm-Niebruegge: We are. I mean that's good. They're coming, I mean the Sunshine, I'll go to the city and then they come to us and fulfill but-

Marlene Davis: I'm not doing anything. I'm not giving anybody any information yet.

Rhonda Hamm-Niebruegge: Well, we don't-

Marlene Davis: Even my colleagues who believe that [01:10:00] they are in a position to say.

Paul Payne: And I think we're also coordinate that with my group.

Andrew McKenna: I think from a communication standpoint.

Andrew McKenna: I think from a communication standpoint is that those requests are coming in and the response should be that we are not yet at RFQ stage we are working with our advisors, we'll be back in touch with you very soon and up until the

point that the working group and city have decided they're ready to move forward, there's no response to the market yet.

Marlene Davis: That needs to go out soon. [crosstalk 01:10:29]

Marc Ellinger: Let me interject to be [01:10:30] the lawyer.

Rhonda Hamm-Niebruegge: I was going to say, we've got Sunshine.

Marc Ellinger: Throw a legal thing in there, which is as great as that sounds to say, you should only contact through the financial advisor which we want the market participants to do and I think ultimately, primarily the market participants will do that once they're told only go through the financial advisor, I think they will go down that process, that does not suspend the legal requirements that we have to operate under. The Sunshine Law makes public records mandatorily available [01:11:00] by public governmental bodies. The city's a public governmental body, the airport's a public governmental body, this working group is a public governmental body. Open records as they're defined in the law, have to be produced in a timely manner. There is no ability to say, well you're a bidder, you don't get to see those. If the working group chose to so designate that could be a factor of evaluation of bids, in other words if you comply with the process and gone through the proper protocols, that's not a strike against you, but that's an evaluation [01:11:30] that this group would make at a farther step down the line.

I do want to say that it's important that you look at legal compliance. We're spending all this time looking forward, what are we going to do going forward. There's going to be a point where we're going to look backwards and say what have we done. That's where the communication and the legal compliance really kicks in as important, because at the end, everything has to have been done legally. It has to have followed the steps, or we could create problems. We don't want to do that, and that's why the compliance role and Alethia's firm [01:12:00] also work on it is so important, that you make sure, not only do you do everything right going forward, but when you get to the end, you look back and make sure it was all done in the right way.

Gary Hall: Not to overly complicate this question, but and I definitely appreciate the efficacy of the process, I think you're spot on, but how does that legal requirement for Sunshine overlay with selective disclosure with respect to bond holders. You've got existing bond holders out there, some of which may be in [01:12:30] this pool of folks who are seeking information how do we use that as basis for creating distance so we don't have that happen.

Marc Ellinger: Let me start with the Sunshine law side of that. Any bond holder today can Sunshine law, under the Sunshine law in Missouri can request documents. If they're public documents they can get them and they've always had that ability. They do not forfeit that ability by virtue of being bond holders. They don't

forfeit that ability by virtue of any role that they take. It's a statutory requirement, [01:13:00] we have to comply with it.

As far as the internal operations go, I think that gets into how do we structure the communication process with the market, whether that's the bond holders in the market or the financial side of the market. How do we structure that communication to comply with the law, you have to do that you don't have a choice, but also to make the process work.

Gary Hall: Let's ease this out. Just to make sure I'm clear, if you get a request from a bond holder for some information you have to disclose all that information [01:13:30] to the entire investor community.

Alethia Nancoo: Yes, you do.

Marc Ellinger: [crosstalk 01:13:37] you do not under the, there are different requirements. Under the open records law, if you get a Sunshine law request to the city for a financial document that is an open record the city has three days to respond, to produce that document.

Gary Hall: Question to that, if you also have the disclosure requirements.

Marc Ellinger: Correct.

Linda Martinez: But if that's a current document, that [01:14:00] binds the airport and the city and it's been in existence for six months, six years, to the extent it was importation to the operations to the airport, it would already be summarized in an official statement. If it's a new piece of information, new agreement, then you would have to deal with whether or not you have to disclose additional elements to the bond holder world and investor world to keep everybody on the same level playing field. But [01:14:30] I don't know what documents you requested but if it was 15 leases that we've signed over the last 20 years, anything that was important would have already been summarized in an offering document. I don't think there would be any omission at this point in time. The mere fact that past information was requested from Rhonda, should not affect the market place.

Alethia Nancoo: And you want the continuity obviously of the message and the content to be going to your existing bond holders and [01:15:00] I would imagine that your reference would be sending the bond holder back to the last disclosure that was made in your offering document that's posted on [inaudible 01:15:13]. So that there is complete continuity bond holders are all in the same information same time, there's not one bond holder that's getting selected information.

Mitch Holzrichter: And I do think to emphasis the best sort of preventative cure is to give this guidance to the market. Mark's absolutely right, that doesn't mean they [01:15:30] forfeit a statutory right, but they're going to want to be respectful of

this process. They don't want to side from the city right off the bat. They're grasping at information because they've heard a lot about it, but they've not heard anything official. Once the city were to say, we have a process now we need six months, stay put, for the most part they should respect that.

Alethia Nancoo: For the most part they will adhere to that.

Rhonda Hamm-Niebruegge: My mere thought was just time it's taking.

Mitch Holzrichter: Oh absolutely. Absolutely. And that's [crosstalk 01:15:57].

Linda Martinez: That's the reason they want to give this direction [01:16:00] to the market place, continuous operations of the airport is fundamental. And to the economy of our area.

Marc Ellinger: Okay, just to wrap up real quick. There are some decision points we've talked about that will come back to this group. Obviously we have third part sub-contractor compliance. We've talked about we'll have to add some of those. And then add those actual service providers as contractors under the consulting agreement that's been approved. This body has the authority to add service providers [01:16:30] and get them going. We will have those recommendations we'll be bringing back to this group. Probably in fairly short order, because some of those are very important. You've already heard about the data room. Very important to get that set up in a calm and quick manner. There are other third party advisors we'll have to do, and those will come back to you for approval.

Any other questions. Alright, I'll hand it off to Travis.

Travis Brown: So just in summary, next steps kind of top line, we talked through a lot of layers here. Process overview, [01:17:00] which has already started with the advisor team diligence meetings here and I understand that continues throughout today with the airport operations as well. Just to kind of list some of the responsibilities and how we've delegated that.

Specialized sub-contractors we discussed again, as early as your next meeting. We can have recommendations for that. It's also equally likely that some of the advisors could find answers to some of those question through existing airport sub-contractors or technical experts that might be available to you or [01:17:30] in collaboration through us.

Phase one, environmental and site assessment. We talked about the importance of that, you're seeing that. That's also a process that has often under emphasized an early phase of this that can often take the entire length of the process, up to 18 months. Bernard Charbonnet and Associates, he just walked in after we started. Their team is beginning to work on that. So when you think about contractors beginning work immediately, that are working on objective [01:18:00] basis, paid no matter what goes on throughout this as the majority of

this team is, that's a good example of what we mean by a work that begins immediately.

We discussed community outreach and communications plans and just the submission and more formal, also looking at any feedback or things that you might want to incorporate it in there.

And then down the pike, we'll try to always give turn from the low beams to the high beams on as to what we anticipate coming back to the working group. And as you may develop [01:18:30] committee structures that are a little bit smaller, more formal to those individual priorities, that could include the bond review, the approval process, conformation just in turn of the roadmaps there as it relates to the FAA and the other folks that are interested there.

And then the initial market outreach, which has already been discussed a variety of different ways. With that maybe we can turn the lights on and we can answer any other questions, just so I don't lose anybody. And if you have questions I may not assume [01:19:00] we know everybody here so if you'd please introduce yourselves as we go by. We have other members, I mentioned Charbonnet and Associates, Jim Clayborne and Associates was introduced earlier. Jeff Aboussie, Laura Reeves over there, Omar and Paco. Stephanie Lewis here from Grow Missouri and then other advisor team, Glenn Wick of Wick's Group, Meghan Farrell, Dave Berry. All here from our team but were there any questions that we didn't adequately address or that we didn't raise it, to be raised today.

Paul Payne: Let me go over a [01:19:30] couple, talking about the data room, just so I understand, this is going to be the holding place where all the data Rhonda pulls together, and concessionaires airlines, what have you, gets pulled together and then gets made available to ultimately any potential bidders as well as the analysis for which Moelis will be doing. This group will be proven in protocols because obviously we have our own consultants as well and need be able to review that information, so I imagine there's going to be silos [01:20:00] of information in there that will be made available based on, depending on who the party is that they will get access to, it would be approving all that as down the road, is that ...

Mitch Holzrichter: We'll come back to you with a recommendation on the specific provider of likely interlinks or Merrill DataSite, along with sort of recommendation on protocols. All of this, both of the side options have the ability to customize so that either groups of documents or specific documents can be made available to [01:20:30] all users or a class of users. Early on in the process for this fist six months, it would your advisors and the working group, members of the working group, but then as we, if you then decide to move on in the process you can make a subset of those documents available to bidders if we get to that point, but it doesn't have to be everything, so you have the ability to customize who has access to what in order to maintain the security of the documents.

Paul Payne: Also, there is one issue related to the master [01:21:00] plan that Rhonda has asked about reconciling-

PART 3 OF 4 ENDS [01:21:04]

Paul Payne: Master plan that Rhonda has asked about reconciling what we need to be able to get done, what's required and what minimally we can achieve with the working with the FAA on that. Has there been any progress on that or ...

Michael Fleming: The general guidance from FAA on this issue is that, first of all, master plans are not a regulatory requirement. There's no regulation [01:21:30] or statute that requires an airport to file a master plan with the FAA. Number two, there is no requirement to have a current master plan in place when entering into this program or when getting a record of decision from FAA. It's entirely independent from that.

Just for those of you who may not know, an airport master plan is actually a process. It's a process by which the airport and its working with its [01:22:00] advisors that usually do that kind of technical work with the airport determine what the expectation of demand is in the future and try to make sure that the right kind of capacity is there or there's a capital plan to improve or add capacity to meet that forecast demand. The document that's often tied into the master plan is what's called the ALP, the airport layout plan. The airport layout plan is a piece of paper [01:22:30] that is submitted to and is approved by FAA that essentially shows what land on the airport is going to be used for what purposes. In particular, FAA is ... It's important for them to know that the land that's needed for aeronautical use either now or forecast in the future remains available for aeronautical use.

That's a long way around the question but essentially FAA's position is airports don't [01:23:00] have to have a master plan. Airports can submit a request for financing and funding from FAA through the airport improvement program or PFCs for projects that are not currently on the master plan, as long as those projects don't require a change to the ALP. That's the real distinguisher in FAA headquarters is, if you're going to come in and ... This is all done through the regional office as part of this program.

If you're going to make [01:23:30] a request for a capital improvement project that is not on your master plan but requires a change to the ALP, then that is a process. You have to show the FAA why you need to make a change to the ALP and prove up to them that that makes sense.

Rhonda Hamm-Niebruegge: Michael, just so you know, we have a couple of those right now and they're pretty big ones on the airfield that are chained to the master plan and obviously the ALP. We can't change the ALP until they show the change in the master plan.

Michael Fleming: They do require an ALP change?

Rhonda Hamm-Niebruegge: [01:24:00] Yes. Yes, and they're big ones. They're taxi way movements and actually closures of one and movements of another one. The central region, along with the airport, feels very, very close about that. I don't think that the master plan would interact with this in a negative or a positive way quite honestly. I think it's something that we should continue to do so that we can operate the airport.

We have an RFP ready to go to release for the master plan. [01:24:30] The other piece is this is 75% funded, obviously, by the FAA. We had it last year. The FAA asked us to postpone it one year because of their funding allocations.

Michael Fleming: That was the central region that requested that?

Rhonda Hamm-Niebruegge: From the central region. The central region allocated the funds for this year to be in it. Obviously, we allocated the 25% match to be in it. We feel pretty strong, as does the central region that we should continue to look at that because of [01:25:00] a couple of the changes we can obviously ... If there's anything that we want to look at relative to this process, we can include that or we cannot include it as the working team sees fit but-

Michael Fleming: Yeah, I'm sure you would understand the tension there is that the master planning process involves a lot of the same elements that the process to go out to market and see if there's an opportunity to lease the airport would involve. Coordination with the airlines, coordination with the FAA, and [01:25:30] a public commentary process, I'm sure, that you would engage in. I think the tricky thing to work out is, if we have two processes going on that have similar components, one is for updating the master plan and one is for considering whether to go forward with this program. Is that going to be confusing? Is it going to be hard for people to understand why are we doing these two different things?

I think it's something that we should talk more about and [01:26:00] think through more carefully and get the working group a more fulsome discussion so you can make a decision. I think we would want to do it in a way we totally understand that there is a need to keep the airport going and to do work and to do projects. That has to happen. It might involve potentially some sharing of discussion, maybe coordinating between what FAA headquarters and the central region are looking for. Maybe doing some things but not engaging in [01:26:30] the entire process that would be running in parallel and potentially for ... with potentially different objectives.

If we go forward with a ... If the working group and the city decide they want to go forward with a lease of the airport, that private sector lessee may propose to you and you may accept a very different vision of some specific aspects of the airport. They may say, "We think this could be done differently." That



innovation and [01:27:00] those ideas are part of one of the main reasons you go out to the marketplace. You want to ... I think the balance there is to keep operations going, not interfere with the work that you need to do, Rhonda, but also not unduly interfere with that process.

I think need to ... Something I would suggest that we would coordinate, maybe talk to both FAA units and find a way to balance that equation.

Gerard Hollins: Is this the only project that we have this type of impact on the process? [01:27:30] Are there other large [crosstalk 01:27:32]?

Rhonda Hamm-Niebruegge: Oh, no, there's others. I think the master plan, and I think the ... If you look at the existing master plan and we do have copies that you can take of that. There's just some big issues on the runways that we need to fix. Those can only be done through the change of the ALP so we have to work on the master plan. Even if we did a little bit of a dumbed down version of the master plan or pieces [01:28:00] of it maybe that we don't undertake at this time but still move forward with the master plan. We can talk about that.

Michael Fleming: That master plan is what? Six or seven years in, I think, on a 10-year master plan [crosstalk 01:28:11].

Rhonda Hamm-Niebruegge: Yeah, we started ... The last one started in '08. It was during the downturn so it wasn't published and approved until 2012. Normally, you would take an 18-month process, not a four year process. Because of the downturn and the de-hubbing, it got extended. [01:28:30] It was done at a difficult time, which is out of whack anyway, so.

Michael Fleming: Yeah, and the projects that you now need to do were not reflected in that document that was ...

Rhonda Hamm-Niebruegge: These are runway projects.

Michael Fleming: ... submitted to FAA?

Rhonda Hamm-Niebruegge: Yeah.

Michael Fleming: Yeah, okay. Yeah, I think-

Paul Payne: I found my other question on the communication engagement. You mentioned polling and all. Will you be able to see what we're asking prior to that right now? What's the plan there?

Travis Brown: If you have draft questions or [01:29:00] draft surveys?

Paul Payne: Yeah, right.

Travis Brown: Yeah, sure, because we have to think through, obviously, yeah [crosstalk 01:29:04] distribution that is and ... Yeah.

Paul Payne: Okay, thanks.

Rhonda Hamm-Niebruegge: I only have two more things. One, and my question for asking about the 20,000 inquiries. We have the airport commission, which is continuing to operate obviously in the interim. I have to report back to them as well so I do think that that will be a question that gets raised and make sure that there is [01:29:30] involvement from the region as well. I think that's going to be an important one for the commission.

The other piece is, as we talk about these communications, I would just ask that you keep the staff at the airport, including all the tenants. It's 530 people work for the city of St. Louis through the airport and there's a lot of tension. We're seeing a lot of people panic because it's the unknown. I would just ask that, as we think about these communications and we think about that, we think about the airport staff and how [01:30:00] you distribute those communications and the things you say about the airport.

They take it very personal so I would just ask that be considerate.

Travis Brown: We welcome either ... However you prefer to operate that through your directory or through your communications or coordination through this work group. That's exactly the kind of thing that ... feedback that we want to listen to and react and provide. There could also be things in existing airport operations that aren't well-understood that we can serve the public by [01:30:30] as well.

I expect that that's going to be a constant process, something that was brought up probably every meeting of this nature.

Paul Payne: This outline that you posted on the website, I assume?

Travis Brown: Yeah, yeah. We ...

Glenn Muscosky: Mitch or John, you might want to mention just the protections that were granted to existing employees in the Puerto Rico transaction. Particular in [inaudible 01:30:51]. That might be useful to do.

Mitch Holzrichter: Yeah, well, as Michael alluded to, actually we start with federal law. Federal law requires you can't impair any labor so, [01:31:00] first and foremost. Within that, though, it was the case and this was actually also proposed in Chicago Midway transaction that any airport employees have the right to continue their employment. Either by being offered employment, to work with the new private operator or to continue employment with the city in another capacity.

Michael Fleming: Just to be clear, that's not a federal regulatory requirement [crosstalk 01:31:22]-

Mitch Holzrichter: No, it was a policy decision.

Michael Fleming: That was a policy and a commercial requirement that was placed in the document.

Marc Ellinger: That is a policy that is continued in the guiding principles that are in the contract ... [01:31:30] memorialized in the contract that we operate under expressly.

Michael Fleming: Correct.

John Schmidt: It was never negative for the bidders. They're going to take over the airport. If anything, in San Juan, they were disappointed that relatively few employees were willing to come work for the private operator. In part, I think, because the nature of their views of the benefits of working for the government of Puerto Rico. I think-

Rhonda Hamm-Niebruegge: I think it's the uncertainty and unknown.

John Schmidt: Yeah, uncertainty, yes.

Rhonda Hamm-Niebruegge: It's civil service so many of them have got 25 [01:32:00] years in civil service. That's a concern. If ... It wouldn't be a civil service employee so there's just a lot of angst in it. It's hard to answer the questions and ease those every day when there's lots of other things swirling around the public.

We do have to continue to run the airport and we're doing our best to make sure that they know that this process is a process and we're here to run the airport, so. It's just, I think, we just have to be mindful of the angst that's out there.

Travis Brown: Agreed, and then any of that that, even [01:32:30] if it's participatory and not happening today, it's good to bring that back to this process so we can sort through the different classifications that we've envisioned and the operating standards that may apply. There's usually good answers to that. There's a lot of stuff that's been memorialized in this document.

Glenn Muscosky: Thank you for raising it though.

Rhonda Hamm-Niebruegge: Pardon me?

Glenn Muscosky: Thank you for raising it.

Travis Brown: Other questions or comments?

Marc Ellinger: Good, let me raise one/two very quick items here before we reach the [01:33:00] end. First of all, we talked about setting up the lawyer/client privilege data room on a temporary basis with Mayer Brown as we go forward and

negotiate with the two primary data room entities and bring a recommendation to y'all to make a decision. Is that acceptable with everybody here to go down that process so we don't stop?

Paul Payne: That information will house?

Marc Ellinger: On Mayer Brown's servers in a protected attorney/client privilege with security.

Paul Payne: It's all the due [01:33:30] diligence that [crosstalk 01:33:30].

Rhonda Hamm-Niebruegge: Right, and I'm good with that.

Paul Payne: [Crosstalk 01:33:30] we can start the due diligence.

Marc Ellinger: ... because I wanted to start producing a lot of documents.

Rhonda Hamm-Niebruegge: I just don't want to start paper documents with all this stuff so, if ... It would be easier for us ... almost everything we have is electronic, so it would be easier to upload that into a secure server, so that they could start their analysis process.

Michael Fleming: Yeah, some of those initial documents are things that we would like to see to be able to give the working group the best advice that we can. Others are things that ultimately are going to end up potentially in the final data [01:34:00] room that would potentially be available for bidders. There's some overlap in those two, but I think the key items we wanted to focus on were so we could get working on those individual tasks.

Marc Ellinger: We want to at least not slow the process down but we want to make sure that everything that's produced is protected. It doesn't get out publicly until we have the right protocols set into place. If we wait until we have the final data room provider-

Rhonda Hamm-Niebruegge: Could take a while.

Marc Ellinger: We can't really do anything for a long period of time. We'd like to get started on the due diligence because that's such an important part. It's protected.

Paul Payne: [01:34:30] Is that ... I'll defer to you.

Rhonda Hamm-Niebruegge: Oh, you're looking at Mike.

Paul Payne: City counselor.

Michael Garvin: That's fine.

Linda Martinez: Do we need a motion on that or-

Attendee: We need a motion.

Rhonda Hamm-Niebruegge: I'm okay with it.

All: Yeah, I'm, okay.

Mike: Yeah, I'm okay.

Marc Ellinger: Then the second item is simply to ... You'll probably hear ... Every meeting that I'm at, you're going to hear this so you might as well throw stuff at me now, because you're going to throw it later, is ... Before we end, I'd like to make sure that we schedule a date for another meeting. Certainly, as you've heard today, at the next meeting, we [01:35:00] will have decision items that'll need to be voted on. We don't want to leave today without knowing when that next meeting is, simply because then we'll have to go through scheduling it for the next time around.

Linda Martinez: You want to do two weeks from today?

Andrew McKenna: Looks good.

Paul Payne: I am out of town that week. Can do it the final week of August.

Attendee: I'm out of town.

Rhonda Hamm-Niebruegge: That's a tough day for me on the 21st. Is there a day of the week ... Some of you have to fly in. Is there a easier [01:35:30] day of the week for you or does it matter?

Attendee: We work for you, so.

Rhonda Hamm-Niebruegge: I know but you still have to get here. [crosstalk 00:14:37]

Linda Martinez: You're out the week of the 20th?

Rhonda Hamm-Niebruegge: We'll start Monday mornings at 4:00 A.M.

Linda Martinez: [crosstalk 01:35:43]. Marie, do you have any day that week [crosstalk 01:35:43] of the 27th open? I could do any day but Wednesday that week.

Marc Ellinger: Or even late next week to ... It doesn't have to be a two-week ...

Marc Ellinger: It doesn't always have to be two weeks but [01:36:00] I hesitate if we push too far-

Gerard Hollins: Yeah, I'm out at the end of next week.

Rhonda Hamm-Niebruegge: What is today? Today's the seventh so if you booked a [crosstalk 01:36:06].

Mitch Holzrichter: What about the 27th, Mark is that [crosstalk 01:36:14].

Rhonda Hamm-Niebruegge: We could do the 17th that's a Friday. [crosstalk 01:36:14] Oh, you're out [crosstalk 01:36:14] I thought you were out the 20 ... Okay, so [crosstalk 01:36:14].

Marc Ellinger: August 27th.

Rhonda Hamm-Niebruegge: [01:36:30] That works for me.

Jim Garavaglia: No.

Attendee: Jim can't do that.

Rhonda Hamm-Niebruegge: Does it work for you, the 27th.

Jim Garavaglia: It can't. Sorry.

Linda Martinez: Twenty-eighth is bad for Marlene. Twenty-ninth?

Marlene Davis: I won't leave till late the 20th.

Attendee: [inaudible 01:36:47]

Marc Ellinger: Could you do early on the 29th. It sounded like you're leaving late on the 29th. Could you do early on the 28th?

Linda Martinez: I can.

Alethia Nancoo: Does this time still work for everyone? Ten [01:37:00] o'clock?

Rhonda Hamm-Niebruegge: Was that a yes Marlene or is that a no.

Marlene Davis: Oh, that's a yes for me. Sorry. Early.

Linda Martinez: Can you join us by phone from where you are?

Jim Garavaglia: I'm not so much concerned about me but other members of our team are not available then.

Rebecca Perry-Glickstein: Early that last or that last week of August, because ...

Linda Martinez: Can you do [01:37:30] it by phone? I think we don't need in-person meetings and this is our early time.

Marc Ellinger: I would not anticipate, just as we go forward, that everyone of these meetings is going to have the entire cast in it. It's really going to be more the people that have items to present [crosstalk 01:37:45] that they want to be addressed.

John Schmidt: You might think about a longer-term schedule too. Every two weeks, going forward, put it on your calendars.

Rhonda Hamm-Niebruegge: Exactly. [crosstalk 01:37:54]

Jim Garavaglia: The morning of the 28th.

Rhonda Hamm-Niebruegge: The morning of the 28th? Okay.

Attendee: Okay.

Paul Payne: [01:38:00] Same time, 10:00 A.M.? [crosstalk 01:38:18]

Rhonda Hamm-Niebruegge: Works for me.

Michael Fleming: Works for me.

Attendee: Works for me.

Attendee: Works.

Linda Martinez: You want to send out a proposed schedule for the rest of the year or something like that? [crosstalk 01:38:22]

Attendee: Yeah, that'd be good.

Marc Ellinger: Ideally, if we could pick a, hypothetically, the second and fourth Tuesday of every month or every other [01:38:30] Tuesday at 10:00 A.M., recognizing that not every meeting will everybody be able to attend. At least we will know that there's a set, fixed schedule that we can work on.

Jim Garavaglia: Do you think that twice a month is ... I guess, initially, but do you see that as being the way we would conduct business ongoing for the duration of at least the first six months? Is that what you're suggesting?

Marc Ellinger: Yeah, I would defer to the rest of the team but I think, certainly early [01:39:00] on, once every two weeks will work. There may be times, particularly as we get later in the process, we'll have to have more frequent meetings particularly in the course of negotiations. I think with respect to the due diligence, adding team advisors, et cetera, once every two weeks would be sufficient for the first six-month period.

Andrew McKenna: I think what's also very important is the workflow and information. We all know everyone here has day jobs, has to run an airport, has to run a business, has to run a city, et cetera. We want to be mindful that these meetings [01:39:30] are palatable and they're able to condense the information. We can get it to you in a timely fashion before the meeting. It's a printout. It's a do out. You come in. You're going to have to spend an hour or two review and write notes in the margins. Then, when we come in here and make that working group productive as possible.

We want to work around that construct. If it doesn't work, we'll obviously adjust as we need to.

Paul Payne: I appreciate that because one of the things that we did discuss at our housekeeping meeting is that the sooner we get information, particularly if it's a complicated issue, we get it out earlier [01:40:00] so that we're not dumped on our desk the day before the meeting or something [crosstalk 01:40:04].

Andrew McKenna: Yeah, absolutely. We want to avoid that entirely.

Paul Payne: Okay, let me add another housekeeping item. When I sent out notice of this meeting, obviously, there were a lot of names on the contact list. I sent it mostly to the principles. Was that fine? Did that work for everyone?

Marc, I'll defer to you in terms of-

Marc Ellinger: I believe it worked from our team's perspective.

Paul Payne: Was there any ... Okay, you guys were good?

Rhonda Hamm-Niebruegge: You want to do the meeting here, Paul, or where do you want [01:40:30] to do it?

Linda Martinez: I'd like to investigate a place where we could do video conferencing and recording and audio. Let's see what our options are.

Rhonda Hamm-Niebruegge: Okay.

Paul Payne: Yeah, Jim's office has ... That one meeting we had where our housekeeping meeting has ...

Jim Garavaglia: We actually have the camera ability to video conference from 1520. It's not city hall but it's down the street, so.

Marlene Davis: I think that's critical. [crosstalk 01:40:56]

Attendee: One way or the other we'll get a room.



Marc Ellinger: You'll get a room [01:41:00] and circulate a notice?

Paul Payne: Yes.

Jim Garavaglia: Paul, I might just want to suggest for the other internal working group members that ... First of all, compliment and thank you for a rather comprehensive presentation today. I think that I would like to meet in a public forum with our internal working group and discuss much of [01:41:30] the items that were presented today, aside from this meeting. It's a lot to comprehend. It's a lot to absorb and ... I'm not saying that I have a problem with any of it. I think our internal working group needs to digest it and discuss it among ourselves.

Sometime between now and the 28th, Paul, do you think we could put together our internal working group? Put us together [01:42:00] in a meeting? Is that at all possible?

Paul Payne: It would have to be ... What's today? Earlier part of next week.

Jim Garavaglia: That's fine. I appreciate the consideration, simply just to get everybody's thoughts about what we saw today out there.

Paul Payne: Okay.

Gerard Hollins: Yeah, I'm fine on it.

Rhonda Hamm-Niebruegge: On the 14th? No. On Tuesday or no?

Marlene Davis: Where are we [01:42:30] at? I don't know. Okay, [inaudible 01:42:31].

Attendee: Early morning.

Linda Martinez: I could do Tuesday morning.

Attendee: Monday, Tuesday or Wednesday. Yeah.

Attendee: I could Tuesday [crosstalk 01:42:35].

Glenn Muscosky: If you would like, some of us could be available. Not to participate in the whole meeting but, if you had questions you wanted to ask along the way, I'm sure a sub-group of us could make ourselves available if that was helpful.

Rhonda Hamm-Niebruegge: Did Tuesday work for you guys?

Marlene Davis: Tuesday is the [crosstalk 01:42:46] better day for me.

Rhonda Hamm-Niebruegge: Tuesday work?

Jim Garavaglia: Yeah.

Marlene Davis: Yeah.

Jim Garavaglia: We could do it here. We could do it downtown [crosstalk 01:42:56]. Wherever. We could do it at city hall. Whatever is appropriate.

Attendee: I think that conference room you've got is [inaudible 01:43:01].

Jim Garavaglia: [01:43:00] Okay, I thank you for that. The 14th, morning or afternoon?

Rhonda Hamm-Niebruegge: At what time?

Attendee: I'm flexible, so.

Rhonda Hamm-Niebruegge: What time?

Paul Payne: How about ten o'clock?

Linda Martinez: Works for me [crosstalk 01:43:13].

Marlene Davis: I'm okay.

Jim Garavaglia: On the phone?

Attendee: Mm-hmm (affirmative).

Jim Garavaglia: Cool.

Paul Payne: Going to have the minutes done. By the way, this is Michelle Robinson from my office. She's [crosstalk 01:43:30] ...

Linda Martinez: [01:43:30] Thank you, Michelle.

Paul Payne: ... been charged with helping with the minutes. Okay.

Glenn Muscosky: One other item, just for good order I think. We talked about the initial communication to potential market participants. I think we'd like to proceed with that, with your approval. Key parts of that would be, one, we'd have our kickoff discussion. Two, our overall timeline. Three, the priorities that remain and four, the communication protocol [01:44:00] where we would request or direct this potential market participants to communicate only through the lead financial advisor. To make sure-

Jim Garavaglia: Could that take the form of an email communication?

Glenn Muscosky: Yeah, it can.

Jim Garavaglia: Can we also be copied internal [crosstalk 01:44:25].

Attendee: Yeah, I was going to say could we get a draft first ...

Glenn Muscosky: Absolutely.

Attendee: ... and then sign off on it.

Linda Martinez: Give us like 24 hours to look at it and then-

Glenn Muscosky: That's fine, yeah, [01:44:30] of course. [crosstalk 01:44:31]

Andrew McKenna: This will enhance the process, particularly in the context that [inaudible 01:44:39].

Linda Martinez: If it's going to direct the funnelling the communications we need to talk about the suntan law issues and just to make sure we're all in sync on that. That'd be very helpful.

Glenn Muscosky: Okay, thank you.

Linda Martinez: Thank you.

Attendee: Thank you, all.

Marlene Davis: The communication part of this, if it's done wrong, it will kill this whole thing. I want you to know that.

All: Yes, ma'am. Absolutely. We agree.

Marlene Davis: [01:45:00] It's really important that you take a moment and listen to the ground here, okay. We're in a new era right now so people don't necessarily want to hear information the ways that they have in the past. They also take liberties to take your information and reinvent it ...

Attendee: That's a nice way to put it.

Attendee: Nice word.

Marlene Davis: ... and so ... [crosstalk 01:45:35] I'm one of those [01:45:30] people that they know me. I'm a true community, grass roots organizer. I have Alderman in front of my name but I'm the best so I really want us to get this right. I'm not interested in hiding anything. I'm not interested in trying to delay people getting [01:46:00] information. The community as a whole, I'm not talking about those vile people. They can work their stuff out.

I'm talking about the people who vote and pay taxes. It's really critical for me that we do this right. Most times, because I've worked for these firms. We want to do this slick kind of presentation stuff. It doesn't work. Doesn't work anymore. We almost have to act, participate and perform like we're promoting [01:46:30] Earth Wind and Fire, and there are some free tickets but they have to be there early to get them.

This is that ... That's the kind of method you have to go to.

Attendee: That's right.

Marlene Davis: You want them there. You want them to be able to understand the information and ... It's really critical. I just wanted you to think about that.

Attendee: Yes, ma'am.

Paul Payne: All right. I don't believe there's any need for ... The close session item [inaudible 01:46:58] so since we're going to meet on the [01:47:00] 14th, we could probably just dispense with that. Is there anything else for this? Anyone else have any other items? Is there a motion to adjourn? [crosstalk 01:47:11]

Rhonda Hamm-Niebruegge: It's not even two hours. Come on, Paul, you can [crosstalk 01:47:12].

Paul Payne: Second?

Attendee: Hands?

Attendee: Second. [crosstalk 01:47:12]

Paul Payne: All right. All in favor?

Attendee: All in favor stand up.[crosstalk 01:47:21]

Paul Payne: Thank you very much. Thank you, all very much. [crosstalk 01:47:21]

Attendee: Thank you.

PART 4 OF 4 ENDS [01:47:22]