

IN THE MATTER OF COMPLIANCE WITH FEDERAL OBLIGATIONS

BY THE CITY OF VENICE, FLORIDA

DOCKET NO. 16-01-11

Private Attorney-Client Session

Venice City Hall

BEFORE: CITY OF VENICE COMMISSIONERS
DEAN CALAMARAS, Mayor
BURTON C. BROWN, Councilperson
DAVID FARLEY, Councilperson
RICK TACY, Councilperson
VIRGINIA C. WARREN, Councilperson
JOHN MOORE, Councilperson
JAMES J. MYERS, Councilperson

GEORGE HUNT, City Manager

ROBERT C. ANDERSON, Esquire
Hall & Anderson, P.A.
1314 East Venice Avenue, Suite E
Venice, FL 34292 Attorney for City
of Venice

DATE: January 17, 2003
Commencing at 3:05 p.m.

Roberts Reporting, Inc.

MR. ANDERSON: We're here for a private attorney-client session, which I refer to as a Shade Meeting. This is in accordance with Florida Statute 286.011 which affords a municipal attorney an opportunity to meet out of the sunshine with City Council and the City Manager to discuss pending litigation.

Just to remind you all of the rules, the discussion that we have since it is out of the sunshine needs to be confined to strategy and settlement of the subject matter, which is the FAA investigation. There is a verbatim transcript being taken of everything that's said here. Nothing can be off the record. And the transcript will then become a public record open to public examination and review after the conclusion of this administrative proceeding. I would **ask** that during the discussion and the meeting for the purposes of the clarity of the record and not driving our court reporter absolutely crazy that we try to keep it so that one person is talking at a time.

I believe that the purpose of this Shade Meeting is to discuss the pending FAA investigation and to determine the City's future course of action. With that, I open it up for discussion.

MR. MOORE: I have made some notes and I'd like to

make some observations and some suggestions regarding this FAA lease or the FAA position about the lease that the City has with the Venice Golf Association.

First of all, I agree very strongly with the City Attorney that this is a serious legal matter. It's one that could potentially cost the citizens of Venice a great deal of money both in staff time as well as in attorneys fees and costs, and that's especially true if we're going to hire outside counsel in Washington, D.C. to represent us along with Mr. Anderson, our City Attorney. Accordingly, I believe that we have a very serious obligation to the citizens both legally and politically to make a very good faith effort to settle this case in an effort to reduce the costs and improve our relationship with the FAA and to resolve the factual issues which are in dispute with these parties and for future parties.

Accordingly, I am going to recommend that this City Council consider, first of all, the appointment of what I will call a settlement committee to be composed of the City Attorney, Mr. Anderson, and at least one member of City Council or the Mayor to serve as a committee to meet with all interested parties in an effort to resolve this matter while the investigation is proceeding. In other words, on parallel courses.

While the investigation is proceeding on one course the settlement committee will proceed on a parallel course in an effort to bring about a settlement of this matter. I believe that the work of the settlement committee should be confidential as possible under existing law and would certainly include periodic reports to Council on a regular basis at Shade Meetings or otherwise. I would be willing to serve on this committee, but you're not going to hurt my feelings if you'd rather have the Mayor serve, for example, or another member of Council.

Specifically, after giving this matter a great deal of thought I would propose that Council communicate with Congresswoman Katherine Harris for the purpose of having her or her office call the FAA Administrator, Marion C. Blakely, in Washington, D.C., and request that a meeting be set up with the settlement committee from Venice, and Mrs. Woodie Woodward. Mrs. Woodie Woodward is the FAA Assistant Administrator for Airports, a graduate of Florida State University, to clarify the issues and to explore possible ways of mitigating this conflict. I sincerely believe that the FAA does not want to deal with this issue any more than we do, and frankly the quicker all of this can be done I think it's better for all parties

concerned.

I also believe that publicly I think the City needs to take a position on this issue. For example, and I only use -- I'm not locked into this phraseology, I think we'll use this as an example, something to the effect that, quote, the City of Venice believes that it has complied with all FAA regulations in the determination of fair market value rent in its lease with the Venice Golf Association, Inc., and we welcome this investigation and we will work diligently in good faith to resolve the matter in a manner which is consistent with the best interest of all the parties involved. It's suggested language only, but I think the City needs to take a public position on this investigation.

During the election campaign that just ended I had the pleasure of making the acquaintance of a gentleman in Venice by the name of Dr. Robert Bartanowicz. Mr. Bartanowicz is a retired lieutenant colonel in the United States Air Force and a retired FAA Regional Administrator for the New England region. Mr. Bartanowicz now resides in Venice. He is a member of VASI and I have been informed he has submitted an application to the Mayor for appointment to the Airport Advisory Board.

In my opinion he is an extremely valuable asset to us and he has expressed to me a willingness to assist a settlement committee, however it's formed, or the City as an advisor to the extent that he's permitted to do so under FAA regulations. I understand he's recently retired and there may be some restriction on his ability to do that. He will advise us of that. He has also suggested to me that in seeking outside counsel we might want to consider a gentleman by the name of Mr. Sandy Murdoch, who is an attorney, is a former chief counsel to the FAA in Washington, D.C. in 1986 and is now in private practice. He spoke very highly of Mr. Murdoch as somebody who might be very helpful to the City. You might want to talk to him, Mr. Anderson.

In my opinion the future of the Venice Airport is going to depend on our ability to establish and maintain a good, long-term relationship with the FAA. I feel that that's especially true now when we're making decisions regarding the airport development plan and what to do with the island wastewater treatment plant. For that reason I feel compelled to strongly recommend that City Council consider taking a position that as a part of any amicable settlement down the road the City be willing to consider hiring a full time airport manager. In other words, when I say that, what

I'm saying is that downn the road when you're negotiating you've got to have some give and take, and I think the City's willingness to do that would be well received by the FAA. I think that would be a very strong weapon in the arsenal of any settlement committee trying to resolve this case.

Having made that suggestion, I do want to emphasize that it is in no way meant to be critical of Mr. Larry Heath, the Director of Public Works, who now manages the airport. I think Mr. Heath has done an outstanding job and I've met with him frequently about what's going on down at the airport. It is simply making recognition of the fact that I believe a full time, qualified, experienced airport manager would better understand all of the federal and state regulations involved. I believe he could work more successfully with the FAA in both Orlando and in Washington on issues of airport development and to obtain grant money for such things as noise abatement and other airport uses and I believe he can better interact with other airport managers at general aviation airports throughout Florida in a cooperative manner which would bring about improvements to the Venice Airport with the goal of making it one of the better airports in the southeast.

Having said all that, I firmly believe that if our best, good-faith efforts to settle this matter with the FAA are unsuccessful, then I believe we should seek to get this case before an administrative law judge or other decision-making body as quickly as possible in order to bring certainty to the issues in this case as well as to provide guidance in dealing with similar issues which will most certainly arise in the future, to say nothing of reducing the overall cost of this litigation to the City. That's what courts and judges are for. They make decisions and they resolve disputes.

At the same time, I believe very firmly that the best settlements can be reached in a case when the other side knows that you're fully prepared to go to court or go to trial. The remaining issue in this case of whether or not we should continue to pursue a political resolution is a difficult one for me personally because I don't have the background that all of you do. On the one hand I feel it might be better if we tried to keep politics out of this process for a while because I feel it might have a chilling effect on our ability to negotiate a resolution of the issues in good faith. After almost three years of disagreement on this issue, any resolution, either political or

otherwise, seems to have alluded us. On the other hand, I have always felt that politics is the people's business and if we can bring about a political resolution of the matter which best serves the citizens of Venice then I would be inclined to consider that option as well.

I have a copy of Mr. Bartanowicz's curriculum vitae if anybody would like to take a look at it. I think he would be a real asset to us. That's all I have at this time.

MAYOR CALAMARAS: Mr. Farley.

MR. FARLEY: I agree with everything that you've said. I think it's taking a great approach. I do want to ask why that committee wouldn't consist of George on that committee because nobody has any more of the history in it and the dealings with that than George.

MR. MOORE: I, for one, would certainly consider that. I do think, with all due respect to George because I'm very fond of him, I think he's a lightning rod for the FAA.

MR. FARLEY: Let me back up and tell you some of my history with my trips to FAA in other issues that we've had with them over time. In every meeting that I went to when we got there it was a -- I felt like a child being spanked. I went through this whole

rigmarole and they just blasted us for about 30 minutes about all the things we did wrong, and we made notes. Then when it finished and opened up for discussion, almost every bullet point we went back to and said, wait a minute, that was approved by you. Oh, yeah, we did. And this was approved by you, and this was approved by you. So we took a spanking for nothing because when we reminded them of all the things that they were complaining about, they had agreed to, they had been party to, they had it in the records and they agreed. So what the issue was, we'd never come to it because it was some kind of a personality issue somewhere in there, that my understanding is that I guess his name is Reynolds.

MAYOR CALAMARAS: Jack Reynolds.

MR. FARLEY: Jack Reynolds used to be the number two man dealing with us. I forget the guy -

MR. HUNT: Charlie Blair (phonetic).

MR. FARLEY: Charlie Blair had a speakerphone for his voice. We'd listen to him and then we'd listen to Reynolds. Blair would tell Reynolds what he needed to do and you could see that he was bowing his back about that. Now my understanding is that Reynolds has north Florida and somebody else has south Florida, but Reynolds has secured Venice to be moved to the north

Florida district so he still has control over that. That shows to me that there's a little bit of a problem with somebody within FAA maybe with an ax to grind. If he's not willing to give up something out of the territory that he no longer has, that bothers me. It bothers me a lot. That's the thing that somebody needs to take on more politically than you do legally, but how do we do that.

MR. MOORE: If I could respond. In all honesty we're getting into a legal fight not with a 300-pound gorilla, a 300-ton gorilla. I mean, we're in a fight with the federal government now and I don't think we have the time or the money to do that. One of the things, and you know it as well as all of us, in business you don't get in a legal fight with somebody that's got more money than you've got because he can beat you to death. I have tried to keep personalities and specific factual issues out of my comments completely.

MR. FARLEY: I understand that. We got into this whole thing because some people made some inaccurate accusations about this at the same time that Los Angeles International, LAX, was taking \$10 million out of their airport fund to put to their administrative fund in the city because they needed money. When they

started looking at problems that people had written letters to and some people at the Venice Airport and VASI and others had written some letters, and all of a sudden we got picked into that as one of the 10 airports that they wanted to take a specific look at. And admittedly by them we really should not have been brought into it, but we got put into it and now how do you get yourself out. So with that kind of history it says to me there's a lot of political going on.

I'm not trying to back off on any of the legal because I think from everything I've read I think we stand in great shape if we could ever get to that point that you need to to get before the Judge to sit down and say talk to us.

MAYOR CALAMARAS: Burt.

MR. BROWN: The administrative law judge, I guess -- is this a given fact so far that the administrative law judge is going to have jurisdiction? Has he been named?

MR. ANDERSON: No. We aren't there yet. There's a few steps in the process before we ever get to a hearing before an administrative law judge.

MR. BROWN: If it does come before the administrative law judge is there any more cost to us than if we negotiate it back and forth and try to reach

a settlement with the FAA, which we've failed to do evidently?

MAYOR CALAMARAS: There's a lot of cost to us. It depends on how we fight the battle. If we win the battle, what have we won? If we lose the battle, we lose an awful lot, millions of dollars. You probably have a better handle on that as to what we really lose if we fight this battle and go to the end and don't win, and if we do win all we've won is a VGA lease. Do we really want to fight that fight? My opinion is George has had a -- we put together and voted on a good -- what we felt was a good VGA contract. When the FAA stepped in and said it wasn't, George took it by the horns. This thing has gone on for three years now. I think George has done every single thing that he could do on this case to get it resolved with the FAA and the FAA has pretty much thumbed their nose at us.

We've brought in Dan Miller. He's gone to the FAA with the staff. They've pretty much said you've thrown Dan Miller at us, and he's gone away now and so we're moving on from there. So that didn't help. Do you really want to go ahead and still expend a lot of political capital on something that may or may not happen?

So it comes down to do we really want to fight

this fight? I think it would be a lot simpler for us if we went back to the VGA and got some sort of settlement with them and then took it to the FAA and say this is what we've done, do you approve it, and it all goes away. I think it would be a lot simpler fight than trying to take this to court. We can't win. We're in a no-win situation. All we do is come out with the lease that we've got.

MR. BROWN: I agree with you we're in a no-win situation, but maybe we can at least not lose by letting the administrative law judge handle it. We think we're right and from what I've read here -

MAYOR CALAMARAS: But we've still ticked off the FAA and we have to deal with them for the rest of our lives here at the Venice Airport. So what have you really won?

MR. FARLEY: It's like having a bad mother-in-law.

MAYOR CALAMARAS: That's exactly right. I think it would be to our best interest to try and work out some sort of deal with the VGA up front, take it to the FAA and try and get them to approve it, and if it does it's gone away and we don't lose. You know, we're losing -- since 2000 we haven't gotten any money from the FAA, and we may never get another dime from them. That's all discretionary funds. So we stand to lose a

whole lot of money. If we fight this we stand to lose a lot more because we're going to have to be paying for it. The VGA is not fighting our fight, we're fighting it. And what do we win if we win? All you've won is that VGA lease.

Virginia is next.

MS. WARREN: Let me ask you, first of all, the expenses involved in this are going to come out of the airport budget, it's not going to go against the taxpayers; is that correct? Am I wrong? Can anybody answer that for me?

MR. ANDERSON: I don't know the answer to that.

MS. WARREN: George?

MR. HUNT: I would certainly advocate taking it out of the airport funds.

MS. WARREN: You say advocate, my question is where are we supposed to take it out of?

MR. HUNT: The proper accounting would be the airport budget. It's an airport issue. It's just like we advocate a certain amount of Larry's time to the airport as airport manager and we get reimbursed for that.

MS. WARREN: Okay. I got about four questions if you'll entertain them, Mayor.

MAYOR CALAMARAS: Go ahead.

MS. WARREN: Secondly, at this point unless something's happened in the past three or four days, we still don't know if our liability insurance will come into play. Is that still an unknown?

MR. HUNT: Jane was on the phone at 1:30 with -this is my stack. That's Bob's stack. She's in contact with the company. They are still determining whether or not they are going to provide coverage for us.

MS. WARREN: Okay. So we're working on that still?

MR. HUNT: Yeah. They promised sometime Tuesday or Wednesday.

MAYOR CALAMARAS: Bob's got an answer for you.

MR. ANDERSON: I can chime in a little. I don't have a complete answer for you, Mrs. Warren, but what I can tell you is if we're going to trigger some sort of liability or errors and omissions or some sort of coverage there, this is a regulatory proceeding so nobody is looking for monetary damages that the City might have to answer up for. If, indeed, there is a determination of noncompliance with the City's federal sponsor obligations, the remedy for FAA is that we become ineligible for any FAA and then correspondingly any FDOT funding for airport improvements. So if,

indeed, the insurance company steps forwards, they will only step forward in providing us a legal defense. And I think that's questionable at this time.

MS. WARREN: I understand what you're saying.

MR. MOORE: But again, I think Jane O'Connor is really good at what she does. If anybody can decipher whether or not an insurance policy affords us defense coverage, Jane can. But even then it's going to be limited.

MS. WARREN: Understood. I understand what you're saying. There are two things I want to speak to with John's proposal. One is I am very uncomfortable to not have George included in any kind of a committee. I'm sorry, he may be a lightning rod in your prospective, John, but his knowledge of what has gone on is -there's no one else to my knowledge except Bob perhaps that has that kind of knowledge, and I would be very uncomfortable. And I believe that's George's responsibility as City Manager.

Somewhere along in here I'd like to hear what the attorney has planned and what he's thinking about in regard to not necessarily John's statement, but in regard to what's come forward.

MR. HUNT: Could I comment on the participation issue?

MAYOR CALAMARAS: Yes. Go ahead, George.

MR. HUNT: Very short history. David, Larry, and I went to FAA Orlando with the 10 recommendations that they had made involving what they considered were out-of-compliance leases. We had 11, they determined 10 were out of compliance. Jack Reynolds had put together 10 remedial actions. They were by all our accounts totally unpalatable. The doubling of the mobile home park rent in a single year, they were charging Little League \$25,000 a year rent. There was a plan to put a man at Brohart Park (phonetic) and charge two or three dollars a head to move into Brohart Park.

We went up there and during the course of the negotiations of which for better or for worse I did most of the talking. Charlie Blair overruled Jack Reynolds on nine of the 10 out-of-compliance issues. Jack was very quiet at the meeting and kept getting redder and redder. And the Judge has no doubt correctly analyzed that I am a lightning rod in this particular situation. Mr. Reynolds and his partner Mr. Stringer will never forgive me for that.

Unfortunately, Mr. Blair is gone or this issue would have been over already because Mr. Blair saw the wider political picture. That's why he sold us Brohart

Park, which was worth \$900,000 and he sold it to us for \$175,000. That's why he let us buy the -- I have no problem being excluded publicly and in the meetings with the FAA because of that situation. I understand your animosity towards me. I think I can be of value in supporting the negotiating committee by rendering some advice on what I've put together and what I've read and the things that we've planned.

So my disposition on the participation is I concede to the Judge's analysis that putting me on the front line with Bob and him is probably no good and won't service anything. On the other hand, I don't wish to be excluded from the process, and be available to participate behind the scenes in working with the negotiating committee on some of the issues that later on I'd like to talk about that relate to this matter.

MAYOR CALAMARAS: David.

MR. FARLEY: There are three things I want to talk about.

On the doubling the rent in the mobile home park and charging the Little League all these enormous funds, at that meeting we told them we'd be happy to do that if they would come over and make the presentation to the park owners and to the mothers, and they said no, no, they weren't going to do that. They kind of

caved in when they got to thinking about how they had to present that.

MR. HUNT: They wanted to charge \$65,000 for the Senior Friendship Center immediately after Senator Graham and Senator Chiles and the whole County Commission had cut the ribbon and told the land was his for perpetuity.

MR. FARLEY: I want everybody to approach this again with open minds because I think there's been some minds that have been closed on it before. A while back I took a lot of tongue lashing from a group about the proposal to relocate the airport. At my first meeting with FAA I told them it looks like we've got problems with deeds and other things that you guys are not really comfortable dealing with, and if we could find somebody who would relocate the airport would you be amenable to that. And they jumped up and down and said absolutely, go work on it.

If Bill Gates walked in here today and told you, listen, I'm here to relocate your airport and get that done, probably everybody would say we know he can do it. Well we don't have Bill Gates' brother, but I think we've got a cousin that's got lots and lots of money. He called me yesterday, flew into town yesterday, and said since our first meeting about that

I've never thrown it away and I've got all my paperwork, and he had it in his hand, and he said I'm here to tell you this is another way to solve the problem with the FAA real quickly. Just relocate -- a new sweep of what goes on, but you relocate, you get your new airport with the proper length of runways, everything that you presently have, you'll have that and more with a new airport.

People, again, say it's not feasible. They did it with Fort Myers, only they retained the old one. They built a new one, but it was basically the same kind of thing that we're talking about. So we have somebody sitting out there that says I'm ready, willing, and able to do it. They've done the feasibility, they know they can do it, they can make it go.

One of the things that I had said to them from the very beginning, if you're going to do that, the only way that I would vote for that, if you're going to put more people on this island somebody's going to have to build a bridge that runs from the airport property clear across the intracoastal waterway across somewhere down to the south and hit into the 41 bypass. I said have you got another \$40 million to throw into it, and they said probably about \$20 million. But that's all feasible. I hope that whatever we do that we pursue

that if we can in some way or see if that is a way to resolve a lot of things and clean up a lot of old deeds and clean up a lot of problems that we've got if they say that they're willing to do what they said they would do a long time ago.

MR. MYERS: Can I make a comment?

MAYOR CALAMARAS: Go ahead.

MR. MYERS: Dave, I really feel very uncomfortable with that idea, and the reason why I feel uncomfortable is because if we were to relocate the airport out to some hinderland east of 1-75 or wherever it might be, I don't see why we wouldn't be inheriting a similar type of situation with the FAA as it relates to surrounding properties. Because I don't see any reason why if you have a regional airport outside of where we have it now that you wouldn't again be having leaseholders that wanted to lease spaces around it and so forth, and here we are going through this all over again.

The other thing is that -- and of course I'm speaking from a very, very strong position of -

MR. FARLEY: Let me address that before we go on.

MR. MYERS: No. Let me finish please. I don't pretend to be as knowledgeable about the situation certainly as my colleague, Mr. Moore, Judge Moore's comments, but it appears to me that one of the

things -- and I don't know whether this is relative or not, but it would appear to me that the main focus point that the FAA would have on a general airport operation somewhat like we have here in Venice is whether or not you're keeping that airport fund in the black. Are you doing a responsible, financial operation with that facility because that's what you're charged with doing in order to keep that facility financially in the black in order to follow out the dictates of the FAA. I think that the City of Venice has done an admirable job over the last 10 years in doing just that.

Again, I'm not sure whether this gets into the political element or whether this gets into the financial element, but it seems to me that that is a rather strong point that if the City has been deeded this property and owns this property under the guidance, of course, of certain FAA regulations, that that one would be the key one. Are you operating this airport in a financially sound fiscal manner. Because if you're not then FAA has every right to step in and make all kinds of demands that you're not doing this, you're not doing that, you're not getting enough rent, you're just not fiscally responsible. And I think that's very important.

MR. ANDERSON: I wish that was the standard, but it isn't.

MAYOR CALAMARAS: Actually, we've made that argument and have been making that argument. George has pointed that out all along.

MR. MYERS: One last thing, too, is that you mentioned about an airport manager and I couldn't agree more. If you'll recall about a year ago I invited Fred Piccalo (phonetic) who is the General Manager, the Executive Director, I believe, of the Sarasota/Bradenton Airport. In fact, he spoke to counsel and so forth and then I had an aside with him. He recommended very, very strongly that we hire a full time airport manager whose got airport manager type of expertise. Now I'm not trying to run down Larry Heath. I think that considering what he's had to do and the time and all that, but I really don't think that Larry has the background and the expertise to take on that job. I think we need to have a person whose got a background of that, and particularly that's very marketing oriented.

MR. FARLEY: Larry has a degree from Embry-Riddle Aeronautical.

MR. MYERS: I don't care what degree he's got.

MR. FARLEY: So he does have some background.

In answer to your opposition to even looking or thinking about a proposal to look to somebody else to relocate, we would be starting with a clean slate because they're not going to move anything or they're not going to allow us unless we come up with a whole brand new document. If we don't come up with a document that's acceptable to us and acceptable to them then we're not going to do it. So we won't have all of those things to argue about. But if they're willing to talk to us about a relocation, I think we would be foolish not to talk about relocation with them.

MAYOR CALAMARAS: The only thing is now with the relocation is you're talking something way down the road.

MR. FARLEY: Eighteen months.

MAYOR CALAMARAS: We're locked into something that's going to take place in the next three weeks, two weeks. Did we get an extension, Bob?

MR. ANDERSON: We're working on it.

MAYOR CALAMARAS: As far as negotiating with the FAA right now, we've been negotiating with the FAA for the past three years. It's gotten us nowhere. We've brought political pressure to bear, it's gotten us nowhere. George has fought every single fight that we could throw at them, including what Jim was just

talking about, the fact that the airport is now running in the black, where 10 years ago it was a couple of hundred thousand dollars in the red. We've pointed that out to them. They're not negotiating with us. They're telling us that the negotiations are over, I'm going to make an administrative decision, and this is it. And this is where we are right now. That's why I don't think we should be negotiating with the FAA right now, we should be negotiating with the VGA and taking something back to the FAA that they might find more amenable and put this all behind us.

MR. MYERS: Supposing the VGA doesn't want to negotiate.

MAYOR CALAMARAS: That's going to be another fight.

MS. WARREN: That's not what I saw on the report that came from the FAA. Their last sentence, their last paragraph says that they invite informal negotiations.

MAYOR CALAMARAS: And the negotiations they're inviting is that lease that you've got is no good, we've told you it's no good for the past three years, and now it's time to negotiate -

MS. WARREN: Well, that may be. But they still are inviting us to discuss this. So that is still a

door open to us, and John speaks to that.

MR. FARLEY: Where do we start these negotiations? I don't see any real reason to start with -- I mean, they've already moved it from Reynolds, haven't they?

MR. ANDERSON: Yes.

MR. FARLEY: So we're out of that realm. We're talking with new people. They're going to be the personalities that somebody calls from the back door and says this guy's a rat fink. As soon as whoever's doing the negotiation, they can find out.

MAYOR CALAMARAS: But the new people have said to us after our latest -- George, how long was that report that you sent up there when we were waiting for a reply?

MR. HUNT: That was 10 pages of letter plus 25 pages of backup.

MAYOR CALAMARAS: And their response was we're going to go to court over it or we're going to go to an administrative hearing.

MR. FARLEY: You know how it goes and I know how it goes that you rely on your underlings to give you some information. So somebody at a lower level has said these guys are no-good rat finks and this is my recommendation to go get them, and somebody's saying, okay, let's go get them. Now when you get to say wait

a minute, let me sit down, you've heard from your man, let me show you our side of it. In every case that we've gone to talk with Blair, Blair heard the same thing. We took the spanking from him, we sat and listened to him, and all of a sudden he goes you're right, you're right, you're right. I think the same thing will work when we move up the ladder to the next portion.

MAYOR CALAMARAS: Let Bob go and then Rick. Rick's the only one we haven't heard from yet.

MR. ANDERSON: We do have an opportunity to resolve this short of an administrative hearing. There is a window of opportunity that we seize upon. I agree with Mr. Moore in his proposal to pursue that. I also like his idea of this needs to be pursued on parallel tracks. What we need to do is we need to file the appropriate response to the Notice of Investigation so that we have the administrative proceeding running its course at the same time either through your mechanism or any other mechanism available trying to get the appropriate meeting with all of the players in this because I believe there is a middle ground solution to this that just hasn't been explored. I think up to this point in time it's basically been a win-loss situation for by both the FAA and the City of Venice

and I don't think that middle ground has been explored to the extent it should.

I've been litigating cases now for 22 years. What I've always done and I've always told my clients they need to do, and I'm going to do it to you as my client in this one, when you're confronted with entering into a piece of litigation you need to do a cost-benefit analysis very early on. You need to decide what your upside is and what your downside is, and then what the cost is going to be and find an out if you win or lose. Now in this one I think it's pretty easy, folks.

If you look at the downside on this, if we are held to be in noncompliance with our federal sponsor obligations then we will lose our eligibility for FAA funding and we will lose our eligibility for FDOT funding. Larry Heath has provided to George and I a memo that basically says that amount could be as much as \$12.4 million over the next five years. So that's your downside. I think you need to have that on the horizon to look at when you make your decision.

Now what's the upside. What is the benefit that will be gained by going to battle with the FAA. Well, you affirm the existing VGA lease. Now how do we get there.

MR. HUNT: I've got some things to add to that.

MR. ANDERSON: In order for that to happen we're going to have to hire counsel in Washington, D.C., we're going to have to go through a very time-intensive proceeding and an expensive, costly administrative proceeding. What I think we need to do is I think we need to -- there is room to work. We can come back into the good graces of the FAA and get our federal funding flowing once again and resolve this to both their satisfaction and ours, but that will also involve some negotiations that involve the VGA. The VGA has a good lease, but there is some flex in there that they can provide more than what they're required to under the existing document. I think they have the incentive to do so for this reason. If we are found to be in noncompliance as a result of that lease, that lease will be rescinded around then they go back to the old lease, the one that was executed in 1988 which had another option to renew which they exercised as an alternative to negotiating a new one, and that would then throw them into a much higher rental amount. So they have an incentive to be agreeable and accommodating and find some middle ground that will resolve this issue for everybody involved. I just think it's those things that need to be explored.

I like the idea of a settlement committee. Maybe

I'm going to surprise you and maybe I won't, but that settlement committee cannot function in the best interest of the City of Venice without George Hunt as a member of that committee. Okay. Can't be done. I think what we have to be smart, though. He is an asset and he is a necessary component of that committee, but because of all of the excess baggage and the personalities and whatever, however we've got here, what we need to do is have George a player on that committee, just don't put him out as the pointman where the FAA views it as this is just another level of us versus George. We need to use him as the asset that he is in this dispute, help him resolve it, but we need a fresh face.

We've got fresh faces on the FAA because they kicked it up to Washington. So we now have David Bennett and his staff. So we've got a fresh face on that side. You've got me engaged in this now, and that's a fresh face on our side, but we can't lose sight of the value that George brings to this problem and he needs to be a part of the committee. So I strongly would advocate that.

Again, I really think what we have to do is proceed to respond to the existing and pending administrative proceeding, but also pursue all of this

middle ground negotiations to come up with a lease between the City of Venice and the Venice Golf Association that will meet the approval of the FAA and put us back in the FAA's good graces, terminate this administrative proceeding which is trying to find us in noncompliance, find us in compliance, turn the spickett back on to FAA discretionary funding and we can get on with things. Because there's more important battles for this City to be fighting than taking on FAA.

MAYOR CALAMARAS: Rick, you're next.

MR. TACY: Well, that's exactly what's happening here. We're talking about hiring an attorney in Washington. If we're doing that are we hiring him to get him to resolve the situation are or we taking him to go head to head with the FAA. If we're doing that, I don't see anything for us to win. We've got fresh faces involved, they've sent us another document, and for the first time I actually now see where the FAA is coming from.

What they're saying -- and because we had another lease come up this year that was asking to have an extension and we denied the extension, I finally saw the comparison, what we're dealing with. We had a group of pilots that came and asked to have their lease extended this year and we said no. When their lease

runs out the City's going to inherit their building. We're going to lease it as the value of the improvements that are on that land that comes back to us. What the FAA, now that I've gone over this several times, is saying is reopening and extending the period of time of the VGA lease, of keeping the assets that should have been reverted back or should revert back to us, we're keeping, and therefore they're saying the fact -- we're strictly saying we're doing it on the vacant land. They're saying the value of the improvement on the airport should have been reverted back to us, and therefore now we should be getting the value of the land and the improvements on it.

Now my question goes back to our City Attorney is if that's the line in the sand that's been drawn by them where do we stand legally and how defensible is it?

MR. ANDERSON: I'm not prepared to give you a complete legal analysis because it's too premature. I've just been brought this. I've done some extensive research, but I'm not prepared to tell you the strength or weakness. I know you've got your hands full with a 300-ton gorilla and I think we need to deal with the administrative proceeding, but also realize that there is more risks than we really want to take on and that

this needs to be resolved by finding some middle ground that all three players can live with.

MR. FARLEY: We know we've got people stirring our pot from here. Does everything that we create with a committee, does that go directly to the public records or does that in some way become part of this Shade as our defense?

MR. ANDERSON: David, I wish I could tell you, but we have never in the 13 years that I've been City Attorney never had an established settlement committee so I'm going to have to look to see whether or not that committee still has the confidentiality of the work product that flows between the attorney and his client or whether or not because of government and the sunshine and public records law that somehow becomes public. Obviously, I will involve the settlement committee to the extent that it doesn't have to be done in the sunshine. If it has to be done in the sunshine then it's going to have to be done by the attorneys so that we can keep strategy legal theories and all that to ourselves without having to show our hand in public.

MR. FARLEY: It's interesting to note that when we announced the Shade committee that Herb came up and volunteered his services. Does anybody have any idea what kind of services he's going to provide to me? I

have a farmer that has a bull and that bull has services. I don't know that that's the same kind of services that I want.

MR. MYERS: This letter sort of outlines that.

MAYOR CALAMARAS: John is up next.

MR. MOORE: I just wanted to say that the only reason I suggested that somebody on Council be on it is because we're the party in this case. Maybe it should be Mr. Farley or the Mayor because of his standing in the community and his long-standing familiarity with this, and I would be better serving in the background so to speak and being on the committee. So I just throw that out. It occurred to me that no more than one member of Council could be on this committee or we'd be in violation of the sunshine.

MS. WARREN: That's right.

MR. HUNT: That's right.

MR. FARLEY: I don't know that I want to be on that committee, but I would prefer that you be on that committee because you've already played in that ballpark, you know that realm, you know what you can do and what you can't do and where you can go. You've already got a different standing than we do just by having your degree, where you've served, what you've done, and that would be my proposal that you serve on

that committee.

MR. BROWN: Nothing prevents George and other administrative people other than elected officials from serving on this committee. The committee doesn't have to be confined to three. It can be four people. I assume that the people were Venice are all of the same mind or more or less the same mind and there's not going to be a conflict that you need a deciding vote on that committee. I think George and another administrator can serve on that.

MR. FARLEY: We can call in any staff that we want.

MS. WARREN: On Rick's analysis, this is beside the point perhaps, but I need to clear up in my own mind. Your analysis is that the FAA's argument with us is because we didn't let the lease run out and have that revert back to us and then go and negotiate that that's what their plan would be, if I understand what you're saying. They wanted that lease to run out and have it revert back to us. But they had, they being the VGA, if I understand the lease, had an opportunity to negotiate at the end of the lease?

MR. ANDERSON: No.

MS. WARREN: There were no more times left?

MR. ANDERSON: Not for negotiation. For renewal.

That's different.

MS. WARREN: For renewal, okay. So at that point you're saying then it would have reverted back to the City and all the improvements?

MR. ANDERSON: I know the question and I'd like just a minute and I can clear that up for you. One of the points, and it's just one of the points that the FAA has made in their Notice of Investigation, is this notion that vacant land at one time was rented to the VGA. The fair rental value of that is treated as vacant land. But then you do a 10 -- excuse me, more like 20, 25-year lease where the tenant improves the property, constructs vertical improvements, and at the end of the leasehold term, 20, 25 years, then the landlord gets back an improved piece of property, in this instance a golf course, and then when he decided to rent that to somebody else he wouldn't be renting vacant land, he would be renting it as an improved golf course which he would be able to realize a much higher rent.

MS. WARREN: I understand.

MR. ANDERSON: What the FAA took offense to was every time we got near the end of the lease period for the VGA, instead of negotiating a new lease for improved property we merely extended the term and kept

on putting off the reversion of the land and vertical improvements to the City. They say that in that way they believe that that was a diversion of revenue to the airport. Because what we should have done is whatever lease you want to look at, let it expire, then if VGA was interested in continuing to operate, just cut a new lease with them, but negotiate that you were renting them now improved property. Just one of the points they made.

MS. WARREN: One other follow-up. So in other words, they're saying we would never be able to take the existing lease and renegotiate it midterm? We never had that option?

MR. ANDERSON: No, they don't say that. They say you can, but you can't continue to treat it as vacant land for the purposes of determining fair rental value because you're ignoring the fact that at some point in time it will revert to you as improved property.

MAYOR CALAMARAS: And a good way to point that out is the first lease was in 1958. Here we are in 2003 and we still don't own the golf course because at the end of every 20-year lease -- before every 20-year lease was up we renegotiated some little thing about it, price.

MS. WARREN: And we aren't allowed to do that?

MR. ANDERSON: Unless you accelerate the rent to address the fact that it is improved property.

MS. WARREN: But the appraisals were on vacant land.

MR. ANDERSON: And that's their whole objection.

MS. WARREN: But they were the ones that wanted us to get appraisals.

MR. ANDERSON: No.

MS. WARREN: They didn't? MR.

ANDERSON: No.

MAYOR CALAMARAS: George, go ahead.

MR. HUNT: First of all, we did not settle for fair market value of the vacant land. Both appraisers determined that the land was approximately \$1 million. We received \$160,000 so we received \$60,000 for vertical improvements that the golf course had put up. I believe the argument is more finite in that they're not arguing, or at least logically they shouldn't be arguing that we received no compensation for vertical improvements, they're arguing that we didn't receive enough money for vertical improvements. According to appraisals we got \$60,000 for vertical improvements.

The other that I'd like to pass around, and this becomes difficult because the FAA can't make heads or tails of this, but I finally got true numbers today.

In addition to the \$60,000 in vertical improvements, we received a \$1,227,973 capital improvement. The loan payments are \$88 per month or \$105,000 annually. That's for system wells and pumps which they've purchased and put in. There will also be service warranties on the systems after the first year. They're all warrantied for one year.

So far the electrical costs are running \$2,800 per month. Rod has admitted he is not running the system every day and in fact allowed some dry patches to show because of the expense of the electricity has far exceeded their expectations. Based on that \$2,800 a month right now that's a \$33,600 annual cost. That number is probably low because we can expect during the summer to see that number rise considerably. So we got the \$100,000 for the land just as 5190 states, we got \$60,000 for vertical improvements, and by extending the lease we encouraged and got \$1.2 million capital improvement put in that we would have otherwise been responsible. Plus, we have relieved the utility repairs of at least \$33,600 a year in costs, probably more. The final estimation that John Lane and I have is it's going to cost us somewhere between \$60,000 and \$70,000.

I've been in contact with the VGA and they are

faced with these numbers. They were quite willing to come back to the table and renegotiate the rent upward to some factor that will make the FAA happy if we're willing to take back some portion of the irrigation system, even though they've already put it in the ground. They might even be willing to do it just if we promise to take over the power costs because if it does run \$60,000 or \$70,000 a month -- a year we'll end up losing money over the current deal we have with them. So I just wanted to clear up that we got more than just the vacant land price.

MAYOR CALAMARAS: The FAA has stated that this whole argument with the irrigation system is irrelevant, that that's one of the things they're talking about.

MS. WARREN: I know, I know. They don't care what it's costing the rate payers. They don't care.

MR. HUNT: We can take that reuse and sell it to the customers on the island and prove to them how valuable it is to the airport because the golf course will dry up and blow away.

MAYOR CALAMARAS: They've ignored that argument.

MR. ANDERSON: Again, these are all points that go to the argument that we are in compliance. I'm not telling you, folks, that just because the FAA has

issued the Notice of Investigation that they're correct in all of their assumptions and their allegations are true, but we have to respond to them. I'm just telling you that there's plenty of incentive here. It's obvious that the VGA has constructed an irrigation system that far exceeds their expectations in operation and maintenance expenses. They have an obligation under the disputed lease to receive 400,000 gallons a day.

MR. HUNT: Yes.

MR. ANDERSON: And obviously they aren't doing that.

MR. HUNT: No.

MR. ANDERSON: They've been taking less.

MR. HUNT: Yes, they are.

MR. ANDERSON: There was one period of time when Rod Perry took nothing for 20 consecutive days so technically they're in breach of the agreement. That's what I'm saying, folks, there's room to explore here. There's an opportunity for some give and take by both the City, FAA, and the VGA to get this resolved to everybody's satisfaction.

MAYOR CALAMARAS: David.

MR. FARLEY: This guy comes to me and talks about doing a relocation. I'm not so naive that he hasn't

already sat down with the VGA and talked to them about that and talked to them about what's going to happen and then everybody becomes out of the realm of FAA. We don't have to worry about leaseholds with VGA anymore if somebody else becomes an operator or we become an operator of a new airport someplace else. So it has a lot of good points to it if we just sit down and keep open minds about thinking or letting them go start their negotiations with the VGA and the FAA about the relocation and we let them negotiate with George to say we're ready to take over and move or relocate or do whatever and come up with a win-win for everybody all the way around.

MR. ANDERSON: David, I'm not trying to put a damper on the relocation of the airport, but that is a long-term solution that really isn't going to give us much relief given our current dispute with the FAA. This needs to be resolved in the next two to six months, and proposing a relocation of the airport I just don't see as a viable solution to our existing problem. I'm not saying that's not a good thing to explore or anything else, it's just not an answer to this current dilemma.

MS. WARREN: Mayor.

MAYOR CALAMARAS: Mrs. Warren.

MS. WARREN: If I may go back to the sunshine question. At this point you can't tell us if a separate committee has the obligation, for lack of a better word, of operating in the sunshine?

MR. ANDERSON: I am pretty certain that a settlement committee composed of let's say the Mayor, the City Manager, and the City Attorney for the purposes of resolving this dispute, we will have no problems with either government in the sunshine or the public records law. I'll just qualify that by saying, folks, I've never researched that in depth. This is the first time it's come up. But my feeling is that shouldn't be a problem and we ought to be able to make it work. If it doesn't, if there's any little nuance that causes us a problem then we just operate the committee around it. I can make it happen if that's the way you want to go. Quite frankly, I think that's a great idea.

David, you know I respect you, but again I think we need a fresh face from Council. So I would suggest that it be somebody who hasn't been in the meetings with Orlando or anything else. Obviously Mr. Moore would be a good addition. It might be too heavy with the legal side for me, Washington counsel, and Mr. Moore. I think the Mayor would be an ideal

candidate to be council's representative on that committee because the prestige of saying the Mayor is participating in these discussions, believe me, folks, that carries a lot.

MR. MOORE: I would agree with that.

MR. FARLEY: I agree, too. I don't need to be there. I've been there just when they've asked me and I don't have any thoughts of wanting to be there.

MR. ANDERSON: What would be nice, too, is if the Mayor was the Council representative, he has a different way of looking at the dispute and the resolution than Mr. Moore and I who would look at it more from a legal attorney advocate. I'm thinking that mix with George from the administrative side, me from the legal, and Dean representing the City Council, I think that's a nice mesh and it might afford us the greatest possibility of getting this resolved.

MR. MYERS: I think Dean is perfect because he knows, it's his background, how to clean things up.

MS. WARREN: Bob, does that also follow that papers that are generated by this committee, correspondence, et cetera, are not public record?

MR. ANDERSON: There's a limited exception that I can do as work product, but a lot of this is going to be public because remember it's going to be going from

a city, a municipal corporation, to a federal agency. So they have their Freedom of Information Act to deal with and everything else. I have a feeling that everything that gets done in this case at some point in time is going to be exposed to the public eye. It's just that we can do a lot of these Shade Meetings to talk about theories and strategies that we can keep out of the sunshine.

MR. FARLEY: If you're doing it out of your legal file and George is not writing the letters, but you're doing it out of your legal file that doesn't become -you can hold that because of the work product?

MR. ANDERSON: Work product.

MR. FARLEY: And what you file up there, file something for Freedom of Information Act and it's going to be six, eight months before you get copies of it anyhow so it's pretty much hidden.

MR. ANDERSON: But I'm just saying the Notice of Investigation is obviously a public record the day we received it. When we file our response to the Notice of Investigation that is going to be a public record the day I create it. If there's correspondence back and forth between the City's settlement committee and the FAA staff, those things are going to enter the public domain under Chapter 119. But some of the stuff

that we can do in Shade Meetings that we can classify as word product, we, of course, will throw that net as wide as we can to keep as much of that as possible outside of the public domain.

MR. MYERS: Bob, could I ask a question. Now that we've been talking about this thing for an hour and 13 minutes, I assume we're ready to make some kind of a decision pretty quick. If we make this decision, say we agree with what you all have said, have this committee, what's the next step? What's the procedure? What happens when, with who, and how? I'm sorry, I don't mean -- but we can go on and on and I'd like to get to a point.

MS. WARREN: You know, Mr. Myers, that may be what you want.

MR. MYERS: I'm not suggesting that I'm throwing this out for a motion, I'm merely making a statement.

MS. WARREN: I know you're not, but the statement -

MR. MYERS: Hold it just a minute. Let him finish.

MR. ANDERSON: Let me talk about three levels because I think we've got three tracks going. Number one, I've identified an attorney in Washington, D.C. who I'd like to bring onboard to assist us in our

dealings with the FAA in the formal administrative proceeding. He's a gentleman by the name of Tom Devine. He is a partner in the Washington office of Foley & Lardener. I've spoken with him. He concentrates his practice on legislative, regulatory and legal aspects of airport operations, including representation before the FAA and the Department of Transportation. He was a former attorney with the FAA's legislative staff. He represents large and small airports nationwide.

The way I got to him is Dan Bailey, an attorney with the Williams Parker firm out of Sarasota has been the General Counsel for the Sarasota/Bradenton Airport Authority for years, and Dan and I are good friends. I called Dan, I told him of the investigative proceeding that was ongoing with the City, asked him if he'd ever been involved in such a matter, and if so who would he look to for assistance. He put me on to Tom Devine. Tom and I have had a couple of phone calls. He's sending me an engagement letter. I sent him a package of information and requested that he proceed with obtaining an extension of time within which the City could file its formal response to the Notice of Investigation.

So what we would do next is I would keep him

going. We need to -- and Mr. Moore is very correct. You want to show the other side that if necessary we will handle this in front of an administrative law judge and we will put forth our best argument, our best legal argument, a factual presentation, and we will litigate this in an administrative form if necessary. At the same time, you invite them to resolve it short of an administrative hearing. So I need to have Tom Devine and I prepare the response to the Notice of Investigation and proceed with that.

Then we would make these inroads, when can we get together, who do we need to involve at the table to start pursuing discussions with how this can be resolved, this middle of the ground that I think needs to be explored. Those obviously would also entail some meetings with the VGA to see where they've got some flex, remind them of the strengths of their position and the weaknesses of their position. I think all of those things would have to go next.

The procedure, and Mr. Moore, you had requested at the close of the Council meeting that I be able to tell you all where this goes from a procedural situation. We've got the notice, we have to file our response, then the director makes a determination. Once he makes his determination, and he will make that without any

hearing, okay, he just makes it on the submittals from the parties.

MR. FARLEY: What kind of a determination are we talking about?

MR. ANDERSON: He could determine that the City is in noncompliance of its federal sponsor obligations. That could be the determination he'd make or he could say I've looked at everything and I find you to be in compliance. If he finds compliance, it's over. If he finds noncompliance then we have one of two roads to walk down. We can either file an appeal to the Associate Administrator and then he will issue a final decision, and that is an appeal that will just be a submittal of briefs and additional information. Or you can go another route, which is request a hearing in front of an administrative law judge under Sub Part F of the regs, and there you'd have an actual administrative hearing before the hearing officer and then he would render his final decision. After that is all said and done there could be judicial review in the United States Court of Appeals. That's the process. We're in the first stage of

I can't tell you -- you never -- you want to win your case in the first inning. Blow them away quick. Don't lay back and say let them have the first couple

innings and then I'll get them in the ninth. You never want to do that. So that's why it's critical that our response to the Notice of Investigation be as good as we can do because we want that director's determination to be City of Venice is in full compliance with its obligations, end of story. But if not, you then set the stage for the second and third inning if you need to go there.

Jim, did that help you?

MR. MYERS: Yep.

MR. ANDERSON: But again, I didn't have any proposed course of action other than what I gave to you at Tuesday's Council meeting, put it in my hands, authorize me to bring outside legal counsel in, and then have a Shade Meeting. This is the opportunity for you, as the Venice City Council, to determine what course of action you want me to pursue with whoever you feel is appropriate to add to my team.

MS. WARREN: You gave us these for some reason, George.

MR. HUNT: What I passed around is simply Harry Rapkin's final judgment. I think it would be very persuasive, especially Page 2, in front of an administrative law judge as to the special circumstances of the VGA golf course and the actions

the FAA has taken against us over the years.

One of the things I want to remind the board on is the downside of completely abandoning the political process. We have a piece of property on the ocean that we're going to get an appraisal in in the next few months. In my estimation it's going to run in the \$16 million to \$18 million range. It has been our philosophy since the beginning of the audit that we were to argue each of these leases to the lowest possible denominator to make things feasible.

We would never have been able to afford to buy Brohart Park for \$1 million. The Little League would never have been able to pay \$25,000 a year in rent. They would have moved. The FAA, when they see that appraisal, is going to expect \$1.6 million in rent per year.

Now that does two things. Number one, that totally precludes us as a body from determining it's available for public use because we couldn't afford it, folks. There's no way we could pay \$1.6 million in rent.

MR. FARLEY: The appraisal is going to be on what part?

MR. HUNT: On the whole part.

MAYOR CALAMARAS: The sewer plant area.

MR. HUNT: Maybe some of you in business have a better idea as to whether or not somebody could make it work with a base payment of \$1.6 million in land rent, but it would be my intention to ask Katherine Harris to have that declared public recreation facility that has the airport provide good will to the public and have them sell it to us or lease it to us at a much lower amount than \$1.6 million. We can't lose sight of the fact that this is Round 11 of a 15-round fight. We're ahead on the card in nine of the first 10 rounds. We seem to be losing this round, but the final rounds are still coming up and there's going to be other issues and other questions. I know most of you have talked to me about what will it take to make that a public park. Well, unless we exert political pressure it's going to be a sand spur repository and that's all it's going to .be.

MAYOR CALAMARAS: Bob.

MR. ANDERSON: I would just say I don't think there's any problem with while we're dealing with our current issue with the FAA regarding the VGA lease that Katherine Harris' office and Howard Marlow and whatever other resources we want to tap into proceed with designations of the island beach treatment parcel, but I think if you really read the correspondence recently

from FAA staff in Washington, D.C., they acknowledge that we turned Dan Miller's congressional staff on them, and they said fine, we met with them, didn't make a difference, and we're proceeding on course. To now throw Katherine Harris' staff into this fray I think you're going to commingle two issues that don't need to be tied together. So I would advocate that we proceed with a settlement committee to pursue what we've talked about, and on another matter as far as I'm concerned the City is pursuing the island beach parcel as a recreational designation through Katherine Harris' office, but don't tie the two together. They don't need to be and they'll just burden each other.

MAYOR CALAMARAS: Rick.

MR. TACY: That's what I was going to say, basically the same thing, is that trying to get her to give us Brohart Park is appropriate use of political pressure. Trying to hammer through a lease that is at a dead impasse is not the proper use of political influence.

MAYOR CALAMARAS: John.

MR. MOORE: I don't know if this is appropriate, but after listening to all of the alternatives and particularly to Bob and to George, I really think that the Mayor would be the appropriate party from Council

to be on the settlement committee along with Bob Anderson and with George Hunt because we're dealing with a whole new group of players in Washington here on this. I don't think that the position George -- what I perceive George to find himself in down here in Florida is going to prevail up there at all.

MR. HUNT: I don't ever have to show my face.

MR. MOORE: To that extent, I would actually go forward and make a motion that that be the settlement committee.

MR. ANDERSON: We can't take formal action in a Shade Meeting, but what I'll do is I'll just at next Tuesday's meeting I will in an administrative report to you say could we please designate the three of us, and then you can take formal action in that meeting.

MR. FARLEY: I would like you to leave that -that if the Mayor is unable to attend that we can select another committee person.

MR. ANDERSON: What I always do there, I put the Mayor or his designee. And then if you're unavailable for a meeting and we need somebody else, they have the same authority that you would have.

MAYOR CALAMARAS: Are we going to Washington? I'm ready to go to Washington.

MR. FARLEY: I would say yes. We don't need to

skimp. If we need to go, we need to get on a plane and go. That needs to be part of our consensus that -- I mean, that's the minimal part of the expenses of this thing, getting on a plane and going to Washington.

MR. ANDERSON: The last time I went to Washington, D.C. for you all was to meet in the Pentagon with the Army Corps of Engineers to negotiate that local cooperative agreement so it's been a while. I really think with Tom Devine, being our Washington man, we can accomplish that without all the costs associated with having to make trips to Washington. Will we at some point in time need to do a face-to-face, yeah, but quite frankly conference calls, teleconferencing and some other things can reduce those expenses considerably. But, yeah, if we need to, and if George and I and the Mayor, whoever else is on this committee determine that there's a benefit to be gained by going to Washington and sitting across the table from these people, we'll certainly make that effort.

MR. TACY: Are we in the proper timeframe by waiting until our next meeting?

MR. ANDERSON: We're fine. Because quite frankly, folks, I'm going to do what we've been talking about anyways. I've already sent documents up to Mr. Devine asking him to please file the appropriate pleadings to

obtain us an extension of time so that's ongoing at this time. This mound of documents that George is going to give to me now, I had sent requests to many of the department heads talking about the documents that I need to both review myself and to send to Washington for Mr. Devine.

MR. HUNT: We tried to say these are the most important and the rest is rehash issues.

MR. ANDERSON: When I saw this I thought we just hadn't closed that bond issue and I had to review the official statement again. But no, this would be another.

We're going to start working, digesting and doing all of these things. George and I and the Mayor for the time being will meet probably next week for an initial strategy conference as to when and how we bring VGA into this discussion. I can advise you that probably on Wednesday, if not Wednesday it was Thursday after your Council meeting, I called Dan Boone and I invited them to provide me any information they thought would be appropriate for me to have available when I'm formulating our response to the Notice of Investigation so I've solicited their assistance and their input. So we'll continue to work and, no, we will lose no time by waiting for January 28th to formally establish a

settlement committee.

MAYOR CALAMARAS: Burt.

MR. BROWN: Can we put forth a caveat that nobody at this table will say anything to the press or the public?

MR. FARLEY: That's part of what his opening statements were.

MAYOR CALAMARAS: Yeah.

MR. ANDERSON: I really think this is one -- I mean, obviously the newspapers have been calling me every day since Tuesday. I basically told them this is a matter between the Venice City Council, George Hunt, and I, we will resolve it, and we will do what's necessary to represent the City's interests before the FAA. Other than that I had nothing to say.

MR. FARLEY: I have no comment.

MAYOR CALAMARAS: And I think, too, in discussing the lease in general, the City of Venice has what we feel is a good lease and we're just in the process of negotiating that with the FAA.

MR. ANDERSON: I think what we might do because I think something out there would be appropriate. George and I and the Mayor will work with Pam Johnson at some sort of press release saying this is what we're doing, this is how we're responding, and we'll put one unified

statement out there for the time being. And then we'll continue to have Shade meetings as developments occur and I think you need to be brought into the discussion. Of course, you know, George and I have access to you. If something can't wait for the next Council meeting then we'll meet with you, we'll talk with you.

MAYOR CALAMARAS: Yeah, we can call a special meeting.

MR. ANDERSON: And folks, really, you can call me any time you want if you just want to know what's going on on a file. I mean, nothing precludes you from doing that.

MR. FARLEY: Do we need to recess this meeting when we go back so that we can come back again right away?

MR. ANDERSON: Right. What we'll do is we'll conclude the private attorney-client session when you're finished. I don't know if anybody's got some closing comments. And then we go back into the Council chambers merely for the purposes of announcing that the Shade Meeting is over and move to adjourn.

MR. FARLEY: To adjourn or recess that so that if you want to call us next Monday back again?

MR. ANDERSON: No. This was -- what went on in Council chambers is a special meeting of the Venice

City Council. The only agenda item was to conduct the Shade. So you would want to adjourn that meeting because you'll remember at the last meeting in response to a request by Mrs. Warren I said I'm requesting at this time one or more Shade Meetings, and therefore I can do them as often as I need to.

MR. HUNT: Should we perhaps request the materials back that I passed out?

MAYOR CALAMARAS: I would say yeah.

MR. ANDERSON: Yeah, I'd say at this point in time. There's nothing that we're keeping from you, folks. If there's ever anything you want to see just let us know, but, yeah, I'd like whatever handouts George had today just returned to him and we'll proceed along the lines that we discussed.

MR. MYERS: What about this note from Boone about the Notice of Investigation, do you want that back?

MR. ANDERSON: That was your copy. You can keep that.

All right. Is there anything else we can discuss or help you with at this time?

MR. BROWN: I do want to assume that each one of us at this table will be called by a reporter and a reply to them in my estimation should not only be no comment, I don't think that's correct, I think we

should say -

MR. TACY: The City Attorney's handling it.

MR. ANDERSON: If you do get those phone calls -and again, folks, I'm not being presumptuous, just a suggestion. I think the appropriate response would be this is a litigation matter that Venice City Council has referred to the City Attorney and the City Manager for handling. Bam. Okay? That's not a no comment, that's not evasive, that's just telling you it's litigation and we aren't going to litigate this in the media.

MR. FARLEY: Okay. I feel very good about this committee and I feel very good about the direction we're headed.

MR. MYERS: And I feel very good about the comments that John put forward. I thought they were very constructive.

MR. ANDERSON: That's it. We'll conclude and we'll adjourn back to the Council chambers.

(THEREUPON, this private attorney-client session was concluded at 4:36 p.m.)

CERTIFICATE


(STATE OF FLORIDA)

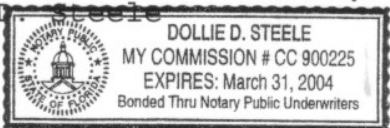
(COUNTY OF SARASOTA)

I, Dollie D. Steele, Professional Reporter,
do hereby certify that I was authorized to, and did
stenographically report and electronically record the
foregoing proceedings, and that this transcript is a true and
complete record of my stenographic notes.

IN WITNESS WHEREOF, I hereunto set my hand this
26th day of February, 2003.

Notary Public
State of Florida Commission
expires 3-31-04


Dollie D. Steele



DOLLIE D. STEELE
MY COMMISSION # CC 900225
EXPIRES: March 31, 2004
Bonded Thru Notary Public Underwriters