

IN THE MATTER OF COMPLIANCE WITH FEDERAL OBLIGATIONS  
BY THE CITY OF VENICE, FLORIDA

DOCKET NO. 16-01-11

Private Attorney-Client Session  
May 13, 2003  
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  
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Venice, FL 34292  
Attorney for City of Venice

DATE: May 13, 2003  
Commencing at 4:00 p.m.

Roberts Reporting

MAYOR CALAMARAS: We'll call this meeting to order. And before I turn it over to Bob Anderson I just want to make a few comments.

As you all know, we went to Washington to meet with the FAA. We met first with our attorneys or our attorney and spent several hours with him going over the whole case. He had already met previously with the FAA and had come to some conclusions. And with these conclusions we were going into that meeting with a certain knowledge that he had already gotten us, that the FAA was agreeable to settle for a certain figure.

I have to commend our City Attorney for doing a fantastic job at this meeting. After we met with our attorney he told us that the FAA had agreed to a specific number. If we go in there with that number we've got a deal and all we have to do is agree to it and we're out of there. He put forth to our attorney up in Washington that he had been thinking about this and wanted to take another angle at it and actually go for a much lower number. The other attorney told him that, well, I don't think it's going to happen, you've got nothing to lose. Actually, he didn't even really want him to do it. He kind of kept trying -- pulling away from us. Bob insisted that we've got nothing to lose, let's go in there and shoot for a lower figure, I

just want to give it a shot, and he did. Through that action and the things that Bob did and said with the new twist he put on the presentation we were able to win the FAA over to our way of thinking.

I can't say enough good about how that went because our attorney up there was just flabbergasted when the FAA decided to caucus and go out into the hallway and talk about our presentation. When they came back in I fully expected them to throw out that same number they had been talking about originally. They came back in and said, okay, we agree with you and we could do this. It was like silence.

So Bob did a great job. And it also vindicates George Hunt. George has been talking for a much lower number, he's been defending a lower number all along as a fairness thing, and through Bob's efforts the FAA now agrees with us.

I'll turn that over to Bob and let him tell you exactly what went on and what we've agreed to.

MR. ANDERSON: Thanks a lot, Mayor. I appreciate that. I was really pleased with the Washington trip. It did go very, very well.

We spent a ton of time prepping for it. We got up there, Larry and I, the night before, and then the three of us, Dean, Larry and I met with Tom Devine, the

Washington attorney, at about 10:00 that next morning and worked until 1:30, the meeting we had with the FAA. We had a working lunch and we rehashed everything. Tom Devine has done us well. The price tag is considerable, but he did an awful lot of preliminary meetings, education for the FAA as to our position and trying to move them away from some very high numbers that they were looking for originally. But when we got there, Tom Devine thought that the deal was going to have to be \$200,000 a year in rent for the VGA lease and he didn't believe that we were going to be able to get them any lower than that.

The week before I had come up with, I thought, a little different twist on the presentation. And I had an opportunity before our meeting that morning over a cup of coffee with the Mayor I said, Mayor, what do you think of this, I think I'm going to try to pitch this today. And then we discussed it amongst ourselves with Tom Devine, and Tom was just concerned that we had a deal for \$200,000. He thought if we got greedy and tried to get it lower that their response might be well then the \$200,000 is off the table because the first number was \$216,000. I thought that we could do it.

When we got to the FAA meeting there were four individuals from the FAA, David Bennett, David Cushing,

Wayne Highbeck, and the Attorney Beth Newman. We had a fairly long presentation with them. They asked a lot of questions. I really didn't think they were buying a lot that I had to say, but then they asked for a caucus. They left the room for 10, 15 minutes and came back and they have agreed that the number is now \$180,000 a year. Now the lease already provides us with \$160,000 in rent so the only difference we have now is we have to come up with additional revenue generated by the VGA lease to the tune of \$20,000 a year. I thought that was a great result.

The only conditions that they placed upon it were as follows. Number one, we have to agree that there will be no further lease extensions given to the VGA under the current document. So in other words, I believe they have probably 20 or 25 years in the initial term plus maybe two 5-year renewals. I believe the current lease takes them out to 2028. What the FAA is saying, we will agree to the \$180,000 as a solution to this problem, but the City has to agree that we will not renegotiate or we will not extend the VGA's lease term beyond the existing termination date.

Then the second condition was that only the FAA is going to be able to comment on the methodology they used to get to the \$180,000. They don't want the City

of Venice putting a spin on why \$180,000 is a good number, they don't want the VGA to try to justify or argue or explain the methodology. Their concurrence with that proposal at \$180,000 and the methodology they used to arrive at that agreement, they want to be the ones, the only ones to comment on that number. The problem there is they do not want the resolution that they've struck now with the City of Venice to be used against them in any other discussions they have about the application of self-sustaining and other grant assurances. We told them that we believe both of those conditions were acceptable.

The only outstanding issue would seem to be whether or not that \$180,000 is retroactive to the start of the lease or if it will just kick in like October 1 of this year or maybe October 1 of last year. Tom Devine and I have taken the position in the settlement documents that it will be effective as of October 1 of this year, prospective in its application. We have never gotten any indication from the FAA that they were looking to make it retroactive to I guess it would be October 1st of '99. So we think that's a plus. But again, that's the only remaining issue. But even worst case scenario, if they want it retroactive that means we've got another probably \$60,000 or

\$80,000 that we have to make good in order to bring us back into good graces.

But after we reached this gentlemen's agreement that meeting got awfully warm and fuzzy. They basically told Larry that they would free up the frozen grant funds with a phone call to Orlando. I know that shortly after, I think the week later, Marty Black and Larry Heath went to Orlando and the reception was pretty positive and that the funding seems to be turned back on. We seem to have come back into the good graces of the FAA, not only in Washington but in Orlando. So I believe we've accomplished everything that we sought to accomplish.

And quite candid, folks, I made the pitch for the \$180,000, I really didn't know that it was going to fly. I hoped it would help reduce the \$200,000, which was the number that was on the table when we walked in the room. When they came back after the caucus and said they'd agree to the \$180,000 I was ecstatic. So that's where we're at.

They have asked that this be kept fairly quiet until such time -- and I didn't want you all reading it in the newspaper, and they wanted some opportunity for us to start drafting the settlement documents themselves. And there was the big concern

about, again, our agreement that none of us will be commenting on how that number was arrived at, what the methodology was, what the math was, what the formula was. So I think where we go from here, it would be my recommendation that I would work with Pam Johnson hopefully tomorrow, Thursday at the latest, to come up with some sort of press release that basically says as a result of the meeting we had with the FAA in Washington we have tentatively resolved the Notice of Investigation. It will necessitate the rent from the VGA lease to be increased to \$180,000 a year, and that we've come back into their good graces and FAA funding will flow again to the Venice Municipal Airport, something along those lines. Because I think not only you, but the public seems anxious to find out how things were resolved.

After we do the press release the remaining issue that I have to work on is I have been and Tom Devine has been assisting me in researching whether or not we can pass that rent increase on to the VGA. Can we make them responsible for that \$180,000 such that the City doesn't have to kick in the additional \$20,000. We're researching a lot of different legal theories. We're going through the lease with a fine-tooth comb. And it is my plan at this time to provide you with that

legal position at the City Council Meeting two weeks from today in another Shade Meeting to advise you the strength of our legal position and whether or not we can make a claim against the VGA for that increase in rent or do we have to pay it ourselves out of utilities or some other subsidy.

We're also completing the settlement documents which I hope will then be ready for the Shade Meeting on May 27th. After I have completed the research, had that Shade Meeting with you two weeks from today and you make a decision as to whether or not you want to authorize me to attempt to have VGA pay the rental increase, then if indeed that's the direction you want me to go I'll have another conference with the VGA people and see if I can convince them that they should agree to an amendment of the existing lease to increase the rent to \$180,000 which resolves the NOI [the FAA's Notice of Investigation] and gets everybody back in good favor.

MAYOR CALAMARAS: Also at that meeting as we finished up, Bob said that the feelings were warm and fuzzy. We had a chance to broach the airport project. They wanted to know what we were doing out there. We talked about hiring an Airport Manager. And we talked about the beach project as well with removing the sewer plant. We got the maps out and they all stood around

and there was a lot of good feeling there. So it was an excellent meeting. I think the fact that we were there face to face did make a real impression on them. I think now we can work with the FAA. It was well worth the trip.

MR. FARLEY: Where did the discussion go with the sewer treatment plant?

MAYOR CALAMARAS: We just passed it on to them that this was what we were doing and we'd be talking about it. One of the guys joked that you got to pay for that, and we said, yeah, we'll be back here to talk to you about that. And they laughed and that's where it went. We've got some work to do there yet, but they know about it now, it's not something that they're going to read about in the paper. We broached the subject.

MR. ANDERSON: They were very impressed with us telling them that for the decommissioning of the island beach plant that Larry and Marty would be travelling to Orlando to advise them of our plans and not just send a fax or a letter. They also liked the idea that the City Manager was advocating the hire of an Airport Manager as soon as possible with the backing of the City Council. They thought that was a big plus. The other thing they liked was we told them a little bit

about the Airport Business Park. They, again, liked the idea of us working with Orlando to find out any objections early on, work them through, have full discussion. I think it was a huge step towards putting behind us the obvious animosity there was between the City of Venice and the Orlando FAA office. There are new faces and everybody has a different attitude and it was really a plus.

MR. MYERS: Bob, I get the impression that -- at least I have the impression anyway that you were able to convince them that the City of Venice is trying very, very hard to make the airport fund be as self-sustaining and growing as possible, that we're taking and using every avenue to try to enhance the airport fund so that theoretically we would reach a point -- I said theoretically -- to where we wouldn't need any assistance financially from the FAA for airport maintenance and improvements.

MR. ANDERSON: The Mayor, Larry and I, though, never say that we won't need your assistance in the future.

MR. MYERS: No, no, no. I said theoretically.

MR. ANDERSON: Yeah. The idea is that we understand our obligation under all of the documents including the grant assurances that we have to be as

self-sustaining as possible and we're moving quickly towards that, but that is always going to be in partnership with FDOT and the FAA because they're integral players in any aviation facility

MAYOR CALAMARAS: And we were able to show them as well the record of the airport that has come from in the red for so many years to being well in the black now. We've been working to that end. The presentation, it just -

MR. FARLEY: Any discussion with them about how we're getting bombarded with some adversarial people loading them up with misinformation? Did they talk about that at all or did they acknowledge that?

MR. ANDERSON: No. And in fact, one of the important things there, folks, was we divorced ourselves from the VGA and Dan Boone in the first 15 minutes of that meeting because the correspondence that they received from Dan Boone was incendiary and we needed to make sure that they weren't lumping us together because they're not real happy with the tone of the correspondence they've been receiving from VGA and Mr. Boone. So we divorced ourselves from that. So we didn't get into rehashing how it is that we got to where we were. Our idea was we're in this for whatever reason, you know.

We weren't going to convince them that we're there because some of their people took it upon themselves to give the City of Venice a hard time, just like they weren't going to convince us that this was all the City's problem. So the idea was let's not even go there. We're here for whatever reason, there are new people in the room and these players are now left with finding the resolution of this problem and nobody really cared how it was that we got there. So we spent absolutely no time talking about why did you do this to us, why did we do this to you or any of that. It just wouldn't have been productive.

MR. FARLEY: Any indication that they had any thoughts or ideas or help for us for our new manager at the airport? Did somebody have a brother-in-law under his thumb somewhere that needed a job?

MR. ANDERSON: No discussion like that.

MAYOR CALAMARAS: I got to make an opening statement and talk about the prospective of the airport from the City's point of view, and we did divorce ourselves from the VGA right up front, saying that we're here to solve the problem that we have with the FAA, and their problems are different than our problems and we're looking out for our interests and they're on their own. That way when they did -- because they did

mention the Boone letters and how belligerent the tone was.

MR. FARLEY: Did they talk anything about the letters from the tax leak [sic - should be 'tax league,' a reference to the Venice Taxpayers League] and Cheryl Batty (phonetic) and any of those?

MAYOR CALAMARAS: The only one that was mentioned was some of the Boone's correspondence.

MS. WARREN: Let me ask you a question. Are the Boones aware of the administrative -- or that an order is going to be because it hasn't been drawn -

MR. ANDERSON: No. None of us, and we all talked -

MAYOR CALAMARAS: Even as of right now today.

MR. ANDERSON: We all talked, the four of us, Dean, Larry, George and I after the meeting that we were going to keep it amongst the four of us until we had an opportunity to talk to you, and then we would do it by means of a press release. But we don't think we're going to be able to sit on the \$180,000 figure for too much longer, but we wanted you to hear it from us before you got it on the headlines of the Herald Tribune or the Gondolier or anybody else.

MS. WARREN: So you're saying before we get a look at whatever -- is it an order that's going to come? Draw an order, an agreement?

MR. ANDERSON: It will be some sort of settlement agreement where they find us now in compliance.

MS. WARREN: Okay. So the \$180,000 figure will out before that gets to us?

MR. ANDERSON: Correct.

MS. WARREN: Okay. I hear you.

MAYOR CALAMARAS: When we met with the VGA before we went to Washington and we were discussing the figure at around \$216,000 and we asked the VGA to split that, if we go in there and this is what we're going to get -- because we went up there with the idea that probably that's what we were going to get. Our attorney up there had already gotten them down to \$200,000 and then Bob worked them over again for another \$20,000. But we asked them if they would split that if we came up with the \$216,000, and they said, no, you've got a problem with the FAA, it's your problem, not ours, we've got a lease. And if they hold that tone we've got two options. We're either going to have to sue them and go after it or we're going to have to eat it ourselves. I think George has some ideas.

MR. HUNT: There might be a third option. We talked yesterday about the parking needed for the dog park. They might be willing to give us that at a discount rate in exchange for some remuneration on our

part for the lease and then we could accomplish both at the same time.

MS. WARREN: Well, I'd say the whole \$20,000.

MR. ANDERSON: We've got to be very careful how we obtain the \$180,000 result because it cannot negatively impact the Airport Enterprise Fund in any way, shape or form. That \$20,000 has to come from a source independent of the airport or else FAA will say this is just a shell game, folks.

MR. HUNT: They're paying for that land right now so if they choose to give it up I think we can work that in in some way.

MS. WARREN: So it has to be a net to the FAA of \$180,000, is that what you're saying?

MAYOR CALAMARAS: My feeling was that and is that we should go to VGA right away and say we've got the approval of the FAA on this lease, you know, it solves your problem, it solves our problem, and you're going to have to eat the other \$20,000.

MS. WARREN: Eat the \$20,000, yeah.

MAYOR CALAMARAS: And let them make a counterproposal from there and then we can start working the other things in there if we have to. Let's see where they go with that because they were looking at paying half of the -- it was like \$28,000 that

we talked about originally.

MR. HUNT: The Mayor and I are going to have breakfast with the representative, either Bob Miles or Don Shrode, and one of the Boones to float that idea.

MR. FARLEY: When?

MR. HUNT: As soon as we can all coordinate our schedules.

MR. TACY: I hope that the first thing you're floating is you've got \$20,000 more to pay a year.

MAYOR CALAMARAS: That's where we start.

MR. TACY: I mean, and be rather firm on that.

MS. WARREN: Yeah, I would think so because they were definitely losing something, definitely if the FAA came back with a higher number.

MAYOR CALAMARAS: Well, we also have to look at -Bob's going to do the -- they're still looking at the leases to see where we stand legally to see how strong we can be. We may have to negotiate and we may not have to.

MR. HUNT: We've got to be careful, too, because depending on what Bob finds out in our legal position we now have an irrigation system that costs considerably more than what we thought we were giving away to the tune of \$180,000 a year. Any retro on the lease where they're going back to the old lease or

exchanging responsibilities or something and we'd actually end up in a worse position than we were originally because all of a sudden that irrigation system might be our responsibility again, and lo and behold it costs a lot more to replace it than anybody originally thought.

MS. WARREN: Maybe that was a factor in the group's decision knowing that that was a more expensive facility.

MAYOR CALAMARAS: We still have a lot of things to do yet.

MR. HUNT: We got some very late information that I'm not sure why the VGA had been reluctant to share with us, but their actual assessed value right now is only \$1,620,000, and that's five years into the lease.

MAYOR CALAMARAS: The tax assessor.

MR. HUNT: From the tax assessors.

MR. ANDERSON: And that's land plus vertical improvements.

MR. HUNT: Yeah. And why they didn't share that with us earlier, I mean that could considerably change the tenor of the argument a long time ago.

MR. TACY: Probably the property appraiser's office, the property appraiser had a higher number and they got slammed in the value adjustment.

MR. ANDERSON: I had those documents that we provided to Beth Newman, the attorney for FAA, showing them that the assessed value of the VGA property had been contested and that we thought the number, though, was \$1.9 million. When we came back and we actually see the documentation from the Tax Assessor's office it was \$1.62 million so it was even better. But that helped buttress our argument in Washington at \$1.9 million.

MR. MYERS: I would assume that until such time as you work out this press release and so on that the Council is to keep a lid on any comment about this matter?

MAYOR CALAMARAS: Well, from this moment on -

MR. ANDERSON: I think at this point in time you're free unless you want to wait for the press release, but quite frankly I think this is a good result and I think you're free to talk to the Boones, VGA, anybody who questions you. The only thing you have to avoid is no comment on how the number was arrived at. I have no problems with you going home and telling whoever you want that we've got a deal with the FAA to resolve the Notice of Investigation at \$180,000 a year.

MR. FARLEY: Would the FAA be more comfortable

with us sticking with the gag order until that comes out?

MR. ANDERSON: The FAA wants us to extract it from the VGA, and they basically said that to whatever degree they can, and I mean obviously they aren't a player in that, but to whatever degree they can they will assist that. That's why part of the gag order was let's not make the \$180,000 public knowledge right away because you might want to play those cards a little closer to your chest. But at this point in time I don't really mind that VGA and the Boone Law Firm knows that \$180,000 is the magic number. I think we just change our focus now. We have struck a deal that I believe you're all comfortable with with the FAA that resolves the problem between the City of Venice and FAA.

MR. FARLEY: Amen.

MR. ANDERSON: Now the new issue is can we require the VGA to fund that increase or will we have to absorb some or all of it ourselves, and that's the new phase. And I don't think that's a surprise to VGA, the Boones or the public.

MR. TACY: But I do think, my opinion, coming out of here from now is that, yeah, we got a settlement at \$180,000, how they came up with the number, God knows

how they did that, we don't know, but we've got a settlement at \$180,000 and the VGA is looking at another \$20,000 a year rent. We don't go out there and go to the Boones and say it looks like you're looking at another \$20,000, but don't worry about it, we might be able to get you a deal.

MR. ANDERSON: I understand that, Rick, and I don't have any difficulty with it. I just personally as your attorney don't want to paint you in a corner. If I come back to you in two weeks and tell you there is no legal mechanism for me to extract the increased rent from the VGA, okay, and then you are going to have to vote then in a public meeting to subsidize that from let's say the utility fund to the tune of \$20,000 a year, I don't want people then taking your statements and your words and saying but you told us \$180,000 and VGA will pay it. So I don't want to put you in that corner.

MR. TACY: What I'm saying is I don't want to go out, you know, basically putting out the word that we might have to, you know -- right now we are looking at getting -- we should be united in that. We're looking at getting the \$20,000 from the VGA.

MR. ANDERSON: You might want to hedge it just by saying we have reached an agreement with the FAA and

the number is \$180,000 a year, which is an increase of \$20,000 a year, which we fully expect will come from the VGA. Leave it at that.

MR. MOORE: What harm would it do to just keep this gag order on until you do your press release?

MR. ANDERSON: That's entirely up to you.

MR. MOORE: I would be comfortable with that.

MR. HUNT: I think that's very appropriate because remember part of the reason we're sitting here and part of the problem is all of the letter writing and telephone call campaign from the nay-sayers who spent hundreds of hours polluting the waters in Orlando, and we don't want them to have access to this information and try and undermine the deal before it's even completed.

MR. ANDERSON: I think that's a good idea. I'm just obviously reluctant to tell my bosses that they can't speak to the public.

MR. MYERS: Loose lips sink ships.

MR. ANDERSON: Why don't we do this. How about if we maintain the gag order, I will work with Pam Johnson to do the press release. And then how about this, any public inquires as a result of the press release get funneled to me and I will handle them until we get this resolved. Is this fair with y'all?

MR. MOORE: I just don't want somebody being misquoted in the papers.

MR. ANDERSON: I'll be glad to.

MR. TACY: The papers don't misquote us.

MR. ANDERSON: So listen, we're going to continue the gag order, we're going to do the press release, and then we'll funnel all the comments or questions to me until we get this locked.

MR. BROWN: In other words, when a reporter comes to us we'll say you'll have to see Bob Anderson about that, right? I think that's a good approach.

MR. ANDERSON: Fair enough?

MR. FARLEY: And they're going to be persistent. They're going to ask you why, and you understand that there's a gag order from FAA until the press release.

MAYOR CALAMARAS: Before we go I just want to reiterate one more time we got such a good settlement with the FAA, we've got really good relations with the FAA now. I can't tell you how nice it was to be in the table discussion and talking about all the things we were doing. We owe all that to Bob and his team of attorneys up in Washington as well as George and Larry and his staff and all the work that they've done to get such a good conclusion.

MR. FARLEY: One more question. What did Devine

cost us?

MAYOR CALAMARAS: That bill's still running.

MS. WARREN: Or going to cost us?

MR. ANDERSON: You're probably going to see \$55,000, \$60,000. I've already submitted -

MR. TACY: Get the money from VGA.

MR. ANDERSON: I've already submitted invoices to the tune of about \$38,000, and that was prior to the Washington trip.

MR. MOORE: I think you just did a fantastic job. And probably more importantly, as the Mayor said, you've reestablished the relationship because that's what this really is all about now and down is the relationships that you have with these federal, state and local government bodies that control the money. He who has the gold rules, and the FAA has the gold.

MR. ANDERSON: I'd be remiss if I didn't say this. It has funneled up to Washington that Larry Heath is one stand-up guy on behalf of the City of Venice. I guess Orlando is really enamored with Larry, they feel very comfortable with him, and that information found its way to Washington because I don't know that Larry had ever met any of those people, but they certainly knew of Larry Heath and the work that he was doing on behalf of the City in Orlando for the airport.

MR. BROWN: I got to say I don't think we should say this gag order -- I don't think we should even mention gag order when reporters ask us what we think of it.

MR. ANDERSON: There's technically no gag order and the FAA really doesn't have the authority to impose that. Why don't we just say that the negotiations are ongoing and therefore refer everything to the City Attorney.

MAYOR CALAMARAS: Or we have a press release coming out momentarily or in days or weeks and we're not speaking about it until the press release comes out.

MR. ANDERSON: I'll work with Pam tomorrow and we'll try to have something out by Friday. Does that sound good? It's okay with everybody? I mean, we're all comfortable with this?

MAYOR CALAMARAS: Yeah. That's it. Back to the meeting.

(THEREUPON, this private attorney-client session was concluded at 4:50 p.m.)

CERTIFICATE

(STATE OF FLORIDA)

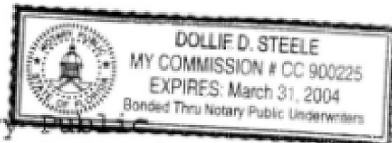
(COUNTY OF SARASOTA)

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 3rd day of  
June, 2003.



Dollie D. Steele



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