



MINUTES

Board of Directors Strategic Workshop JAA Administration Building 3rd FL Ed Austin Board Room February 17, 2016/8:30a

Chairman of the Board Ray Alfred called the February 17, 2016 Board of Directors Strategic Workshop to order at 8:30a. The following board members were present at the call to order:

Mr. Ray Alfred, Chairman
Mr. Patrick Kilbane, Vice Chairman
Mrs. Terri Davlantes, Secretary (via phone)
Mr. Jay Demetree, Member
Mr. Russ Thomas, Member
(Members Mrs. Giselle Carson and Mr. Frank Mackesy were absent)

Also present at the order call were:

Mr. Steve Grossman, Chief Executive Officer
Mr. Richard Rossi, Chief Financial Officer
Mrs. Debra Braga, Chief Legal Officer
Mr. Tony Cugno, Chief Operating Officer
Mr. Rusty Chandler, Chief Cecil Airport & General Aviation
Mrs. Rosa Beckett, Chief Administrative Officer
Mrs. Melissa Marcha'-Lee, Sr. Executive Assistant/Recording Secretary
A listing of all attendees is on file in the office of the Recording Secretary

Welcome, Pledge

Chairman Alfred welcomed everyone to the meeting, he then called upon Mr. Kilbane to lead the group in reciting the Pledge of Allegiance. Chairman Alfred acknowledged the attendance of Dr. Johnny Gaffney, Boards and Commissions Liaison of the Mayor's Office.

Public Comment

Chairman Alfred asked if there was any public comment - hearing none and not having received any completed public comment cards from Recording Secretary Marcha'-Lee, he moved to the next agenda item.

Strategic Discussion

Chairman Alfred called upon Mr. Grossman to lead the strategic discussion. Mr. Grossman advised that the JAA Goal Setting Workshop Discussion Paper Memorandum he sent to the board on Feb. 11, 2016 would be used for this discussion, pointing out that it is not by any means a final draft and encouraged the board to comment freely.



Regarding the Introduction section of the memo, the board had no comment or changes.

Discussion ensued about the Strategic Vision section. Mrs. Davlantes advised that she would like to see some wording added about our partnership with the City of Jacksonville as it relates to JAA being a major economic engine for the city and northeast Florida, and she would also like the sentence referring to the growth of Cecil Airport removed from this section and be covered in the Cecil section.

Mr. Kilbane advised that he would like to see some language added regarding the aesthetics surrounding JIA and our other airports as well; Mr. Demetree suggested adding a sentence referencing servicing and maintaining the properties. Mr. Grossman added that if the board has a strong desire to focus on land/property issues we will put it in the goals and allocate funding. Dr. Gaffney added that the City can help with tree development and suggested we ask for it sooner rather than later. Mr. Grossman commented that all monies made on the airport must be spent on the airport system but that we could certainly partner with the city on the maintenance of the public areas.

Mr. Thomas added he believes a reference to private aviation is needed in the vision, if we are going to develop it, bring more attention to it (location and ease to the flying community), etc. Mr. Grossman advised that we are committed to keeping up with our general aviation airports. Mr. Alfred echoed that commitment. Mr. Kilbane added that perhaps we should not focus on general aviation, not be a landlord, to which Mr. Grossman commented that due to all the FAA issues involved with running an airport no one else would have the capabilities to undertake such an endeavor.

Mr. Grossman then moved on to the goals section.

Regarding #1 Cecil Airport, Mr. Grossman advised that Cecil has to be a priority as we know its potential, and the board agreed. He will add the Cecil comment from the vision section to this goal.

For #2 Cecil Spaceport, some of the board members suggested this goal be combined with the Cecil Airport goal. Mr. Grossman stated that the Spaceport is the only horizontal launch on the east coast but, unlike the Airport, we do not know the Spaceport's potential. It is a fully-functioning facility, we have built the apron and taxiway, and it is a great facility to market. For these reasons, he suggests it be a separate goal as it is an entirely different business. The board agreed.

Regarding #3 Financial Stability, Mr. Grossman stated that when the recession hit, there was a 17% drop in passengers, many flights were lost and there were layoffs at JAA. We are in a very good position now with a positive cash flow – his commitment is that layoffs would be a last resort. Mr. Kilbane commented that if there are other capital projects we would like to do, perhaps we should capitalize on that strong financial position. Mr. Grossman responded that



long-term, there are the concourse B and rental car garage projects but if the board wants them begun now we will add that funding now and will not hesitate to borrow if needed.

For #4 Process Improvement, there were no comments or changes.

Regarding #5 Customer Service, Mr. Grossman commented that we will work on employee knowledge transfer by enhancing our training function now that the human resources dept. is newly-enhanced, and that a training coordinator position is in the budget. Mr. Alfred commented he would like to see employee recognition added to this section as they provide the customer service. Mr. Thomas inquired if employee incentives are specific to certain areas to which Mr. Grossman replied not specifically, we have an incentive plan for both union and non-union. Mrs. Davlantes commented that we should be investigating servicing the medical tourism sector and marketing it to the airlines

For #6 Strategic Workforce, the board suggested it be moved/combined with #4 Process Improvement.

General comments about the goals then followed. Chairman Alfred suggested there should be a separate goal for JAXEX and Herlong, to which Mr. Thomas replied perhaps not a goal but they both need to be included somewhere, how do we want to develop them, as they seem to be orphaned. Mr. Demetree advised he feels that they not so much need to be developed, but maintained (per his servicing/maintaining comment in the vision section). Mr. Kilbane commented that he feels if medical tourism is going to be supported via general aviation then just maintaining the properties isn't enough – development will be needed. Mr. Grossman commented that the medical tourism industry is indeed growing and we may need to look at non-commercial facilities like our FBOs. Mrs. Davlantes commented that security, both cyber and physical, should be included. Mr. Grossman advised that he will work general aviation and security into the current goals, stating that if there are too many goals the process could become unmanageable – his ideal number would be 4 or 5 goals.

Chairman Alfred then asked Mr. Grossman to briefly go over the metrics of each goal. For #1, Cecil, there will be development of additional property. For #2, Spaceport, we will continue implementing the necessary infrastructure. For #3, Financial, we will increase our bond debt service coverage and continue with a high operating margin to average 35% annually. Mr. Thomas asked about the reserve cash figure, to which Mr. Grossman commented it is 8-9 months (unrestrictive cash and capacity) and he will work that in to the goals document. For #4, Process, there will be multi-department audits. For #5, Customer Service, we will continue to strive for optimal ASQ rankings, source international service, improve invoice payment timeframe, work to increase the number of local firms we use, and increase the ambassador workforce. Mr. Thomas inquired if we survey tenants/vendors to gauge our service to them, to which Mrs. Beckett replied no but we are developing methods by which to measure our service. Mrs. Davlantes commented that ambassadors are great for the city and that this ties in with her comment made in the vision section, that we should describe our partnership with the city. For



#6 (to be combined with #4), Mr. Grossman again commented that the addition of a training coordinator will go a long way in developing the workforce.

In summary, Mr. Grossman advised that he will rework the goals document and distribute it to the board. He also advised that if the board deems it appropriate at this time, he would like to talk about the CEO review process. Mr. Demetree requested that another workshop be scheduled during which we would discuss the latest goals document, the CEO review process and the By-Laws (tabled from a previous meeting). The board members present agreed that was a good approach and Chairman Alfred asked Mr. Grossman when he planned to have the reworked document to the board, to which Mr. Grossman commented he will send it by no later than Feb. 28th. Chairman Alfred then directed Mrs. Marcha'-Lee to source calendars to schedule the requested workshop, to occur after allowing enough time for the board to receive and review the revised goals document.

Adjournment

Chairman Alfred thanked all board members for attending, stating he thought it was a very good discussion of the goals. There being nothing further to come before the Board of Directors, Chairman Alfred adjourned the meeting at 9:55a.

Approved March 28, 2016