FADING HOPE: FIRST OF A TWO-PART SERIES

Pacing Toward a Fall

Top: In 2002, Hooters chairman Robert Brooks (right) bought Pace Airlines, keeping Darrell Richardson (left) on board as president. The two are seen here in 2003 after starting Hooters Air, which was grounded in 2006.

Bottom: Former Pace Airlines employees shake hands as they depart the facility after being laid off in September of 2009.

Right: A cannibalized Pace Airlines jetliner and idle maintenance scaffolding sit beside the empty offices of Pace Airlines on Monday, Oct. 5, 2009.

Photos by Walt Unks and David Rolfe

Airline's new owner came across as bringer of better days; then days got worse

By Richard Craver
JOURNAL REPORTER

William Rodgers Sr., the new owner of a floundering Pace Airlines Inc., knew his audience.

In his introduction to anxious Pace employees in June — just days after Rodgers acquired the charter airline and maintenance company — he invoked God, family, patriotism and job security.

In a video obtained by the *Winston-Salem Journal*, the 59-year-old Rodgers comes across as something between a white knight and a 1980s-style televangelist.

Rodgers spoke of grandiose plans, including free health insurance for all employees and a $9 billion expansion project that would be linked to fans of the National Football League.

go to journalnow.com

Go to www.journalnow.com to see video excerpts of William Rodgers Sr.'s first meeting with Pace employees in June.

He bragged about his financial wherewithal to pull off the plans.

"As we gain profitability, you're not going to make me rich. I'm already there," Rodgers told the 300 mostly blue-collar employees.

He spoke in a folksy, yet brash tone, adding an exaggerated shrug of his shoulders for effect.

"We're going to create jobs, make money and enjoy life, and honor and respect each other."

Less than four months later, Pace likely has been grounded for good by Rodgers' management.

Its operations at Smith Reynolds Airport were suspended in September and almost all of its 400 employees were let go in two mass layoffs.

Rodgers faces at least one felony charge of willful failure to pay group health-insurance premiums to Blue Cross Blue Shield of N.C. His next appearance in Forsyth County District Court is scheduled for Friday.

Employees' hopes of getting up to six weeks of pay are fading. Pouring salt into their wounds are creditors unwilling to rescind overdraft fees or help with missed mortgage

See Pace, Page A4

Pace

Continued From Page A1

payments, jeopardizing both the employees' credit and their ability to land another job.

As employees and their families struggle to move on, and the Triad gets a sobering reminder of the vulnerability of an aerotropolis economy, three questions stand out about the collapse of Pace:

Who is William Rodgers?

How did he manage to acquire the company with so little, if any, of his own money?

And why did it all fall apart so quickly?

Placing the blame

Some local Pace employees said they thought Rodgers had been sent by God to rescue the company from nearly three years of corporate limbo.

RODGERS

Pace had operated, on a very tight budget, as part of the estate of Robert Brooks, the chairman of Hooters of America Inc. and the founder of Hooters Air.

"By preaching about God, country and family, some people were instantly for Rodgers," said Ken Blanks, a quality inspector at Pace.

tion for $1.6 billion — a deal that eventually stripped away 5,100 local jobs and most of Piedmont's local operations.

Since then, the company has flown into constant headwinds of financial uncertainty. There are parallels between past struggles and its recent collapse.

For instance, Piedmont Aviation Services was put up for sale in April 1991 by USAir, which wanted out of the maintenance business. For 15 months, its 280 local employees went to work not knowing whether they would be greeted by a new owner.

Piedmont Holding Co Inc., which contained some senior managers of Piedmont Aviation Services, bought the company in July 1992.

By 1997, the company had 700 employees overall, including 350 locally. It was doing maintenance business for Continental Airlines, US Airways, Air Mexico and Airborne Express.

Meanwhile, the company expanded its charter service by establishing Pace Airlines in 1996 so it could fly larger planes. With a fleet of 40 planes and 110 pilots and flight attendants, it served entertainers and professional sports teams and even provided air ambulances.

Pace's charter service caught the eye of Robert Brooks, who wanted to take the Hooters' hotties-in-tight-T-shirts concept into commercial-passenger service.

Instead, Rodgers is just the latest, and now likely the last, executive to view Pace employees as pawns in a corporate chess game of enticing contracts, low profit margins and mounting debt.

Walter Holton, Rodgers' defense attorney, said that Rodgers acquired the company in a two-part deal. He signed a promissory note in which he pledged to pay $9 million toward the stock of Pace Airlines LLC and Pace Airlines II LLC. He also took over $6 million in liabilities.

Many employees place most of the blame for Pace's collapse on Rodgers and his executive team, but stress that estate administrators and previous management contributed to its financial woes.

Employees say that Brooks' son, Coby, was determined to wipe the company — considered an unwanted financial drain — from the estate's books. Brooks could not be reached for comment.

Kenneth Wingate, an attorney representing the estate, did not respond to requests for comment.

Rodgers and Holton blame financial mismanagement by previous Pace executives for many of the problems facing Rodgers and the company, particularly the Blue Cross premium issues.

But Mark Hunt, an insurance official with Employee Benefit Solutions of Asheboro, said in a letter to

He bought Pace in December 2002, keeping on board Darrell Richardson, who had been named as Pace's president and chief executive in March 2002. Richardson would later play a key role in making the connection between Rodgers and Pace.

Pace management soon pressured the airport commission for incentives to counter an offer from Myrtle Beach. Officials dangled a carrot of resuming commercial-passenger service here.

The company faced potential eviction from hangar space it was leasing from Timco Aviation Services Inc., a Greensboro company that also has struggled financially at times.

By 2004, Pace had backed off plans for local commercial-passenger services at the airport. Brooks grounded Hooters Air in 2006 amid rising fuel costs and a decline in passengers.

When Brooks died in July 2006, Coby Brooks became president and chief executive of Hooters of America. Coby Brooks also serves as chairman of the estate's board of directors.

According to news reports, Coby Brooks was never fond of Hooters Air and tried to talk his father into selling it. Pace employees recall an appearance by Coby Brooks in which he said that the only wings he cared about were