

1
2
3
4
5
6
7
8
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10
11
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KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD

Regular Meeting

Monday, May 16, 2011

8:30 a.m.

Airport Terminal Conference Room

1877 Airport Loop Road

Kerrville, Texas

MEMBERS PRESENT: MEMBERS ABSENT:
Stephen King, President Fred Vogt, Vice-President
Tom Moser
Mark Cowden
Corey Walters

AIRPORT BOARD STAFF PRESENT:
Bruce McKenzie, Airport Manager
Laurie DeJohn-Ermey, Executive Assistant

COUNTY STAFF PRESENT:
Guy Overby, Commissioner Pct. 2
Jeannie Hargis, Auditor

CITY STAFF PRESENT:
Mike Erwin, Finance Director

VISITORS:
Ilse Bailey, Airport attorney

5-16-11 AB

I N D E X

PAGE

3	CALLED TO ORDER	
4	1. VISITORS FORUM	-
5	2. DISCUSSION AND POSSIBLE ACTION:	
6	2A Monthly Financials	3
7	2B Airport Budget FY 2012	18
8	3. INFORMATION AND DISCUSSION:	
9	3A New Guidance Signs for Taxiway Alpha, Runway 12-30 and Apron	28
10	3B New Directional Sign on Airport Loop	29
11	3C Coal-Tar Sealing	29

12	4. EXECUTIVE SESSION	34
13	5. ADJOURNMENT	35
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

5-16-11 AB

3

1 On Monday, May 16, 2011, at 8:30 a.m., a regular
2 meeting of the Kerrville-Kerr County Joint Airport Board was
3 held in the Airport Terminal Conference Room, Louis Schreiner
4 Field, Kerrville, Texas, and the following proceedings were
5 had in open session:

6 PROCEEDINGS

7 MR. KING: I'll call the meeting to order of the
8 Kerr County -- Kerrville/Kerr County Joint Airport Board,
9 Monday, May 16th, 8:30, regular meeting. Item 1, Visitors
10 Forum. At this time, any person with business not scheduled
11 on the agenda may speak to the Airport Board. No
12 deliberation or action may be taken on these items because
13 the Open Meetings Act requires an item be posted for 72 hours
14 before the meeting. Visitors are asked to please limit their
15 presentations to three minutes. Anybody want to speak? No
16 one rising. Item 2, discussion and possible action. Monthly
17 financials. Jeannie?

18 MS. HARGIS: Page 1 is the limited balance sheet.
19 As of April 30th, I had hoped to have had the working papers,
20 as I told Mark, from the Auditor, but I -- as of yesterday,
21 'cause I was working yesterday, I still don't have them. But
22 hopefully I'll get them. I just don't want to put assets on
23 there without having these working papers, 'cause I need the

24 right beginning balance.

25 MR. COWDEN: I thought about that after we talked.

5-16-11 AB

4

1 Rosie called -- did you ever deal with Rosie over there?

2 MS. HARGIS: Hmm-mm.

3 MR. COWDEN: She's worked over there a long time,
4 and she can help you, probably.

5 MS. HARGIS: Well, Keith did them himself, and so
6 Brenda e-mailed me back on Friday and said if she'd have had
7 them herself -- she's already sent me her work papers, so I
8 just have to sit on Keith. He runs 100 miles an hour.

9 MR. COWDEN: Okay.

10 MS. HARGIS: They're going to be in the millions
11 once we do this. You understand that?

12 MR. COWDEN: Right.

13 MS. HARGIS: Okay. It's \$369,315.72, is the cash
14 in the bank, and then the liabilities and the fund balance
15 equal 369. So, that's on Page 3, is the revenue. We have
16 paid the entire amount of our contract; now we'll start
17 paying on our contribution, and so the total amount of
18 revenue collected this month was 57,836.70. That's the third
19 column, bottom line.

20 MR. MOSER: Hey, Jeannie, let me ask you a
21 question. Why do we show Kerr County contract as revenue?

22 MS. HARGIS: Because we're actually giving you that
23 money. You were expensing it, and we have to give it to you
24 at the same time.

25 MR. MOSER: But -- I understand the contribution is

5-16-11 AB

5

1 a revenue, but I don't know why the contract is a revenue.

2 MS. HARGIS: Well, we could -- we separated it out
3 so we'd be sure that we made -- we made it all.

4 MR. MOSER: Yeah, but it's not revenue. It's going
5 out.

6 MS. HARGIS: It's going out and it's coming in. We
7 have to pay -- put money in --

8 MR. MOSER: Can we just show that as revenue -- or

9 take that out of revenue? That's very confusing to me, when
10 show you a contract as revenue.

11 MS. HARGIS: But we don't know exactly how much
12 money we're going to give you on the other side, because it
13 depends on what -- on the other -- I mean --

14 MR. MOSER: I'll --

15 MS. HARGIS: Let me think about it.

16 MR. MOSER: Think about it, 'cause when I was going
17 through the budget stuff, I kept looking at that and saying,
18 contract? What? It's confusing.

19 MS. HARGIS: Well, it's an in and out.
20 Unfortunately, the auditors got real ticky with me on this
21 last audit with this kind of stuff, so let me --

22 MR. MOSER: Appease one of the board members. I
23 don't like it.

24 MS. HARGIS: All right. The total amount of
25 revenue to-date, 290,321.03. Page 4 is the salaries.

5-16-11 AB

6

1 Monthly salaries, 17,628.48. Again, third column. Fourth
2 column, year-to-date, 125,123.

3 MR. MOSER: I have a question.

4 MS. HARGIS: Okay.

5 MR. MOSER: Airport maintenance staff.

6 MS. HARGIS: Yes.

7 MR. MOSER: Now, I thought that's --

8 MS. HARGIS: Did you read my e-mail?

9 MR. MOSER: No.

10 MS. HARGIS: I sent you an e-mail.

11 MR. MOSER: Did you? Well, I didn't look at it
12 this morning.

13 MS. HARGIS: The airport maintenance staff has to
14 be budgeted in order to work through our payroll system.

15 MR. MOSER: But before we didn't have that as an
16 expense. When the City was doing it, we didn't -- when we
17 were hiring that done.

18 MS. HARGIS: No, because they used their Parks
19 Department, and they didn't -- you did not have employees
20 there.

21 MR. MOSER: But I thought these are county
22 employees.
23 MS. HARGIS: They are county employees.
24 MR. MOSER: The deal was, "Okay, here's the
25 equipment, and we're going to employ the employees." So, why

5-16-11 AB

7

1 does the board show that --
2 MS. HARGIS: Because we have to show them in the
3 payroll function, so we have split the contract amount
4 between their salaries and their benefits and then the amount
5 on the contract line item.
6 MR. MOSER: So our budget has gone up.
7 MS. HARGIS: No, your budget has not gone up.
8 MR. MOSER: Our expenses have gone up.
9 MS. HARGIS: No, your expenses have not.
10 MR. MOSER: On this thing here, this is an expense.
11 Salaries and benefits are expenses.
12 MS. HARGIS: Yes, but your contract has always been
13 a line item. Even with the City, it was a line item of
14 250,000. All we've done is put the portion that belongs only
15 to the employees through the contract on their line items,
16 because the payroll system won't work without it.
17 MR. MOSER: Okay. Well, I don't want to know the
18 mechanics of your system. I don't care about that. What --
19 when I look at -- you know, we have the contracts on the
20 previous page.
21 MS. HARGIS: Mm-hmm.
22 MR. MOSER: Of \$394,000.
23 MR. KING: That's --
24 MR. MOSER: On the previous page, on Page 3.
25 MR. KING: 158.

5-16-11 AB

8

1 MR. MOSER: Original budget, current budget --
2 okay. Excuse me, okay, 158,000. Does that include the
3 employees?
4 MS. HARGIS: Yes.
5 MR. KING: So that's in the -- the employees is in

6 there?

7 MR. MOSER: So we got it in there twice.

8 MS. HARGIS: No, this is revenue.

9 MR. MOSER: You can understand my confusion, why
10 I'm confused. We show a contract that's got the employees as
11 revenue. For an engineer, I don't comprehend that. Pluses
12 and minuses.

13 MS. HARGIS: I know, but I can't show it as a
14 reimbursement. If you want me to combine it in the revenue
15 line item that comes in with the county, I can do that, but
16 we have to give you that money. We have to transfer it into
17 your account. That's money coming directly from us, even
18 though it's a contract, the same as you see --

19 MR. MOSER: Maybe I'm --

20 MR. KING: When you get to the budget part, I'm
21 going to ask for a couple questions about that.

22 MR. MOSER: Okay.

23 MR. KING: Maybe we can simplify it and get some --
24 but we'll talk about that. I have the same kind of --

25 MS. HARGIS: If you look at -- this is the

5-16-11 AB

9

1 salaries. If you look at the next page, and you --

2 MR. MOSER: Page 5.

3 MS. HARGIS: Page 5, the second column, down in
4 professional services, where it says management contracts,
5 it's been reduced to 71,000.

6 MR. KING: Okay.

7 MS. HARGIS: So, 71 and what we have for the
8 employees adds up to 158,524. And I explained that when I
9 made this budget amendment about three months ago.

10 MR. KING: Okay.

11 MR. MOSER: Okay. So, management contract is all
12 the other --

13 MS. HARGIS: Yes.

14 MR. MOSER: -- stuff from the county, okay. I was
15 wondering what that was. That includes engineering and blah,
16 blah, blah.

17 MS. HARGIS: Yes.

18 MR. MOSER: Okay.

19 MR. KING: But that doesn't include all these

20 salaries and benefits. That's not in this --

21 MS. HARGIS: It is in the management contracts.

22 We've just split them up so that it's shown in the proper

23 area. Otherwise, you would have no budget with the salary

24 people. I mean, it would be an odd deal.

25 MR. KING: Okay. All right. We'll talk about that

5-16-11 AB

10

1 in a minute.

2 MS. HARGIS: Okay.

3 MR. KING: I can go with that. What -- where

4 should we be on these expenses? What percentage of our

5 contract are we in right now?

6 MR. MOSER: We're seven months gone, so we should

7 have 42 percent left.

8 MR. KING: We should have 42 percent left; we've

9 got 58 percent.

10 MS. HARGIS: You really can't say that on the

11 contract, because if you had --

12 MR. KING: No, not the contract. Talking about

13 expenses.

14 MS. HARGIS: Expenses, yeah. You're -- you're

15 seven months in. It's .8333 per month. So --

16 MR. KING: Okay. Okay.

17 MS. HARGIS: You got five months to go.

18 MR. KING: All right.

19 MS. HARGIS: And keep in mind, you usually have

20 electrical bills and things of that nature that you didn't

21 pay in October that will lag, so you really have five months

22 plus some accruals. The only time that you do accrual

23 accounting in fund accounting is at the end of the year.

24 MR. KING: Should I be concerned? I see a lot of

25 70's, 60's, and 80's over here on this root column.

5-16-11 AB

11

1 MR. MOSER: That's good.

2 MS. HARGIS: That means you haven't spent the

3 money.

4 MR. KING: That's remaining, okay.

5 MR. MOSER: That's what I thought the other day. I

6 looked at it and thought, red flag.

7 MR. KING: I thought we used to do it the other

8 way.

9 MS. HARGIS: No, it's the same.

10 MR. KING: Okay. All right. Go ahead, Jeannie.

11 MS. HARGIS: Okay. So, on page -- it varies

12 according to the category. And then you have utilities on

13 the next page for a total of all of those for the month of

14 6,579.60 for the year-to-date 56,072.05. So, in your other

15 expenses, you're doing great.

16 MR. MOSER: I have another question on Page 7,

17 Jeannie. Let me see if I can read that. Second column from

18 the right, 343,480.

19 MS. HARGIS: Yes.

20 MR. MOSER: Total.

21 MS. HARGIS: That's unencumbered, your fund

22 balance, how much money you have left.

23 MR. MOSER: Okay. All right, okay.

24 MS. HARGIS: So you're in really, really good

25 shape.

5-16-11 AB

12

1 MR. MOSER: Yeah, okay. Okay, got you.

2 COMMISSIONER OVERBY: What page did you say?

3 MR. MOSER: Page 7.

4 COMMISSIONER OVERBY: Thank you.

5 MR. MOSER: All right. You answered my questions.

6 So that fund balance, Jeannie, have we got something that's

7 coming out of there, left on this project or anything?

8 MS. HARGIS: No. This is just -- this is just

9 general. That is just operations. We'll get -- next one is

10 capital.

11 MR. KING: Seems like a lot. Okay.

12 MS. HARGIS: So, year-to-date --

13 MR. MOSER: One more question, if I may, on 7.

14 MS. HARGIS: Mm-hmm.

15 MR. MOSER: On the bottom line, revenue over/under

16 expenditures, second column from the right, there's 101 --

17 MS. HARGIS: Right, because it's a zero-based

18 budget.

19 MR. MOSER: So -- but does that say --

20 MS. HARGIS: That means you've got 101,000 to the

21 good.

22 MR. MOSER: To the good, okay. That's the way I

23 interpreted it. Okay, thank you.

24 MR. KING: Okay.

25 MS. HARGIS: Page 8, again, does not have --

5-16-11 AB

13

1 wouldn't have very many assets on this one, because they

2 would be all on 7. The total here is 208,902.65. That's how

3 much money you have left in your capital.

4 MR. KING: Capital, okay.

5 MS. HARGIS: The next page is your revenue. And,

6 Tom, you had some questions here, I believe, as to why we

7 don't show revenue for the current year. Because those funds

8 -- in governmental accounting, you cannot spend money on a

9 construction project or award a contract until those funds

10 are placed in your accounts. And so, generally speaking,

11 we're pretty far ahead of the curve. So, you got the money

12 for most of your construction projects two years ago, so

13 there is no revenue coming in. The only thing is interest

14 income and the RAMP grant coming in from -- from us and from

15 the -- from the state. That's it.

16 MR. MOSER: Okay.

17 MS. HARGIS: You're using up your fund balance.

18 Capital is meant to segregate out just capital projects, and

19 it's also meant to go away. It's just a vehicle to make sure

20 that you have your construction projects going.

21 MR. MOSER: Right.

22 MS. HARGIS: So there won't be any revenue. There

23 won't be any for next year either.

24 MR. MOSER: Got you.

25 MS. HARGIS: The second page, which is Page 10 --

5-16-11 AB

1 MR. MOSER: Where do we see that money that we have
2 in the capital account that's not coming in as revenue, but
3 it's already there?

4 MS. HARGIS: In the \$208,000 in cash.

5 MR. MOSER: Okay. Got you, okay.

6 MS. HARGIS: And then, so far, we spent the 17,811
7 on the grant, and I believe it had to do with the sign.

8 MR. MOSER: Mm-hmm.

9 MS. HARGIS: So, year-to-date, 293,495.71. And I
10 think you have two 10's. I mean, I had one removed, but I
11 ended up with it. Page 12 are your -- or Page 11 should show
12 that you are in the hole as far as, you know, revenue versus
13 expense.

14 MR. KING: Where's that?

15 MS. HARGIS: This is the -- Page 12.

16 MR. MOSER: Page 12.

17 MS. HARGIS: We have -- 10 and 11 are exactly the
18 same. They were supposed to be removed, but they didn't.

19 MR. KING: Okay.

20 MS. HARGIS: Page 12 is the summary. Again, it
21 shows you spent 293,495.71, which left 262,423.41 as -- as a
22 deficit, and that would be because we put the RAMP grant in
23 there, so it's a little less. That money did come in there,
24 if that makes sense. Again, the RAMP grant will be revenue
25 every year; that's the only thing. And once we finish with

5-16-11 AB

1 the capital projects, we'll probably move the RAMP grant into
2 your general operations, because that's really what it is.

3 MR. MOSER: Yeah.

4 MS. HARGIS: Your spreadsheet -- again, you wanted
5 to know what's in the 208. This breaks it down by project
6 exactly, 208,902.65. This is as you requested, the cash
7 funded to-date on the first project was 931,457. You spent
8 798,604.71. You have 132 left. The next one is the water
9 line project, which was 629,416.16. We spent 602,727.75.
10 That leaves the 26,688.41. And I have a little note that
11 that should be returned, and I think now that we're 60 days

12 out from that contract, we're probably ready to refund those
13 moneys back.

14 MR. KING: The 26?

15 MR. MOSER: Yeah.

16 MS. HARGIS: Because that is strictly city/county
17 money; there is no federal money there. It can go back.

18 MR. KING: Sure.

19 MS. HARGIS: And we're going to leave ours and put
20 it in the RAMP grant, and then put the rest of our money in
21 the RAMP grant, and I believe that the City would like to
22 have a refund check.

23 MR. KING: Y'all have already overpaid your RAMP
24 grant.

25 MR. ERWIN: Yes, we're good for two more years.

5-16-11 AB

16

1 MR. KING: Yeah, you're good. Okay.

2 MS. HARGIS: There's a note on that as well.

3 MR. KING: It should be noted for both the owners
4 that we are refunding money to you periodically.

5 COMMISSIONER OVERBY: Appreciate that, Steve.

6 MR. KING: In some of your discussions, y'all
7 should probably bring that up.

8 COMMISSIONER OVERBY: I will do so.

9 MR. KING: I appreciate that.

10 MS. HARGIS: Okay. On the RAMP grant, we had not
11 funded our portion yet, so we've spent 25,703.70 to-date, so
12 that does show a negative of 703.70. And we will move that
13 13,000 from the construction over to there, and then we will
14 fund the rest of our share. The master plan, remember, was
15 19,000. We made that transfer from construction to -- I
16 mean, from operating out of contingencies to offset that
17 deficit that we had in that line item. So, the total of
18 1,605,823.16 that we received, we spent 1,446,986.16.
19 Remaining, 158,837. And that shows the 50,000 that still
20 belongs to the City of Kerrville for their RAMP grant for the
21 next two years.

22 MR. KING: Right.

23 MS. HARGIS: And some interest of \$65.65. So,

24 that's 208,902.65, and that goes right back to your cash
25 balance on your balance sheet.

5-16-11 AB

17

1 MR. MOSER: That's really a good spreadsheet.
2 MR. KING: I can understand that, Jeannie.
3 MR. MOSER: Me too.
4 MR. KING: When you write it out like that, I
5 really understand that.
6 MR. COWDEN: Great move from several years ago --
7 or a couple years ago. A year ago.
8 MS. HARGIS: Then you asked for the TexDOT
9 projects. I don't think those have changed since the last
10 meeting, but, you know, we did get with the State and we
11 handed y'all the printout, so you wanted to know how much.
12 You still have some money coming back from the State, but
13 they take, like, two or three years refunding some of these,
14 these small amounts, \$21,008.
15 MR. MOSER: Okay.
16 MR. KING: That's the refund?
17 MS. HARGIS: That should be refund. It -- you
18 know, that's the way they're showing it on their books.
19 MR. MCKENZIE: Won't get completely through -- it
20 could take a year or two for it to come back.
21 MS. HARGIS: I think we finally got money last year
22 back that was due the year I went to work at the city, so it
23 takes a while.
24 MR. KING: Any questions for Jeannie? That was
25 very good, Jeannie.

5-16-11 AB

18

1 MR. WALTERS: Very good.
2 MS. HARGIS: Tom, I also e-mailed you some notes.
3 MR. KING: She's a big e-mailer. I read it last
4 night. That answers a lot of your questions.
5 MR. MOSER: Thank you.
6 MR. KING: Any other questions on the budget?
7 Nobody? One of our owners, do y'all have any questions?
8 Okay. Motion to approve?

9 MR. COWDEN: So moved.

10 MR. MOSER: Second.

11 MR. KING: Mr. Cowden and Mr. -- all in favor --

12 discussion? All in favor?

13 (The motion carried by unanimous vote, 4-0.)

14 MR. KING: Four-zero, Mr. Vogt not being here.

15 Okay, that was good. Airport budget. We're going to talk

16 about that real quickly here. Bruce has to leave in 13

17 minutes. We're probably -- what we're going to do, we were

18 going to discuss this a little more in detail. We need to

19 discuss it a lot more in detail, but we're probably going to

20 just do a budget workshop, go into a budget -- call a budget

21 workshop and spend a couple hours talking about that. I

22 mean, 'cause we need Bruce here to --

23 MR. COWDEN: Yeah.

24 MR. KING: -- to go over this, and we need Jeannie,

25 and we need to go over this in detail. And we probably need

5-16-11 AB

19

1 to talk to --

2 MR. COWDEN: Mike also.

3 MR. KING: Mike. We need to talk to Mike, and we

4 need to talk to the other -- you know, whatever

5 commissioner's going to be handling this. Guy, are you going

6 to be handling -- you're our airport --

7 COMMISSIONER OVERBY: I'm on there with Letz. Letz

8 and I are both on --

9 MR. KING: We need to talk to you guys to find out

10 kind of what --

11 COMMISSIONER OVERBY: Where we're going.

12 MR. KING: Yeah, where we're going. It doesn't do

13 us a lot of good to submit to you guys a budget --

14 COMMISSIONER OVERBY: Sure.

15 MR. KING: -- if, you know, it's not going to be

16 realistic for you guys.

17 COMMISSIONER OVERBY: Exactly.

18 MR. KING: We want to try to find out where you're

19 at, and then try to work within that budget to see if we can

20 make it all work.

21 COMMISSIONER OVERBY: Right.
22 MR. KING: So --
23 COMMISSIONER OVERBY: It's just to go through your
24 workshop?
25 MR. KING: Yeah. Well, just -- it will be helpful.

5-16-11 AB

20

1 I think y'all -- there's been some numbers I've seen
2 indicated from some parties. I don't know where those came
3 from. Have those been public yet? Are those public?
4 MR. MOSER: It was in the paper.
5 COMMISSIONER OVERBY: I think the 165 has been a
6 number that --
7 MR. KING: Is that in the paper, Mike?
8 MR. MOSER: Yeah, 1.65.
9 MR. ERWIN: The 165 was part of an overall package.
10 MR. KING: Right, I know, yeah.
11 MR. ERWIN: Not an individual piece.
12 MR. KING: Right.
13 MR. MOSER: Is that kind of where it is now, 165
14 from each to the airport?
15 COMMISSIONER OVERBY: It is, but I'm saying we're
16 close here.
17 MR. MOSER: I'm just saying that's where it is
18 today; we took a snapshot, not that it's final.
19 MS. HARGIS: The letter actually says 165 or -- 165
20 or whatever it takes to fund.
21 MR. KING: Yeah.
22 MS. HARGIS: Is kind of what it says.
23 MR. MOSER: Okay. All right.
24 COMMISSIONER OVERBY: For all -- the package of all
25 of the agreements?

5-16-11 AB

21

1 MR. ERWIN: Mm-hmm.
2 MR. KING: That's if y'all make, like, a package
3 deal. You say you're putting 165 for this and 150 for this,
4 and the library and all. That's what y'all were kind of --
5 COMMISSIONER OVERBY: They're still in

6 negotiations, and we hope to have something soon.

7 MR. MOSER: Okay.

8 MR. KING: We hope y'all do, too.

9 COMMISSIONER OVERBY: We do too.

10 MR. KING: Remember that fire truck deal I was
11 telling y'all about a couple months ago?

12 COMMISSIONER OVERBY: We're going to be very
13 optimistic, keep moving forward here.

14 MR. KING: Anyway, that's what we think we'll do.
15 That way we can kind of visit with you guys and we can kind
16 of look at our budget and kind of come to an agreement, and
17 then we won't be surprising you guys with something that
18 you're not expecting.

19 MR. MOSER: Y'all must have something you -- that
20 both the City and the County are both saying, "Here's what we
21 think the airport budget ought to be."

22 MR. KING: And we would like -- I tell you what I'd
23 like to have, Mike, from you guys, and from Guy also. I
24 mean, if you guys have some -- if you have some needs or
25 concerns, let's get those out on the table too, about the

5-16-11 AB

22

1 next year.

2 MR. ERWIN: And I'll take this back to the City and
3 we'll review it, and by the budget work session, any concerns
4 the City has, we'll bring forward.

5 MR. MOSER: Great.

6 MR. ERWIN: One thing I would like to mention, just
7 to kind of give a chance to get started --

8 MR. MOSER: Yeah.

9 MR. ERWIN: -- is I notice that there is a \$600,000
10 project with the City and the County both contributing 300.

11 MR. KING: What's that?

12 MR. McKENZIE: The T-hangars.

13 MR. MOSER: T-hangars.

14 MR. ERWIN: Give us something to make a decision
15 off of: a pro forma, --

16 MR. KING: I understand.

17 MR. ERWIN: -- something.

18 MR. KING: Let me tell you where we're at on that,
19 is we -- we have talked -- we've talked to TexDOT and
20 Michelle about this extensively. We're not going to -- we're
21 not -- we really are not -- we're not able to come up with
22 that -- that plan for that project until we find out what
23 TexDOT is going to throw in on the deal, if -- if they're
24 going to throw in on the deal. They made lots of -- I mean,
25 there's several different parts that they can contribute that

5-16-11 AB

23

1 would make this thing work. But, I mean, I think the long
2 and short of the whole deal is -- is that it has to be
3 economically feasible. It can't be a 70-year payout on the
4 T-hangars. It's got to be economically feasible for us and
5 you guys, whoever's contributing money to it, and then we
6 decide whether -- and at that point -- and that's why we
7 haven't really pushed it any further, Mike, is because we
8 talked to Michelle, and, you know, there's all these
9 different variables. We -- didn't we get on that list for --

10 MR. MCKENZIE: We're on the T-hangar construction
11 list now.

12 MR. KING: T-hangar construction grant. And --

13 MR. MCKENZIE: It all rolls back to the
14 appropriation of funds comes out of Washington.

15 MR. KING: Exactly. So, what we kind of left
16 Michelle and then with TexDOT was -- was tell us what we can
17 maybe get from you guys. What kind of money can the airport
18 get and the City/County help out with the city/county
19 contribution, and come up with some sort of a plan that we
20 can maybe -- you know, "We think you could get this. We
21 think you could get this. Maybe we could get this. I don't
22 think you're going to get this." And we can put all that
23 together and we can say, "Look, if we were to get this, and
24 then the City and the County put in this much, and then we
25 built it for this, then we could give you a return on

5-16-11 AB

24

1 investment of this." But we don't have all those pieces
2 together.

3 COMMISSIONER OVERBY: Okay.

4 MR. KING: It's not like -- nobody's going to ask
5 y'all for a check for 300,000, because I don't think -- we
6 don't know enough about it.

7 COMMISSIONER OVERBY: Future plans.

8 MR. KING: It's a future plan. It's something we
9 would like to do tomorrow, but it's -- we don't know enough
10 information. It's got to -- it's got to be economically
11 feasible. And it could be a private situation. It may come
12 down to -- Michelle has said that possibly we could get a
13 grant from them for some of it, and we could maybe make it
14 where it was feasible for a private entity to do it, and not
15 do it through the City and the County. So, that's why I
16 don't think we marched up to the Council and laid out a plan
17 yet, because I don't really think there's a plan. I -- or
18 the County either. But I can assure you that anything we
19 bring you will be economically feasible.

20 MR. MOSER: If we brought it to you, we got to show
21 the potential revenue and --

22 MR. KING: Got to have the potential revenue,
23 potential payback.

24 COMMISSIONER OVERBY: What's the anticipated
25 future -- what would be the cost of the project? 600, or

5-16-11 AB

25

1 what are you talking about?

2 MR. McKENZIE: More than that.

3 MR. MOSER: It's to be determined.

4 MR. McKENZIE: We don't know.

5 MR. MOSER: Somebody else, a private entity could
6 build it. It's not going to be much, but your revenue's not
7 going to be much. So, we got to put together a business plan
8 that has Option A, Option B, Option C, and here's what the
9 investment is and here's what the revenue is, return on
10 investment for any one of these things is.

11 MR. KING: We had to do it just kind of running up,
12 because we don't know. If they said zero, we can't give you
13 any money, and it's all to be financed strictly by the
14 government entities or a private individual, then it's

15 probably a tough row to hoe. I mean, it's just -- it's a lot

16 of money, and it doesn't pay back very good.

17 MR. MOSER: Where we are today is we've got the

18 land. We've got a concept for what the T-hangars ought to

19 be. We've got a market, okay, and that's where it stops.

20 COMMISSIONER OVERBY: Right.

21 MR. MOSER: How do you bring those three things

22 together to cause cash to start flowing in for both the City

23 and the County?

24 MR. KING: We'd like that.

25 MR. MOSER: That's what it amounts to.

5-16-11 AB

26

1 MR. KING: If there's some free money out there,

2 we'd like to get it. We'd like the get the free money.

3 Michelle knows our position; she has to. They've spent

4 13 million dollars on this airport, and we still don't have

5 any T-hangars. You know, and we got a nice airport and

6 everything, but we still don't have the -- we're -- we're

7 behind the curve on the -- on storage on this airport. And

8 so she knows where we're at and where we need to be, and

9 she's going to try to help us on the deal. But, you know,

10 it's a government entity, and they move kind of slow. But I

11 can assure -- I want you to assure your party and your party

12 that we're not asking for \$300,000. That's more -- that's a

13 C.I.P. number, isn't it? It's in a C.I.P.

14 MR. MOSER: Yeah.

15 MR. KING: And we just don't even know. I mean, we

16 may not need -- may need no money, because we don't know if

17 it'll work.

18 COMMISSIONER OVERBY: Right.

19 MR. KING: It's going to have to work financially

20 for everybody, because we need to -- the other T-hangars work

21 great, you know. I mean, I wish we'd have built 100 when we

22 built those, 'cause we'd be a whole lot better off on our

23 budget, 'cause we'd have a lot more revenue. But we

24 didn't -- you know, we just didn't do that at that time. And

25 so, just be assured that we're not -- we're not going down

5-16-11 AB

1 the road. We're still here trying to figure out what to do
2 with it.

3 MR. MOSER: Don't let the \$300,000 be a negative
4 thing. It's just --

5 MR. KING: It's not a negative; it's a number that
6 was thrown out there, and in our C.I.P. plan, so don't --
7 don't let that sink your battleship. Anything else on that?
8 So, we'll talk -- we'll kind of schedule a meeting. Maybe if
9 you could come also, maybe, to help us kind of get an idea
10 where you guys are at, and where you're at?

11 COMMISSIONER OVERBY: That's fine.

12 MR. KING: We'll put it all together, figure out
13 where we are. I think the main thing, Mike, both you and Guy
14 need to really, really, really relate to your respective
15 employers is that, you know, the airport is not like the
16 library, and it's not like the Parks Department. It's a
17 little different entity. It has to be funded. You can't
18 just throw your -- you know, you can't take your ball and run
19 away. We have another partner in this thing that we owe
20 about \$30 million to, through grant assurances, and they have
21 got a big old hammer over the top of our heads. And if you
22 just say, oh, nobody -- you know, we don't like that; we're
23 not going to fund that, then there is so much precedent out
24 there. The A.O.P.A., Aircraft Owners Pilots Association,
25 will be down here probably Monday morning with a team of

5-16-11 AB

1 lawyers; they'll file a big lawsuit against you, and all of a
2 sudden you're writing a check for \$30 million, or you're
3 funding the airport. So, you know, that's why we have to
4 work through all that, because there is a big, bad guy over
5 there on the other side that controls this airport, because
6 we took \$30 million in revenue. So, I think everyone should
7 know that, that it's not -- you know, we will all work
8 through it. We'll figure out what the budget is and try to
9 help everybody out and try to make it run as long as possible
10 and generate as much revenue as possible, but --

11 MR. MOSER: That's the bottom line.

12 MR. KING: -- in the end, it has to be funded,
13 because we took money from somebody else. So, we'll work
14 through all that and we'll get it done.

15 COMMISSIONER OVERBY: Very good.

16 MR. KING: Item 3, information and discussion. New
17 guidance signs for Taxiway Alpha, Runway 12-30 apron -- and
18 apron.

19 MR. McKENZIE: Saturday afternoon, we finished the
20 directional boring underneath this -- these three taxiways
21 over here. We hit rock. We had to change their game plan
22 once Saturday morning, but Saturday night we were finished.
23 We got through it. So, next Monday they're going to be
24 on-site to actually put the guidance signs in and energize
25 them. Take a couple of days to put the signs up, get the

5-16-11 AB

29

1 power to them, and then you'll see the guidance signs back
2 over here at all these intersections, which will alleviate --

3 MR. KING: That's all part of this other project?

4 MR. McKENZIE: I got that in. The project's paid
5 for.

6 MR. KING: Any money?

7 THE WITNESS: No, sir. I went to TexDOT, and they
8 said, "Absolutely, we'll pay for that."

9 MR. KING: All right. New directional sign? Is
10 that it?

11 MR. McKENZIE: We're up. It's now lighted. And --

12 MR. COWDEN: Looks great.

13 MR. MOSER: Yeah.

14 MR. McKENZIE: Unless y'all have something you may
15 want to put on the back of the sign at some point in time.

16 It's just a white back. But we'll talk about that at another
17 meeting.

18 MR. KING: The sealing?

19 MR. McKENZIE: The sealing we had to stop because
20 it rained. Thank goodness, we didn't need it to rain because
21 of the sealing, but we're down. I'm going to be gone till
22 Thursday; I don't want them out here working, shutting the
23 taxiways down if I'm not here, so they're going to start back

24 Friday, Saturday, and Sunday. We're going to try to work
25 this weekend and finish.

5-16-11 AB

30

1 MR. KING: Are you happy with the road -- the road
2 over here they fixed on us and everything? That's okay?

3 MR. McKENZIE: So far.

4 MR. KING: Did they fix that parking lot over there
5 at B.A. -- the old B.A. building? Is that okay?

6 MR. McKENZIE: I don't -- yeah, they cleaned
7 everything up. Everything. Repaired the manhole that we had
8 an issue with, fixed that, put a new manhole in, everything.
9 Everything's been cleaned up.

10 MR. KING: All right.

11 MR. McKENZIE: Absolutely.

12 MR. MOSER: I'd like to go back and just -- back to
13 the budget thing that we're going to work on.

14 MR. KING: Yeah.

15 MR. MOSER: This page here shows overall budget,
16 previous years, and it shows partial expenses. If we could
17 have a format like that, Bruce and Jeannie, that shows not
18 only expense items, but revenue -- forget capital; I'm just
19 talking about operation budget now -- by year, and then the
20 differential of what we have out there, that would be
21 extremely helpful.

22 MS. HARGIS: Yeah. We're going to have to move
23 things around, because we made the chart of accounts a little
24 differently, and so we weren't asked to do that till the very
25 end. But we need --

5-16-11 AB

31

1 MR. MOSER: I'm just saying at our workshop in a
2 couple weeks, whenever it is, if we could do that, that would
3 be really great.

4 MR. KING: I think Tom -- I know Tom wants what I
5 want. I want to be able to compare five years ago, four
6 years ago, three years. I want to see what we've done.

7 MS. HARGIS: Keep in mind, I don't have -- this is
8 about as far past as I have. If we need prior years --

9 MR. ERWIN: Let me know what you need.

10 MR. KING: That way we can look at it, we can see
11 where we're at.

12 MR. ERWIN: I'll send Jeannie five years history
13 when I get back.

14 MR. MOSER: Good deal.

15 MR. KING: I just think it will be helpful for us
16 to be able to look at it, and then also for the County and
17 the City to look at it and see where we're going out here.

18 MR. MOSER: Line item by expenses, line item by
19 revenues so we can look. Okay, good deal. Thank you.

20 MS. HARGIS: I was going to say that, but you
21 passed over it, so -- I hope you read my e-mail when you get
22 home.

23 MR. MOSER: I will. I will.

24 MR. KING: Okay. Anything else?

25 MR. WALTERS: I'm going to ask Bruce just about the

5-16-11 AB

32

1 grass. How's the grass going out there?

2 MR. McKENZIE: Okay. You notice, we -- rather than
3 hydro-mulch, that we drilled it.

4 MR. WALTERS: Yeah, right.

5 MR. McKENZIE: We drilled it. One of these days,
6 it's going to come up, but we needed the rain. I measured
7 2.2 on our gauge right outside the door.

8 MR. MOSER: Really?

9 MR. McKENZIE: Actually, I fudged that two-tenths,
10 because for 20 minutes it was raining sideways. So, we
11 talked about it and we go, "Okay, that's probably a couple of
12 tenths." So, we know we got two level.

13 MR. MOSER: If it's horizontal, it's still coming
14 down.

15 MR. McKENZIE: Well, I know, but at the velocity --
16 well, I'm not going to argue with an engineer. We got 2
17 inches flat, anyway. Some of it's germinated, Corey, and
18 some of it hasn't. Now the natives -- I walked around out
19 there. The natives, the native grasses, the Johnson grass,
20 thistles and things are beginning to germinate, and the

21 bluebonnets. There's a few bluebonnets out there. So, I
22 mean, it will be another year before that really spools back
23 up where we can get some grass. But --
24 MR. KING: And we've -- we've also pushed back our
25 grand opening deal?

5-16-11 AB

33

1 MR. McKENZIE: Yes, sir. We'll talk about that at
2 probably the June meeting. Dave Fulton couldn't be here for
3 this one. I want him to speak, and he's agreed to speak.
4 And --
5 MR. KING: Okay.
6 MR. McKENZIE: And Michelle couldn't be here. It
7 was a scheduling thing with TexDOT, so we pushed it back. We
8 certainly want to involve them as much as we can in this
9 dedication.
10 COMMISSIONER OVERBY: Have you pushed it back?
11 It's still a T/B/A?
12 MR. KING: To be announced. Waiting on him, I
13 think.
14 MR. McKENZIE: It'll be the latter part of July,
15 first part of August, probably in there.
16 COMMISSIONER OVERBY: Very good.
17 MR. KING: We can talk about it.
18 MR. MOSER: Okay.
19 MR. KING: All right, that'll work. We'll go into
20 executive session here in a minute, after we tell Bruce
21 good-bye, and talk about -- oh, do I have to do that -- call
22 that now, or what?
23 MR. MOSER: Yeah.
24 MR. McKENZIE: This is your list of the gentlemen
25 that have applied for the board.

5-16-11 AB

34

1 MR. KING: Okay. Item 4, Executive Session.
2 Kerrville/Kerr County Joint Airport Board reserves the right
3 to discuss any of the above items in closed executive session
4 if they meet the qualifications of Section 551.071,
5 consulting with attorneys; 551.072, deliberation regarding

6 real property; 551.073, deliberation regarding gifts;
7 551.074, personnel matters; 551.075 and .076, deliberation
8 regarding security devices; or 551.087, regarding economic
9 development, of Chapter 551 of the Government Code, State of
10 Texas. We're going into executive session under Section
11 551.071 and .074, possible discussion/recommendation of an
12 airport -- new Airport Board member to replace Vice President
13 Fred Vogt, and we'll consult with our attorney, and we'll be
14 in recess for just a few minutes.

15 (Recess from 9:05 a.m. to 9:10 a.m.)

16 (The open session was closed at 9:10 a.m., and an
executive session was held.)

17 -----

18 MR. KING: We went into executive session at 9:10,
19 and we'll go out of executive session at 9:44, back into
20 regular session. We -- do we take any action?

21 MR. COWDEN: What did we decide to do?

22 MR. KING: Do we take any action on here? Oh, on
23 the item that we went into executive session about, the
24 picking of a board member, we did not pick anybody. We are
25 going to interview three applicants at the -- we're going to

5-16-11 AB

35

1 interview a few -- we'll name some applicants to be
2 interviewed at the next meeting, and then we'll make a
3 decision after that. All right? Anything else?

4 MR. MOSER: Move we adjourn.

5 MR. WALTERS: Second.

6 JUDGE TINLEY: I have a motion to adjourn from
7 Mr. Moser, and Mr. Walters seconded. All in favor?

8 (The motion carried by unanimous vote, 4-0.)

9 MR. KING: Four-zero. Thank you.

10 (Airport Board meeting adjourned at 9:45 a.m.)

11 -----

12

13 STATE OF TEXAS |

14 COUNTY OF KERR |

15 I, Kathy Banik, official reporter for Kerr County,
16 Texas, do hereby certify that the above and foregoing is a
17 true and complete transcription of my stenotype notes taken

18 at the time and place heretofore set forth.

19 DATED at Kerrville, Texas, this 17th day of May, 2011.

20

Kathy Banik, Texas CSR # 6483

21

Expiration Date: 12/31/12

Official Court Reporter

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5-16-11 AB