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KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD

Special Meeting

Monday, August 1, 2011

8:30 a.m.

Airport Terminal Conference Room

1877 Airport Loop Road

Kerrville, Texas

MEMBERS PRESENT:

- Stephen King, President
- Tom Moser, Vice-President
- 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
- Rob Henneke, County Attorney
- Jeannie Hargis, Auditor

CITY STAFF PRESENT:

- Mike Erwin, Finance Director

VISITORS:

- Ed Livermore

2

I N D E X

PAGE

3 CALLED TO ORDER

4 1. VISITORS FORUM 3

5 2. DISCUSSION AND POSSIBLE ACTION:

6 2A Monthly Financials 4

7 2B FY 12 Budget 12

8 2C Interlocal Agreement 13

9 2D Accounting Policies 15

10 3. INFORMATION AND DISCUSSION:

11 3A Fireplace 19

12 3B Phase II Punch List Items 20

13 3C Airport of the Year Banner 28

4. EXECUTIVE SESSION --

14 Action taken on item(s) discussed in Executive  
Session 34

15 5. ADJOURNMENT 35

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1 On Monday, August 1, 2011, at 8:30 a.m., a special  
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 P R O C E E D I N G S

7 MR. KING: I'll call this meeting of the  
8 Kerrville/Kerr County Airport Board, Monday, August 1st,  
9 meeting to order. Visitors forum. At this time, any person  
10 with business not scheduled on the agenda may speak to the  
11 Airport Board. No deliberation or action may be taken on  
12 these items, because the Open Meeting Act requires items to  
13 be posted for 72 hours before the meeting. Visitors are  
14 limited to presentations of up to 3 minutes. Anybody?

15 MR. COWDEN: Me.

16 MR. KING: Yes, sir?

17 MR. COWDEN: Back in June, Bruce and Laurie made a  
18 presentation at Rotary about the airport, and did a great  
19 job, and I just wanted to commend them. He's a great  
20 ambassador for our airport.

21 MR. KING: That's very nice. I didn't know that,  
22 Bruce.

23 MR. COWDEN: And I got some feedback after the  
24 meeting from a few guys; very positive.

25 MR. MCKENZIE: Thank you.

1 MR. KING: Well, good. Thanks, Bruce.

2 MR. McKENZIE: Appreciate it.

3 MR. KING: Thanks for bringing that up. Item 2 --

4 MR. MOSER: And Laurie.

5 MR. KING: Yeah. Thanks, Laurie, too. Thanks for

6 going with Bruce, keeping him straight. Item 2, discussion

7 and possible action. Monthly financials, 2A.

8 MS. HARGIS: I think y'all have a copy of it. I'll

9 start with the operating fund, the balance sheet, \$296,121.

10 We actually printed you all the way through July, because we

11 had pretty much finished the month. You know, you met late;

12 you have both June and July. I'm doing July first. Total

13 revenue year-to-date, 398,448.98. And then the salaries, of

14 course, of -- just the airport salaries of 111,029.96. The

15 next page is each one of the summaries. I'll go over to

16 Page 6. Total amount spent to-date --

17 MR. COWDEN: This is July?

18 MS. HARGIS: This is July.

19 MR. MOSER: Yeah. Skipped June.

20 MS. HARGIS: Sorry, I'll go back. 371,725.67,

21 leaving 26,723.31. To be honest with you, there's a big dip

22 in July, and I forgot we had no June. Again, the cash in the

23 capital fund, which is on Page 7, 183,887.53. Total revenue

24 year-to-date, 31,072.30. And then the total year-to-date

25 expenses, 318,519.19, leaving a revenue to expenditures

1 287,446.89 shortfall again. That's because we're using fund

2 balance from the prior year. You do have the -- the summary

3 here in the back. There is no change this month, but we did

4 make the checks out to Kerr County and to -- to the City of

5 Kerrville for the 13,344.21. Those have been mailed out.

6 And we did it as of August the 1st, so they'll show up on

7 your next month's billing. And then you have the TexDOT

8 computations. Then June, which I should have done first --

9 sorry about that. June cash balance was a little bit better;

10 287,380.70. Collected 382,268.24. And then salaries there,

11 101,614.20. So, you can see it's about 10,000 a month.

12 MR. MOSER: Mm-hmm.

13 MS. HARGIS: Page 5, 247,033.28. That's just the  
14 airport itself without the -- the other buildings here. And  
15 then the next page, year-to-date on phone and utilities,  
16 11,880.08, for a total of 360,527.56. So, you have a total  
17 of positive cash flow there of 21,740.68. And on the  
18 construction side, which is our capital -- that's Page 7 --  
19 you have 184,040.53 there in your cash account. Revenue,  
20 31,072.30; there was not much change there -- actually, no  
21 change. Then total expenses, 318,366.19. And then the total  
22 variance 287,293.89. The only thing we've spent in June and  
23 July was RAMP grant money. The rest of it is, you know, your  
24 construction project, other than 13,000 which we're cutting  
25 for the water line now, and I just let that pass through and

6

1 forgot to write those checks, so I got those ready. I have a  
2 copy of them here if you want to see them, but they have been  
3 mailed out. We're going to redeposit ours back into this  
4 with the rest of our remaining 25,000, so the RAMP grant will  
5 be paid out. And then Bruce will ask for the other 50,000  
6 from the State, so we'll have all that. So, that's pretty  
7 much it on that side. Any questions?

8 MR. MOSER: I just want to commend Bruce again for  
9 managing the budget the way he has. I went through both June  
10 and July this weekend and looked at it, just looked at the  
11 percentages and where there was overage and underage, and  
12 it's right on, so --

13 MR. McKENZIE: Thank you.

14 MR. MOSER: -- great job, Bruce.

15 MR. McKENZIE: Thank you.

16 MR. MOSER: I didn't have any issues with it.

17 MR. KING: I was just looking at it for a second.

18 Anybody else have anything else? Oh, Mike. Sorry, Mike.

19 MR. ERWIN: Yes, sir. I was just wondering --

20 MR. KING: I'm looking down.

21 MR. ERWIN: That's all right.

22 MR. KING: Sorry.

23 MR. ERWIN: That's all right. The 132 --  
24 MR. KING: Yeah, where's that?  
25 MR. ERWIN: On that one project, I was wondering

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1 when you're going to -- whatever amount should go back to the  
2 City and the County, when we can expect to see those funds  
3 back. I know there's been discussion that part of that was  
4 TexDOT, that part of that was the benefit of doing a bid, but  
5 there should be some way to calculate out what percentage of  
6 that is city, what percentage of that is county, what  
7 percentage of that should stay. And I was just curious as to  
8 when we could expect to see our funds.

9 MR. KING: What do you think, Bruce?

10 MR. McKENZIE: Is that on the --

11 MR. KING: That's on the last -- that's on the last  
12 space.

13 MR. McKENZIE: Sometimes, Mike, that can take up to  
14 36 months. That comes out of TexDOT Aviation, the State.  
15 This job is still not completed.

16 MR. KING: Do they have to release that to us or  
17 what?

18 MR. McKENZIE: When it's over with. When it's  
19 complete.

20 MR. KING: Do they, like, sign a piece of paper  
21 that says we're all through here? We're done?

22 MR. McKENZIE: Oh, yeah. We're not there yet.

23 MR. KING: I know. We got the deal with the road  
24 over here.

25 MR. McKENZIE: The deal with the road. We got the

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1 soil retention blanket; we got the concrete we got to pour  
2 out here in the apex of the curve where the guardrail is. I  
3 mean, we're still not there yet, to answer Mike's question.

4 MR. KING: But they will --

5 MR. McKENZIE: But when we get through, we will get  
6 that. Then those funds will come back to the sponsors.

7 MR. KING: Will they come down and do an inspection

8 or something?

9 MR. McKENZIE: We've already done the inspection.

10 We've done the final inspection. This is punch list items.

11 MR. KING: Working off a punch list right now?

12 MR. McKENZIE: Yes, sir.

13 MR. KING: So, whenever they finish off the punch

14 list, then --

15 MR. McKENZIE: Then the project engineer will --

16 TexDOT will sign off.

17 MR. KING: Do we know what the breakdown of the

18 money is? 132,8? Is that it?

19 MS. HARGIS: Yeah.

20 MR. KING: Do we know how much of that money -- we

21 know how much of that money, Jeannie, was city contribution?

22 MS. HARGIS: It was 150,000, 75 each. We have 132

23 left, and we don't know if they're going to even expend any

24 more, actually.

25 MR. KING: We put in 150 and we got how many

9

1 million?

2 MR. McKENZIE: Almost 12.

3 MR. KING: The second phase.

4 MS. HARGIS: Eight and 12 --

5 COMMISSIONER OVERBY: That's pretty good.

6 MR. KING: Hell of a deal. That's what I'm coming

7 out at. And 2, 3 million? Is that -- what was the second

8 part?

9 MR. McKENZIE: 4.3 million.

10 MS. HARGIS: And 6 million the first time.

11 MR. McKENZIE: Six million the first time.

12 COMMISSIONER OVERBY: 4.5 million. There's 4.5

13 million. We put in 150.

14 MR. McKENZIE: Yes, sir.

15 MR. KING: They spent 4 million, and there's

16 132,000 left of that we might have a shot at.

17 MR. McKENZIE: Yes, sir.

18 MR. KING: Pretty good deal.

19 MR. MOSER: That's a good return on investment.

20 MR. KING: Good return on investment. So, we spent  
21 \$12,000 -- or \$18,000, basically?  
22 MR. McKENZIE: Basically.  
23 MR. KING: Is TexDOT going to have a claim to part  
24 of that? Will they have a claim to that or not?  
25 MR. McKENZIE: That goes back to the sponsors.

10

1 MR. COWDEN: Whatever we don't spend.  
2 MR. McKENZIE: Whatever we don't spend.  
3 MR. KING: We should do more projects; we can make  
4 money.  
5 MR. MOSER: I thought we did.  
6 MS. HARGIS: This money does have to go back to the  
7 airport. This is just like the other two 75,000's that we  
8 got there can't be spent and put in our general fund. This  
9 needs to go back --  
10 MR. KING: Go back to the owners.  
11 MR. MOSER: Yeah.  
12 MS. HARGIS: No, back to the airport, to spend at  
13 the airport only, because it has federal money connected with  
14 it, remember.  
15 MR. MOSER: To hell with building hangars.  
16 MR. KING: So -- but the City and the County could  
17 both make a claim that they put in --  
18 MS. HARGIS: But we still have to pay -- we can't  
19 spend the money anywhere but right here. Remember, that's --  
20 MR. KING: How did they refund the money last time?  
21 MR. WALTERS: Mike, is the City aware of that?  
22 MR. ERWIN: I want to do some checking.  
23 MS. HARGIS: It's the same deal if you have federal  
24 money, and --  
25 MR. KING: I know it's the feds' money. I think

11

1 that's what Mike was saying. How much of that was our money?  
2 MS. HARGIS: No, it doesn't matter what's our  
3 money. Once you put it in with the federal grant, then that  
4 money has to stay at the airport, even if you get it

5 refunded. That's the same as the other 150,000 that was  
6 spent.

7 MR. MOSER: Bruce says it's ours; she says it's  
8 ours. Leave it alone.

9 MR. KING: We'll probably get that clarified. I  
10 understand what you're saying.

11 MS. HARGIS: That's what Fred came up with. The  
12 other one there is a law.

13 MR. KING: I understand. Didn't we have a refund  
14 back to both parties here a while back?

15 MS. HARGIS: We did.

16 MR. McKENZIE: For the water line. We each put in  
17 \$300,000. This was grant money, no federal money involved in  
18 that at all. That's what the 13 was.

19 MS. HARGIS: About 150. As you recall, the City  
20 put theirs in for the RAMP grant. We turned around and  
21 bought all the stuff -- capital stuff. So, it has to go back  
22 in, and I -- we have to give Fred a call and get a copy of  
23 that law again.

24 MR. KING: I understand, yeah. Once it's in, it's  
25 commingled funds with the federal grant. They can probably

12

1 say we spent your 150 to start. That was the first -- when  
2 we turned the shovel, that was your 150.

3 MR. MOSER: Right.

4 MR. KING: Then we started spending our money, so  
5 this is our money now. I mean, that's something we need to  
6 definitely check into and find out, 'cause we don't want to  
7 mess that up. I think that will probably get us into  
8 trouble, if we gave their money back to someone else.

9 MR. MOSER: When you put money in an IRA, you put  
10 it in post-tax, but when you take it out, you don't get to  
11 take it out --

12 MR. KING: We're going to check on that, Mike, and  
13 see, find out what the deal is on that.

14 MR. ERWIN: All right.

15 MR. KING: Okay. Any other questions? All right.

16 Motion to approve?



17 MR. MOSER: Approve. So moved.  
18 MR. WALTERS: Second.  
19 MR. KING: Okay. All in favor?  
20 (The motion carried by unanimous vote, 4-0.)  
21 MR. KING: Four to zero. Item 2B, the budget. The  
22 '12 -- fiscal year '12 budget. I went to a meeting and  
23 presented our budget to the City, and they did not approve  
24 our budget. They accepted it, but did not approve it. I  
25 want to table this issue. I think we'll table it. We don't

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1 have any agreement, so we really don't need a budget. I  
2 don't think our budget -- I don't know why we even have a  
3 budget. So, until we get an interlocal agreement, I don't  
4 think we even need a budget.

5 MR. MOSER: Okay. We can't, 'cause --

6 MR. KING: When we get an interlocal agreement,  
7 then we'll get a budget and we'll go over it, and everybody  
8 can talk about it. Until that point, I'd just consider our  
9 budget to be thrown in the trash. So --

10 MR. MOSER: Or tabled.

11 MR. KING: Tabled. So, anyway, Item 2C. Item 2C  
12 is the interlocal agreement. I don't really know where we  
13 are on that. Maybe the two parties -- the owners could brief  
14 me on that deal. We don't really have anything to do with  
15 that, other than we have to live by it. But where are we at  
16 on that? Anybody have any idea? I know the City approved  
17 three of the four interlocal agreements, and I have a feeling  
18 ours was the one that didn't get approved. So --

19 MR. HENNEKE: Both parties last week voted and  
20 approved the fire and EMS, library, and animal control  
21 agreement, and that leaves the airport for additional work.  
22 I mean, from the last board meeting that I was present at, we  
23 discussed here the differences -- the revisions proposed by  
24 the City and how those differ from the current agreement.  
25 Which I believe the County's position is, of course, it's

14

1 just fine. And so it's supposed to be continuing to work on

2 that process.

3 MR. KING: Okay. What's our deadline on that  
4 thing? When does this one expire?

5 MR. HENNEKE: End of September.

6 MR. KING: End of September?

7 MR. McKENZIE: 1 October.

8 MR. KING: 1 October, okay. Well, you heard  
9 anything, Mike? What do y'all plan on doing?

10 MR. ERWIN: It will be discussions between -- I  
11 think the Mayor and Councilmember Carson Conklin sat down  
12 last week or the week before with the Judge and with Letz,  
13 but I was not present at that discussion.

14 MR. KING: Okay. Okay. All right. Well, as I've  
15 always said, we're available; if anyone has any questions or  
16 concerns, we'll be more than happy to answer any questions  
17 about what we think we need to have in our interlocal  
18 agreement. Like I say, we don't have a dog in the fight, so  
19 you guys -- when y'all get one, be sure and tell us. Let us  
20 know.

21 MR. WALTERS: I think you brought up once before --  
22 talked about the interlocal agreement and funding, and I  
23 think a Councilmember even suggested that they wouldn't fund  
24 their portion. I think Steve accurately brought up that  
25 that's really not an option because of the money that the

15

1 airport has accepted from the F.A.A.

2 MR. KING: Yeah. We need to have an interlocal  
3 agreement by September -- by the end of this deal, because  
4 then a lot of bad things will happen. So, we kind of need to  
5 have one, because if we get an interlocal agreement, then we  
6 can talk about the budget and we can put together a budget.  
7 But, I mean, it's kind of -- you know, I hope both parties  
8 realize that we don't want to go up against a date -- a  
9 deadline, you know, all of a sudden, and come up with an  
10 interlocal agreement, and then we have to come up with a  
11 budget all of a sudden. You know, so let's -- you know, I  
12 hope they can get something together soon enough for us to  
13 put our budget back on the table and we can work through

14 that. Anything else on that? No? Accounting policies, 2D.  
15 Jeannie?  
16 MS. HARGIS: Okay. I think all of you have a copy.  
17 You should have a copy. It's a resolution basically adopting  
18 GASB-54 standards. As you know, in the accounting  
19 profession, we have certain governmental standards that we  
20 have to go by, and they keep creating all these nightmares.  
21 We started out with 1 and 2, and now we're at 54 -- actually,  
22 we're at 60-something. I think they need to classify their  
23 jobs. But this policy, we need you to sign off on that you  
24 agree to comply with GASB-54. And, basically, GASB-54 -- you  
25 guys are more used to a profit and loss at the bottom of the

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1 financial statement where you've got so much profit. Well,  
2 we have what we call fund balance; same thing, but it's  
3 called fund balances instead of profit or loss. So, they're  
4 reclassifying the way that it's put on -- on an audit and on  
5 the financial statements. It's always been called reserve or  
6 unrestricted, and now they're going to call it committed and  
7 uncommitted. It's kind of confusing, but basically all  
8 you're doing is signing this thing that you will agree with  
9 it. And you really don't have much choice, because if you  
10 don't, then your -- your audit won't be in compliance.

11 MR. MOSER: I love those.

12 MS. HARGIS: So, we've been -- we knew this was  
13 coming down. We just -- unfortunately, most of us don't have  
14 a whole lot of -- I mean, I've been getting stuff from the  
15 A.I.C.P.A. now for a couple years, but we didn't really think  
16 it would go through. The new ones are called non-spendable  
17 fund balance, restricted fund balance, and committed, and  
18 I've forgotten what the -- the fourth one's called. But it  
19 basically is just changing the way that you put -- it's called  
20 non-spendable, restricted, committed, assigned and unassigned  
21 now. Used to be we had two, restricted and unrestricted, and  
22 so now they're making you decide. And part of it goes to --  
23 if you have a restricted fund, you have to have a legislative  
24 document behind you. For instance, if -- in your capital  
25 account, that money came from TexDOT, so it's restricted,

1 because you have a document -- a higher document. I haven't  
2 had an opportunity, to be honest with you, to go through and  
3 actually define them, and so what all the audit firms are  
4 doing is saying, "Just accept that you're going to do it, and  
5 then we'll define them before the audit is complete."

6 MR. MOSER: This is kind of like obligated,  
7 appropriated -- I mean, what you've obligated, what you've  
8 spent, what you've earmarked, right? 'Cause some of this you  
9 can't play with in here. So, sort of the same thing, just  
10 different names.

11 MS. HARGIS: Just different names. The only thing  
12 is in some of them, you can't have a negative fund balance.  
13 So, for instance, let's say in the restricted funds, you had  
14 negative. You would have to take from the uncommitted to  
15 make it whole.

16 MR. MOSER: Sure.

17 MS. HARGIS: So that's going to cause some  
18 people some -- most everybody's going to put everything  
19 mostly under uncommitted, unless you have a legal  
20 requirement, which would be the TexDOT, F.A.A. stuff.

21 MR. MOSER: Right.

22 MS. HARGIS: In your particular case. It's not as  
23 difficult with y'all, 'cause you don't have that many sources  
24 of money. But with the cities and the counties where we have  
25 special revenues and stuff of that nature, it's going to be a

1 little harder. But, basically, all you're doing is you're  
2 agreeing that you will follow GASB. It doesn't say how  
3 you're going to do it, just that you will. And we'll come up  
4 with -- between the auditors and I --

5 MR. MOSER: We'll agree to it, and we'll define the  
6 stuff later.

7 MS. HARGIS: Right, 'cause nobody really --

8 MR. MOSER: Seems like I've read that before.

9 MR. WALTERS: Yeah, really.

10 MS. HARGIS: I've ordered these little books.

11 Unfortunately, they didn't come in, but as soon as I get  
12 them, I'm going to give all of you one.  
13 MR. COWDEN: Those definitions are in there?  
14 MS. HARGIS: Mm-hmm. And this talks about the  
15 difference of that. Unfortunately, I only have one, so as  
16 soon as I get them -- I ordered them like a month ago, but I  
17 think they're probably having a lot of people order them.  
18 So, as soon as we get them, I'll pass them out to everybody,  
19 and I think it'll be a little bit easier to understand. It's  
20 really more a problem for me than it is for y'all.  
21 MR. MOSER: I think one copy's good.  
22 MS. HARGIS: One copy's good?  
23 MR. KING: What do we need to do?  
24 MS. HARGIS: Just approve the resolution accepting  
25 GASB-54 as the way you're going to set your financial

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1 statements up.  
2 MR. MOSER: Put our names in the blanks.  
3 MR. KING: Do we need to all sign this?  
4 MS. HARGIS: Please.  
5 MR. KING: Do what?  
6 MR. MOSER: There's no place to sign.  
7 MR. KING: No place to sign.  
8 MS. HARGIS: I just need to fill it in.  
9 MR. MOSER: Put the names in.  
10 MR. KING: We just need to make a motion to  
11 approve.  
12 MR. COWDEN: I'll make a motion.  
13 MR. KING: Somebody make a motion to approve the  
14 certificate of resolution for --  
15 MR. COWDEN: GASB-54. Approving the GASB --  
16 GASB-54 standards application.  
17 MR. KING: Do you want to make a motion?  
18 MR. COWDEN: I make that motion.  
19 MR. MOSER: Second.  
20 MR. KING: Seconded by Mr. Moser. Discussion?  
21 None being heard, all in favor?  
22 (The motion carried by unanimous vote, 4-0.)

23 MR. KING: 4-0. Okay. Item 3,  
24 information/discussion. Fireplace. Bruce?  
25 MR. McKENZIE: Steve brought up the fireplace at

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1 our last meeting, and I did some research on that. We are  
2 going to seal that vent that's in the fireplace where the  
3 flue would normally go, and I'm going to replace the system  
4 that we have out there with a new fire -- propane-burning  
5 fireplace that we can use now. It's got an oxygen depletion  
6 system on it that's 99.9 percent efficient. It does not need  
7 to be vented; it's approved.

8 MR. MOSER: Wow.

9 MR. McKENZIE: So we're going to put that in, seal  
10 that off, and then we can use our fireplace in the  
11 wintertime. So, it's very efficient.

12 MR. KING: Okay. We will fill that hole up so we  
13 can save on air conditioning?

14 MR. McKENZIE: Yes, sir.

15 MR. KING: Okay. Item 3B, Phase II punch list  
16 items.

17 MR. McKENZIE: We have some punch list items left.  
18 You've probably seen the soil retention blankets that have  
19 been placed out here next to Dugosh. You can see them from  
20 the highway, even if you're not on the runway. That's to  
21 help us with the erosion situation that we had out there. We  
22 have some concrete that we still need to pour down where the  
23 guardrail is, but it's going to be on the air side inside the  
24 fence, where there's some erosion down there. At the  
25 walk-through we had last month, it was decided by all parties

21

1 that that needed to happen, so we're waiting to get the plans  
2 back on that. We put back in to Austin to get plans drawn up  
3 for it.

4 MR. KING: What about the road?

5 MR. McKENZIE: The road, I've gone round and round  
6 with them. I got a letter e-mail Friday night from the  
7 contractor that says, you know, he's not going to fix the

8 road. So -- that's after you and I spoke, Corey. I got this  
9 Friday night. So, I'm going to go back into that with a  
10 different tack now, and I may -- I want to try one more  
11 thing, and then I may talk to Ilse to get her to help me with  
12 this issue.

13 MR. KING: Why don't we get TexDOT involved?  
14 They're holding a bunch of his money.

15 MR. McKENZIE: They are. I'm going to talk to  
16 Harry Lorton as well.

17 MR. KING: Tell Harry they screwed up the road. If  
18 they don't fix the road, they don't get their money. How  
19 much is he withholding of their payment?

20 MR. McKENZIE: There's 100-something thousand  
21 dollars left out here on this side, their retainage.

22 MR. WALTERS: Bruce and I were talking about that.  
23 This is one project, and that's another project.

24 MR. KING: What project is that?

25 MR. McKENZIE: That was Schedule B. Inside the

22

1 fence is Schedule A.

2 MR. KING: How much is left in Schedule B?

3 MR. WALTERS: There's nothing.

4 MR. McKENZIE: That's completed.

5 MR. WALTERS: On Schedule B, but there's retainage  
6 held on Schedule A. So, the contractor could basically make  
7 a case saying, "Well, that's completed" --

8 MR. KING: Y'all signed off on that?

9 MR. WALTERS: -- "so you can't hold my money."

10 MR. KING: I agree.

11 MR. McKENZIE: But it's under warranty, though.  
12 This is currently under warranty out here. That's where I'm  
13 going to go at them.

14 MR. KING: He warrantied them?

15 MR. McKENZIE: It's warrantied for a road.

16 MR. KING: The road?

17 MR. McKENZIE: Yes, sir.

18 MR. WALTERS: Just curious. Did he say why he's  
19 not going to agree to fix it?

20 MR. McKENZIE: He said he matched it back to the  
21 specifications that he was supposed to, and he's not going to  
22 -- I'll show you. I'll send you the e-mail.  
23 MR. WALTERS: Well, the -- I mean, but there's  
24 still a difference between specs and -- and quality  
25 workmanship.

23

1 MR. McKENZIE: That's correct, thank you. It's  
2 delaminating. The road's coming apart.  
3 MR. WALTERS: So --  
4 MR. McKENZIE: You're right. This was the e-mail I  
5 got about 6:30 Friday evening, 7 o'clock, something like  
6 that.  
7 MR. KING: What did TexDOT say?  
8 MR. McKENZIE: I haven't talked to Harry yet.  
9 MR. KING: I thought I saw on one of those e-mails,  
10 TexDOT said --  
11 MR. McKENZIE: Harry agreed with the walk-through,  
12 the road needed to be fixed. He said it's substandard.  
13 MR. KING: I thought TexDOT said something about  
14 paying for it.  
15 MR. McKENZIE: He said, "Fix it; I'll pay for half  
16 of it." He's agreed that the road's bad. He's just trying  
17 to get the job completed. They're trying to be amenable in  
18 the situation.  
19 MR. MOSER: I said, why use taxpayer money?  
20 MR. KING: You said why use taxpayer money when  
21 it's not their fault.  
22 MR. WALTERS: Exactly.  
23 MR. McKENZIE: He said, "Let's get it fixed."  
24 MR. KING: How much will it cost to fix it?  
25 MR. McKENZIE: \$34,000.

24

1 MR. KING: Have they got any equipment left out  
2 here?  
3 MR. McKENZIE: No, sir.  
4 MR. MOSER: Got a drilling rig.



5 MR. WALTERS: But the retainage on this is  
6 \$170,000.

7 MR. KING: On what?

8 MR. WALTERS: On A.

9 MR. McKENZIE: There's still retainage being held  
10 on this side.

11 MR. KING: When he fixes the punch list, he'll ask  
12 for his money back.

13 MR. WALTERS: He will.

14 MR. McKENZIE: Instantly.

15 MR. KING: Instantly. I would. I don't know,  
16 seems like a rock and a hard place.

17 MR. McKENZIE: I've got to talk to him this morning  
18 again.

19 MR. WALTERS: I agree that a letter should be  
20 written to him saying that, you know, it was not installed  
21 properly. We're having -- it should be still under warranty.  
22 We're having issues, and they need to fix it, per a written  
23 letter.

24 MR. McKENZIE: That's --

25 MR. KING: Did TexDOT sign off on that thing over

25

1 there? They sign -- I mean, nobody had to sign off on that  
2 other deal when it was finished? How much was that project,  
3 part of it over there that was outside? It was a lot.

4 MR. McKENZIE: It was about 2 million on this side,  
5 and then the other 2 and a half -- 2.3 million was on the air  
6 side.

7 MR. KING: Right.

8 MR. McKENZIE: Part of that was stimulus funds.

9 MR. KING: Somebody give them a clean bill of  
10 health on this deal?

11 MR. McKENZIE: Yeah. When it was paved, it looked  
12 fine, except for the bump that Corey brought to our attention  
13 instantly. And he was right. But then the road delaminated.  
14 The road is -- y'all have seen it.

15 MR. MOSER: The overlap in it is ridiculous.

16 MR. WALTERS: It's awful.

17 MR. KING: The City and the County could have done

18 a better job than that.

19 MR. McKENZIE: They did when we paved this road

20 over here.

21 COMMISSIONER OVERBY: Give us 34,000; we'll take

22 it.

23 MR. MOSER: Did they use the right size aggregate

24 on that road? We're talking about --

25 MR. McKENZIE: They did. They did a great job,

26

1 City and County did, on this road we paved a few years ago.

2 Did a great job.

3 MR. KING: Keep working on him. That's kind of

4 like the entrance to our airport. Nobody drives around out

5 there -- very few people, except for airplanes. Okay.

6 MR. McKENZIE: True.

7 MR. WALTERS: Wait a minute, I've got another

8 question. I mean, given the drought conditions that we've

9 been in, you know, and the grass that we're not getting

10 because of the drought conditions, what are we going to do

11 about the grass out there?

12 MR. McKENZIE: That's part of the reason they're

13 holding his retainage. Whenever we get a rainy season again,

14 they've got to come back and do something with all this 53

15 acres out here that we have no grass.

16 MR. WALTERS: The contractor has to?

17 MR. McKENZIE: Yes, sir, that's correct. But

18 everybody, of course, is watching the weather.

19 MR. KING: Hope he doesn't need that money any time

20 soon.

21 MR. McKENZIE: But that's -- to answer your

22 question, you're correct that something's got to be done

23 about that.

24 MR. KING: That would be pretty scary if I had to

25 wait on the rain. Okay.

27

1 MR. McKENZIE: That's -- so they're holding that

2 because of that. You have to have 70 percent coverage.

3 MR. KING: Okay. All right. Well, y'all keep on  
4 top of that. I'd rather not see that guy slide out of here,  
5 'cause he doesn't live here.

6 MR. McKENZIE: Pflugerville.

7 MR. KING: Pflugerville. We're probably not going  
8 to see him, given he has moved everything out of here  
9 already.

10 MR. McKENZIE: Yes, sir.

11 MR. KING: Done. He's gone.

12 MR. McKENZIE: Yes, sir.

13 MR. KING: I hope part of that 138,000 is going to  
14 be spent on the road out there. TexDOT said they'd pay for  
15 half of it?

16 MR. McKENZIE: They did, in writing. I've got that  
17 in writing.

18 MR. KING: Well -- oh, man. Did you tell that guy  
19 that?

20 MR. McKENZIE: I did.

21 MR. KING: I mean, worse comes to worst -- I know  
22 Corey doesn't want to do that. I'd like to hold his feet to  
23 the fire.

24 MR. McKENZIE: And that's the tack I'm going to  
25 take.

28

1 MR. KING: Don't tell him that. Maybe we'll use  
2 that as a last resort.

3 MR. WALTERS: But I thought he said he is aware  
4 that TexDOT said they would pay for half.

5 MR. McKENZIE: He was sitting right here when Harry  
6 told him.

7 MR. KING: Oh, he is aware of that.

8 MR. WALTERS: I can't believe he wouldn't.

9 MR. MOSER: He should have jumped on it.

10 MR. WALTERS: He should have.

11 MR. KING: 17,000 is all he's got to pay now to fix  
12 it.

13 MR. McKENZIE: Yes, sir, and he could have gone

14 back against the paving contractor, who's Ramming, and then  
15 he just had to --  
16 MR. KING: I could find a lot of things out here  
17 that he hasn't fixed probably on this second phase. I mean,  
18 I think just wear him out. I mean, we want it right. I  
19 mean, obviously, we don't want to go too far with him,  
20 because if you go over the edge there, he's not coming back.  
21 So, let's be sure it's all right, especially the grass. I'm  
22 really worried about that.  
23 MR. McKENZIE: I understand.  
24 MR. KING: All right. Item 3C, airport banner of  
25 the year -- banner of the airport -- airport banner.

29

1 MR. McKENZIE: I'm going to go ahead and order  
2 that.  
3 MR. KING: Airport of the Year banner.  
4 MR. McKENZIE: Talked about it at the last meeting,  
5 and we'll get it from Guadalupe Signs.  
6 MR. KING: Where's this going to go?  
7 MR. McKENZIE: We're planning on putting it out on  
8 the air side on the outside of our breezeway out here, so  
9 when you taxi up and walk up, you'll see it on the air side,  
10 yes, sir.  
11 MR. KING: Okay.  
12 MR. McKENZIE: It was a thought. It would look  
13 nice.  
14 MR. KING: What do y'all think?  
15 MR. WALTERS: Did you get another price from --  
16 MR. McKENZIE: \$265.  
17 MR. KING: I dropped the ball on that; I haven't  
18 talked to San Saba on that.  
19 MR. WALTERS: Okay.  
20 MR. KING: What do y'all think about that?  
21 MR. MOSER: I think it's a good idea.  
22 MR. KING: Where, out here?  
23 MR. MOSER: On the columns, yeah.  
24 MR. McKENZIE: Up high.  
25 MR. MOSER: Just a --

1 MR. KING: Oh, up high. Okay.

2 MR. MOSER: -- a banner across. As you walk in,  
3 you see it and you know it.

4 MR. KING: I mean, is TexDOT going to give us a  
5 sign or anything on the highway? I thought they did that --

6 MR. McKENZIE: I have not talked to Mike Coward  
7 about that. Last time they didn't. They --

8 MR. KING: When was that, '90 --

9 MR. McKENZIE: '93.

10 MR. KING: It was a sign -- they had a sign on the  
11 road out there; I saw it.

12 MR. McKENZIE: But due to the --

13 MR. MOSER: These are the guys you want to know it,  
14 the guys that are coming in by plane.

15 MR. WALTERS: It's really marketing.

16 MR. MOSER: Yeah, absolutely. That's what it is.

17 MR. WALTERS: That's what it is. It's not to pat  
18 ourselves on the back; it's marketing.

19 MR. MOSER: It's marketing, precisely.

20 MR. KING: Why don't we do this? Why don't we --  
21 I'll -- I'll go -- I promise I'll go down and talk to John  
22 Baker here in about 30 minutes and see what he'll do it for.

23 MR. McKENZIE: Okay.

24 MR. KING: And I'll report back to you. And --

25 MR. MOSER: Why don't we proceed pending your

1 funding?

2 MR. KING: Yeah. And we may -- somebody may come  
3 forth with a donation on this so we don't have to pay for it  
4 out of the airport fee.

5 MR. McKENZIE: Laurie can give you a picture of it,  
6 Steve, to show to John if you need to.

7 MR. KING: All right, good. 'Cause I don't really  
8 want to spend money on a sign.

9 MR. MOSER: But it's just marketing.

10 MR. WALTERS: Yeah.

11 MR. KING: I agree. No, I think it's a great idea.

12 I've seen it before; I've seen other airports that have done

13 this same type of deal, and I think it's -- it seems like a

14 good idea.

15 MR. MOSER: Okay.

16 MR. KING: Okay, we're going to get something done

17 on that.

18 MR. McKENZIE: Okay.

19 MR. KING: All right. Anything else? Anybody have

20 anything else? Owners, anything else? Guy? Mike? Do y'all

21 have anything?

22 MR. HENNEKE: Keep up the good work.

23 COMMISSIONER OVERBY: Y'all do a good job.

24 Appreciate you.

25 MR. KING: We'll be here till at least September

32

1 30th. 1st or 30th?

2 MS. HARGIS: 30th.

3 MR. WALTERS: 30th.

4 MR. KING: We'll be here until the 30th.

5 COMMISSIONER OVERBY: You guys do a good job.

6 Appreciate it.

7 MR. KING: Don't go too far, though. Don't do like

8 the federal government and go to the last hour.

9 MR. MOSER: How is the City and the County deal

10 with not having -- us not having an approved budget?

11 MR. KING: I don't know.

12 MR. HENNEKE: I mean, it falls on us, I think.

13 MR. MOSER: Yeah.

14 MR. HENNEKE: And, I mean, there's no --

15 MR. MOSER: We just do a continuing resolution,

16 work on the budget we had the previous year.

17 MR. HENNEKE: You know, with the city cancellation

18 of the agreement, the agreement was what required y'all to

19 have a budget by a particular date and seek approval.

20 MR. MOSER: Right.

21 MR. HENNEKE: You know, I think Commissioner Letz,

22 and I know Commissioner Overby have said publicly that it

23 would be a good idea if we all got together, three-party

24 discussions, and to work on --

25 MR. MOSER: Seriously, I think that's what we have

33

1 to do on the budget. We'd have to do something like you guys

2 say continue on with the budget you had the preceding year,

3 'cause we won't be able to get anything back to you in --

4 MR. HENNEKE: Under the existing agreement, were

5 the City and County not to approve y'all's proposed budget,

6 it would have reverted back.

7 MR. MOSER: Okay.

8 MR. KING: It would have, but that agreement --

9 MS. BAILEY: If there's no agreement, then there's

10 no board; there's no budget. Then I guess these guys have to

11 come in and run it themselves.

12 MR. MOSER: Let's see. The board still exists

13 under the other -- does the other interlocal agreement

14 expire, or is this just a --

15 MS. BAILEY: It's expired.

16 MR. MOSER: It's expiring, period.

17 MR. KING: It will expire on September --

18 MR. MOSER: Okay.

19 MR. KING: September 30th. All right. Y'all keep

20 working on that. I'm sure we'll be -- just let me know.

21 MR. MOSER: Do we have any of these big -- our big

22 signs out there to put at the end of the runway?

23 MR. KING: We can't put those up.

24 MR. COWDEN: The X's?

25 MR. McKENZIE: X's? Yes, sir, we do. We've got

34

1 them in the barn.

2 MR. KING: I think, "Closed for business."

3 MR. MOSER: Okay, yeah.

4 MR. McKENZIE: We have them.

5 MR. KING: Exactly.

6 MR. WALTERS: Airport of the Year, closed for

7 business.

8 MR. KING: Closed for business. I think our credit  
9 rating would go down.

10 MR. MOSER: That would be good. That might make  
11 the first page of the Kerrville Daily Times.

12 MR. KING: I think we're downgrading. They'd  
13 probably come take our award back. All right. That'll -- I  
14 think that'll do the regular part of the meeting. We're  
15 going to go into executive session and talk about personnel  
16 matters. Is that correct?

17 MR. MOSER: Yes.

18 MR. KING: Something like that.

19 (The open session was closed at 9:08 a.m., and an  
20 executive session was held.)

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21 (Mr. Moser left the meeting.)

22 MR. KING: We went into executive session at 9:08,  
23 and we came out at 9:22 from executive session. Okay. We're  
24 back in open session at 9:22. On the matter of personnel, on  
25 the discussion and possible recommendation of a new board

35

1 member, we have -- are you going to make a motion?

2 MR. COWDEN: I'll make a motion to nominate Ed  
3 Livermore to be our representative to go in front --  
4 whatever, for the City and County.

5 MR. KING: To recommend to the County and the City  
6 for the open spot.

7 MR. COWDEN: Yeah.

8 MR. KING: Corey, you want to second that?

9 MR. WALTERS: I'll second that.

10 MR. KING: All right. Any discussion? All in  
11 favor?

12 (The motion carried by unanimous vote, 3-0.)

13 MR. KING: It'll be 3-0, with Mr. Moser not in  
14 attendance at this point. So, we're going to pass this on to  
15 the City and the County for Ed Livermore, and as soon as they  
16 approve that, then we will get the Judge to swear him in and  
17 install him. All right. Anything else? No other action in  
18 executive session, and I'll take a motion to adjourn.

19 MR. COWDEN: So moved.



20 MR. WALTERS: Second.  
21 MR. KING: Motion by Mr. Cowden, seconded by  
22 Mr. Walters. All in favor?  
23 (The motion carried by unanimous vote, 3-0.)  
24 (Airport Board meeting adjourned at 9:27 a.m.)  
25 -----

1 STATE OF TEXAS |  
2 COUNTY OF KERR |  
3 I, Kathy Banik, official reporter for Kerr County,  
4 Texas, do hereby certify that the above and foregoing is a  
5 true and complete transcription of my stenotype notes taken  
6 at the time and place heretofore set forth.  
7 DATED at Kerrville, Texas, this 2nd day of August, 2011.

8 \_\_\_\_\_  
9 Kathy Banik, Texas CSR # 6483  
10 Expiration Date: 12/31/12  
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12 Kerr County, Texas  
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