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KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD

Regular Meeting

Monday, March 19, 2012

8:30 a.m.

Airport Terminal Conference Room

1877 Airport Loop Road

Kerrville, Texas

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

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

COUNTY STAFF PRESENT:
Guy Overby, Commissioner Pct. 2
Jonathan Letz, Commissioner Pct. 3
Jeannie Hargis, Auditor

CITY STAFF PRESENT:
Mike Erwin, Finance Director

VISITORS:
Robert Collier, Mooney
Joey Kennedy, Kerrville Aviation

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1 On Monday, March 19, 2012, 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 P R O C E E D I N G S

7 MR. MOSER: Well, good morning, everybody. It's
8 8:34. We will start the Kerr County/Kerrville Joint Airport
9 Board meeting. Visitors' forum. At this time, any person
10 with business not scheduled on the agenda may speak with the
11 Airport Board. No deliberation or action can be taken on
12 these items because the Open Meetings Act requires an item be
13 posted 72 hours before the meeting. Visitors are asked to
14 limit presentations to three minutes. Is there anybody in
15 the audience that would like to speak?

16 MR. McKENZIE: I'd like to say one thing about an
17 employee that Joey Kennedy has that had a motorcycle accident
18 Thursday afternoon, Jesse Mingle. A lot of you folks know
19 that. I think he broke both arms, both legs, collar bone.

20 MR. KENNEDY: Pretty much everything except the
21 helmet.

22 MR. McKENZIE: Just so everybody knows, he's in San
23 Antonio.

24 MR. MOSER: He should stick to flying rather than
25 riding motorcycles.

1 MR. McKENZIE: I concur. Just wanted to let you
2 know.

3 MR. LIVERMORE: He is just truly a nice young man,
4 and I'm just heartbroken over it.

5 MR. MOSER: Happened nearby?

6 MR. McKENZIE: Yes, sir, right across the road over
7 there on Wharton Road.

8 MR. MOSER: Oh, Wharton Road, okay. Wow. Okay,
9 moving on. Discussion and possible action items. Monthly
10 financials. Jeannie.

11 MS. HARGIS: All right. Morning, everyone. If
12 you'll turn to Page 1, which is the balance sheet for the --
13 the general airport fund, total amount of cash, 332,947.47.
14 Some receivables for a total of 335,797.47. Liabilities of
15 53,280, so a fund balance of 212,956, for a total again of
16 335,797.47 on Page 2. Page 3 is the beginning of the income
17 statement. This is the revenue items. Total amount
18 year-to-date, 182,527.74. That's the fourth column.

19 MR. MOSER: Jeannie, I've got -- oh, wait, before
20 you go to Page 4, are you through with Page 3?

21 MS. HARGIS: Yes.

22 MR. MOSER: A question. Let me find it here real
23 quick. Terminal lease. This -- this is staying constant.
24 And I guess this is a question for Bruce. We have a -- a
25 C.P.I. increase for the -- for the terminal lease, right?

1 MR. McKENZIE: For all offices in the terminal,
2 that's correct.

3 MR. MOSER: For all offices in the terminal, okay.
4 Just for clarification, but we do not for T-hangars?

5 MR. McKENZIE: We do not.

6 MR. MOSER: Okay.

7 MR. McKENZIE: It's not in any of the contracts.
8 Never has been.

9 MR. MOSER: Okay. I just wanted --

10 MS. HARGIS: On all of our leases, we have a C.P.I.

11 for the --

12 MR. MOSER: Pardon me?

13 MS. HARGIS: -- rental of facilities, other than

14 the T-hangars, there's a C.P.I.

15 MR. MOSER: Okay. When we get to the budget, we

16 can talk about that. Okay, thank you.

17 MS. HARGIS: Page 4. Again, fourth column, this is

18 the salaries, 58,068. Right on target there. On Page 5,

19 year-to-date, those expenses, utility, 49,333.50. Page 6 --

20 MR. MOSER: Wait, I had a question on Page 5, and

21 that would be on the lighting -- lighting and power.

22 MS. HARGIS: For outside.

23 MR. MOSER: Yeah, but what my comment is, it's

24 running a little bit higher than we projected; it says it's

25 56 percent. Not a whole lot, but some. And so when we get

6

1 to the budget, we didn't show any increase in lighting and

2 power last year to this year.

3 MR. McKENZIE: I did not.

4 MR. MOSER: Well, but this indicates that we

5 should.

6 MR. McKENZIE: Slightly.

7 MR. COWDEN: Well, let's see. Wintertime, wouldn't

8 we have more lights and power? We'd be using more in the

9 winter?

10 MR. McKENZIE: That's what I was going to say.

11 MR. MOSER: Is that just -- is that just lights?

12 MR. McKENZIE: That's historic, everything outside.

13 It's just lights.

14 MR. MOSER: Okay.

15 MR. McKENZIE: That's correct.

16 MR. MOSER: But it is a little bit higher. But,

17 anyway, I think we need to see what our basis investment is

18 there. Okay, go ahead, Jeannie.

19 MS. HARGIS: Okay. Page 6, those are the utilities

20 for in here.

21 MR. MOSER: Mm-hmm.

22 MS. HARGIS: 7,240.53. Total expenses

23 year-to-date, 114,642. Revenue remaining, 67,885.71.

24 MR. MOSER: What page are you on now?

25 MS. HARGIS: I am on 6.

7

1 MR. MOSER: Okay, still.

2 MR. LIVERMORE: Well, now, Tom, does the same

3 question she's raised previously apply here?

4 MR. MOSER: What's that?

5 MR. LIVERMORE: On the utilities?

6 MR. MOSER: Oh. Well, it looks like that they're

7 in line. Yeah, we're still in line there.

8 MR. LIVERMORE: Looks like 72 versus 53.

9 MS. HARGIS: Well, they're at 65 percent.

10 MR. MOSER: Yeah. I was just looking at the

11 percentage, yeah, roughly for the year. Okay.

12 MS. HARGIS: The -- Page 7 is the general

13 maintenance, professional services. Those items are each

14 itemized for you. I think that page is out of -- out of

15 sync. I think that should have been 6, and that one should

16 have been 7.

17 MR. MOSER: Okay. On current 7, --

18 MS. HARGIS: Mm-hmm.

19 MR. MOSER: -- same thing. On Item 800-104, fuel

20 and oil supplies, we didn't -- and, again, this is looking

21 forward, Bruce, on the budget. We're running ahead of

22 schedule there on fuel and oil, and we know what fuel costs

23 are going -- doing. So, when we get to that on the budget,

24 let's use this as a --

25 MR. McKENZIE: Sure.

8

1 MR. MOSER: -- as a basis.

2 MR. McKENZIE: I did that. And I did that on the

3 budget; I increased it on the budget because of the fuel.

4 MR. MOSER: Okay. One other question on that. On

5 800-209, repairs in general, is that a -- and this isn't

6 going to average out over the year, but is there something

7 that caused us to be ahead of schedule on that, Bruce?

8 MR. McKENZIE: No, sir, not anything in particular.

9 MR. MOSER: So it wasn't a single item?

10 MR. McKENZIE: No, sir.

11 MR. MOSER: Okay. Okay, Jeannie.

12 MS. HARGIS: All right. Page 8 is our capital
13 project fund. It's 177,452.12; it's Page 8. Page 9 is the
14 revenue there, which is 50,050.94. Keep in mind, we don't
15 get our reimbursement from the State until we spend the
16 money. Page 10 --

17 MR. MOSER: Is that the reason that's -- there was
18 a question I was trying to sort out after I was looking at
19 this. Let me see if I can figure out what it is, Jeannie.
20 Everything seems to be on schedule, but yet budget remaining
21 is still shown at 50 percent.

22 MS. HARGIS: Right, because we don't get TexDOT
23 until we spend the money and we get it back, so it's usually
24 towards the end of the year.

25 MR. MOSER: So, that's the difference?

9

1 MS. HARGIS: Uh-huh, right.

2 MR. MOSER: All right. Thank you.

3 MS. HARGIS: Page 10. We've spent a little bit of
4 RAMP grant money, 5,937.50, and those are for our general
5 maintenance items that we have on the RAMP. So, total amount
6 of revenue remaining, 44,113.44; that's Page 11. Page 12
7 shows the contract -- the one contract that we have with
8 TexDOT, and then our RAMP grant, and that's in line with the
9 amount of funds that we have in the bank, 177,452.08. And
10 then --

11 COMMISSIONER LETZ: Jeannie, on that, on the -- not
12 the RAMP, but the other grant.

13 MS. HARGIS: Mm-hmm.

14 COMMISSIONER LETZ: When is -- the relocate
15 taxiway, the balance there, when is that sorted out with
16 TexDOT?

17 MS. HARGIS: After they declare it's finished, and
18 a couple of years after that.

19 MR. McKENZIE: About 18 months.

20 COMMISSIONER LETZ: About 18 months from now?

21 Okay.

22 MS. HARGIS: It takes a long time.

23 MR. McKENZIE: Generally.

24 MS. HARGIS: And that's a fast track. Sometimes

25 it's three years.

10

1 COMMISSIONER LETZ: Okay.

2 MS. HARGIS: And the next one is the TexDOT
3 projects. This agrees with the audit. We've been having
4 trouble getting ahold of the TexDOT person, but these are
5 pretty much what's left in those items that they haven't
6 refunded us. And that's all I have.

7 MR. MOSER: Okay. Any questions? Do I hear a
8 motion that we approve the budget as submitted?

9 MR. COWDEN: So moved.

10 MR. MOSER: I meant -- not the budget, but
11 financials.

12 MR. COWDEN: Financials. So moved.

13 MR. WALTERS: Second.

14 MR. MOSER: All in favor, aye?

15 (The motion carried unanimously, 4-0.)

16 MR. MOSER: It's unanimous. Item 2B, Kerrville
17 Aviation lease.

18 MR. McKENZIE: Kerrville Aviation's lease commenced
19 five years ago. This building is five years old this month,
20 and his lease commenced on his area of this building five
21 years ago. It's going to expire at the end of this month.

22 MR. MOSER: Okay. That area includes just --

23 MR. McKENZIE: Just that corner.

24 MR. MOSER: Right. Just this corner, okay. Not
25 the -- not the --

11

1 MR. McKENZIE: Nothing else.

2 MR. MOSER: Nothing else, okay. Not the break --

3 MR. McKENZIE: Just that little corner. That break
4 room is a common area.

5 MR. MOSER: Yeah, right. Okay.
6 MR. McKENZIE: And Mr. Kennedy has requested in
7 writing that we renew his lease for another five years, and
8 I'll leave that up to the discussion of the board, but I
9 would recommend that we do that. They've been a good tenant
10 and they've performed their like kind services as they have
11 said they were going to do, and did an excellent job with it.
12 So, that's my comment.

13 MR. COWDEN: Has he done everything according to
14 the lease?

15 MR. McKENZIE: Yes, sir.

16 MR. COWDEN: Everything like it's supposed to be?

17 MR. McKENZIE: Yes, sir.

18 MR. WALTERS: I had a discussion with Steve;
19 actually, we went through all the items on the agenda
20 yesterday, and when we got to this, it's his recommendation
21 that we table this item for now so that we can look at the
22 lease and see if we need to make any modifications to it, and
23 I agree with that. I think we probably should. Not that
24 we're not interested in moving forward with it. I just think
25 that we need to look at it a little -- a little closer.

12

1 Steve wanted to do that as well, and I do recommend that we
2 -- we give at least -- I don't know if the lease calls for
3 it, but if there's no lease, that goes on a month-to-month
4 basis. But --

5 MR. COWDEN: I don't know about that.

6 MR. WALTERS: -- there's a holdover clause. Or --

7 MR. LIVERMORE: Are you making a motion to table
8 it?

9 MR. WALTERS: I'm making a motion that we table
10 this item on the agenda for this meeting.

11 MR. LIVERMORE: All right. I second the motion.

12 MR. MOSER: Okay. Any discussion? I -- I felt the
13 same way after reading it. I don't have any problem with it.
14 I just think after five years, we ought to just take a look
15 at it and see where we are. You know, I don't know of any
16 issues, but -- so we'll bring that up at the next -- is that

17 any problem, bringing that up at the next meeting?

18 MR. McKENZIE: No, sir.

19 MR. MOSER: Okay. Joey, is that okay? No problem?

20 Okay. All right. Made and seconded. All in favor?

21 (The motion carried unanimously, 4-0.)

22 MR. MOSER: It's unanimous. Okay, we'll table that

23 till the April meeting. Mooney volunteer cleanup.

24 Mr. Collier.

25 MR. McKENZIE: I asked Robert to come in and

13

1 explain this to us. I sent everybody all the data, both
2 owners and the board, about the resolution of the cleanup at
3 Mooney. But I asked Robert if he would come in personally
4 and explain it to everybody so we can really alleviate -- put
5 this thing to bed.

6 MR. MOSER: Okay, good deal.

7 MR. McKENZIE: Robert, thank you for coming.

8 MR. COLLIER: You bet. Morning, everybody. At the
9 time that we went into our hibernation mode in 2008, there
10 were two open environmental issues, one being the evaporation
11 ponds that were ongoing at the time, and the other was the --
12 there was a solid waste management unit and a berm inside the
13 chemical processing room. So, those were actually all in
14 work by the time I took responsibility for those. The issue
15 with the solid waste management unit number 2, which was a
16 paint distillation unit, it wasn't being used. Sometime in
17 the past, back in 2003, this company made a decision to sell
18 that, and apparently the folks that were doing it at the time
19 weren't aware that there were some activities that had to be
20 done along with T.C.E.Q. to make sure it was done properly,
21 so -- and they were mainly administrative activities that
22 weren't done properly. So, there were some follow-up actions
23 to that. The final report was submitted in March of 2010,
24 and the closure report for that came out in March of last
25 year, 2011. So, as far as the T.C.E.Q. is concerned, that's

14

1 a done deal. I have the closure letter for that.

2 MR. McKENZIE: Number 2 waste management.

3 MR. COLLIER: Waste management Unit Number 2 was
4 closed out. Again, that was an old paint distillation unit
5 of some sort that was not being used. It was just sold.

6 MR. LIVERMORE: What do you mean, a "paint
7 distillation unit?" I don't know what that is.

8 MR. COLLIER: That was the only question I can't
9 answer. I don't know what that is. (Laughter.) No idea
10 what that is.

11 MR. LIVERMORE: I mean, is it a pond in the ground,
12 or is it --

13 MR. COLLIER: No, sir, I think it's actually
14 physically a cabinet of some sort that was used to mix paint.

15 MR. LIVERMORE: So, the concern was just a metal
16 cabinet?

17 MR. COLLIER: Well, I think the concern was the
18 location of this thing. And so when you move something like
19 that, then I think there's a requirement that you have to go
20 in and make sure none of it leaked out, make sure there
21 wasn't any issues with the soil or the foundation or anything
22 like that. So, those weren't documented, so we had to go
23 back and document that later, and then that account was
24 closed out. And I believe that unit was -- now we have an
25 chemical storage building back here on the back corner, and

15

1 that unit was inside that building.

2 MR. MOSER: Oh, inside that building?

3 MR. COLLIER: Right. Right.

4 MR. LIVERMORE: So the area that is affected, if
5 there is an affected area, is the footprint of this cabinet?

6 MR. COLLIER: That's true, yes, sir.

7 MR. LIVERMORE: Well, that can't be much bigger
8 than a -- I mean, how big would that be?

9 MR. COLLIER: Let's see. I went over, took some
10 pictures of where it's at, and I would say it's probably 4
11 foot by 6 foot, something like that. There's nothing there
12 currently.

13 MR. LIVERMORE: Seems like a lot of talk for no

14 space.

15 MR. COLLIER: Well, that sits on a concrete slab in

16 that building -- or sat on a concrete slab in that building.

17 It's surrounded by a concrete berm. So --

18 MR. MOSER: Probably --

19 MR. LIVERMORE: I'm not trying to belittle your

20 report. I mean, I appreciate it, but I just --

21 MR. COLLIER: That's T.C.E.Q.'s thing.

22 MR. LIVERMORE: I can imagine.

23 MR. COLLIER: I agree with you. I agree with you.

24 That was a lot of --

25 MR. MOSER: Are you saying something about

16

1 bureaucracy and requirements?

2 MR. LIVERMORE: That's out of order.

3 MR. COLLIER: And I don't know if it's appropriate

4 to mention here since it's not on the agenda, but the

5 evaporation ponds, the final report for that was submitted

6 last year -- actually, it was hand-delivered in January this

7 year, and we just got the closure report on it in March -- or

8 early -- we got it the first week of March, this month. And

9 then the only open action item to that one is to go into the

10 T.C.E.Q. site and close the evaporation ponds as an active

11 waste management unit, and -- and that's been done by letter.

12 So, that was just a --

13 MR. LIVERMORE: Well, I want to ask the same

14 question again. Tell me what exactly what an evaporation

15 pond is.

16 MR. COLLIER: There were, on the other side --

17 MR. LIVERMORE: That sounds like something open to

18 the air.

19 MR. COLLIER: Yes, sir. On the other side of the

20 big hangar over there, there were two open ponds --

21 MR. LIVERMORE: Mm-hmm.

22 MR. COLLIER: -- that were drainage for -- for the

23 rinsing tanks. There were rinsing tanks. That water was

24 pumped out there to naturally evaporate, and that was closed

25 in 2006. The soil was excavated, tested, and it's been

1 refilled in.

2 MR. LIVERMORE: So, there's nothing lingering about
3 that?

4 MR. COLLIER: No, sir, not at all. This final
5 report that we got earlier this month closes it out, except
6 for making it inactive on the T.C.E.Q. website.

7 MR. MOSER: And is that a big deal, to make it
8 inactive?

9 MR. COLLIER: Already done. Well, I say -- it's
10 been submitted. I'm waiting for them to come back and
11 acknowledge it, yes, sir.

12 MR. MOSER: Are there any other environmental
13 cleanup --

14 MR. COLLIER: Those were the only two.

15 MR. MOSER: -- issues? And that's it, so T.C.E.Q.
16 has been through everything, and they're --

17 MR. COLLIER: That's correct.

18 MR. MOSER: -- happy with it?

19 MR. COLLIER: And we have drained our chemical
20 process line. There's nothing left in the chemical process
21 line. If and when we start back up again, then that will
22 have to be a whole new line there. We wouldn't -- we won't
23 even use what's there current. The other thing that --
24 environmental-wise is the -- the salt treatment bath, and
25 it's been drained as well, so there's nothing running in the

1 salt bath.

2 MR. MOSER: Okay.

3 COMMISSIONER LETZ: Question.

4 MR. MOSER: Go ahead, Jon.

5 COMMISSIONER LETZ: It's clean for what's been
6 removed, but the existing building -- like, if the paint shop
7 gets torn down, the old paint shop, there will probably be a
8 new T.C.E.Q. examination of that for asbestos in the
9 buildings. I mean, there's still a lot of T.C.E.Q. things
10 there, just --

11 MR. MOSER: Nothing pending right now.
12 COMMISSIONER LETZ: Nothing pending. I mean, the
13 evaporative ponds were a big deal.
14 MR. MOSER: Right.
15 COMMISSIONER LETZ: Those were big ponds. They
16 were --
17 MR. COLLIER: They were sitting there leaching
18 into --
19 COMMISSIONER LETZ: There were two of them. There
20 was all kinds of stuff in them.
21 MR. MOSER: Yeah.
22 COMMISSIONER LETZ: That's the one that County's
23 been really anxious to get put to bed.
24 MR. COLLIER: Us too.
25 COMMISSIONER LETZ: That was a -- potentially, a

19

1 big problem.
2 MR. WALTERS: Have you forwarded copies of those
3 closure reports to the City and the County?
4 MR. MCKENZIE: Sent them to the City and the
5 County. Yes, sir, I have.
6 COMMISSIONER OVERBY: That's good.
7 MR. MOSER: Okay. Any other discussion? Mike,
8 anything from the City side? 'Cause I know you guys were
9 concerned about it. Looks like, as far as the pond, that's
10 clean, okay, as far as -- as those particular actions.
11 MR. COLLIER: Yes, sir.
12 MR. MOSER: But Jonathan's right; you know, there's
13 some other things as we start probing into it and turning
14 rocks over.
15 MR. COLLIER: If you move a cabinet, you got three
16 years of reports you got to do. No doubt, if you tear that
17 building down over there, --
18 MR. MOSER: Yeah.
19 MR. COLLIER: I'm sure that's coming.
20 MR. MOSER: Okay.
21 MR. COLLIER: The only thing over there is, there's
22 a sump that was used whenever they washed aircraft, and then

23 that sump was pumped out into a -- a trailer, and that water
24 was taken over and run through the -- the wastewater
25 treatment plant that we have. So --

20

1 MR. MOSER: Okay.

2 MR. COLLIER: But that's dried up as well, so
3 there's nothing over there, no underground tanks. There's
4 nothing like that. We don't have any fuel storage tanks
5 underground or nothing like that.

6 MR. MOSER: Okay. Any other questions of Bob?

7 COMMISSIONER OVERBY: I would offer one thing,
8 Bruce. You might want to send a letter also, even though
9 it's no longer functioning right now, but you might send a
10 letter also to the Kerr Economic Development Foundation as
11 just documentation for that pond, because that pond is -- 70
12 percent of that property is owned by that organization, and
13 the other 30 percent is owned by the City and the County.
14 But for documentation purposes for the Airport Board, --

15 MR. MOSER: Good point.

16 MR. COLLIER: -- I think we need to go ahead and
17 send one to have it documented.

18 MR. McKENZIE: Will do.

19 COMMISSIONER OVERBY: Thank you.

20 MR. MOSER: I don't think we need to vote on this;
21 this is just a report, information. Thank you, Bob.

22 MR. COLLIER: You bet, my pleasure.

23 MR. McKENZIE: I appreciate it, Robert.

24 MR. MOSER: Thank you very much.

25 MR. McKENZIE: See you later.

21

1 MR. MOSER: Okay, Item 2D, Airport Board member
2 appointments. Bruce McKenzie.

3 MR. McKENZIE: We -- we need to know if three
4 members will be willing to serve again, or want to serve
5 again. One has responded. Tom has; he said he was willing
6 to serve again, and we need to know if Corey and Mark are
7 willing to serve again. So, I'll turn the floor over to the

8 chairman.

9 MR. LIVERMORE: Let them dance and sing, huh?

10 MR. McKENZIE: And drumroll or whatever you're
11 going to do.

12 MR. MOSER: They apparently don't have e-mails.
13 They're pondering the situation.

14 MR. COWDEN: I've really been wondering if Laurie
15 was committed to continuing -- continuing to make cookies out
16 here. (Laughter.)

17 MR. McKENZIE: I don't think she heard that.

18 MS. DEJOHN-ERMEY: For you, yes. (Laughter.)

19 MR. McKENZIE: There you are.

20 MR. COWDEN: What are you going to do?

21 MR. WALTERS: Well, I'm considering. I'm still
22 considering. So, I'm going to -- I'll let you know here
23 shortly.

24 MR. McKENZIE: Okay. I just need to know because
25 of the June 1 deadline in the interlocal. What I'm trying to

22

1 avoid -- and y'all will begin to see this now because of the
2 new interlocal agreement. I'm shooting way ahead of
3 everything. So, I need to know as soon as we can, because
4 otherwise --

5 MR. LIVERMORE: What is your deadline?

6 MR. McKENZIE: -- we'll be pushed in a box again,
7 and then I'm scrambling.

8 MR. MOSER: So, Corey, we could --

9 MR. McKENZIE: But I understand.

10 MR. MOSER: We could increase your salary.

11 MR. COWDEN: Double.

12 MR. WALTERS: By two cookies?

13 MR. LIVERMORE: Two cookies.

14 MR. MOSER: Well, let me say something, and I'll
15 say it in public. You know, we hope you seriously consider
16 that, because I think one of the reasons that the board works
17 so well together is because we have a -- we don't overlap,
18 really, in experience and expertise. And development's going
19 to be a big thing out here as we finish our master plan and

20 proceed aggressively toward development, so your expertise
21 and knowledge and wisdom would be -- would be greatly
22 appreciated.

23 MR. WALTERS: I appreciate that, too. I've enjoyed
24 working with everybody. It's been an excellent experience.

25 MR. MOSER: That's past tense. (Laughter.)

23

1 MR. McKENZIE: It was.

2 MR. WALTERS: So -- and continuing to work. Enjoy
3 working with everyone. But regardless of my decision,
4 whether I decide to stay on if not, I will commit to stay on
5 till -- if I do decide not to, commit to stay on till a
6 replacement is found.

7 MR. McKENZIE: Appreciate that.

8 MR. WALTERS: So --

9 MR. MOSER: Okay. All right.

10 MR. COWDEN: I'd like to follow his lead, let you
11 know.

12 MR. MOSER: And you need to know that, Mark -- I
13 mean, or we, the board, needs to know that so we can pass
14 the --

15 MR. McKENZIE: Yes, sir.

16 MR. MOSER: -- nominations -- recommendations, I
17 should say, to the City and the County by June 1st.

18 MR. McKENZIE: To follow the dates established in
19 the agreement, yes, sir.

20 MR. MOSER: And that's June the 1st.

21 MR. McKENZIE: June 1.

22 MR. MOSER: Okay. So --

23 MR. LIVERMORE: That's the deadline for giving them
24 the names?

25 MR. MOSER: Yeah.

24

1 MR. LIVERMORE: Not for them to approve the names?

2 MR. McKENZIE: Right, to give them the names.

3 That's correct.

4 MR. MOSER: Okay. All right. Sounds like we've

5 got --

6 MR. McKENZIE: I wanted to get everybody's forecast
7 to kind of get it on the horizon.

8 MR. MOSER: Okay. All right.

9 MR. McKENZIE: Thank y'all.

10 MR. MOSER: Anything else on that? Okay. Bruce,
11 Item 2E, customs and border protection office.

12 MR. McKENZIE: I have contacted the three tenants
13 that we have that fly internationally regularly. Those three
14 individuals are not interested in funding any of the customs
15 and border patrol offices that would entail hundreds of
16 thousands of dollars to build, or the funding of the
17 employee, and I understand it. They all were very -- very
18 kind about it, but they said the R.O.I. on this is not
19 working. So -- and I won't go into the details, but when you
20 hear the details, and most of you that are out here all the
21 time know where they go and the frequency of it, so -- and it
22 wouldn't -- it just wouldn't work, in their mind's eye. Now,
23 the one person I haven't contacted, because I haven't been
24 able to find out who to talk to, and I'm getting some help
25 with that from the Commissioner, is the Coca Cola lady in

25

1 Mexico City. And I don't know -- that's a hard veil to
2 penetrate. I'm having a hard time getting in, but
3 Commissioner Letz is --

4 MR. MOSER: Okay.

5 MR. McKENZIE: -- working on the contact person
6 with that. Now, she may or may not be interested in this. I
7 can't give you a report on that, 'cause I haven't talked to
8 anybody in the organization. The other organizations here
9 that have large equipment here that fly in and out of here
10 are not interested.

11 MR. WALTERS: She doesn't even keep her plane here,
12 does she?

13 MR. McKENZIE: She's keeping it in San Antonio.
14 She's got a Phantom.

15 MR. KENNEDY: She'd like to have her plane here. I
16 mean, obviously, all of her trips are in Mexico, so she has

17 to clear customs for her to hop back and forth, and it's not
18 feasible.

19 COMMISSIONER LETZ: I'll visit with probably her
20 number two in the next week, 10 days.

21 MR. MOSER: Okay.

22 COMMISSIONER LETZ: And then it will be probably
23 within a month after that.

24 MR. MOSER: And you have the information you need
25 from Bruce?

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1 COMMISSIONER LETZ: Yeah. They're just very
2 private, and they would -- you know, they don't --

3 MR. MOSER: Sure.

4 COMMISSIONER LETZ: I don't think Bruce can get
5 through, hardly.

6 MR. MOSER: Yeah. No, I'm saying, but you have the
7 information to discuss with her, so Bruce can --

8 COMMISSIONER LETZ: Yeah. I mean, I'll find out if
9 they're interested in pursuing it, and if they are, I'll have
10 Bruce contact them.

11 MR. MOSER: Oh, okay, good.

12 COMMISSIONER LETZ: That person.

13 MR. MOSER: Okay.

14 MR. McKENZIE: Very good.

15 MR. MOSER: All right. So, if --

16 MR. WALTERS: I've got a question. Joey, you
17 said -- is it a matter of she would keep her plane here if
18 you had space, or she would keep her plane here if there were
19 a customs --

20 MR. KENNEDY: Customs office.

21 MR. WALTERS: So she would keep her plane here if
22 there was an office here, a customs office?

23 MR. KENNEDY: If there were customs availability,
24 she would keep her aircraft here, which would be the case
25 with numerous airplanes in the San Antonio area. That's been

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1 the whole -- the whole holdup with her. She's expressed

2 interest. I think even Jonathan's aware of some interest
3 that she's expressed. She's just right here in Camp Verde.
4 She would much rather have her airplane here, but all of her
5 trips are across the border, so when -- when our customers go
6 to Cabo San Lucas, they've got to go to San Antonio, and
7 we've got to transition 12 vehicles to San Antonio before
8 they can clear customs. Because they'd rather not land, have
9 to clear customs, then hop over here. They'd just as soon
10 drive to their house from there.

11 MR. WALTERS: You mentioned -- you said that there
12 was several other people who would move their planes here if
13 they had -- if we had a customs office here? Do you keep --

14 MR. KENNEDY: I don't have specific names, but you
15 can't market something you do not have. It's an "If you
16 build it, they will come" type deal. There's no doubt that
17 there are a lot of corporate aircraft in San Antonio.

18 MR. MOSER: I think it's "If she builds it, they
19 will come."

20 MR. KENNEDY: Right. It's an expensive
21 proposition. It's not as easy was it was 10 years ago.

22 MR. WALTERS: I mean, what I was getting at is, I
23 thought if you knew of specific people, we could make a
24 contact to them to see if they would be interested in funding
25 it. If we don't have specific names other than her, then

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1 she's the only one we need to talk to.

2 MR. KENNEDY: Right.

3 MR. MOSER: But you talked to two or three others,
4 right, Bruce?

5 MR. McKENZIE: And as well, to Joey's point, the
6 board asked me last month -- actually, Steve directly asked
7 me to talk to the folks down at Sugarland, and I talked to
8 those folks -- I know them -- as to how they -- there's an
9 area -- and y'all are familiar with Sugarland, the ones of us
10 that fly. They have a beautiful new facility there, but they
11 had to build a customs office next door, and the way they got
12 that, there was -- that's why I'm saying it's not out of the
13 question that one person may want to do this. They had one

14 individual in Houston that flew back and forth to Antigua all
15 the time. He said, "I'll pay for it." He said it's -- I
16 don't care. I mean, it was one of those deals, for 18
17 months. He said, "I'll pay for it, fund it for 18 months."
18 Well, the Airport Director told me, "When we did that, after
19 18 months," he said, "we had so much international traffic
20 that the fuel sales just skyrocketed." He said, "We paid
21 it." He said it just -- it was a no-brainer after that. It
22 was just getting it lifted off the ground.

23 MR. COWDEN: The initial cost is -- what was --

24 MR. McKENZIE: About a million bucks.

25 COMMISSIONER OVERBY: Estimated cost was like 350?

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1 MR. McKENZIE: Going to cost about 150,000 a year
2 just for the one employee to be here part-time.

3 COMMISSIONER OVERBY: How much?

4 MR. McKENZIE: A hundred and a half.

5 COMMISSIONER OVERBY: A hundred and a half.

6 MR. MOSER: Yeah, but what's the total?

7 MR. McKENZIE: We got to build the building.

8 MR. COWDEN: A million dollars.

9 MR. MOSER: I thought it's like a million bucks or
10 something.

11 MR. McKENZIE: They're telling me they built theirs
12 for about 600,000, so -- but that was several years ago, in
13 the Houston area. So, when you factor that in, here's one
14 thing that everybody needs to be aware of, and most of y'all
15 have flown internationally in private aircraft. There's a
16 big blue box that's painted on the apron area. That aircraft
17 sits in that box. If that customs person is not here, nobody
18 gets off the airplane. You don't even open the door.

19 MR. MOSER: Mm-hmm.

20 MR. McKENZIE: I mean, it's -- if we don't have a
21 full-time person, which we probably won't initially, --

22 MR. MOSER: Right.

23 MR. McKENZIE: -- then the people have to stay in
24 the aircraft; they can't get off till the person gets here.

25 But that's -- if arrangements are made, the individual will

1 probably be here. So, I mean, there's a lot of caveats in
2 this, but it's a good thing.

3 COMMISSIONER LETZ: Her husband brought it up to me
4 that she -- that they wanted us to try to do this.

5 MR. MOSER: Uh-huh.

6 COMMISSIONER LETZ: And that was several years ago,
7 with no talk of dollars or anything. If she was to move her
8 plane here, she'd probably build her own terminal. She has
9 a -- probably the nicest terminal -- or hangar/terminal
10 combination in San Antonio. It's pretty amazing, what she
11 has.

12 MR. MOSER: Right. I was there, right.

13 COMMISSIONER LETZ: It's --

14 MR. MOSER: It's good.

15 COMMISSIONER LETZ: It's the only one in secured
16 gates, locked down, brand-new.

17 MR. MOSER: I see.

18 COMMISSIONER LETZ: Fully staffed.

19 MR. KENNEDY: She's got a big hangar with full
20 everything.

21 MR. MCKENZIE: It's like Valero's hangar. Like
22 Zachary's hangar.

23 MR. MOSER: All right. So, "not interested" on a
24 couple. Jonathan is going to discuss -- pursue with her if
25 she'd like to discuss it, and introduce Bruce to her with the

1 details if they want to do it.

2 MR. MCKENZIE: Yes, sir, please. And looks like a
3 great potential, so we will wait and see.

4 MR. LIVERMORE: You know, if -- I've seen things
5 like this before where you have one bell cow who really
6 says -- what if she said, you know, "I'll fund half of it if
7 you can get the other." Then you go back; you've got
8 something to sell to people.

9 MR. MCKENZIE: Sure.

10 MR. LIVERMORE: And if --

11 MR. McKENZIE: Absolutely.

12 MR. KENNEDY: Just to give a little more

13 background, this discussion first started when -- 10 years

14 ago, before 9/11. You could actually -- McKinney did it with

15 T.I., when T.I. moved in there, you could get a customs, and

16 you could do an on-call basis. It wasn't nearly as expensive

17 as it is now, so -- with all the new regulations and so on.

18 We were looking at it from the standpoint of a marketing

19 tool. That would -- it would -- I mean, Sugarland's a good

20 example. It would definitely increase traffic, which

21 benefits all of us. The question is, could I afford to go do

22 it to increase traffic for my benefit? No, I couldn't do it.

23 It's just not -- no way to do it, not with what it costs

24 today to do it, to make it justifiable.

25 MR. WALTERS: Well, that's what I was wondering,

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1 is, you know, if there is -- I guess we just got to find out

2 the level of interest from her. And if there is any, you

3 know, I was thinking, okay, well, if possible, that, you

4 know, we could work out some sort of repayment back to her

5 based on the amount of additional traffic or fuel sales or

6 flowage fees that, you know, that we get. So --

7 COMMISSIONER LETZ: There's things you can do. I

8 mean, we just did something similar. We just did some kind

9 of a deal similar to the economic development things with the

10 county.

11 COMMISSIONER OVERBY: Chapter 381 or 380,

12 potentially, on property tax.

13 COMMISSIONER LETZ: You could help that. I mean,

14 there's things -- I think it's worth pursuing if she has an

15 interest. Whether she wants to fund the whole thing or not,

16 if she had an interest, it's worth pursuing. If she doesn't

17 have an interest, I think put it to bed.

18 MR. MOSER: Yeah. And think I that's where it is,

19 okay. So, we've -- okay. Moving on, Item 2F, master plan.

20 Bruce?

21 MR. McKENZIE: At the last meeting, Steve directed

22 everyone to take this brochure and look over it real good and

23 come back with recommendations. Now, I have a recommendation
24 before -- if I may.
25 MR. MOSER: You may.

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1 MR. McKENZIE: And I agree with Steve; this is too
2 much information.
3 MR. MOSER: Yeah. I think Corey was also pretty
4 vocal.
5 MR. McKENZIE: Nobody needs -- and Corey made the
6 point, too.
7 MR. LIVERMORE: We also --
8 MR. McKENZIE: We can -- we can condense this
9 considerably and make it so much easier to read. Something
10 like this; an airport diagram here, Kerrville Aviation, the
11 hotel phone numbers, AWOS, things that we as pilots -- that's
12 all we want. Here's my -- here's my approach. A 10-second
13 look. That's all I want to see.
14 MR. MOSER: I think the first thing you have to ask
15 yourself is, who's it for? Okay?
16 MR. McKENZIE: Exactly.
17 MR. MOSER: Who are you trying to communicate this
18 information to?
19 MR. McKENZIE: Because as a marketing tool, you
20 know, this is not.
21 MR. MOSER: But, Bruce, is it for pilots, or -- or
22 to potential customers?
23 MR. McKENZIE: Both.
24 MR. MOSER: So -- so, it has -- because as we all
25 said, there's too much stuff on there, okay.

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1 MR. McKENZIE: This is -- it's good stuff, but it's
2 too much stuff.
3 MR. MOSER: Yeah, I know. But it's -- you know, so
4 is the master plan good stuff.
5 MR. McKENZIE: It's cumbersome.
6 MR. MOSER: So, identify to whom the message is to
7 be sent, okay? And then make it -- make it very crystal

8 clear, okay? And I'm sure that those guys can -- can do
9 that.

10 MR. McKENZIE: If I can have your permission to do
11 that, I'd like to give Perry some direction, and let's redo
12 this and go that way with it. And I'll bring it back to the
13 board, if there's no objection to that.

14 MR. MOSER: Yeah. Corey, you had some things on
15 that, I guess?

16 MR. WALTERS: I think that was my initial question,
17 was who are we --

18 MR. MOSER: Right.

19 MR. WALTERS: -- trying to market this brochure to?
20 Exactly. And because of -- it was a lot of information on
21 here, and I just felt like it was -- it wasn't specific
22 enough.

23 MR. MOSER: Yeah.

24 MR. WALTERS: To the people that were -- or to
25 whomever we're marketing to.

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1 MR. MOSER: Okay.

2 MR. WALTERS: But I agree, we need to --

3 MR. MOSER: So, Bruce, why don't you proceed with
4 that and get back to -- get back to those. Now, then, does
5 that preclude us from accepting the master plan?

6 MR. McKENZIE: No, sir.

7 MR. MOSER: Okay.

8 MR. McKENZIE: The master plan -- go ahead, I'm
9 sorry.

10 MR. MOSER: This is the auxiliary piece to the
11 master plan.

12 MR. McKENZIE: The body of work in the master plan
13 is complete.

14 MR. MOSER: Right.

15 MR. McKENZIE: So that the world knows that the
16 document is complete. What we're waiting for is the air
17 space analysis and the ALP.

18 MR. MOSER: Okay.

19 MR. McKENZIE: That's going to be a while, but you

20 can accept the master plan.

21 MR. MOSER: Do we have to have those to approve the
22 master plan?

23 MR. McKENZIE: No, sir.

24 MR. MOSER: Do those guys get paid until we say,
25 "Yea, verily"?

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1 MR. McKENZIE: They've been paid. TexDOT's doing
2 this.

3 MR. MOSER: Okay.

4 MR. McKENZIE: Garver's done. This is their --

5 MR. MOSER: Do we need to have board action to say
6 we accept and approve that master plan?

7 MR. McKENZIE: That's a decision this body will
8 make. If you want to accept it, you can. The body of work
9 is done, and you may accept it now, yes.

10 MR. MOSER: But -- but it seems to me like we
11 have -- we haven't said, "Yea, verily" yet.

12 MR. McKENZIE: Then you may do that if you so
13 desire, yes, sir. And everybody's read it.

14 MR. COWDEN: Any changes from what we had the other
15 day?

16 MR. McKENZIE: No.

17 MR. COWDEN: Same thing?

18 MR. McKENZIE: It's done, yes, sir. It's done.

19 It's been vetted, and there's no more --

20 MR. COWDEN: So, all the questions that the City
21 Manager had, were they addressed and --

22 MR. McKENZIE: The questions the City Manager had,
23 and Mike, I think, had some questions as well.

24 MR. MOSER: Mm-hmm.

25 MR. McKENZIE: Perry came back and told me -- and

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1 this is what he said. He said, "We addressed those over a
2 year ago." And he said, "I'm not going to answer subjective
3 questions regarding forecasting." He said, "I can't do it."

4 MR. MOSER: Yeah.

5 MR. McKENZIE: And -- and that's what he said,

6 Mike.

7 MR. MOSER: Yeah, I think -- yeah.

8 MR. McKENZIE: I'm just saying, you know, that's
9 what the man said.

10 MR. MOSER: I think there was a baseline -- Mike, I
11 think there was a baseline that says this is the conditions
12 and the environment for which we're creating the master plan,
13 and there was a date positive on that.

14 MR. McKENZIE: Take a slice in time.

15 MR. MOSER: Otherwise, the thing would go on and on
16 forever. So, Mike, do you -- do you guys -- I don't want to
17 put you on the spot there, but are there any open issues
18 there, other than --

19 MR. ERWIN: I -- you know, I need to go back and
20 talk to the manager.

21 MR. MOSER: Okay.

22 MR. ERWIN: And also, you know, we have a meeting
23 on April 4th, the planning committee does.

24 MR. MOSER: Uh-huh.

25 MR. ERWIN: And at that point, we'll probably have

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1 the mayor here and Councilmember Conklin here, and so that
2 would be a real good chance for the City, if it still has any
3 questions about this, to bring it up, with elected officials
4 bringing it up instead of staff bringing it up.

5 MR. MOSER: Okay. Let's do the following. Why
6 don't you go back, Mike, and take a look at that in light
7 of -- you know, draw a line in the sand and say, "Okay, this
8 is the date certain at which we're going to begin to do this
9 master plan." See if there's anything outstanding --
10 outstanding from that. And that's a good suggestion; we'll
11 bring it up at the -- at the airport planning meeting, 'cause
12 they -- and we'll review it there, and that's not the body in
13 which to approve it, and then at the next meeting -- at the
14 next meeting, let's work toward putting the -- putting a yes
15 or no on that master plan. 'Cause we keep talking publicly
16 that we have a master plan; it's in work and it's been

17 approved. I want to -- I think we need to get to the point
18 where we say it's approved, okay? And all this other -- ALP
19 and stuff is -- is not a constraint on getting that approval.
20 MR. LIVERMORE: I agree.
21 MR. WALTERS: I'd like to go back to this brochure.
22 MR. MOSER: Okay, sure.
23 MR. WALTERS: I guess the question -- and Bruce may
24 need our direction on this, 'cause I -- I don't know that
25 we've come up with an answer. Who are we directing this to?

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1 MR. McKENZIE: Okay. Here's -- here's a two-part
2 answer. The first answer to that is, my thought process,
3 we're not doing a \$45,000 big marketing plan, because we all
4 agreed we don't have anything to market. Okay. So, if we're
5 not going to come up with a comprehensive marketing plan, in
6 my mind, Corey, to answer your question specifically, that is
7 for -- for pilots and people that come through this terminal
8 building, or that we hand out to look at and see about this
9 airport. If somebody's going to market this airport, I mean,
10 that's another -- that's another entity in itself. This is
11 not a -- in my mind, that's a minor marketing tool.

12 MR. WALTERS: Okay. So we're putting airport
13 information on here, such as the runways, approaches,
14 facilities --

15 MR. McKENZIE: Frequencies.

16 MR. WALTERS: Are we putting information so if
17 somebody stops in here, they can pick it up -- and are we
18 putting area attractions in here as well?

19 MR. McKENZIE: We can, sure.

20 MR. WALTERS: I'm just -- are we trying to get
21 somebody to come in here and pick one up and then take it
22 with them, and then hope that they come back and spend a few
23 days? Or -- I'm just, you know, wondering, what are we -- I
24 mean, 'cause there is a lot of information here. I mean, and
25 I agree, it needs to just be 10 seconds here; I'm going to

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1 take this, stick it in my briefcase or my pocket or whatever.

2 So, okay. And --

3 MR. LIVERMORE: Are you saying that -- Bruce or
4 whoever, should we have something more about the area, the
5 hill country? I mean, this like a tourism thing that people
6 are going to pick up when they walk in? And --

7 MR. McKENZIE: The busier you make that, the less
8 people are going to read it.

9 MR. LIVERMORE: What?

10 MR. McKENZIE: The busier you make that document,
11 the less people are going to look at it. It's human nature.
12 It's back to what Corey and Steve said last time, you know.
13 It's --

14 MR. LIVERMORE: I mean, this whole box right here
15 could be reduced.

16 MR. McKENZIE: I can fill this up with all kinds of
17 information, but who's going to read it? Back to your
18 question, Corey, to me, it's just an informational item.

19 MR. MOSER: One thing I -- one thing I like in
20 here, though, is just that image of showing what the future
21 development is. It doesn't have to say a lot. You can say
22 something about future development. Somebody with a jet
23 that's in San Antonio, you know, happens to come here,
24 doesn't know about this, they can see what the potential is.
25 In addition to the traffic coming in. So, it's sort of a --

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1 you can gear it, seems to me, like toward the transitional
2 people coming through, coming to the airport, coming into the
3 hill country. But I agree, you don't want to say, you know,
4 hill country's got lakes and rivers and blah, blah, blah, all
5 that kind of stuff. So -- but somebody that wants to put
6 their aircraft here permanently, thinking about moving here,
7 okay, that would be good. Thinking about Fox Tank -- I
8 thought I could get his attention there.

9 COMMISSIONER OVERBY: I'm sorry, I was talking.

10 MR. MOSER: Yeah, I know. You know, but people
11 like Fox Tank coming in, you know, when they see what the
12 potential is for this airport and what the plans are for
13 development, I think it would be a good thing to have. So --

14 MR. MCKENZIE: Well --

15 MR. WALTERS: When I look at this, I mean, we're
16 focusing on the airport. To me, the image of the airport is
17 too small. I mean, I'd like to see the image of the airport
18 take, you know, half the page.

19 MR. MOSER: Yeah, right.

20 MR. WALTERS: So --

21 MR. MOSER: I agree.

22 MR. MCKENZIE: I'll show you something before you
23 leave; I've got a picture.

24 MR. MOSER: Why don't -- as you go back to Perry,
25 why don't you and Corey chat about this? 'Cause Corey

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1 does -- probably has probably put together a few of these
2 kinds of brochures.

3 MR. MCKENZIE: I would appreciate that. Without
4 any further direction, that's the way I'm going to go, just
5 meat and potatoes.

6 MR. WALTERS: Sure.

7 MR. MOSER: Why don't you just, you and Corey be
8 a committee to then go back to Perry with that and proceed?

9 MR. LIVERMORE: Why, on this, do we have all these
10 airplane pictures? I mean, it's -- we're not selling
11 airplanes.

12 MR. MOSER: Well, that's what they're talking
13 about, I think, is eliminating a lot of that stuff.

14 COMMISSIONER LETZ: Tom, it seems that -- I mean,
15 Corey brought up a point about who you're marketing to.
16 There's lots of different markets. Maybe this isn't the
17 right way to do it, but it seems that there's the economic
18 development picture, and then there's the trying to get
19 pilots to come in, and then there's trying to get wealthy
20 people or people that have aircraft to come here and put
21 airplanes here.

22 MR. MOSER: Right.

23 COMMISSIONER LETZ: Seems like -- but they're very
24 different. Why couldn't you do more than one brochure? I
25 mean, or start with one and pick, you know, a narrow one,

1 whatever you wants to focus this one on, but have different
2 brochures for different purposes. They're pretty -- I mean,
3 if Perry's doing this one, fine, but the rest of them, I
4 mean, there's local people that can put these together.
5 These things aren't real expensive; I mean, anyone who's
6 running for political office right now has done one of these.
7 They're pretty simple. And I think -- but, you know, it is a
8 good, inexpensive way to get the name out there.

9 MR. MOSER: Right, sure.

10 COMMISSIONER LETZ: And who knows what businesses
11 are out there? But, you know, I agree totally; this is way
12 too much and too busy, and it's trying to hit everything all
13 at once, where you need to, you know, focus it a lot more.

14 MR. MOSER: Okay. Well, that's a good suggestion
15 too. So, Bruce, as you and Corey --

16 MR. McKENZIE: Yes, sir.

17 MR. MOSER: -- think about that, consider that
18 aspect too. But I don't think we need to hold up that -- you
19 know, we can -- as a committee, we can design this thing for
20 a year.

21 MR. WALTERS: Sure.

22 MR. MOSER: Okay. And then once you and Corey
23 decide to send it to Perry and end it, and good. I think
24 there's some good -- good suggestions here. Okay. I don't
25 think we need to vote on anything there. That was just an

1 update on the master plan, okay. Terminal -- Item 2G, draft
2 terminal building use agreement. Bruce?

3 MR. McKENZIE: I was directed to draft a terminal
4 building use agreement for this facility, and I did, and it's
5 in your brochure. It's a two-page, straightforward document,
6 and we can amend this any way that the board desires. If,
7 indeed, you want to start charging for the use of this
8 building if people want to use it for a meeting or
9 whatever, --

10 MR. MOSER: Mm-hmm.

11 MR. McKENZIE: -- that's the pleasure of the board.
12 MR. MOSER: So, this is the thing we talked about,
13 if somebody wants to hold a reception out here or whatever?
14 MR. McKENZIE: Yes, sir, mm-hmm.
15 MR. MOSER: Then we at least have an agreement.
16 And is this consistent with what the County has?
17 MR. McKENZIE: Yes, sir.
18 MR. MOSER: Okay. I think that's the important
19 thing, is we are consistent with what the City and the County
20 has.
21 MR. COWDEN: Have you read it?
22 MS. BAILEY: I haven't seen it before today, but if
23 it's consistent with what the County uses, that's probably
24 the best --
25 MR. MOSER: Okay.

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1 MS. BAILEY: We want to make sure we're doing
2 things the same way. So, if it's okay with the County, and
3 the County legal has approved it, then I don't anticipate
4 having any problem with it at all.
5 MR. MOSER: Okay. Well, the City and County
6 haven't had a chance to look at this. But, Bruce, this is
7 what it was patterned after?
8 MR. McKENZIE: Mm-hmm.
9 MR. MOSER: After the County's?
10 MR. McKENZIE: I took that and researched a lot of
11 things on the internet and just pulled it all together, and
12 this is the document.
13 MR. MOSER: Okay. Why don't we -- why don't we do
14 the following. This is -- this is a good draft, and that's
15 what you call it.
16 MR. McKENZIE: Yes, sir, draft.
17 MR. MOSER: Why don't we ask Ilse to take a look at
18 that, make sure we don't have anything that's -- that we've
19 overlooked with the City and the County, and the next
20 meeting --
21 MR. COWDEN: Do we need to get Mike Hayes to look
22 at it?

23 MR. MOSER: Yeah. Like I say, have the City and
24 the County take a look at this, see if they have any issues.
25 Okay, yeah. Mike, we just thought we had something open

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1 here. You know, we want to be consistent.
2 MR. ERWIN: Oh, yes.
3 MR. MOSER: 'Cause it's your facilities, and I
4 thought that was the appropriate thing to do. So --
5 MR. ERWIN: Okay.
6 MR. WALTERS: I have a question. I -- just looking
7 at this, I'm all in favor of -- of Item Number 4 on there,
8 which talks about the -- the user will not use the premises
9 for any purposes contrary to the mission, purpose, or belief
10 of the owner, which is a Biblically-based religious
11 institution. Is that an issue?
12 MS. BAILEY: That needs to be changed, probably. I
13 mean --
14 MR. WALTERS: Okay. Just --
15 MR. MOSER: Yeah.
16 MS. BAILEY: Because this is a governmental
17 institution.
18 COMMISSIONER LETZ: Mine doesn't say that.
19 MR. WALTERS: I didn't think you probably could.
20 MR. MOSER: If the City and County will take a look
21 at that and get back to Bruce, and Bruce will --
22 MR. McKENZIE: Bring it back to the board.
23 MR. MOSER: -- bring it back at the next meeting.
24 Hopefully we can do that. When is the event with the
25 hospital?

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1 MR. McKENZIE: Two weeks. It's on March the 31st.
2 MR. MOSER: Okay, so that -- this will be post that
3 event, so --
4 MR. McKENZIE: That will be after that, yes, sir.
5 MR. MOSER: Okay. So, no action required on that,
6 other than to proceed along those lines. Okay. Item 2H,
7 Mooney hangar space.

8 MR. McKENZIE: I visited with Barry Hodkin on
9 several occasions over the last month, and Tom and I have
10 been talking as well about using some of their facilities to
11 house airplanes, small single-engine airplanes, and they are
12 all for it. He's amenable to it. Here are the caveats. We
13 have to supply or furnish the utilities, the insurance. And,
14 by the way, he says we can move in tomorrow, Tom, to answer
15 your question that you asked a couple of weeks ago. He said,
16 "I'm ready to go right now."

17 MR. MOSER: Okay.

18 MR. McKENZIE: But we have to work out the utility
19 issue with them. We have to work out the insurance, how
20 we're going to do that, and we have to work out security.

21 MR. MOSER: Work out what? Security?

22 MR. McKENZIE: Security, yes, sir. That's what he
23 is concerned about as well. And the way he would want to do
24 this is not abate his rent at all; he just wants us to pay
25 him whatever we come up with for utilities to those

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1 buildings. Now, I stopped when I got to the security part
2 and started researching that. For us to put a security guard
3 over there just 12 hours a day, --

4 MR. MOSER: Mm-hmm.

5 MR. McKENZIE: -- which is what Barry was
6 recommending, that's going to cost us about five grand a
7 month. Now, if we can put 20 airplanes over there at \$250 a
8 month, that's a break-even proposition right there.

9 MR. MOSER: Why do we have to have a security
10 guard?

11 MR. McKENZIE: He doesn't want folks that are not
12 his people in the -- on that campus and have access to
13 everything. He was pretty adamant about that. So, the
14 security things were -- that's when I pulled up, and --
15 'cause I called a security company and talked to them, the
16 one that they used to use. That was a good baseline to use,
17 so that's who I called. And for \$15 an hour, they'll put a
18 uniformed officer over there that's bonded. And it's -- it's
19 one the issues that we need to work through, one of several,

20 and that's how we're going to secure that. Now, we can
21 immediately -- excuse me -- use their paint hangar if we want
22 to. That will hold four airplanes, but then you've got to go
23 through two locked gates to get to that facility.

24 MR. WALTERS: Does that require security as well?

25 MR. McKENZIE: Yes, sir.

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1 MR. WALTERS: So, anything we do over there on that
2 campus, they want security?

3 MR. McKENZIE: Any time we come inside their gate,
4 they're asking us to devise a security process -- means to
5 secure the area.

6 MR. LIVERMORE: There's no way to fence it off?

7 MR. WALTERS: That's what I was wondering.

8 MR. MOSER: That's what I was wondering too.

9 MR. KENNEDY: There's no way for people to get from
10 the parking lot to the hangar without going through Mooney
11 facilities.

12 MR. MOSER: I see.

13 MR. KENNEDY: You can't have people driving across
14 the runway. You got to figure out how you're going to get
15 these airplanes in and out, the insurance and all that stuff.

16 MR. McKENZIE: Then we've got to figure out, if we
17 do the 20 hangar thing like Tom and I have been talking about
18 a lot in the service center, is the -- let's say we house 20
19 airplanes over there. How is that going to be managed? We
20 can't just give them a key to the door, and let them pull
21 their own airplanes in and out. And Joey and I have talked
22 about that too. We've got to have somebody, not necessarily
23 him; anybody over there to pull airplanes in and out that
24 doesn't have that liability of -- because my phone will ring
25 the first hour of the first morning we do that, and they'll

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1 say, "He dinged my airplane." Well, nobody saw it, and how
2 do I prove otherwise? So, Barry's amenable to this. Just so
3 the board knows, he's fine with it, as long as we can figure
4 out how to secure the area, pay for the utilities, and come

5 up with the insurance. I haven't researched the insurance
6 yet. I stopped when I got to the security part, when I saw
7 what the cost of that was going to be.

8 MR. COWDEN: Tell me again, which hangar is he
9 referring to?

10 MR. McKENZIE: That long one right there, Mark.
11 See that one? That's --

12 MR. MOSER: Where we said in the master plan, said
13 you could put 18 aircraft in there.

14 MR. COWDEN: That one on this side?

15 MR. MOSER: And still have an aisle.

16 MR. McKENZIE: Yes, sir. Precisely.

17 MR. MOSER: Right.

18 MR. McKENZIE: Precisely.

19 MR. MOSER: So that's what, you know, looked like a
20 potential for --

21 MR. McKENZIE: Oh, yeah.

22 MR. MOSER: -- increased revenue. I don't think
23 the utilities -- well, I'll say utilities can be done. You
24 know, you can do insurance; I don't think insurance will be
25 that expensive. But -- but the security thing is.

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1 MR. McKENZIE: Security and managing it, getting
2 those aircraft in and out of those buildings. That's the
3 two --

4 MR. MOSER: Wait, Joey's got a question.

5 MR. KENNEDY: Well, I don't mean to throw -- I'm in
6 the hangar business. We have hangars full of airplanes, and
7 if you have that many single-engine airplanes over there,
8 what you're going to be able to charge for rent -- my hangar
9 rent on all of our hangars doesn't cover my payroll. It
10 doesn't. When you're looking at insurance and the labor to
11 move those things in and out and all that kind of stuff, if
12 we didn't have all of the other ancillary services that we
13 provide, that we charge for, fuel and everything else, the
14 hangar rent doesn't do it. It just -- economically, it
15 doesn't do it. It couldn't -- I mean, our -- our
16 hangar-keeper's policy is in the neighborhood of \$45,000 a

17 year. And the labor on top of all that with single-engine
18 airplanes. We've got some space, but honestly, we've been
19 trying to market to some of the larger aircraft out of San
20 Antonio, 'cause that's really what's really going to
21 subsidize the piston engine market.

22 MR. MOSER: You say your liability's like 45,000 a
23 year?

24 MR. KENNEDY: That's what our hangar-keepers
25 policies are.

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1 MR. MOSER: What is our insurance that we have on
2 T-hangars?

3 MR. KENNEDY: That's different. That's with the
4 county. I don't know what the --

5 MS. HARGIS: Well, it's split. They do the
6 liability side -- the City does the liability side and we do
7 the property side. I'd have to look. I don't know.

8 MR. KENNEDY: When you get into actually having
9 someone move someone else's aircraft, you have to have hangar
10 keeper's, which makes you -- because you're liable then for
11 somebody towing someone else's aircraft through a group of
12 other people's aircraft. And if --

13 MR. MOSER: So that's where it comes in. So, with
14 T-hangars, nobody else is touching the airplane.

15 MR. KENNEDY: Not moving other airplanes, so no
16 liability on your part. But when you get into a common
17 hangar, you can't have someone else moving their own
18 airplane. I wouldn't want someone moving their own airplane,
19 an individual, through a hangar with my airplane in there,
20 because somebody's airplane's going to get dinged, and
21 somebody's going to go, "Well, who dinged my airplane?"
22 Probably not many people are going to raise their hands. And
23 we've seen this happen before. We have to very stringently
24 restrict people from pulling their own airplane out of the
25 hangar. Sometimes people didn't call and give us any advance

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1 notice. They say, "Well, I'll be glad to grab it and pull it

2 out." Well, we can't do that. If somebody else's airplane
3 ends up dinged, who do you think is going to be get blamed
4 for it? So, it's --

5 MR. MOSER: So, that -- so, okay. All right. It
6 gets expensive.

7 MR. LIVERMORE: All comes back to Mooney, doesn't
8 it?

9 MR. MOSER: Well, it just -- it just -- you know,
10 it just seems like that there's got to be another way to --
11 to skin that cat. You know, we got a big hangar sitting over
12 there empty. We have a need for revenue, okay? We've got an
13 agreement at the top level to say y'all can do it, and here
14 are the issues. So, we've got some issues that sound like
15 they could be show-stoppers, and in our discussion here today
16 that sound like show-stoppers.

17 MR. McKENZIE: Perhaps.

18 MR. MOSER: So, sometimes -- yeah.

19 MR. McKENZIE: Perhaps.

20 COMMISSIONER LETZ: Would you be interested, Joey?

21 MR. KENNEDY: I'm not sure I could actually --
22 logistically? I'm not sure, if we were involved -- the
23 problem is, you got three people wanting to generate some
24 revenue off of the deal. I've got my own hangars, and I
25 don't think the money -- I've got 18 piston airplanes in

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1 there; and it doesn't -- if you took everything else out of
2 it, there's no way it would work. We have lots of corporate
3 common space on this airport, because the history of it -- of
4 this airport, the reason we don't have T-hangars is because
5 when John Miller built Kerrville Aviation, they built
6 corporate hangars. That's when the oil boom was happening in
7 the '80's, and they came in they built -- Bob Woodward built
8 his private, and everything went down the tubes. We had all
9 this flood of common space, and so they were doing anything
10 they could to fill those up, and so we got filled up with
11 piston airplanes, so it never -- we never created the need
12 for the T-hangars that most other airports had, and so now
13 we're at the point where we're trying to attract other

14 aircraft which would utilize better common hangars.
15 You don't go very many -- Corey, how many places
16 have you been to where there's lots of common -- big hangars
17 with lots of piston airplanes in them in a common hangar?
18 Most of the piston small stuff are in T-hangars. We just
19 never had the need for it, and so we're caught in a very
20 tough position, because we want to market and attract more of
21 the turbine stuff, because in reality -- you can't say this
22 publicly, and I think Steve will agree. Because we've value
23 the piston population, because I'm a piston driver. But the
24 reality of it is, common hangars, the business model does not
25 work. If you had all -- all common hangars with piston

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1 airplanes, the labor would far outweigh what you could
2 actually generate in revenue off of those airplanes.
3 So, to me, what this airport needs -- and nobody's
4 ever asked my opinion, but I'm offering it now, but the
5 airport needs T-hangars. The airport needs some T-hangars
6 that would satisfy the need for those, and then would allow
7 us to create some more space. My biggest fear is being in
8 competition with my landlord, obviously, when it comes to
9 large corporate hangar space; we've got so much of it. And a
10 big flood of large space would really put -- I'd lose some
11 nights sleep over that. I would. And as far as logistically
12 moving airplanes in and out, I'm not sure you could -- I
13 could make it work. We use electric tow tugs and so forth,
14 and to have somebody to pull one airplane out, it would take
15 one lineman a minimum of 30 minutes to get over there, get
16 in, get everything hooked up, get an airplane out, get it
17 over and get it staged.

18 MR. LIVERMORE: That's assuming the tug's over
19 there.

20 MR. KENNEDY: That's assuming there's something
21 over there. Then you got to buy -- again, these tugs, I just
22 bought a new electric tug. I just bought it for \$40,000
23 used.

24 MR. MOSER: Mm-hmm.

25 MR. KENNEDY: It's -- I just don't know how it

1 would work. I'm not trying to throw a wrench in it.

2 MR. MOSER: No, that's the reason to bring it up,

3 is to get as much --

4 MR. KENNEDY: Well, there's been some discussion as

5 far as how we might be able to help and how to fit in as a

6 piece, but if you've got -- you're looking to generate

7 revenue.

8 MR. MOSER: Right.

9 MR. KENNEDY: Mooney's looking to generate a little

10 bit of revenue -- well, sounds like maybe they're not, but

11 that's -- and we would have to be compensated for our time to

12 do it. I'm just not sure, when you're talking about \$200,

13 \$300 a month for an airplane, I'm not sure there's going to

14 be much left over at the end of day for any of us.

15 MR. MOSER: Mm-hmm.

16 MR. KENNEDY: But --

17 MR. MOSER: Okay. Well, that sounds like the

18 manpower and the liability is -- is an issue. Okay. Not

19 even to mention security.

20 MR. WALTERS: Security is a big expense.

21 MR. MOSER: Security's a big expense.

22 MR. LIVERMORE: If -- if that property came back to

23 us -- Joey, jump in here. If that property should come back

24 to us, if it should, what -- how would that then -- then the

25 security issue is not really as great.

1 MR. KENNEDY: Right.

2 MR. LIVERMORE: How would that affect us?

3 MR. KENNEDY: I think that's my worst nightmare.

4 That's my worst nightmare, because then you flood the airport

5 with an overabundance of large corporate -- large open space.

6 And to me, that's what we have too much of right now, and not

7 enough T-hangars. To me, that facility, in the event -- and

8 unfortunately, I'd like to see Mooney continue to operate,

9 but -- and there's self-preservation involved here, and

10 there's nothing shameful about that, but if we flooded the

11 market right now with lots of space, it wouldn't be healthy
12 for -- it definitely wouldn't be healthy for us, but I think
13 that space would be better served with something that's going
14 to create some jobs and generate some real revenue for the
15 community.

16 MR. MOSER: But that's wishful thinking.

17 MR. KENNEDY: Well, maybe so. But I will tell you
18 right now, --

19 MR. MOSER: Hope is not a plan.

20 MR. KENNEDY: -- my revenue -- my hangar rental
21 revenue right now is down about \$5,000 a month. We have
22 deliberately held off in filling spaces so that we have
23 something to market. We've talked about -- for two years
24 now, we've talked about going and trying to market to some of
25 these places in San Antonio and getting some more of these

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1 turbine traffic out here, which helps us keep our doors open,
2 which helps us subsidize -- in a perfect world, ideally, I
3 would like to have enough turbine traffic to be able to help
4 subsidize the labor costs involved in the piston traffic.
5 That's really what it boils down to, because I don't want to
6 be the highest gas prices in town. I want to be the cheapest
7 gas prices in town, but unfortunately, we're kind of caught
8 in between two business models. We're a rural airport, but
9 we're providing the types of services that the big airports
10 are, and the staff and the -- the labor and everything
11 involved in that. And so it's kind of a tough market. We
12 want to try to keep everybody happy. But we've actually
13 deliberately -- we've got hangar space right now, but I'm --
14 economically speaking, I have to try to attract -- we're
15 trying to market to try to get some of those turbine
16 airplanes out of the San Antonio area, but it's overflowing
17 right now. That's why we're interested in the customs issue.

18 MR. MOSER: Okay.

19 MR. KENNEDY: That's just my opinion.

20 MR. MOSER: Well, Bruce, thanks for --

21 MR. LIVERMORE: I'm glad to have it.

22 MR. MOSER: Thanks for getting that -- pursuing

23 that with Mooney.

24 MR. MCKENZIE: Sure.

25 MR. MOSER: At least we know that that first step

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1 is feasible, but looks like the next steps are --

2 MR. KENNEDY: Right.

3 MR. MOSER: -- pretty steep. Okay.

4 MR. WALTERS: Can I bring up one thing? I was just

5 thinking, I haven't studied this about that facility. And I

6 know that there's an opening at one end -- on either end.

7 MR. MOSER: Right.

8 MR. WALTERS: I was just thinking, you know, if we

9 were to get that back, and let's just -- and, again, this is

10 an "if." And security wasn't an issue, I mean, is it

11 possible you could convert that building, you know, to make

12 it -- to create a ramp maybe on the airport -- is there

13 enough room to create a ramp on -- on kind of the -- the

14 runway side, and cut holes and put doors in there, and --

15 MR. COWDEN: Modify it.

16 MR. WALTERS: -- kind of modify that building, kind

17 of condo it out.

18 MR. MOSER: Mm-hmm.

19 MR. WALTERS: I mean, you brought up the fact,

20 okay, if we were to get that building, what could we do with

21 it? I mean, maybe that's something that we could consider.

22 I mean, again, that's a big "if." I'm just throwing it out

23 there, if and when. But that might be something to consider.

24 MR. LIVERMORE: I have always -- because I own a

25 small aircraft, as y'all know, and the idea of dragging a

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1 plane through a hangar in front of a bunch of other airplanes

2 has always given me unease.

3 MR. WALTERS: Yeah, I totally agree.

4 MR. LIVERMORE: It's just -- they're big and

5 they're bulky things, and they just have a lot of things that

6 stick out on them.

7 MR. WALTERS: I wouldn't want to keep my plane

8 there.

9 MR. COWDEN: No.

10 MR. MOSER: Okay. Thanks, Bruce.

11 MR. McKENZIE: You bet.

12 MR. MOSER: Let's go to new T-hangars, and that's
13 my agenda item. Mark and I visited Fredericksburg airport a
14 couple weeks ago, and -- and I didn't prepare a summary of
15 that, but I can verbalize it -- and, Mark, jump in here.
16 Their situation in Fredericksburg is they have positive cash
17 flow at that airport. What is it, Mark? Like, about
18 \$30,000, \$40,000 a year?

19 MR. COWDEN: Yeah, 30,000.

20 MR. MOSER: Positive, made up largely of the
21 revenue from T-hangars, of which they have 70.

22 MR. COWDEN: Well, the airport has --

23 MR. MOSER: The airport.

24 MR. COWDEN: -- 30, don't they?

25 MR. MOSER: I'm just talking about just total

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1 airport. There is 70, a lot of them. I think the airport
2 owns 20 or 30 of them; I can't remember just what that is.
3 They just -- I think the day we were there, they became the
4 owners of 10 more.

5 MR. COWDEN: Yeah.

6 MR. MOSER: Ten more hangars, so that made them 30,
7 so now they get the revenue from those hangars since they've
8 been built 30 years ago.

9 MR. COWDEN: Older hangars with gravel floors. I
10 think maybe they rent for \$200 a month.

11 MR. MOSER: \$200 a month on that. They -- and they
12 avoid the insurance issues by virtue of just being T-hangars.
13 Their building insurance is really cheap. They were -- they
14 were beginning to break ground, probably within the next day
15 or two, on another unit of 10 hangars.

16 MR. COWDEN: Ten hangars. Bob Snowden, private --

17 MR. MOSER: There's something interesting that came
18 out of that. They were very forthcoming with us, and they
19 just opened their kimono and told us everything that they're

20 doing, what their costs are, what the revenues are, what
21 their issues are. More than willing, because I think Bruce
22 had had such a good interaction with -- with those guys over
23 there. They -- their other sources of revenue are five cents
24 fuel flow, is what they get. They also rent hangars; they
25 get automobiles and they get a percentage of the money that

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1 comes in off of that. And then they get -- they get --

2 MR. COWDEN: The land lease off the hangar hotel
3 and the conference center.

4 MR. MOSER: Right.

5 MR. COWDEN: And all the parking, those things.

6 MR. MOSER: Right. So -- but it looks like that
7 the hangar deal is the thing that whetted my appetite. Their
8 construction, according to Snowden over there, is like about
9 \$20,000 per unit, as opposed to some estimates that we got.
10 And he told us, basically, here's the price of steel on the
11 ground, here's what it costs for construction, here's what it
12 costs for -- for the utilities. He said they do not provide
13 anything but, you know, 110-volt, 20-amp breaker in there.
14 No water. He said as soon as you get into providing water in
15 a hangar, you've got -- you create all kinds of open issues
16 relative to permits and things. So, that's what they --
17 that's what they do. With that -- I don't know. Mark, do
18 you have any -- I think those were the highlights.

19 MR. COWDEN: Yeah. They're getting some help from
20 TexDOT with the flat work, and --

21 MR. MOSER: They do a 90/10. 90/10 on the
22 horizontal work, and then they -- they -- it's all --

23 MR. COWDEN: The City gives them a little bit of
24 break on the engineering of the slabs. You can do -- I think
25 they were doing steel; they weren't doing wire.

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1 MR. MOSER: Yeah.

2 MR. COWDEN: Because the weight factor was the --
3 somewhat dicey. But, anyway...

4 MR. MOSER: They have a rigid set of specifications

5 to which an individual has to build a T-hangar, 'cause they
6 know they're going to eventually own it -- the airport's
7 going to eventually own it. With Snowden, he negotiated a --
8 a 30-year lease, plus 10-year option.

9 MR. COWDEN: Option, yeah.

10 MR. MOSER: Whereas before it was 30 years, period,
11 or 20 plus 10, I think it is what it was. So, he negotiated
12 an additional period beyond that, just so he could, you know,
13 recoup some of his -- recoup some of the his costs.

14 MR. WALTERS: Can I ask -- you said \$20,000.

15 That's for concrete?

16 MR. MOSER: Yeah.

17 MR. WALTERS: Everything inside the walls, and the
18 walls?

19 MR. MOSER: Right, everything inside the -- well,
20 the flat work -- the flat work is provided by the -- by the
21 City and County; they provide the vertical, the individuals
22 do. Am I correct?

23 MR. LIVERMORE: The 20 refers to the vertical.

24 MR. MOSER: Twenty refers to the vertical, right.

25 Right. And I think probably your 40 had the concrete in it.

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1 MR. McKENZIE: Yes, sir.

2 MR. MOSER: So, this was 20 for the vertical.

3 MR. WALTERS: Okay.

4 MR. MOSER: So -- so that's the way that's set up.

5 But for 90/10 -- and I believe that Michelle said the
6 90/10 -- correct me if I'm wrong here, Bruce -- is they cover
7 all of the flat work, including the pad.

8 MR. McKENZIE: The pad and some of the paving as
9 well.

10 MR. MOSER: Right. Right. So anything -- anything
11 horizontal, it's a 90/10 deal.

12 MR. McKENZIE: Mm-hmm.

13 MR. WALTERS: The slab -- basically, the slab and
14 foundation and the hangar itself, TexDOT will do a 90/10 on
15 it?

16 MR. McKENZIE: Some of it's 90/10; some of it's

17 80/20, but they will help us.

18 MR. MOSER: Theirs was 90/10. So -- so, with that,
19 I ran another back of the envelope -- another back of the
20 envelope thing here. You can -- I didn't make a whole lot of
21 copies of that, to see what the potential is if -- if we can
22 get off the dime on these T-hangars, which it seems like,
23 based on what Joey was saying a while ago and everything
24 else, is T-hangars is the way to go, and that's what our
25 master plan shows. So, looking at this -- Jeannie, I should

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1 have made some more copies of that. You can share that with
2 the other folks there. But basically, the horizontal work,
3 total cost of construction, according to Mike Wellborn,
4 ballpark, 1.3 million. This is looking at 30 T-hangars. The
5 vertical construction of 30 hangars at \$20,000 is another
6 600,000. And depending on how -- if this was an owner
7 facility, okay, and that's what this is assuming right now,
8 so a 90/10 cost share for the horizontal is \$60,000 to the
9 owners. The vertical improvements is 600,000, so that's 700
10 -- \$700,000 for cost for the owners building 30 T-hangars.

11 And then if that were to be financed for the full
12 amount at 4 percent for 30 years, looking at -- at all of
13 those costs, it's a total operating expense -- and I put the
14 operating expense of about \$30 per unit. I think they're
15 paying, Bruce, about -- it's less than \$10 a unit for
16 insurance on the buildings over there. Okay, so that's
17 pretty cheap. So, then electricity and so forth, I said \$30
18 a unit, so total operating expense for 30 units is \$52,000.
19 Total revenue is 108,000, so the net income would be \$56,000
20 for those 30 units. And that's -- that's for -- that's for
21 30. If you increase -- if you increase the rental rate 2
22 percent per year, okay, as opposed to just leaving it fixed
23 like we have, then it increases the total revenue over 30
24 years from 1.7 to 2.7 million dollars. So, a significant --
25 significant net income.

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1 So, you know, big return on -- on equity. And,

2 Mark, I just use the equity as what the -- the equity by the
3 owners would be. I didn't put the equity that's by TexDOT in
4 there. So, you know, on the back of the envelope kind of
5 stuff -- and Mark can go over this, and -- and Corey. It
6 looks like there's some real potential, you know, for --
7 for -- you know, we sit around and we talk about let's
8 increase the revenue at this airport. That's what we've told
9 the owners we're going to do. We've seen that it's working
10 at Fredericksburg. We have a need for piston aircraft
11 housing here. I guess we still have the 30 on the waiting
12 list. That's there. So, with 30, and beginning to get this
13 thing off the dime, I think it's another one of these things,
14 if you have it, it's not that they'll come. They've said
15 they'll come.

16 Now, Ed has got another model that -- that's not
17 where the owners own the -- own the airport -- I mean own the
18 hangars. But what I want to do is I'd like to get us --
19 let's get moving on this thing. So, I think, you know, all
20 of the -- all the indications are, you know, it looks like a
21 really good opportunity, with our objective of -- of being
22 revenue neutral. But yet, you know, the way we're doing it
23 right now, we're not moving up.

24 MR. WALTERS: Well, what did Michelle say? Didn't
25 she say the earliest we'd be available for this 90/10 is

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1 2013?

2 MR. McKENZIE: Next year. Tom and I visited --

3 MR. MOSER: Oh, okay. So, she did --

4 MR. McKENZIE: She told us that last year.

5 MR. MOSER: At the last meeting -- have you got any
6 other feedback from her?

7 MR. McKENZIE: And I tried to get a hold of her
8 again last week, Tom. I sent you the e-mail she sent me.
9 She's going to do her homework, she said. I'm assuming she's
10 gone because of spring break; she has not contacted me
11 again. But, yes. And -- and our non-primary entitlement
12 funds, we used all that in this big project.

13 MR. MOSER: Right.

14 MR. McKENZIE: So, you know, beginning this year,
15 we'll start banking that again. That's \$150,000 a year.
16 MR. MOSER: Mm-hmm.
17 MR. McKENZIE: And that should come to fruition
18 since the F.A.A. is funded now, as of about three weeks ago.
19 It finally got funded for the first time in --
20 MR. MOSER: Okay.
21 MR. McKENZIE: -- six years or whatever. So -- but
22 I'm just assuming that. She hasn't confirmed that.
23 MR. MOSER: Okay.
24 MR. McKENZIE: I'm just going by what I read in the
25 F.A.A. documents.

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1 MR. MOSER: Okay.
2 MR. McKENZIE: So, hopefully we'll get some of
3 those monies as well, but 2013, Corey, is what she said. In
4 a perfect world, next year, we should start being able to get
5 some of that.
6 MR. MOSER: So, you know, I don't know how the City
7 and the County feel about this. It's -- it's good revenue.
8 It's almost a -- a high probability of getting the customers
9 in here. I think you use -- 100 percent is probably not a
10 smart thing to do. Use 80 or 90 percent occupancy, just for
11 running numbers. But that's a model that appears attractive.
12 Even though I keep hearing, you know, like, it doesn't look
13 like it's a -- it's a good return on investment, but to me,
14 you know, I don't know what I'm missing. Looks to me like
15 it's a really good return on investment for the owners. And
16 especially if you have a -- you know, an escalating rental
17 rate. This was assuming \$300 -- \$300 to start off with, and
18 then increasing 2 percent per year.
19 MS. HARGIS: Is that a good rental rate?
20 MR. MOSER: Yeah.
21 MR. McKENZIE: Definitely. They're getting twice
22 that in Austin area.
23 MS. HARGIS: What are they getting in
24 Fredericksburg?
25 MR. McKENZIE: 200 a month.

1 MR. COWDEN: Well, 200 for the old -- what he's
2 getting for them?
3 MR. MOSER: They're getting 200 over there, but
4 that's --
5 MR. COWDEN: 200 for the cheap ones.
6 MR. MOSER: -- that's gravel floor; that's not --
7 MR. COWDEN: I think Snowden's getting more than
8 that.
9 MR. MOSER: Snowden's getting 300, 350 -- I think
10 300, yeah.
11 MR. KENNEDY: New ones are getting that.
12 MR. MOSER: Okay. So, that seems to be, Jeannie,
13 the -- you know, that seems to be the market --
14 MS. HARGIS: Okay.
15 MR. MOSER: -- right now.
16 MS. HARGIS: The lower end of the --
17 MR. MOSER: Yeah. I think just kind of -- Bruce,
18 wouldn't you say -- and Joey, that's just kind of an average?
19 MR. KENNEDY: That's right. I mean, ours are still
20 under 300, but we've kind of -- we don't want to be the guy
21 bullying the piston guys, so we've kept ours low. And full
22 service; that's us pulling it in and out and everything.
23 MR. MOSER: Right. So, you know, it's not -- if we
24 could get the 90/10 -- and Bruce is going to continue that
25 with Michelle. If we could get the 90/10 on the horizontal,

1 and we could get some specific plans, and then -- then I
2 think what we need to do, Mike and Jonathan, is to bring it
3 back to the -- bring it back to the owners. Here's Option A,
4 B, and C, how to proceed. So, if you could take a look at
5 this and give us any of your thoughts on it, too. It's --
6 COMMISSIONER LETZ: I think from the County
7 standpoint, I would put this on the April agenda.
8 MR. MOSER: Okay.
9 COMMISSIONER LETZ: Because you'll have the --
10 MR. MOSER: Sure.

11 COMMISSIONER LETZ: -- bodies there. But, I mean,

12 I think, you know, if --

13 MR. McKENZIE: The April Airport Board meeting? Or

14 the April oversight --

15 MR. MOSER: The planning committee.

16 COMMISSIONER LETZ: Planning committee.

17 MR. MOSER: Yeah. I think that definitely is where

18 it should be, Jonathan; I agree.

19 COMMISSIONER LETZ: I think that, ideally, we'd

20 want to do this as revenue bonds. I'm guessing the City

21 would too. I'm trying to think; Todd once -- I think he

22 mentioned that.

23 MR. ERWIN: As far as the Joint Airport Board doing

24 it as revenue bonds?

25 COMMISSIONER LETZ: No, the City/County -- the

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1 owners. I think we would like to do it as revenue bonds,

2 something along that line. And I don't know if it was the

3 mayor, someone over there --

4 MR. ERWIN: Yeah.

5 COMMISSIONER LETZ: They mentioned the same thing.

6 I think that's kind of the direction we're looking at. I'm

7 not saying it's the only way we can finance it, but clearly,

8 both entities, from my discussions, want the airport to be

9 revenue neutral. The only way you can do that is to get --

10 increase revenue.

11 MR. MOSER: Right.

12 COMMISSIONER LETZ: And this is the, you know, most

13 logical way to do it that's realistic. Be great to get

14 someone to lease Mooney but it ain't going to happen,

15 probably.

16 MR. MOSER: See, that's where I was coming from. I

17 had -- I remember the master plan saying, you know, that

18 we've got \$120,000 to \$150,000 in aircraft rental space over

19 at Mooney. I said, "Yeah," you know, and then if we get

20 50-some thousand here, we're just -- we're getting close.

21 But the master plan didn't talk about the other issues that

22 Bruce and Joey brought up; security, insurance, manpower, you

23 know. It was not a very -- very thorough thing. It whetted

24 our appetite, though. But I think that the T-hangars --

25 COMMISSIONER LETZ: I mean --

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1 MR. MOSER: -- approach is --

2 COMMISSIONER LETZ: The first ones we built worked.

3 I mean, they --

4 MR. MOSER: Yeah.

5 COMMISSIONER LETZ: -- leased up and we made money

6 on them, so -- and that was what? I guess, what, 11, --

7 MR. McKENZIE: 12 years ago.

8 COMMISSIONER LETZ: -- 12 years ago. They were

9 leased right away.

10 MR. McKENZIE: They stayed vacant for quite a

11 while.

12 COMMISSIONER LETZ: Oh, they did?

13 MR. McKENZIE: Yes, sir. We had three or four, and

14 then it stayed vacant for a considerable amount of time, and

15 then they -- you're correct; then they filled up. And since

16 then, it's been -- they've been full.

17 MR. MOSER: But if you've got -- I think the way

18 you and I looked at it a year ago was, you know, 30 was

19 almost a shoe-in, okay, for people.

20 MR. McKENZIE: If everybody --

21 MR. MOSER: And then the next 30 would -- I think

22 we put 60 or 80 percent probability on them, so you have

23 to -- so I think, Jonathan, what we would -- what we would do

24 there is -- is at the April meeting, say, you know, Option A

25 is to do something like this. The owners own it, and finesse

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1 -- and Mark, and maybe working with Mike, you and Jeannie

2 could take this thing here that I did as, you know, a

3 non-finance person, but it doesn't seem too complicated, to

4 put that -- put some realism or more accuracy on this, and

5 then talk about other options. And I think that's what Ed's

6 got something to talk about now, too. Option B.

7 MR. LIVERMORE: And this is another option.

8 Basically, the option that Tom has presented is where we are
9 the landlords; we're going to build the apartment house and
10 rent the apartments. This particular model is one that's
11 been used very successfully in Oklahoma City. I have one
12 more copy of this, if someone would like to see it. It's --
13 in fact, I was an owner in this facility until three months
14 ago. I was an owner since 1992 in this facility, so I'm very
15 familiar with it. It is a project where the owner -- where
16 there are owners; each occupant of the T-hangar owns his
17 hangar in a sort of -- in a way. The property is all on the
18 Oklahoma City airport trust land at Wiley Post Airport, which
19 is analogous to our publicly owned property here. And they
20 created an entity which is called PWA, Incorporated that
21 leased a block of this land some time ago from the airport
22 trust for a fee, every year.

23 And it's a 20 -- the reason 20 years is chosen up
24 there is that the airport trust itself has a 20-year life,
25 and it's renewed every year by the Oklahoma City City

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1 Council. But still, it can only really go out 20 years.
2 Actually, they have 20 plus 5 is what theirs is. And the
3 property is, therefore, publicly owned property, but they
4 have leased it for a long period of time to PWA, Inc. PWA,
5 Inc., then presold all of the hangars to the people that --
6 the initial move-ins, and their money was posted up front,
7 and that's what financed the construction. There was no
8 public money involved in financing. And, anyway, if you read
9 through this, they have about 100 hangars. There's 19 big
10 box hangars, and the remainder is split between single- and
11 twin-engine plane sizes. They're all owned by occupants.
12 Occupants. Basically, the owners -- I'm speaking now of the
13 unit owner. They really own the air inside the building.
14 That's kind of the joke.

15 But, you know, at some point after 20 years plus
16 five, it all goes back to the county -- I mean to the city,
17 in their case. And Oklahoma City is very happy with this,
18 and the trust is very happy with it. And about every three
19 or four years, they renew it for another 20. They just tear

20 up the old lease, sign a new one, and go for another 20 plus
21 five. So, it's always out roughly 20 years or more at any
22 one time. The PWA, Incorporated, acts as the transfer agent.
23 They manage this common area; they mow the grass. It's a
24 very neat place. There's not an oily, greasy place for --
25 you know, like you've seen some hangar places that are that

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1 way. This is not that way at all. They actually have a
2 monthly fee that's paid by the owners to PWA, Incorporated,
3 that pays for the cost of common area maintenance and a
4 full-time line person eight hours a day, seven days a week.
5 And that person is there to help fuel the planes, and they
6 have their own fuel operation. They are exempt from county
7 taxes -- or from -- from the ad valorem taxes. I think all
8 the details are in here. I can tell you that when you have
9 owners of these things, people are a lot more involved;
10 they're very interested in keeping it up. If you go -- and
11 if you go up there, you'll be surprised. I mean, it's not
12 the Taj Mahal, but it's very neat and tidy. That's -- and
13 it's worked now for 30 years. They have just recently
14 expanded it by about another 30 hangars, and they've got room
15 for more expansion as the demand requires. They are -- and
16 what this would do in our case, it would make us the
17 developer, not the landlord. We would then receive a
18 developer's profit from selling these units, and then there's
19 future transfer fees and, you know, things of that nature as
20 it's administered, as people trade in, trade out.

21 MR. COWDEN: So you sold yours?

22 MR. LIVERMORE: I sold mine, and I'm telling you,
23 it was -- I wish I owned 20 of them.

24 MR. COWDEN: That's --

25 MR. LIVERMORE: A heck of a deal.

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1 MR. COWDEN: Did you pay a transfer fee?

2 MR. LIVERMORE: Huh?

3 MR. COWDEN: You paid a transfer fee to do that?

4 MR. LIVERMORE: Yeah, but it's, like, \$150. Just

5 to give you an example of what happened there, I paid \$15,000
6 for my hangar in 1992. I used it myself until I moved to
7 Kerrville in '99, and then I rented it for 12 -- well,
8 however many years. What's that, 12, 13 years? To a fellow,
9 same guy. He never wanted to buy it from me; I don't
10 understand. But he paid -- paid every month, and I more than
11 got my -- all of my money back, plus some just from the rent.
12 Then I sold it for 45,000, so it's a pretty good deal.

13 MR. COWDEN: Yeah.

14 MR. LIVERMORE: And --

15 MR. MOSER: So, what -- bottom line, then, what
16 does this mean to the airport?

17 MR. LIVERMORE: I have not done the bottom -- I
18 haven't done the -- what do you call it? The back of the
19 envelope thing.

20 MR. MOSER: Yeah, okay.

21 MR. LIVERMORE: But this is the information, and I
22 can do that.

23 MR. MOSER: Okay. Anything else?

24 MR. LIVERMORE: I think that's it. But if it
25 brings -- it would bring more ownership interest --

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1 MR. MOSER: Okay.

2 MR. LIVERMORE: -- into the airport, which I think
3 is an important thing. And it removes it from the airport --
4 from the City and County if there's a possibility that
5 something may impact general aviation in the future, like \$9
6 gas prices or something.

7 MR. MOSER: Yeah.

8 MR. LIVERMORE: That could leave us with some empty
9 buildings.

10 MR. MOSER: Sure. Let me -- let me suggest this,
11 okay? With the concept of public ownership, okay, and the
12 potential there, with this concept, and there's probably some
13 others out there, let me -- let me ask Mark and Ed if they
14 would put some type of a common format for Option A and
15 Option B. And could you do that so that we could present
16 that to the planning committee?

17 MR. LIVERMORE: Mm-hmm.
18 MR. MOSER: What is it, April the 4th?
19 MR. McKENZIE: Yes, sir.
20 MR. MOSER: Is when they're doing it. That's kind
21 of a short fuse, but I don't think we have to say, "Here,
22 take your choice and put your name on the dotted line." I
23 think we need to show the owners what the potential is. And
24 so, you know, we're taking a step at a time. We got the
25 master plan; we know what to do. We got the Mike Wellborn

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1 thing; here's what it's going to cost to do the site work,
2 okay, and first order. And then what we need to do is decide
3 how to do it, and figure out the options on the best way to
4 do it, and go do it. So, we -- and I think that's --

5 MR. LIVERMORE: Be glad to meet with Mark.

6 MR. MOSER: Okay. If you two guys could do that,
7 and then -- and then present it.

8 MR. LIVERMORE: Bruce could sit in with us. That
9 way, he'll be up to date on it.

10 MR. McKENZIE: Absolutely.

11 MR. WALTERS: Only thing I'd say about your concept
12 is, you're hitting -- I mean, that's a much bigger market
13 than what we have here in terms of getting 30 people to -- to
14 commit to put up their funds.

15 MR. MOSER: Well, that's true. That's true, right.

16 And that should be delineated in this thing. You know,
17 that's the risk with it. The risk for the other is -- I'm
18 sure there's other risks with the project, Option A.

19 MR. WALTERS: I'm not saying that there isn't 30
20 people, but I'm just saying that -- I mean, we have a list of
21 30 people who want T-hangars, but are they going to --

22 MR. MOSER: Put up --

23 MR. WALTERS: -- put up the funds?

24 MR. McKENZIE: You might have 15 that would. Then
25 we could --

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1 MR. MOSER: Well, but that's the kind of things, if

2 you --

3 MR. McKENZIE: That's good.

4 MR. MOSER: -- three guys could -- is that a

5 reasonable thing to ask?

6 MR. LIVERMORE: Mm-hmm. I think it's the right

7 thing to ask.

8 MR. MOSER: Okay. All right.

9 COMMISSIONER LETZ: Combination of the two should

10 be looked at as well.

11 MR. MOSER: Yeah, precisely. Precisely.

12 MR. WALTERS: There's no reason why we couldn't

13 do --

14 COMMISSIONER LETZ: They can both -- they can be

15 done. It's not -- you can divide it up. You have plenty of

16 property over there; you got the plan and title to it.

17 MR. MOSER: Okay. Joey, throw some -- throw your

18 input into this.

19 MR. KENNEDY: There's options there. TexDOT --

20 I've heard rumors that TexDOT's had some funds available for

21 flat work, but if that's the case, you can -- you can

22 consider a third option as -- and which can be done any --

23 any combination of the three. If you actually had flat work

24 and a slab, you could get a higher lease rate from an

25 individual. I would actually consider building T-hangars. I

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1 can't afford to do flat work and slab work, but to build from

2 the floor up, if y'all had 90/10 money, you can charge a

3 higher lease rate, get some of the private sector to build

4 groups of T-hangars too.

5 MR. MOSER: Precisely.

6 MR. KENNEDY: I've always been in favor of the City

7 and County building T-hangars to generate revenue, because I

8 understand that revenue neutrality is just as important for

9 y'all as it is for me. I think there's ways to do it to

10 where we're not killing each other in the process;

11 everybody's happy. I think the revenue neutrality concept is

12 the right thing for the airport to be looking into, and I

13 think the more revenue you can generate with projects like

14 that, the less people are going to be looking at other
15 struggling businesses for -- for sources of revenue, and so
16 we're a proponent of it.

17 MR. MOSER: Well, Joey, feel free -- I mean, please
18 participate in that, if you would.

19 MR. KENNEDY: Appreciate it.

20 COMMISSIONER LETZ: You would build some?

21 MR. KENNEDY: If you do the flat work, I think if
22 you had -- if you were able to get 90/10 or even 80/20 money,
23 and had infrastructure and some flat work there, I bet you Ed
24 could probably name -- I could probably name 5 to 10 people
25 that would be ready right now to look at it, 'cause then it

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1 becomes more viable.

2 MR. MOSER: Right.

3 MR. KENNEDY: And at a higher land lease rate with
4 the infrastructure there, then you're capitalizing on the
5 infrastructure that TexDOT has funded half of.

6 MR. MOSER: Okay.

7 MR. KENNEDY: Well, 80 percent of, 90 percent of.
8 So, that would be a -- could be a good source too.

9 MR. MOSER: Okay. Okay, very good. So, we got a
10 plan. So, Mark and Ed, you get the -- you get the action on
11 that. Okay, budget, Item 2J. 2J.

12 MR. McKENZIE: I prepared two budgets for the board
13 to review. One budget we prepared just like we did last
14 year, same formatting as we did last year, with one
15 exception, and that was the fuel. We increased the fuel in
16 that one.

17 MR. MOSER: Before you get into details, Bruce,
18 what -- what is our -- remind us of our schedule on this.

19 MR. McKENZIE: Thank you for reminding me. We have
20 to have this done, completed, board-approved and turned into
21 the owners by 1 June.

22 MR. MOSER: Okay.

23 MR. McKENZIE: I'm going by what happened last
24 year. It took seven months to approve this.

25 MR. MOSER: Well, okay. But -- but according to

1 the --

2 MR. McKENZIE: Starting in March.

3 MR. MOSER: According to the interlocal agreement
4 right now, 1 June is when we -- and that's moving toward the
5 October 1st?

6 MR. McKENZIE: Yes, sir.

7 MR. MOSER: Beginning the first of the year.

8 MR. McKENZIE: That should give the board ample
9 time to have multiple workshops over the next month, if need
10 be. This is very straightforward, but if we need to do
11 workshops, we can do several if the board so desires, or the
12 owners, and work through this. And this still will give us
13 plenty of time; we don't press the envelope yet again with
14 the budget, and we've met our -- we've done our due diligence
15 and given it to them. This needs to be approved at the
16 latest in May, needs to be approved to give to the -- to give
17 to the owners.

18 MR. MOSER: Okay. I think everybody's got a copy
19 of this. I don't know if everybody's had a chance to go over
20 it. I went over it this weekend. I've got a bunch of
21 questions, but I think maybe just to -- in the interest of
22 everybody's time, instead of us doing that line by line now,
23 let's take what Bruce has gotten here -- okay, I've got a
24 bunch of questions of Bruce that I can ask him individually,
25 and then what I propose is -- is come back at the April

1 meeting, okay? At the April meeting, having talked with
2 Bruce, everybody's had a chance to look at it, get your
3 issues or questions answered, and then let's go through it
4 line by line next month, and then that'll give us to -- to --
5 by the 1st of May -- I mean, by our May meeting, then, to
6 say, "Yea, verily," that's what we're going to go forward
7 with. We'll have it to the City and the County, you know,
8 weeks before we have the June 1st.

9 MR. McKENZIE: That works for me.

10 COMMISSIONER LETZ: Tom, on the one issue -- just

11 trying to focus it, and it can -- you can look at both, keep
12 on looking at it parallel. I mean, the decision on the
13 management contract or no management contract, I don't know
14 if that can be done -- I mean, it seems easier to get that
15 out of the way.

16 MR. MOSER: Okay.

17 COMMISSIONER LETZ: And not necessarily -- I'm not
18 saying you have to do it right now, but, I mean -- and I
19 think the comparison shows the savings by getting rid of the
20 management contract.

21 MR. McKENZIE: Considerable savings.

22 MR. MOSER: But -- okay, go ahead.

23 COMMISSIONER LETZ: But it's -- and it solves some
24 other problems that, you know, one of the owners -- County
25 has, is the employee situation. You know, it's a little bit

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1 awkward that we have county employees that don't report to
2 you -- county supervisors.

3 MR. MOSER: Right, supervisors.

4 COMMISSIONER LETZ: We would like -- that's the way
5 we set it up. I think it works very well having employees
6 out here. It also -- I think there's just some -- well,
7 there's a comparison that shows there's just some costs in
8 there, kind of an overhead-type cost. The thought is, by
9 having it -- using no management contract, where the
10 employees are directly out here, then the two owners are
11 paying directly what it costs. And I think the County would
12 do the -- continue doing the H.R. type function at no cost.
13 I mean, we would just -- it doesn't cost us any more to have
14 a couple of people that we're running through our system, as
15 long as they reimburse, like, the insurance -- insurance gets
16 reimbursed, things like that.

17 MR. MOSER: Good point. Bruce, let me ask,
18 management versus no management. It wasn't obvious to me
19 that you had all the items in the management --

20 MR. McKENZIE: Scenario.

21 MR. MOSER: -- scenario that were covered in the
22 management approach. I mean, do you have -- how do we do the

23 H.R. and the purchasing and all those other things?

24 MR. McKENZIE: H.R., the -- Commissioner Letz

25 mentioned at the last board meeting, and possibly two

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1 previous board meetings, that the County would handle H.R.

2 MR. MOSER: Right.

3 MR. McKENZIE: Would handle the insurance, would

4 handle those administrative duties in-house at no charge to

5 us.

6 MS. HARGIS: Well, now, the insurance would be a

7 cost.

8 MR. McKENZIE: Well, the insurance would be a cost.

9 COMMISSIONER LETZ: Not the admin.

10 MS. HARGIS: No administrative costs.

11 MR. McKENZIE: That would go away. That's another

12 savings for us right there.

13 MR. MOSER: Okay. So, you think -- and it wasn't

14 obvious to me in looking at this, but you think that with

15 these two approaches, you have all the -- it's apples and

16 apples as far as having the services that the airport needs?

17 MR. McKENZIE: It's -- yes, sir. It's as

18 straight-up as I can present it. It's apples to apples.

19 MR. MOSER: And there's nothing falling through the

20 cracks and going through?

21 MR. McKENZIE: Never say never, but not to my

22 knowledge.

23 MR. MOSER: Okay. Your attempt is to make sure all

24 those -- all those, quote, administrative services are in

25 here in both approaches?

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1 MR. McKENZIE: That's correct. That's correct.

2 And it saves us a considerable amount of money if we do away

3 with the management contract, like the board's been

4 discussing for the last several months.

5 MR. MOSER: Okay.

6 COMMISSIONER LETZ: And, Tom, what it does do --

7 and the negative side of getting rid of it, it means that

8 there -- but I think the -- the current interlocal agreement
9 kind of solved the problem, that there's contingency built
10 into the management contract. And there's still contingency
11 in the budget, but it's not as much. There's things like if
12 there's a -- Road and Bridge is needed to come out here to
13 patch the --

14 MR. MOSER: Right.

15 COMMISSIONER LETZ: -- potholes and stuff like --
16 things like that, then there needs to be a pot of money --

17 MR. MOSER: Additional contingency.

18 COMMISSIONER LETZ: -- to cover those things.

19 MR. MOSER: Okay. Well, that's what I'm -- that's
20 what I meant when I said is there anything that's falling
21 through the cracks.

22 COMMISSIONER LETZ: Yeah.

23 MR. MOSER: 'Cause if we're at risk for something,
24 you know, all of a sudden we now have a lower budget, we're
25 going to have a lot higher risk of exceeding it. I don't

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1 want to go there.

2 MR. McKENZIE: I understand.

3 COMMISSIONER LETZ: But the owners -- we're still
4 responsible for paying for fixing the potholes under the
5 management contract. So, I mean, it's not like the -- and I
6 look at it as you may have to go -- you know, it's going to
7 be something the City and County will need to work out, is
8 what is the appropriate level of reserve that you need to
9 cover, annually?

10 MR. MOSER: Mm-hmm.

11 COMMISSIONER LETZ: And the reserve may have to get
12 drawn down to fix the potholes or fix something that comes
13 up. That's kind of -- we discussed that already, is in the
14 budget, there's -- I forgot what it is. There's a certain
15 amount that the board president can use --

16 MS. HARGIS: 5 percent.

17 COMMISSIONER LETZ: 5 percent, moving money around,
18 things like that.

19 MR. MOSER: Right.

20 COMMISSIONER LETZ: But as an emergency, there's a
21 certain amount, if there's an emergency, that the -- I
22 forgot, 20,000, 25,000 or something. I can't remember.
23 Anyway, so the bottom line is, long-term, it's going to be
24 the same to the owners, but it may be a little bit more of an
25 up and down a little bit.

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1 MR. MOSER: Okay.

2 COMMISSIONER LETZ: It's not going to change, long
3 term, the funding.

4 MR. MOSER: Okay.

5 MR. LIVERMORE: What is the view of the County?
6 Would they prefer the no management --

7 COMMISSIONER LETZ: Yes.

8 MR. LIVERMORE: Okay. Is there a view of the City?

9 MR. ERWIN: I need to ask our elected officials.

10 MR. LIVERMORE: Okay.

11 MR. MOSER: Okay. Well, this gives you an
12 opportunity, Mike, to take this, take a look at it, and look
13 for things that you think that should be in here that's not
14 in there, or things that are in there that could be taken
15 out. Okay?

16 MR. ERWIN: Okay.

17 COMMISSIONER LETZ: We could live with the
18 management contract. That's not like -- I mean, if that's
19 the way it's going to be, that's fine.

20 MR. MOSER: Just -- but this is a good approach,
21 okay. So, reviewing it. We're -- Bruce has got the first
22 draft. Everybody's going to go through it, get questions
23 answered by Bruce. City and County, feel free to get back to
24 Bruce on this thing. And then, Bruce, at the next meeting,
25 you could give us a revised -- revised draft based on your

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1 conversations with folks, and if you could do that a little
2 bit in advance. Then next meeting, let's go through it line
3 by line and get our -- get our position on it, and then it
4 will give us plenty of time to get it to the City and County

5 by the 1st of June.

6 MR. McKENZIE: Would it be the board's desire to
7 also schedule at that meeting a budget workshop so we can get
8 it taken care of that same day?

9 MR. MOSER: We're going to do it in the board
10 meeting. I think we ought to try to do it in the board
11 meeting. I don't think it's going to -- because that will
12 give everybody a chance to have a dialogue.

13 MR. McKENZIE: And ask all the owners that are --
14 officials that need to be here, be here.

15 MR. MOSER: Well, yeah. Sure, they're going to --
16 hopefully going to be here anyway, so let's just go through
17 it line by line, okay, and resolve it.

18 MR. McKENZIE: Good.

19 MR. MOSER: We'll just make the budget -- board
20 meeting a workshop, rather than having a separate --

21 MS. DEJOHN-ERMEY: On the next airport planning
22 committee meeting agenda?

23 MR. MOSER: Pardon me?

24 MS. DEJOHN-ERMEY: Do you want that at the April
25 4th --

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1 MR. MOSER: No, no, no. That -- no. 'Cause this
2 is going back individually to the City and the County.

3 COMMISSIONER LETZ: Laurie, you might put the
4 management contract discussion on the next airport joint
5 meeting, because that's an owners' issue, really -- or really
6 a city issue, in our mind.

7 MR. MOSER: That's good.

8 COMMISSIONER LETZ: But the budget discussion --

9 MR. MOSER: Yeah, right. Did you get that, Laurie?

10 MR. McKENZIE: Management agreement contract.

11 MS. DEJOHN-ERMEY: Yes.

12 MR. MOSER: Yeah, just the concept for that. Okay,
13 cool.

14 MR. McKENZIE: Okay, the planning committee.

15 MR. MOSER: Okay. Now -- and, Bruce, you'll
16 present that at the planning committee. Okay, moving right

17 along, I think we're -- now we'll go into executive session.

18 MS. HARGIS: Can you -- excuse me, Tom -- do 3A and

19 3B so that I can --

20 MR. MOSER: Say again, Jeannie?

21 MS. HARGIS: 3A and 3B, so those of us who don't

22 stay after your executive session --

23 MR. MOSER: Okay. Yeah, good point. Thank you,

24 Jeannie. Good idea. Let's go down to that.

25 MR. McKENZIE: The new parking lot, we've been

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1 discussing the last couple of meetings. Councilman Conklin

2 and I had a real productive meeting here two weeks ago.

3 MR. MOSER: Okay.

4 MR. McKENZIE: Extended meeting. It was very good,

5 and he was very amenable to the aspect of the City and the

6 County, the owners, furnishing the manpower and the equipment

7 to build this new parking lot.

8 MR. LIVERMORE: Great.

9 MR. McKENZIE: We furnish the material -- "we"

10 being the Airport Board, furnish the material, and we can do

11 that. I have grant money to buy the materials. I gave

12 Carson a copy of the set of sealed plans that Mike Wellborn

13 prepared for us, so he's got the plans in hand. He's already

14 spoken to the Public Works Director, Charlie Hastings, about

15 this. Charlie's already called me. So, they've started

16 moving this. Once again, I've shot six months ahead with

17 this.

18 MR. MOSER: Mm-hmm.

19 MR. McKENZIE: Because the City and the County have

20 already established their paving timelines, starting probably

21 in a couple of weeks, all the way through September.

22 MR. MOSER: Mm-hmm.

23 MR. McKENZIE: And I confirmed that. So,

24 everybody's set. So, the timeline, this gives everybody

25 adequate time to prepare, to set up, so there's no surprise;

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1 they can plan for this, you know, for six months as we get

2 ready to do this, and then October the 1st we've got another
3 new fiscal year that will start, and the new grant money will
4 roll, in effect, again, so we won't affect any of our grant
5 money working on the airport. That's to your point that you
6 made a couple of weeks ago, when you and I were talking about
7 still using that money to do maintenance things this year. I
8 can still pull it off, but it will be -- I'll have to do a
9 little managing there. But if it's after 1 October, and
10 that's certainly still paving weather, we can pave till
11 Thanksgiving, reasonably.

12 MR. MOSER: Mm-hmm.

13 MR. McKENZIE: Without any issue. So, the long and
14 the short of it is, Councilman Conklin's taking it, and he's
15 going to work on it. He's talking to the County. He's
16 talked to the City, he's telling me, and I know he's talked
17 to Charlie Hastings, 'cause Charlie called me. The County
18 knows about it, so if they -- and Carson said he would be the
19 intermediary and talk to the County about the equipment and
20 who's going to do what. He asked me, "Who do you want to do
21 what?" I said, "That's between the owners." It doesn't
22 matter to me who furnishes what, as long as we get it done.
23 And we will buy the base material, the asphalt, the lighting
24 when we need to put some lights on there, on the parking lot
25 and the gate. The drainage -- there's things that we're

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1 going to have to buy, but we have grant money to do that
2 with.

3 COMMISSIONER LETZ: You could buy --

4 MR. McKENZIE: This could work.

5 COMMISSIONER LETZ: Buy it through the County.

6 MR. MOSER: And we're not taking things off the
7 ground, because you're going into next year.

8 MR. McKENZIE: We're going into next year. We've
9 got a new pot of money to work out of; that's correct. Yes,
10 sir. So --

11 MR. MOSER: Okay.

12 MR. McKENZIE: We had a good meeting, and it was --
13 I was very excited when Carson left here, because we had a

14 great meeting and it was productive.

15 MR. WALTERS: What's the next step?

16 MR. McKENZIE: Carson's already talked to the City,

17 like I say, and I'm waiting for him to get back after he

18 talks to the County. We need to get -- and Charlie Hastings

19 is working on it to get numbers, some of the quantities, to

20 tell us how much asphalt we're going to need, how much base

21 material, things like that. Carson's working on it too.

22 He's an estimator as well; he's working on it too.

23 MR. MOSER: Oh, yeah.

24 MR. WALTERS: Is there -- instead of having, you

25 know, somebody working on this, this, and that, I mean, I

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1 understand they're getting information together, but is there

2 a date in mind that we could set to where you could get these

3 people together in maybe this room, or -- you know.

4 MR. McKENZIE: Sure.

5 MR. MOSER: Like a project planning meeting.

6 MR. WALTERS: Exactly, like a project meeting.

7 MR. McKENZIE: Great idea.

8 MR. WALTERS: So that you could say, you know, does

9 the date work with everybody for these people to come in

10 here, come with your information, and then you can, you know,

11 have a definitive plan of what the City's going to do, what

12 the County's going to do, and get -- and then you know the

13 quantities, you know, on the material, and put together a

14 list of the purchase items that the airport's going to need

15 to buy as well.

16 MR. MOSER: Is it --

17 MR. McKENZIE: Absolutely, Corey.

18 MR. MOSER: Is it feasible to do that by the

19 planning committee meeting? Thank you. It is.

20 MR. McKENZIE: Oh, it is? Okay.

21 MR. MOSER: I mean, you know, we're the guys moving

22 out already.

23 MR. McKENZIE: I'll see if I can make it happen.

24 MR. MOSER: Why don't you try? Let's do it that

25 way. Why don't we push, okay? If you can get the City and

1 the County to get their stuff together and, as Corey says,
2 lay out a schedule and a plan, okay? For a little project.
3 It's not -- it's not that complicated. And if we could
4 present that at the planning committee, and --

5 MR. McKENZIE: Okay.

6 MR. MOSER: -- and proceed, that would be -- that
7 would be really good, because that's another revenue
8 generator. And show what the potential revenue from that
9 would be, too. Yes, sir? Mike?

10 MR. ERWIN: Just to clarify, this would be the
11 parking lot that was discussed about renting?

12 MR. MOSER: Right.

13 MR. ERWIN: Not just a free parking lot?

14 MR. MOSER: Right.

15 MR. ERWIN: So, there will be a pro forma worked up
16 for us to take a look at also?

17 MR. MOSER: Right.

18 MR. WALTERS: Yes.

19 MR. MOSER: Right, that would be part of it. And
20 we'll shoot -- see if Bruce can -- working with the City and
21 County, can get that by the planning committee. And if not,
22 we -- you know, let's try real hard to do it, though, I
23 think.

24 MR. COWDEN: And also, it includes fixing those
25 existing --

1 MR. McKENZIE: Parking places over here.

2 COMMISSIONER OVERBY: How many parking spaces,
3 again?

4 MR. McKENZIE: I think there's eight over here.

5 COMMISSIONER OVERBY: How many parking spaces
6 total? I know the February meeting was very thorough, but
7 how many was it for the new one?

8 MR. McKENZIE: It's 45 or 50; I don't know.

9 COMMISSIONER OVERBY: Okay. And then fixing this
10 other side over here would give you some more.

11 MR. McKENZIE: Give us eight.
12 MR. LIVERMORE: Bruce, is there going to be any --
13 any cover -- top cover?
14 MR. McKENZIE: Not in this initial planning.
15 MR. MOSER: Not initially, but there will be room
16 to add it later if we want to.
17 MR. McKENZIE: If we see that we can generate more
18 money and have folks interested in that, yes.
19 MR. MOSER: Right.
20 MR. McKENZIE: Absolutely.
21 MR. MOSER: I think that's a good way to do it,
22 uncovered. And then --
23 MR. McKENZIE: You do it --
24 MR. MOSER: If that makes sense.
25 MR. McKENZIE: Absolutely.

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1 MR. WALTERS: Well, I mean, obviously, we know
2 that -- I'm assuming you're talking about taking some of
3 these -- these people who park out here.
4 MR. McKENZIE: All of them will move.
5 MR. WALTERS: That's something we could do, just
6 like the T-hangars, and contact these people and ask them,
7 you know, if they're -- we need to come up with a pro forma
8 for the rate and ask them, you know, for an extra \$10 or \$15
9 a month or whatever, \$25 a month, would it be worth it to you
10 to have a covered space?
11 MR. LIVERMORE: Yeah.
12 MR. WALTERS: And I think you could answer that
13 real quickly.
14 MR. MOSER: Yeah.
15 MR. LIVERMORE: Have a covered area.
16 MR. WALTERS: Have a covered area, sure. I got a
17 feeling most of these people -- I mean, some of these people
18 would probably say no, but I wouldn't be surprised if half of
19 them said yeah, I'd pay an extra 20 bucks a month or
20 whatever, you know, for a covered space.
21 MR. MOSER: That would be pretty cheap.
22 MR. KENNEDY: Ours are 40, and they're full. We

23 have 25 spaces.

24 MR. WALTERS: So --

25 MR. MOSER: Okay.

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1 MR. WALTERS: -- that brings it to another element
2 of what type of covered, you know, canopy system do we put
3 out there, and how much does it cost?

4 COMMISSIONER LETZ: Your --

5 MR. MOSER: But let me -- I would say if you can't
6 get the covered space stuff by April the 4th, okay, 'cause
7 that's a little bit more -- it's a good thing to try, okay?

8 I agree with Corey 100 percent.

9 MR. McKENZIE: Yes, sir.

10 MR. MOSER: If that overwhelms you, I'd rather have
11 at least the first view of it.

12 MR. WALTERS: I'd say you could easily just do the
13 basics of what we're talking about, and that could be an
14 add-on that we could come back with --

15 MR. MOSER: Precisely.

16 MR. WALTERS: -- and discuss after the project
17 meeting.

18 MR. McKENZIE: That's not a problem.

19 MR. MOSER: Okay. Okay. Let's see, that's the
20 parking lot update. Any other discussion on that?

21 MR. LIVERMORE: No.

22 MR. MOSER: Airport update. Bruce?

23 MR. McKENZIE: I don't know whether I want to bring
24 this up or not.

25 MR. MOSER: Okay.

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1 MR. McKENZIE: We have had rain, which was a
2 blessing.

3 MR. MOSER: But?

4 MR. McKENZIE: But, we live in the -- we live in
5 Texas. I know this is redundant, but we live in Texas, and
6 we live in the hill country. We live in a rural area. Weeds
7 grow out here. We have thistles. We manage the thistles as

8 best we possibly can. I, personally, and Roy have been
9 working on this all last week, but we have one neighbor --
10 and we're trying to appease her, and to no avail yet. But I
11 just want the board to know that we are -- we're doing our
12 best to do what we can. But what I'm -- and I don't want
13 to -- I'm not going to let her micromanage this airport or
14 me. That's not going to happen, unless I get directed
15 otherwise.

16 MR. MOSER: No.

17 MR. McKENZIE: We have a lot of acres to take care
18 of, and we do the best we can. And if a few thistles upset
19 some folks, I'm not even going to apologize for it. It's
20 like apologizing for mesquite trees in Texas; it's
21 ridiculous. So, you're going to hear more about this,
22 because it happened again last night.

23 MR. MOSER: Oh, last night?

24 MR. McKENZIE: Oh, yeah. But just so the board
25 will know, I do the best I can. I work with what I've got.

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1 MR. MOSER: Thistles are a huge problem this year
2 because of all the drought and all the open ground, and the
3 seeds were there. And --

4 MR. LIVERMORE: Here they come.

5 MR. MOSER: -- anybody that's got over 2 square
6 feet of property probably has thistles.

7 MR. McKENZIE: That's my update.

8 MR. MOSER: Okay. Well, Bruce, you know, anything
9 else on that? You know, you do all you can do, but you also
10 have limited resources to do it. We only have so much for
11 mowing.

12 MR. McKENZIE: Yes, sir. So much manpower, and
13 that's it.

14 MR. MOSER: And that's it. So, if -- and you can't
15 have neighbors that want to volunteer to come help you do it,
16 'cause they can't get on the airport side of the runway.
17 So --

18 MR. McKENZIE: That's right.

19 MR. MOSER: Okay. Anything else on airport update?

20 MR. McKENZIE: That's it.
21 MR. MOSER: Anything else before we go into
22 executive session? Do we still have -- these are items that
23 we still need to discuss, right, in executive session?
24 MR. McKENZIE: Yes, sir. Mooney leases, security,
25 and evaluations.

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1 MR. MOSER: So, we'll adjourn the regular meeting
2 at 10:25, and reconvene after. Let's take a -- let's take a
3 5-minute break before we go into executive session.

4 (The open session was closed at 10:25 a.m., and an
5 executive session was held off the record.)
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6 MR. MOSER: Okay, we are back out of executive
7 session and back in the public session at 11:27. Let's see.
8 On the subject of Mooney leases, no action was taken.
9 Airport security -- or there's no action to be taken.
10 Airport security, there's two parts to that. One part is --
11 is control of the gate, and gates, and the other one is
12 security system.

13 MR. LIVERMORE: Mr. Chairman, do you wish two
14 motions, or do you wish an encompassing motion?

15 MR. MOSER: I think it's one subject on here,
16 airport security, so just a single motion.

17 MR. LIVERMORE: I'd like to move that the proposals
18 as submitted be approved and installed.

19 MR. COWDEN: Second.

20 MR. MOSER: Motion and second. All in favor?

21 (The motion carried unanimously, 4-0.)

22 MR. MOSER: It's unanimous, and that carries. And,
23 for the record, that is installing a control to the access,
24 and that will be a contract for \$1,085, and the second one is
25 to install security cameras with recording systems, and that

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1 will be for \$13,208.50. And that is covered with RAMP grant
2 funds; is that correct, Bruce?

3 MR. McKENZIE: Yes, sir. And could you put in
4 there just a contingency, a not to exceed 15,000 in case

5 there's a few hundred dollars one way or the other?

6 MR. MOSER: Okay. And just for the record, too, we
7 discussed both of these things in terms of need. We think
8 there's definitely a need for this. We haven't had any
9 incidents, but we think the potential for having an incident
10 is very high, and it would be a lot of ambiguity in our
11 liability. And this is -- as Corey said, is -- is cheap
12 insurance, long-term. One-time investment to -- for -- for
13 precluding incidents, you know, and protecting ourselves and
14 protecting the owners and the public, and protecting other
15 users' aircraft around here. Okay.

16 MR. WALTERS: I might add that we have had a couple
17 of access issues that caused us to look into this area
18 relative to the airport, and -- and we felt like this was
19 action to prevent other instances and to insure the security
20 of the airport and its contents.

21 MR. MOSER: Very good.

22 MR. LIVERMORE: Mr. Chairman, a month ago -- and I
23 think it would go under this topic -- I brought up a matter
24 which Bruce and I were going to handle privately with the
25 Police Chief, and maybe the Sheriff, on how to -- if a flight

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1 needs to be interdicted or people need to be taken off an
2 airplane out here, such as happened out in California. We
3 have the information on that, and I think we're just going to
4 try to handle that kind of quietly. It's not as established
5 a training program as I thought they had. It's really just
6 kind of a page of suggestions, so we're going to handle that.

7 MR. MOSER: Okay. And I don't think I need to
8 report on the airport staff evaluations. So, do I hear a
9 motion that --

10 MR. COWDEN: So moved.

11 MR. LIVERMORE: Second.

12 MR. MOSER: -- we adjourn? All in favor?

13 (The motion carried unanimously, 4-0.)

14 (Airport Board meeting was adjourned at 11:32 a.m.)

15 -----

16 STATE OF TEXAS |

17 COUNTY OF KERR |

18 The above and foregoing is a true and complete
19 transcription of my stenotype notes taken in my capacity as
20 official reporter for the Commissioners Court of Kerr County,
21 Texas, at the time and place heretofore set forth.

22 DATED at Kerrville, Texas, this 23rd day of March, 2012.

23 JANNETT PIEPER, Kerr County Clerk

24 BY: _____
25 Kathy Banik, Deputy County Clerk
Certified Shorthand Reporter