

**CITY OF KERRVILLE, TEXAS  
KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD**

**Board Meeting  
June 22, 2006**

On Thursday, June 22, 2006, the special meeting of the Board Members of the City of Kerrville, Kerrville-Kerr County Joint Airport Board, was called to order at 4:00 p.m. by Commissioner Jonathan Letz, Vice-President, at the City of Kerrville City Hall, 800 Junction Highway, Kerrville, Texas.

**Members Present:**

Dr. John Davis, President (arrived at 4:31 pm)  
Commissioner Letz, Vice President  
Commissioner Williams  
Councilperson Coleman  
Mayor Gene Smith  
Stephen W. King

**Members Absent:**

Roger Bobertz

**Staff Present:**

Paul A. Hofmann, City Manager  
Mindy Wendele, Business Programs Director  
David Pearce, Airport Manager  
Jeannie Hargis, Finance Director  
K. Irene Stone, Executive Assistant to City Manager  
Micah Grau, Intern to City Manager

**2. Visitors/Citizens Forum** No one spoke.

**3 Approval of Minutes of the June 6, 2006 Meeting:**

Mayor Smith moved to approve the June 6, 2006, Meeting Minutes as amended. Councilmember Coleman seconded, and the motion passed 5 to 0.

**4. Consider and approve the 2<sup>nd</sup> lease addendum to the existing Mooney Airplane Company Lease:**

David Pearce, Airport Manager, introduced the lease agreement to the Board. Mayor Smith asked Mr. Pearce to clarify the official name, which is Mooney Airplane Company. Commissioner Letz wanted to know what Mooney plan to do with the property they would be leasing. Mr. Pearce stated they would expand and develop the property as a parking lot.

Commissioner Williams moved to approve the 2<sup>nd</sup> lease addendum to the existing Mooney Airplane Company lease as presented. Councilmember Coleman seconded; and the motion passed 5 to 0.

Mr. Rick Kavitz, General Counsel for Mooney Airplane Company, thanked the Board for approving the lease.

**5. Discussion: Airport Management Contract:**

The Board acknowledged the memos received from Board Members Bobertz and Dr. Davis and thanked them for their contribution. The Board then briefly addressed the memo sent out by Commissioner Letz and Williams on June 22<sup>nd</sup>. Commissioner Letz stated the intent of the memo was to explain that the Airport Board is an independent body, and is to be run as such. The Board asked if he and Commissioner Williams wished to discuss the June 22<sup>nd</sup> memo in more detail. Commissioner Letz stated he did not see the benefit in going over past items. The Mayor asked if that meant he considered the situation resolved. Commissioner Letz replied no and handed out a "Proposed Partial List of Items to Become an Addendum to Airport Management Contract" to the Board, which he felt would help the Board move forward. Councilmember Coleman stated that it was good to get a written response to further help their process of discussing the pros and cons of the management contract. He asked the Commissioners if the partial list was comprehensive enough. Commissioner Williams stated that the Board may add to it as they review.

The items of the partial list and discussion that followed are as listed:

**Item 1: Contractor only has authority to vary dollar amount line items in the approved**

**budget within a 10% tolerance without board approval.**

Councilmember Coleman asked if a variance of \$500 or less would not need Board approval. Commissioner Letz and Williams agreed with the change. Also, language could be added to handle emergencies in order to keep things going. Mr. Hofmann told the Board the Contractor could work with Item 1, especially in light of the fact that the Contractor has never exceeded the line item budget.

For an example, Commissioner Letz asked about clarification of the temporary parking lot by the Airport Terminal building site. He was concerned that he had to dig through a lot of detail to find out that \$40,000 was spent for a temporary parking lot. Mr. Pearce replied that the plans for a temporary parking lot were included in the construction plans, which the Airport Board approved, and actual cost was only \$10,000. Commissioner Letz responded that the \$40,000 was presented to the Board at the June 6, 2006, meeting in the Budget back-up. Several Board Members commented about the amount of money it cost the City to build the temporary parking lot. Mr. Hofmann noted to the Board that there is a budget, and the Contractor did not exceed the budget. Councilmember Coleman felt that the new reporting format will resolve some of these issues.

Item 1 restated to include a variance of \$500 or less or 10% of line items over \$500 with Board approval not necessary. Language to be added to cover emergencies.

**Item 2: Contractor shall continue to develop monthly budget reporting that provides percentage of budget expenditures compared to approved budget for all line items.**

Commissioner Letz thought they were already in agreement with Item 2. Jeannie Hargis, Financial Director, agreed.

Item 2 stood as written.

**Item 3: Contractor shall report monthly the man hours charged to the airport by line item and shall not have authority to exceed the projected man hours approved in the budget without board approval.**

Commissioner Letz stated he does not think the City should exceed the projected man hours. Mayor Smith asked how the Contractor would know if they go over monthly man hours, especially in case of an emergency. Commissioner Letz believed Mr. Pearce would need to come to the Board and say where there was a need for more man hours, but, in regard to emergencies, he needed to handle them directly.

Mr. Hofmann noted his concern that the Board was trying to tell the City how to run the City's budget. Commissioner Letz said he was disturbed about the amount of money the City contributed because he had heard the City was putting a very large subsidy into the Airport. Mayor Smith replied that this was man hours only, some areas may have more man hours spent, some may have less, but as long as the City did not go over the total projected man hours, it was okay. Councilmember Coleman noted that the Airport Board needed to know the details and the City needed to give up some of its independence and let the County pick up some of the costs. Mr. Hofmann said he could reflect the actual costs covered by the City in the new contract.

Mrs. Hargis asked if the County Commissioners wanted the man hours report quarterly or monthly. Commissioner Letz said quarterly would be fine.

Item 3 restated as: "The Contractor shall report **quarterly** the man hours charged to the Airport by line item and shall not have authority to exceed the projected man hours approved in the budget without board approval." Language to be added to cover emergencies.

**Item 4: Airport Board must approve all agreements and contracts related to the Airport except those specifically excluded below: Standard Lease Agreements.**

Commissioner Williams stated the County Commissioners only wanted knowledge that there is going to be a presentation. Mr. Hofmann noted that in many cases, confidentiality was requested by the interested party. Board recommended changing Item 4 from "approve" to "be advised."

Item 4 restated as: "Airport Board must **be advised** of all agreements and contracts related to the Airport except ..." with language being added to define those small agreements or contracts which will be specifically excluded such as Standard Lease Agreements.

**Item 5: Airport Board must approve all presentations and/or requests for funding to other entities prior to the presentation or request.**

Commissioner Letz explained that he heard about the funding request to EIC from an EIC Board Member and not the Contractor. Mr. Hofmann noted that the information for the request was in the Budget which was presented at the June 6, 2006, Airport Board Meeting, but the Board had chose to not act upon the Budget at that time. Commissioner Williams stated that he only wanted knowledge that there was going to be a presentation.

Item 5 restated as "Airport Board must **be advised** of all presentations and/or requests for funding to other entities."

**Item 6: Airport Board will review the performance of the Airport Manager and Contractor on an annual basis and approve compensation package for Airport Manager during the month of June each year.**

Commissioner Williams stated he understood that the City was concerned that an outside party would evaluate a City employee, but given that Mr. Pearce also worked for the Airport Board, the Board should have the right to evaluate him. Mr. Hofmann replied that as Contractor, the Board was free to come to him if there were concerns about the performance of any of the Contractor's employees, but to date no one had approached him with any concerns. He told the Board that he would not allow the Board to evaluate Mr. Pearce or discuss his compensation. That was strictly the Contractor's responsibility. Commissioner Letz asked if the Board could have some performance review input. The Board discussed alternatives.

Item 6 was revised by Mayor Smith to read: "The Airport Board will review the performance of the **Contractor and the Contractor's management** on an annual basis during the month of June each year."

Scarlet Kennedy, co-owner of Kerrville Aviation, addressed the Board and stated the distress over the contract was disheartening. She did not understand what the problem was. Commissioner Letz replied the problem was no one could tell him the actual cost to run the Airport. He thinks the Board is given an estimate, but the City subsidizes the actual costs. He did feel the new reports from the City were an improvement.

**Item 7: The Airport Board must be notified of all inquiries related to leasing opportunities and/or economic development at the Airport and approve any formal communication to prospective businesses prior to such communication.**

Mr. Hofmann told the Board that this would be difficult as many businesses or individuals who are interested in the Airport request confidentiality. Dr. Davis agreed that he too was hesitant about Item 7. The Board also wanted to know who pays for the economic development costs at the Airport. Mr. Hofmann stated that the City covers it.

Item 7 restated as "The Airport Board will **be advised at the appropriate time** of all leasing opportunities and/or economic development ..."

**Item 8: Contractor shall present to the Airport Board a list of Items or projects that will be put out for bid during the upcoming budget year.**

Mayor Smith asked what the Airport Manager was to do if things came up for bid during the course of the year. Commissioner Letz replied that he understand that could happen, but was thinking of a list the Board could review with the budget.

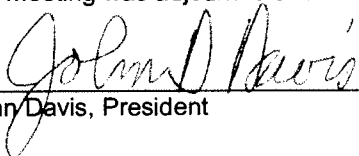
Item 8 stood as written.

Stephen King asked if he could add something to the addendum list. He would like the County to present to the Airport Manager a list of services and accompanying cost that the County could provide for the Airport.

The Board asked Mr. Hofmann if he could work with the addendum list. He said yes, and he would get the City and County attorneys to review it.

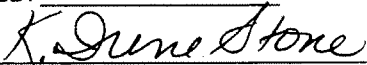
**Adjournment**

Mayor Smith moved for adjournment. Commissioner Letz seconded, and the motion passed 6 to 0. Meeting was adjourned at 5:27 p.m.



Dr. John Davis, President

APPROVED: 7-19-06



K. Irene Stone, Executive Assistant to  
the City Manager