

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

**Special Board Meeting
February 20, 2007**

On Wednesday, February 20, 2007, 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 Dr. John Davis, President, at the City of Kerrville City Hall, 800 Junction Highway, Kerrville, Texas.

Members Present:

Dr. John Davis, President
Commissioner Letz, Vice President
Commissioner Williams
Councilperson Coleman
Stephen W. King
Mayor Gene Smith

Members Absent:

Roger Bobertz

Staff Present:

David Pearce, Airport Manager
K. Irene Stone, Executive Assistant to City Manager
Bruce McKenzie, Street Maint. Director
Brant Gary, Director of Administrative Services
Josh Selleck, Budget Analyst

2. Visitors/Citizens Forum: No one spoke.

3 Authorize the contractor to sign a five-year lease with Kerrville Aviation for space within the Airport Terminal and approve deducting the proposed costs for Kerrville Aviation providing the "in-kind services" services listed.

Brant Gary, Director of Administrative Services, provided a Airport Terminal Pro Forma and discussed with the Board. Commissioner Letz asked why some expenses were not included on the City's Pro Forma that were listed on his Request for Per Forma he had just passed out to the Board. Mr. Gary stated that some of those items were covered in the management contract and/ or regular airport services budget. Such items included landscaping, insurance, pest control. Commissioner Letz noted that the management contract was very explicit about services. Mr. Gary added that future decisions about these items that were above the normal procedures in place would be addressed specifically, as they arise, in the budget. In addition, Mr. Gary noted maintenance expenses on new equipment and appliances would be covered by warranties. Commissioner Letz was concerned that the City would be absorbing some of the expenses, and he wanted to be careful that did not happen. Dr. Davis asked if there were further questions about the Pro Forma. There were none.

Mr. Pearce addressed the lease agreement with Kerrville Aviation (the FBO) and told the Board that there would be an estimated \$2,700 government surplus in the first year. Neil Stone from Gendry and Sprague Law Firm of San Antonio, representative for Kerrville Aviation, spoke to the Board and said the proposed lease was for terminal office space and not an FBO lease. He did not think it was appropriate to address this in the context of the proposed lease. Commissioner Williams said they were trying to eliminate the potential of a charge of an aircraft parked in front of a public facility and not questioning whether the fees are reasonable or unreasonable. Mr. Stone said there is no charge for an aircraft sitting on the ramp (parking); it is only if the aircraft is moved or services are provided by the FBO. Councilmember Coleman stated to the Chairman that some of his confusion was how the FBO was structured, but he now understands that the FBO's territory is the entire airport, not just in front of his business' hanger. Mr. King said he spoke to Joe Kennedy about this subject when Mr. Kennedy contacted him. He asked for clarification before the next meeting about whom he can or cannot speak to between Airport Board meetings. Commissioner Letz responded that Mr. King could speak to anyone he wished. Mr. King went on to state that the motion he made regarding approval of the lease was not intended to prevent Mr. Kennedy from charging a "ramp fee." He had only wanted to know what the fee was, as he had not seen the FBO lease. He was not negotiating with Kerrville Aviation as Mr. Hofmann's email to the Board implied.

Mr. King made a motion to approve the lease as presented; Mayor Smith seconded. A discussion ensued on the motion.

Commissioner Letz was concerned that the Airport Board would be unable to get out of the lease for the next fifteen years – a five-year list with two five-year lease options. He believed this to be a huge problem and was afraid that the Airport Terminal would be operating in the red, funded by public monies, and the Board would not have a way to get out of the lease. Mr. Gary asked him to review Section 2.02 of the lease – "Each option period is subject to approval of the Lessor." Did this section answer his question? Mr. Hayes, City Attorney, told the Board that there was no escape clause. Commissioner Letz asked what would happen if the Terminal lost \$5,000, for example. Mayor Smith thought that would be considered an extraordinary circumstance and, in that case, the Board would meet with the lessee and discuss the situation. Councilmember Coleman felt given the services Kerrville Aviation would be responsible for at the Airport Terminal, the Board was getting "more bang for their buck." Mr. Pearce said the lease included a rent adjustment based on the Consumer Price Index (CPI). Commissioner Letz stated the CPI reference was not sufficient in his opinion.

Dr. Davis took a vote of the motion. The motion carried 4 to 2 with Mr. King, Councilmember Coleman, Mayor Smith, and Dr. Davis voting in favor of the motion and Commissioner Letz and Commissioner Williams voting against the motion.

Commissioner Letz asked that K. Irene Stone add "Clarification of Board's Responsibilities" to next agenda, which is March 6th, 4:00 p.m., City Hall Council Chambers.

Adjournment

Councilmember Coleman motioned to adjourn. Mayor Smith seconded and the motion passed 7 to 0. Dr. John Davis adjourned the meeting at 4:30 p.m.

APPROVED: _____

Dr. John Davis, President

K. Irene Stone, Executive Assistant to
the City Manager