

MINUTES WALKER FIELD AIRPORT AUTHORITY REGULAR MEETING  
June 10, 1982

Members Present: Chairman Rick Enstrom; Commissioners H.R. Barnett, Louis Brach, Betsy Clark, Frank Dunn and George White. Also Airport Manager Paul Bowers, Clerk M.A. Harms, Att. Randy Pearce.

Guests: Att. Tony Prinster, John and Kathy Pabst representing Monarch Aviation; Att. Gary Cowan and Daren Cyphers representing Hertz; Ken Cox from National; Joe Bestgen from Avis.

Meeting was called to order by Chairman Enstrom and the Minutes of the May 27, 1982 meeting were unanimously approved as mailed on a motion by Comm. Dunn, seconded by Comm. Barnett.

Monarch Attorney Tony Prinster addressed the Monarch/Flower proposals for the old terminal building. He said Monarch needs the additional expansion space the old terminal will provide, especially the ramp. Monarch offers a full service FBO service including avionics, charter service and flight instruction. Their offer is \$2500/month or \$30,000 per year and 7¢ per gallon fuel flow fee, which could generate an additional \$20,000 to the Airport Authority in revenues (current fuel flow fee is 6¢ per gallon). Mr. Prinster apologized for Monarch's less than timely payment record, saying fuel sales were down and the overall industry slow. However, Monarch has recently recapitalized and that plus the sale of the T-hangars puts them in a strong financial position. The old terminal building would be refurbished and used for airport related subtenant businesses, transient pilot/passenger rest area and would have a restaurant operation (they do not want a carryout liquor store such as is proposed in the Flower proposal). The restaurant operator would be with approval of the Authority.

Mr. Prinster continued that the Flower proposal was an optimistic one and that whatever new business they could generate could also be generated by Monarch. Monarch stands on its record to build and promote a business and to do what it says it can.

Comm. Dunn said that Flower had proposed extensive remodeling of the old terminal and asked what Monarch proposed. Mr. Pabst said Monarch would substantially remodel the building inside and out and would make it a facility they would be proud of. The term of the contract for the old terminal would be twenty years. Mr. Dunn said that Flower would be willing to work with Mr. Jack Treece who also submitted a proposal on the old terminal building and asked if Monarch would be willing to do the same and Mr. Pabst said no.

Mr. Pabst said Monarch does not have enough ramp space and currently is using space in front of the new terminal building for additional parking and when it is operative they won't have enough ramp at their current facility to handle any transient business. Mr. Brach said that Monarch had a poor payment record and

is \$30-40,000 behind in payments. Mr. Pabst said that with the new capital input Monarch is now current. Mr. Brach asked if Monarch would agree to maintain and be responsible for security in their lease area and Mr. Pabst said they were conscious of security and had a flashing office light indicating an open access gate, and they would agree to "reasonable" security responsibility.

Mr. Bowers said he did not see the two proposals as comparable and that the Board should look at the comparison of the proposals rather than at the historical record of Monarch. Airport Attorney Pearce said the Board has the Authority under the terms of their contract with Monarch to set the terms of the agreement for the old terminal building. These terms can be taken to John Pabst and Monarch has the right to accept or reject these terms within the six month negotiation period which began in early March of this year. Should Mr. Pabst reject these terms, the Authority may offer the same terms to other interested parties.

Comm. Clark asked Mr. Pabst if the money had been budgeted for the terminal remodel. Mr. Pabst said no but Monarch was prepared to take occupancy of the building November 1 and be ready to move in and begin remodeling.

Mr. Bowers said that for a revenue bond issue an actual projected revenue would be needed and this should be done to compare projected Monarch revenues to projected Flower revenues. He would also like to have in writing that Monarch would be responsible for security gates located on their leased area.

Mr. Brach made a motion that the Monarch proposal be accepted and Comm. Clark seconded the motion. Mr. Barnett suggested that rather than accept the proposal at this meeting that the motion read that the Board agrees to enter into negotiations with Mr. Pabst as many details still need to be worked out. Att. Pearce said the Board can set the terms and present them to Mr. Pabst. Comm. Brach withdrew his motion and Comm. Clark her second. Mr. Brach then made a motion that the Board enter negotiations with Mr. Pabst for the old terminal building. Comm. Clark seconded the motion which passed unanimously.

Att. Prinster next presented an offer from Mr. Dick Sparkman to buy the Monarch T-hangars located on Tract E of the Monarch lease area. Att. Pearce had been in contact with Mr. Sparkman and Mr. Sparkman would like Monarch to release this Tract E and lease the land directly from the Authority, he would then lease the hangars back to Monarch. Comm. Barnett said the release of the land from the Monarch contract would give a clean new lease under which to operate. Mr. Pabst said this was fine with him and that this would protect Mr. Sparkman in the future should something happen to Monarch. Comm. White made a motion that the Board authorize the Airpark Committee to negotiate with Mr. Sparkman and bring the results of their negotiations back to the Board for approval. Comm. Brach seconded the motion which passed unanimously.

The rental car discussion started at the May 27 meeting was brought up for continuation. Att. Gary Cowan, representing Hertz, said that Hertz is sitting in the Number Two position and is ready to move on the construction of its service center however, if the Number One position holder is unable to make his bond Hertz would be unable to pick up their building and move it. Mr. Cowan said that he is unable to see that Number One would be penalized if this were to happen. Att. Pearce said a letter could be issued to the rent a car bidders that they don't have to present the actual Performance Bond until September but they must have a letter of intent on a firm commitment from the bond company.

Comm. Barnett asked if the contracts had been signed and Mr. Bowers said they had: Comm. Brach asked if any of the bidders had completed the entire lease agreement and Mr. Pearce said that only Hertz had. Mr. Barnett said that any letter needed to bear the signature of the Attorney-in-Fact for the bonding company. Att. Pearce said if such a letter is authorized by the Board and Budget does not perform within the time limit then Mr. Cyphers would be in the Number One position. Mr. Cyphers said this would be agreeable with him if Budget had to bond for the full contract term the same as Hertz had. He also asked how the contract would be changed and if the writing of a letter was sufficient. Mr. Brach said he was concerned about the letter that changed the lease after the bids had been opened (letter awarding the concession, setting the order of priority and changing the Performance Bond due date to September 1, 1982). Mr. Barnett said the lease was ambiguous as to the bond obligation, but that the intent of the Board was to bond for 50% of first years bid. Mr. Barnett said a five year bid bond requirement creates an undue hardship on the rental car operators; the one year 50% of minimum is fair and more comfortable for everyone.

Att. Pearce said everyone has to play by the same rules as stated and we can't change requirement for Performance Bond at this time but clarification as to what is required must be done. Mr. Bowers' letter set the due date of the Performance Bond September 1: we could get a letter of commitment from the bidders in two weeks and this commitment would be asked for in the form of an Addendum to the lease. Ken Cox said this would not cause him any problems, but that he had a lot of deciding to do between now and September 1. He does not know whether he gets half or all of the space he has been assigned. Comm. White said that American International is out of the bidding and that National would have the full space and a letter should be written to Mr. Cox to this affect.

Comm. Barnett said put out the bond clarification so it clearly reads one year bond for one half the first years bid. In case of default the bonding company is responsible for the balance remaining and this is why the five year

bond would be costly and in some cases even unobtainable. Mr. Cyphers said the cost to him for his five year bond is 2% per year of the bonded amount. Again Att. Pearce suggested that a letter of commitment be drafted with a July 1 response date. Mr. Pearce asked Mr. Cyphers if after this letter is received, some of the bidders are eliminated due to their inability to get a five year bond, would he then object to the Board reducing the bond to a one year bond on one-half the minimum bid for that year. Mr. Cyphers said he was not opposed to this if he receives proof from the Airport Authority that Budget can perform according to the original terms of the contract and can build their service area within the one year period specified.

In summary, Mr. Pearce said he would ask for a commitment letter on a five year bond, at 50% of the bid amount, to be submitted by July 1: if Budget cannot come up with the bond and Hertz would move then to the Number One position and all four bidders would be contacted to change the bond to a one year bond. This will give everyone an equal chance to come up with the Performance Bond and will protect the original bid. The Board informally agreed.

Mr. Bowers asked the Board to approve a contract for one unit of TV chairs for the new terminal building holding area. The Board asked if some color other than black was available and Mr. Bowers said he did not believe so but would check. Comm. White made a motion that the TV chair unit be allowed, preferably with a compatible color other than black. Comm. Brach seconded the motion which passed unanimously.

The "Smarte Cart" coin operated baggage carrier was discussed next. The initial charge for the use of the cart was \$1.00 and the user would get 25¢ back when he returned the cart. The airport would "guarantee" \$250/month revenue to the operator and receive 5% of gross above that level. Comm. White made a motion that a decision on this be deferred until a later date, Comm. Brach seconded the motion which passed unanimously. Mr. Bowers said these are "add on" units that need not be built in and require a 90 day lead time for placement.

The terminal building is progressing on schedule. The regular meeting adjourned at 8:30 a.m. into executive session.