

LAWTON METROPOLITAN AREA AIRPORT AUTHORITY
AIRPORT AUTHORITY MEETING
MINUTES
July 26, 2005

The meeting was called to order at 9:00 a.m. by the Chairman, Larry Benson. The agenda along with the time and place of the meeting was posted in accordance with State Law.

PRESENT:

Larry Benson, Chairman
Carey Johnson, Jr., Vice-Chair
Stanley Haywood, Secretary (arrived late)
Cassandra Lawson-Johnson, Asst. Secretary
Steve Gilkeson, member
Jack Johnson, member
George Moses, member
John Dizenzo, member

ABSENT:

Richard Campbell

ALSO PRESENT:

Barbara Whittington, Airport Manager	Chuck Wade, Airport Attorney
Pat Hurley, Administrative Asst.	Tim Snyder, Regional Air
Ray Cunningham, Regional Air	Armand Brantley
Frank Herndon, Lawton Tower	Dorice Shanklin
Ron Mayer, TSA	Kim McConnell, Lawton Constitution
Ed Dzialo, Attorney	

The roll call confirmed that a quorum was present.

OLD BUSINESS

Minutes - Benson asked for additions and/or corrections to the minutes of the Airport Authority meeting of June 21, 2005.

MOTION BY C. Johnson, SECOND BY Lawson-Johnson, to approve the minutes of the meeting on June 21, 2005. AYES: Benson, C. Johnson, Lawson-Johnson, J. Johnson, Moses, Dizenzo, Haywood, Gilkeson. NAYES: None. MOTION CARRIED.

REPORTS FROM MANAGERS OF AIRPORT BUSINESSES

a) **American Eagle** – No report given.

b) **Regional Air**- No report given.

c) **TSA** – Ron Mayer reported that the Aviation Security Inspectors from OKC conducted an inspection recently and it went well, with no problems. Haywood asked if TSA has anything to do with the private pilots that have planes. Mayer said that TSA doesn't regulate general aviation airports only commercial service airports. Mayer said that TSA has started an awareness program with general aviation airports and flight schools are being looked at closely.

d) **Lawton Air Traffic Control Tower**- Frank Herndon said that he was glad to have the new taxiway open.

e) **Fort Sill Transportation** – Beazer said that there were four C-17's that bought 50,000 gallons. Beazer said that because they operated over a couple of days, the fuel was not a problem. Beazer said that there will be a lot of airplanes operating over the next couple of months. Beazer said that he was concerned about the comment at the last meeting referring to the high fuel sales as an anomaly. Beazer said that we have projects on the books now to build major facilities to support military at the airport and 30,000 gallons of gas won't work. Beazer said "at some point it's going to have to be done, do it now while the military is contributing to the bank or do it later, I don't know which is best. "

Cassandra Lawson Johnson said that we received one actual and partial bid, so we wanted to put it back out for bids to get a firm price. Lawson-Johnson said we have not dropped the ball, but this also allows us time to identify funding for this project.

Steve Gilkeson said our price was for \$126,000.00, Gilkeson asked Cunningham if he knew of anyone that we could contact when we bid out again. Cunningham said he didn't think that he could bid on this project. Wade said if they had the qualifications and expertise they could submit a bid.

J. Johnson said that at his request, the manager has provided the fuel figures for the last year and only four months exceeded the capacity of the fuel farm. J. Johnson said from the Finance Committee's stand point we couldn't afford a new tank right now if we had to.

DiRenzo asked Beazer if the future of this military project could be jeopardized if we didn't increase our fuel capacity. Beazer said no, not directly, the decision would not be based on that. Beazer said but once the project is done and you have missions in you have to be able to fuel the aircraft.

Moses said the intent of the Authority is to get a tank and increase the capacity, but we need to do it in a rational and professional fashion. DiRenzo said he is just concerned with the timeframe that this needs to be done in.

C. Johnson asked when the army builds a facility like the one planned, do they include a fueling structure. Beazer said absolutely not, fuel can not be included in a project like this.

Wade said the manager has been seeking quotes from individuals firms, Wade recommended formally rebidding.

LEASING COMMITTEE (Carey Johnson, Committee Chair)

a) Regional Air – C. Johnson said the committee has finished all the points of negotiation with Regional Air and we have an agreement that both sides both sides say is acceptable. C. Johnson said he looked back in the minutes of last month and he gave a pretty complete report on what the proposal looks like. C. Johnson said since the last board meeting there has been some discussion about rent and we did some additional compromise that both sides agreed to. C. Johnson said he believed that the Leasing committee has fulfilled its mission of doing the negotiation, “the question then becomes do we want to approve this negotiated deal”. C. Johnson said he would like to throw out some comments, “the world has changed quite a bit since the time the duty was given to the Leasing committee a year and four months ago. There are new members; new people working on the agreement, there have been some announcements in the community that are likely to happen in the future in terms of growth.” C. Johnson also said the committee has had gained more experience in the negotiating process with Regional Air and we have had another year and four months of general airport operations with Regional Air. C. Johnson said “based on a lot of things that have happened during that time, I’m afraid that the Leasing Committee can not recommend approving the deal. ”There are some concerns that have come up, and I know that during a negotiation session both sides are trying the best they can to fill their own needs, but there were some things said recently that gave us concern about Regional Air’s willingness to do basic investment over the course of the next five years. Their representatives told us in the last session that, we can’t invest a dime under this deal”. C. Johnson said that gives us a lot of concern because we have not required them to do a lot of investment, we haven’t required improvements of facilities, but there are basic things a lease operation has to do to stay up to date with maintenance. C. Johnson said there has been some friction just in general in the relationship that’s built up over the years, so to sum up we basically don’t know whether it’s appropriate for the Airport Authority to enter into a five year deal.

J. Johnson said that he reviewed the original Request for Proposals, which states following “the selection of the apparent successful propose the Authority will enter into negotiations regarding their development plan, schedule of improvements, service implementation and terms of the agreement, in the event that these negotiations are unsuccessful, the Authority may at its sole discretion negotiate with next best proposer as determined in the final selection board process or terminate the selection process”. J. Johnson said his feeling at this point is to exercise the option of terminating the negotiation and advertising out new RFP’s.

MOTION BY J. Johnson to terminate negotiations with Regional Air and advertise for new RFP’s.

Direnzo said he sat in the last committee meeting and had some questions and concerns. DiRenzo said the committee looked at this option from the legal perspective and not going with this lease at this time, does not violate anything legally, morally or ethically. Direnzo said he is concerned about the perception this might give in terms of negotiating in good faith, since they actually accepted our last proposal. Wade said we are not committed in anyway to Regional Air concerning the process we have gone through, the only entity that can bind the Authority is this board of trustees, acting in a duly agendaed meeting, neither the subcommittee or the leasing committee have that authority. Wade said the committee has come up with the best possible deal it could negotiate with Regional Air, Regional Air has agreed and it is subject to the approval of the Authority, and until then we are not legally bound in any way.

J. Johnson said he did not think that we reached a complete agreement on the moratorium on the fuel flowage fee with Regional Air. C. Johnson said Regional Air did express some disagreement with that moratorium, but essentially agreed before they left. C. Johnson said that he believes that the committee put together the best negotiated lease with the two parties that we are going to get.

Moses said he attended that meeting and has listened to the discussions about the negotiation since he has been on the Authority. Moses said it is clear to him that the future of this airport is going to require an entrepreneurial spirit and a cooperative attitude between the Authority and Fixed Base Operator. Moses said the

Fixed Base Operator is the heart and sole of the airport when it comes to general aviation and servicing aircraft, with that frame work and with the undercurrent that he has heard about with the lack of cooperation that we've had, he believed it's time to fish or cut bait. Moses said if we stay with the current Fixed Base Operator, we either have to see a significant change in the attitude or we have to go find a new one.

Beazer said it needs to be one team, one vision. Haywood said he was unable to attend the last leasing committee, but that the Fixed Base Operator is local which is important to him. Haywood said "Attitude change, we have to come together as a family, as a community and I know we are going to have some differences, but somewhere we have to come together, someone has to give in and in the long run its going to work out, we have to have a win-win situation". "We shouldn't have to go to Louisiana or California to find a Fixed Base Operator, this needs to be fixed."

C. Johnson said there may be a middle ground between approving this deal and having a new RFP's process and the reason we might seek that middle ground is that what we are after and what we worked toward is a five year commitment because we think this Authority is going to be putting together big new facilities for the FBO. C. Johnson said if we go back out for RFP's it will basically be the same framework we are offering Regional Air, finding someone to agree to that will not be a walk in the park. C. Johnson said what is missing is the confidence that they are willing to approach this agreement with the entrepreneurial, positive spirit we are all talking about, "maybe that confidence could be restored, maybe we need to work on that."

Beazer said "Let me add one comment and I'm going to say this directly to Regional Air, if you treated the Airport and the Authority as well as you treat me, this discussion would not be taking place." Beazer said we had a threat a week ago, one phone call after hours and we were moving helicopter into a hangar controlled by Regional Air and that's partnership. Beazer said they bend over backwards for our operations 100% of the time. Beazer said that "I've observed it and I don't get it."

Haywood said the personality problems have to be put behind us, if Regional Air can work well with Fort Sill he knows that they can work well with the Airport Authority and its manager.

Benson asked what will it take to restore that confidence and if it can be restored. Benson said "we have the fiduciary responsibility to do what's best for the airport, what's best for the City of Lawton and Southwest Oklahoma. What steps do we take to get there?"

DiRenzo said we are correct in wanting the entrepreneurial spirit and wanting the airport to grow, that's an essential component. DiRenzo said he agrees with almost every point of view, even though some are obviously opposing.

J. Johnson said from a financial stand point, we are planning a complete renovation of the general aviation ramp next year, which is long over due. Also in the planning for the future, J. Johnson said that he and Moses are working on plans to establish a completely new GA terminal. J. Johnson said we have made concessions in the lease to do a number of maintenance tasks that arguably should have been done by our FBO, but we have taken on the responsibility. J. Johnson said we have conceded a whole lot of financial support into an operation that should have been also supporting and cooperating with us.

Moses asked if the new lease delineates the functions, tasks and responsibilities of the FBO vs. the Authority. C. Johnson said yes. Moses asked if it was consistent with what other airports do. C. Johnson said he believed so, except for possibly the Authority taking on the responsibility for renting out the T-Hangars. Moses said if it's not the issue of who's responsible for what, but simply the issue of a cooperative attitude. Moses said he is not prepared to transition to a growing airport with an uncooperative FBO. Moses suggested hearing from Regional Air.

C. Johnson said what the committee brought to the Authority today is a negative recommendation, we are saying that we can't give you a recommendation to do this lease, but we haven't said we recommend we go out for RFP's. C. Johnson said we could spend another month working, seeing if confidence could be restored. Lawson-Johnson said she had worked for many years for a major corporation, the leading industry as far as sales and service is concerned. Lawson-Johnson said what she is finding in front of her with the current issue, is unbelievable. Lawson-Johnson said the airport has to be run as a business, "let's make decisions that benefit the airport, we have to keep in mind that airport comes first and everything that we need to support us, that's what we want, if it doesn't support us, then we move on". Lawson-Johnson said "you can talk about restoring confidence, but in all my years of being a corporate fraud investigator, people do not change, if you have a child and you train that child, by the time they are nine years old, they are, who they are". Lawson-Johnson said she has not been a member of the Authority for a long time, but she has heard about this problem for a long time. Lawson-Johnson said "we have the facts in front of us, we need to make a decision and make a decision soon, let it be and move on, look towards the future and don't look back."

Haywood said he believed that people could change, "look at George Wallace had to make a change, he had to fall down first, but he made a change." Haywood said what we went through with civil rights that people do change.

Lawson-Johnson asked how long has this been going on, dealing with the problem with the FBO. Wade said there have been ongoing issues dealing with interpretation of the lease and maintenance issues, that we have made some positive steps in addressing in the new lease. Wade said what Beazer said was true, that the relationship that the Army has with Regional Air has not been the case with the Authority for a long period of time. Wade said that not just Regional Air but the Authority could have addressed some issues in a more positive fashion. Wade said the issue becomes can Regional Air instill in this Authority the confidence to move forward in a positive business like manner.

Beazer said he knows the other proposals received in the RFP have offered the world. Beazer said being business people the Authority needed to think about one thing, just because you award a contract to someone else does not ensure performance, because he's ability to keep his promises is based on what has been for along time a marginal income. Beazer said "when you are arguing about a \$2,000.00 facility component, what your really talking about is incomes are not were they need to be." J. Johnson said that he has not been privy to Regional Air's profit and loss statements, but they seem to be doing fairly well, buying some pretty expensive rolling stock and putting it on line. J. Johnson said they have refused to do other kinds of maintenance and repair and facility upgrades, they complain to us about the facilities but haven't done anything themselves, they refuse to repair, replace or refurbish. J. Johnson said he believed another firm coming in, a reputable firm that's been in business, could be a responsible proposer to the advantage of the Authority.

Lawson- Johnson asked Dzialo, representing Regional Air, "do you want to move toward the future with the Lawton Ft. Sill Regional Airport". Dzialo said the short answer is "yes", Dzialo said he has been participating in these negotiations since the RFP when out originally. Dzialo said the RFP solicited basically a development plan, that included making changes to the FBO office and it was submitted to the Authority. Dzialo said at some point in time the decision was made to not engage in a long term lease, "we didn't think that was a good idea, but we respected the Authority's decision identify five years". Dzialo went on to say that a five year lease is not standard in the industry for an FBO lease, this is the exception to the rule. Dzialo said his client was willing to do five years, but that changes the development plan that was submitted to the Authority. Dzialo said "if I asked the Authority members, how much money do you think my client has invested in rolling stock in the last year. I don't think any of you could answer the question, but it's been a quarter of a million dollars, this is in the face of not having a lease for the last, close to two years." Dzialo when on to say that they have negotiated in good faith, they have done everything that the Authority has asked them to provide in a timely fashion. Dzialo said we have reached an understanding, we are willing to sign it and move along. Dzialo said he did not think that any Authority member could tell of any instance that his client was in breach of the lease in any capacity. Dzialo said they have never been provided a notice of breach, they have done everything they are supposed to do. Dzialo said his clients had the foresight to get a military fueling contract, they had the foresight to get the rolling stock

and fueling trucks to accommodate the military aircraft. Dzialo said his client has pumped a lot of gas and created a lot of income for the Authority, even in the face of all the loss of revenues we are all familiar with. Dzialo said his client has agreed to pay 9% more in rent, even with all the losses. Dzialo said "if you don't like me, that's ok, if you don't like Ray, that's ok, but the bottom-line is they have done everything they have been asked to do". Dzialo said his client is ready, willing and able to perform for the next five years they will do exactly what is called upon them to do in this lease that was negotiated in good faith.

Moses asked how many security violations have occurred with Regional Air. Whittington said several. Moses said as a new member something that has caused him great concern is the security violations that he has heard about. Moses said that it is his understanding some of the security rules have been violated to the detriment of the Airport. Moses said he believed that this is a serious attitude problem and finds that grounds enough to find another FBO operator. Dzialo said "I don't know what you have heard, but I have seen sometimes written memorandums about a security concern, that have been addressed by Regional Air. I can produce those for the Authority". Dzialo went on to say that "sometimes Authority members hear one side of a story, they don't hear both sides of a story and to the extent that you don't have both sides of the story, you don't have all the information." Moses said if we have to delve into who's responsible for security issues, there ought to be an attitude of how to fix them and not let them happen again. Moses said the incident that he heard about was giving out the combination to a gate to people that were not authorized to have them. Moses said he would find it hard to find another side to that story. Dzialo said he wasn't aware of any security breach like that if there was there should be something in writing informing the FBO that there is a concern. Dzialo asked Cunningham if he was aware of this. Dzialo said Cunningham's customers may have the combination gates, just like people have the combinations to the employee parking areas. Dzialo said he is not aware of any violation that has not been addressed by Regional Air. Moses said the one he heard about was found by an inspector from TSA and it was documented. Moses said we have to find a way to keep that from happening, and I read from that an attitude problem that spills over from a confrontational atmosphere with the Airport Authority and the FBO. Moses said we need to fish or cut bait and he is ready to cut bait and find a new Fixed Base Operator. Moses said that he is willing to listen to and find a way to build some confidence if we can do that, but he agrees with Lawson-Johnson that "zebra's don't change their stripes." Dzialo said the new lease has a procedure to address all these concerns and "I would think if a concern was serious enough to bring it to light by any Authority member, there ought to be a paper trail, there ought to be a notice of a security breach to ascertain who is responsible". Dzialo said "sometimes we hear things without both sides of the story and that creates an aura of lack of confidence and I think that's what's happened right here."

Dzialo said "there are a lot of things that have occurred up to now and I think it's counterproductive to go back over the last two years and talk about them. I agree with the Authority that we ought to look forward and move ahead and that what my client is prepared to do".

Benson said he thought there were three options, the Authority can accept the proposal as it is, make the changes we want, make a firm bottom-line and short timeframe to accept or reject it or we can start all over.

DiRenzo said he agrees with Lawson Johnson and Moses, we have been at this a long time and its time to make a decision here. DiRenzo said taking another month will not make a difference, everyone knows everyone here and additional time is not going to make a difference. DiRenzo said "we need to keep in mind what's best for the airport, we need to decide that's what we are here for".

C. Johnson said if we are all talking about RFP's and if the Authority generally agrees with the framework we are talking about a five year deal, minimal investment we could take this proposal and ask for RFP's based on this lease. Wade pointed out that there is some investment to correct the deficiencies noted in the engineer's report, which some Authority members feel is a matter of lack of maintenance. J. Johnson said he would suggest if we are talking about new RFP's, that we need to restructure it, since there are several things that we took out as optional that should be required, like rental aircraft and full time mechanics. J. Johnson said we should look at some of the concessions like maintenance of the fuel farm and some of the things we took out like inspection requirement. DiRenzo agreed that this lease and RFP may not address the needs we have now.

MOTION BY J. JOHNSON, SECOND BY G. MOSES, to terminate the negotiation process with Regional Air and advertise for new Request for Proposals for the Fixed Base Operator. AYES: J. Johnson, Moses, Lawson-Johnson, Benson, C. Johnson. NAYES: None. ABSTAIN: DiRenzo, Haywood, Gilkeson. MOTION CARRIED.

DEVELOPMENT COMMITTEE (Cassandra Lawson-Johnson, Committee Chair)

1) AIP 20 – Taxiway Reconstruction and Lighting Project - Lawson-Johnson said the Taxiway A is open and the contractor is completing the remaining punch list items. Lawson Johnson said the electrical contractor is finishing the last two taxiways.

2) FY 05 project- Design Phase of the GA Area Reconstruction and the Drainage Project – Lawson – Johnson said that this project has been rebid with the bid opening on June 25th at 10:00 a.m.

Whittington said the board has before them the Engineer's recommendation and bid tabulation. Whittington said because of the rebid we are on a tight schedule to get our grant application in and the Authority will need to consider the award today. Whittington said there is a separate letter from the Engineer addressing an issue during the bid opening. Whittington said Winter's Contracting Company is the low bidder in the amount of \$570,300.00, but did not total their line items to the base total, so the engineer completed the process. Whittington said the second low bidder, T & G Construction, questioned that it might have been an incomplete bid. Whittington said the Engineer reviewed the general provisions of the plans and specification for the project and determined that it is a valid bid, because each of the line items was totaled. Wade said that given the circumstances he believed the Authority could consider this a valid bid.

MOTION BY HAYWOOD, SECOND BY J. JOHNSON, to approve accepting the bid from Winter's Contracting Company in the amount of \$570,300.00. AYES: J. Johnson, Moses, Lawson-Johnson, Benson, C. Johnson, DiRenzo, Haywood, Gilkeson. NAYES: None. MOTION CARRIED.

3) Sterling Project –

a) Hangar Painting - Lawson-Johnson said this project is underway and should be completed soon.

b) Parking Lot Project - Lawson- Johnson said the committee is working with the Finance committee to fund this project. J. Johnson said he working requirement from CCIDA on a request for a grant or loan. J. Johnson said the project includes a separate entrance and parking lot on the west side of the hangar to keep Sterling's traffic off the active taxiway.

AIRPORT MANAGERS REPORT (Barbara Whittington)

1) Airport Security Coordinators class – Whittington said that TSA is requiring that the manger have an Alternate Airport Security Coordinator trained in the manager's absence. Whittington said she is requesting the funds to send Pat Hurley to Airport Security Coordinator's Training in San Antonio on July 28-30. Whittington said the cost of the training including hotel and training is an amount not to exceed \$650.00.

MOTION BY HAYWOOD, SECOND BY J. JOHNSON, to approve sending Pat Hurley to Airport Security Coordinator School in San Antonio for the amount of \$650.00. AYES: Gilkeson, DiRenzo, Haywood, C. Johnson,

Moses, Lawson-Johnson, J. Johnson, Benson. NAYES: None. MOTION CARRIED.

2) Financial Reports – Whittington directed the members of the financial statement on the right side of the folder. Purchase Orders were in the amount of \$30,742.40 from the operating account and \$118,008.05 in Capital Improvements. Account balances were as follows: Operating Account balance (Per reconciliation) \$45,696.39, Money market Account (per reconciliation) \$180,324.90, Invested in c.d., \$150,000.00 plus accumulating interest, Imprest Fund (per reconciliation) \$48.69, PFC's (per reconciliation) \$41,201.20, Capital Improvements (per reconciliation) \$35,989.45.

MOTION BY MOSES, SECOND BY J. JOHNSON, – to approve the financial reports and expenses on the purchase orders as submitted. AYES: Benson, C. Johnson, Haywood, Lawson-Johnson, J. Johnson, Moses, Drenzo, Campbell, Gilkeson. NAYES: None. MOTION CARRIED

NEW BUSINESS

There being no further business, the meeting was adjourned.

Larry Benson, Chairman