

HAWAII AERONAUTICS COMMISSION
 Regular Monthly Meeting
 Thursday, January 31, 1957

The regular monthly meeting of the Hawaii Aeronautics Commission was called to order by Dr. Francis K. Sylva, Chairman, on Thursday, January 31, 1957, at 1:33 p.m., in the Board Room of the Commission, Overseas Terminal Building, Honolulu International Airport.

A quorum of the Commission was in attendance. (See record of attendance.)

GENERAL

MINUTES OF DECEMBER 21, 1956, MEETING AND JANUARY 14, 1957, TERMINAL

PLANNING AND COORDINATING COMMITTEE MEETING: Mr. Furtado requested that the December 21, minutes under the caption "General Lyman Field - Request to Transfer ownership of Skyway Lounge Concessionaire to Mr. Furtado" be corrected by deleting the words "terms to be worked out between the concessionaire and the staff" since the terms were already worked out in the lease. Mr. Furtado then made a motion, seconded by Mr. Duponte and the minutes were approved as corrected and recommendations in the T.P.C.C. Minutes adopted. (Recommendations of the T.P.C.C., as contained in the reports, are attached hereto and made a part hereof).

ATTORNEY GENERAL'S REPORT ON DAMON TRACT APPRAISERS: The chairman stated that additional names of Appraisers for the Damon Tract area have been requested by the Attorney General's Office and directed the Acting Director to comply with the request.

NEW POSITION - ADMINISTRATIVE ASSISTANT: In the matter of the new position, the chairman stated that the above was to be deferred pending information from the Civil Service Commission.

SELECTION OF DELEGATES TO AOC ANNUAL CONVENTION TO BE HELD IN CHICAGO

IN APRIL: Since the AOC Convention has proven to be educational and also since the HAC has participated for the past six years, it was moved by Mr. Honda, seconded by Mr. Edwards, and unanimously

VOTED: to send three delegates from Hawaii (subject to the approval of the Governor) and authorize the chairman to select same.

CANCELLATION OF UNCOLLECTIBLE BAD DEBTS: Upon the recommendation of the Acting Director, (as recommended by the Attorney General's Office) it was moved by Mr. Wheeler, seconded by Mr. Honda, and unanimously

VOTED: to authorize the cancellation of uncollectible bad debts for Alfred Jensen \$125.18, William Kaahanui \$81.87 (Promissory Note) and King Motors, Ltd. \$21.21 (Promissory Note) or total of \$228.26.

SPENCECLIFF CORPORATION'S PROTEST RE VENDING MACHINES IN LOBBY:

Mr. Harold Wright, attorney for the Spencecliff Corporation, read a letter dated January 22, 1957, to the HAC outlining his client's position. In reading the above letter (which is made a part hereof), Mr. Wright stated parenthetically that the Commission did not reserve the right to compete but merely reserved the right to continue or discontinue operation of such machines. Mr. Wright stated that the installation of new vending machines by HAC was in direct violation of the exclusive concession granted Spencecliff through the lease. Their legal position is that at the time the original dispute arose five years ago the matter of the exclusive right of the vending machines was settled between the then Attorney General's Office and Spencecliff. Mr. Wright reiterated that it was more a matter of policy with the Commission, and in order to maintain friendly relations and a stable policy the Commission should "stick by its decision." He also stated that his client did not in any way have the right to continue operating the machines if the Commission ordered Spencecliff to cease operations; however, he also contended that the Territory cannot operate in competition with Spencecliff because of the exclusive franchise granted to them in the lease.

Minutes, January 31, 1957

The chairman then called on Deputy Attorney General Robert Fukuda who stated that the matter should be referred to the Attorney General for a formal reply.

Mr. Duponte then made a motion to have the matter referred to the Attorney General's Office for formal reply.

Mr. Wright requested that Spencecliff, in all fairness, be permitted to continue the operation of the vending machines and that the Territory cease to operate its own.

At this point Mr. Honda asked Mr. Wright if Spencecliff wanted the Territory to desist from having an additional soft drink vending machine on the ground floor to which Mr. Wright replied that he was objecting to the competition against Spencecliff and that the machines that were brought in were not under the direction and control of Spencecliff and therefore the Territory should cease operation until the matter was determined by the Commission.

Mr. Wheeler asked where the machines were located and who operated them. The Acting Director, in answer, stated that in order to supplement the income of the HAC and to better serve the traveling public and airport employees, he directed the Airport Manager to install additional coin-operated machines in the Terminal Building. He stated that the revenue derived from Spencecliff's operation is 25% of his gross receipts and the revenue from the machines that the Territory now operates is 40% of the gross.

Mr. Honda brought out the fact that he was on the Commission at the time Spencecliff was granted the lease but did not feel that when he voted for the lease that a coca cola machine on the main floor lobby would be the exclusive right of a restaurant concessionaire and also questioned the interpretation of the "exclusive concession" in the lease insofar as soft drink vendings were concerned.

Mr. SpencerWeaver, President of Spencecliff Corporation, briefed the Commission on the action taken prior to the lease and stated originally profits from the machines went to welfare funds for the HAC employees. It was found later that such fund was in violation of territorial laws and HAC was asked to discontinue same. Ever since then Spencecliff has been operating the machines as part of their restaurant business. He brought out the fact that there is a machine that dispenses automatically practically everything that could be found in a cafeteria, such as ice cream, sandwiches, soup, cakes, pies, etc., and stated that the possibility of the Territory or someone else operating this type of machine or one similar was not entirely remote and that it could be very possible to have one brought in that would be very detrimental to his business.

Mr. Duponte's motion to refer the matter to the Attorney General's Office for formal reply was seconded by Mr. Honda.

At this point Mr. Weaver remarked that they were notified by letter that they were to remove the vending machines by the Airport Manager as of January 15. His attorney replied by letter explaining that the matter should have been brought before the Attorney General prior to the installation of the new machines, and that they should not be subjected to approximately four or five months' operation of another machine in competition with theirs before an Attorney General's decision is rendered.

Mr. Fukuda replied that the HAC staff was notified by his office that Spencecliff did not have the exclusive right to operate vending machines. He stated that Spencecliff's letter of protest was referred to the Attorney General for formal reply.

Minutes, January 31, 1957

Mr. Wright brought out the fact that since all of this was settled prior to this meeting and that an attorney general had issued an opinion allowing Spencecliff the exclusive franchise, every effort should be made by the HAC to protect such a policy and that Spencecliff should not be subjected to decisions handed down by different attorney generals from time to time.

The chairman then asked Mr. Wright how long he thought that the decision should last to which Mr. Wright replied "as long as there is a lease or contract in effect."

Mr. Wheeler cited several examples bringing to light the possibility of a portable cafeteria and stated that we should protect the agreement made in Peyton Harrison's time and support it as long as there is a lease.

Mr. Arthur Carter speaking from a public service standpoint stated that policies change over a period of years and that Spencecliff was over-extending their rights.

Mr. Wright at this point stated that their rights were protected by a lease and the Commission should abide by the existing lease.

Mr. Duponte then requested to have his motion withdrawn with Mr. Honda's consent.

Mr. Duponte then made a motion, seconded by Mr. Honda, and unanimously

VOTED: to take the matter under advisement.

LOCKHEED AIR TERMINAL'S REPORT: The chairman commended Mr. L. W. Wulfekuhler, president of Lockheed Air Terminal, and Mr. Frank Der Yuen, assistant to the president, on their excellent report and asked them to say a few words. The chairman requested that Mr. Wulfekuhler and Mr. Der Yuen meet with the Users' Committee (air carriers and tenants of the airport) to review Lockheed's financial report and answer questions that the users may have in regard to the above. The Acting Director stated that the meeting was arranged for February 1, in the HAC Board Room at 1:30 p.m.

Mr. Edwards remarked that the Commission was grateful to Lockheed and was pleased with the manner in which they carried out their contract in conducting the survey. He went on to say that the workmanship in preparing this report fully justifies our faith in their ability to perform the job.

It was moved by Mr. Edwards, seconded by Mr. Wheeler, and unanimously

VOTED: to accept Lockheed Air Terminal's Report.

Mr. Wheeler commented that "revenue from parking" should be substantially increased and mentioned that in light of the discussion today the lack of emphasis on income from vending machines.

The chairman remarked that the Commission in considering the report would use the recommendations as a guide.

DEPARTMENT OF PUBLIC WORKS REQUEST FOR \$27,000 ADDITIONAL TO BE USED FOR THE STOCKPILING OF FILL MATERIAL: It was moved by Mr. Honda, seconded by Mr. Wheeler, and unanimously

VOTED: to award the contract for the Stockpiling of Fill Material at Honolulu International Airport to Hawaiian Dredging & Construction Company at the basic bid of \$567,000, plus \$10,000 for extras. Funds for the contract are as follows:

Minutes, January 31, 1957

- (a) Item 1(a) Act 273, SLH 1955
Territorial Bond Fund - B6808 \$550,000
(pending allotment by the Governor)
- (b) Sec. 5260, RLH 1945, as amended
Territorial Airport Fund - S6801 27,000
\$577,000

REQUEST TO RE-ARRANGE CUSTOMS BUILDING IN NEW TERMINAL: In view of the fact that the Terminal Plan has been fully adopted, the chairman declared that hereafter requests for changes in the plan will have to be made in writing and signed by those requesting the proposed changes. The Chairman stated that changes incur additional costs not only in the terminal itself but also additional cost for designing. He mentioned the fact that because of numerous changes the work schedule is now one month behind. The Commission is reluctant toward any further changes unless it results in savings in the over-all structure or in more efficient handling that would justify the additional expense.

Mr. J. P. Winne, Director of U. S. Customs Bureau, stated that the request for change in plan was for the purpose of gaining more efficiency in handling passengers at the airport especially through customs department. The details of the plan, he said, were not available now and mentioned that the delay in the request was due to new plans adopted in Washington recently in handling passengers.

The chairman asked Mr. Winne if his organization was willing to pay for these changes to which he replied that he did not think so.

After much discussion, it was moved by Mr. Honda, seconded by Mr. Kobayashi, and unanimously

VOTED: to refer the request of the Airport Users' Association to the Terminal Planning and Coordinating Committee for action and with the authority to act.

Mr. Tim Ho, Airport Engineer, requested that speed be exercised to prevent any further delay.

TRANSOCEAN'S REQUEST TO ERECT BUILDING EXTENSION: It was moved by Mr. Edwards, seconded by Mr. Honda, and unanimously

VOTED: to grant Transocean's request to construct an addition to Building T-56-5 (as outlined in their letter of January 17, 1957) with the right to remove the building whenever Transocean chooses to do so and the right of the Commission to require Transocean to remove the building in the event the Commission found it necessary to do so.

ANDREW'S REQUEST FOR HANGAR #7: Mr. O. V. Andrew, president of Andrew Flying Service, Limited, stated that because of a CAA "airworthiness" directive, his company is forced to perform major overhaul work on its aircraft. Until January 31, 1957, Andrew Flying is subleasing a small amount of space from Hawaiian Airmotive, Ltd., in Hangar #7, and as of that date, they will be forced to vacate. Since Hawaiian Airmotive's space requirements are subordinate to all air carriers or aircraft operators on any airport granted Federal funds, Andrew feels that they should be granted the request of sufficient hangar space. The chairman suggested with the consent of both parties (Andrew Flying Service and Hawaiian Airmotive, Ltd.) that an arrangement be concluded whereby Andrew Flying may continue to stay in Hangar #7, as is now done, and asked the Acting Director to work with both parties concerned to try and solve the problem.

Minutes, January 31, 1957

GROUND TRANSPORTATION LICENSE RENEWALS: Upon the recommendation of the Acting Director, it was moved by Mr. Honda, seconded by Mr. Furtado and unanimously

VOTED: to renew the ground transportation contracts at Honolulu International Airport for Allen Tours of Hawaii, Ltd., Hawaiian Limousine Tour and Taxi, and MacKenzie Transportation Company of Hawaii, Ltd., for an additional one-year period ending December 31, 1957.

HAL'S REQUEST FOR AN OFFICE BUILDING - NEW TERMINAL: It was moved by Mr. Honda, seconded by Mr. Kobayashi, and unanimously

VOTED: to refer the request of Hawaiian Airlines to have its general office building located contiguous to the passenger terminal in the new inter-island Honolulu terminal to the Terminal Planning and Coordinating Committee for action.

HAWAII

PERQUISITES FOR MAINTENANCE FOREMAN: It was moved by Mr. Furtado, seconded by Mr. Honda, and unanimously

VOTED: to grant the request for perquisites (free house rent and free utilities) for the Maintenance Foreman at General Lyman Field.

REPLACEMENT OF COUNTY POLICE BY HAC EMPLOYEES: The chairman stated that this matter was deferred for further study.

REVISED REQUEST FOR U-DRIVE CONCESSION: At the December 21, 1956, meeting, Commissioner Furtado was asked to have applicant submit a modified request concerning a U-drive facility at General Lyman Field. Mr. Furtado stated that the request was reduced from \$37,478.39 to approximately \$12,000 and there is only room for 2 cars instead of the 10 or 20 as originally requested.

In view of the fact that the overall policy in regards to land matters, including real estate, etc., may have to be revised particularly with the new terminal coming up and in order to conform to this policy, it was moved by Mr. Honda, seconded by Mr. Duponte, and unanimously

VOTED: to defer the matter until such a plan is formulized.

APPLICATION FOR TAXI LICENSE - KONA AIRPORT: It was moved by Mr. Furtado, seconded by Mr. Honda, and unanimously

VOTED: to grant the request of Kini Ka to operate a taxi for hire at the Kona Airport.

MASTER PLAN: It was moved by Mr. Furtado, seconded by Mr. Honda, and unanimously

VOTED: to ask the Department of Public Works to proceed with the master plan of Kona Airport forthwith.

KAHULUI

MASTER PLAN: It was moved by Mr. Duponte, seconded by Mr. Honda, and unanimously

VOTED: to authorize the Department of Public Works to appoint an architect for the control tower and to appoint an engineer for the design of the runway lighting system.

Minutes, January 31, 1957

APPLICATION FOR TAXI LICENSE: It was moved by Mr. Duponte, seconded by Mr. Furtado, and unanimously

VOTED: to regrant a taxi license to Mr. Joel K. Holau to operate at the Kahului Airport.

MOLOKAI

CAA'S REQUEST FOR LEASE OF PARCEL OF LAND: It was moved by Mr. Duponte, seconded by Mr. Furtado, and unanimously

VOTED: to grant CAA's request for leasing of a parcel of land at the going rate of 1 1/2 cents per square foot per year on Molokai Airport property for construction of living quarters for their VOR Maintenance Technician.

ADJOURNMENT: The meeting was adjourned at 2:58 p.m.

ATTENDANCE:

		<u>Hawaii Aeronautics Commission</u>
Present :	Dr. Francis K. Sylva, Chairman	
	Mr. Ralph C. Honda, Secretary	
	Mr. Dorsey W. Edwards, Vice Chairman (Kauai)	
	Mr. David Furtado, Vice Secretary (Hawaii)	
	Mr. George Kobayashi, Member	
	Mr. Lionel V. Duponte, Member (Maui)	
	Mr. Richard Wheeler, Member	
Absent :	Mr. Charles J. Pietsch, Jr., Member	
	Mr. Joseph V. Hodgson, Member	
In Attendance:	Mr. R. M. Walton, Acting Director, HAC	
	Mr. C. B. Davis, Standard Oil Company	
	Mr. C. W. Dahlberg, Hilo Airport Manager, HAC	
	Mr. Wallace T. Waterhouse, Murrayair, Ltd.	
	Mr. W. G. Eldridge, PAA SFO	
	Mr. W. C. Hiberly, U. S. Customs	
	Mr. J. P. Winne, U. S. Customs	
	Mr. E. C. Cluff, Aloha Airline	
	Mr. Ron Burla, Burla & Associates	
	Mr. Jay G. Williams, Shell Oil Company	
	Mr. Harold K. Graham, Shell Oil Company	
	Mr. Ken Wetherell, Qantas	
	Mr. Glenn Gillette, U. S. Customs	
	Mr. Douglas T. Cole, Transocean Air Lines	
	Mr. O. A. Byrne, Transocean Air Lines	
	Mr. Olen V. Andrew, Trans-Pacific Airlines and Andrew Flying Service	
	Mr. O. McCraw, Aloha Airline	
	Mr. Harold S. Wright, Smith, Wild, Beebe & Cades	
	Mr. Spencer F. Weaver, Jr., Spencecliff Corporation	
	Mr. John Dolan, CAA	
	Mr. Tim Ho, DFW	
	Mr. Ted Vierra, Airport Architect	
	Mr. S. R. Wallace, United Air Lines	
	Mr. W. F. McGuire, United Air Lines	
	Mr. C. E. Young, PAA	
	Mr. G. F. Maxwell, PAA	
	Mr. Dick Paris, HAL	
	Mr. Jack C. Tobin, HAL	
	Mr. Gilbert L. Livingston, HAC	
	Mr. C. Bentley, Sky Room	
	Mr. G. S. Kent, Standard Oil Co.	
	Mr. Sam Wilburn, Hawaiian Airmotive	
	Mr. Syd Love, Star Bulletin	
	Mr. C. Brenham, HAC	
	Mr. R. B. Harrington, PAA SFO	
	Mr. Mark E. Martin, HAC	
	Mr. William Wachter, Department of Public Works	

Minutes, January 31, 1957

In Attendance: (continued)

Mr. W. Rolph, PAA
Mr. M. D. Trehitt, PAA
Mr. G. F. Maxwell, PAA SFO
Mr. R. S. Twist, United Air Lines
Mr. W. G. Carson, UAL
Mr. Robert K. Fukuda, Deputy Attorney General
Mr. Frank Der Yuen, Lockheed
Mr. J. W. Cooper, Japan Air Lines
Mr. W. Woollett, CPA
Mr. G. Mastalka, Lockheed
Mr. R. M. Conley, PAA
Mr. L. W. Wulfekuhler, Lockheed
Mr. D. L. Grubb, HAL
Mrs. Lois Stewart, Advertiser
Mr. Bo Tong Wat, HAC

Respectfully submitted,



Ralph G. Honda, Secretary

Minutes, January 31, 1957

Addendum to Minutes of H.A.C. Meeting of January 31, 1957.

HAWAII AERONAUTICS COMMISSION
Meeting of
Terminal Planning & Coordinating Committee
Monday, January 14, 1957

A meeting of the Terminal Planning & Coordinating Committee was called to order at 4:45 p.m. in the office of Mr. T. A. Vierra, Airport Architect, on Monday, January 14, 1957.

1. LAW AND WILSON AND T. VIERRA'S CONTRACTS: It was moved by Mr. Pietsch, seconded by Mr. Honda and unanimously

VOTED: to recommend that the Department of Public Works be authorized to proceed with the amended engineering and the architectural contracts for final working drawings and specifications according to the amendments proposed by the CAA and agreed to by Mr. Tim Ho and to ask that the work be resumed immediately on the basis of the amended contract.

2. REQUESTS FOR SPACE REQUIREMENTS - HAWAIIAN AIRLINES, LIMITED, AND TRANS-PACIFIC AIRLINES, LIMITED: The above airlines requested through Mr. Tim Ho, Department of Public Works, and Mr. T. Vierra, Airport Architect, changes in regard to pilots' lounges, ticketing and claiming of baggage at each gate, etc. It was moved by Mr. Hodgson, seconded by Mr. Kobayashi and unanimously

VOTED: to recommend that any further changes to the plan must be submitted in writing to the Hawaii Aeronautics Commission together with supporting data in view of the frozen status of the plan.

3. ATTORNEY GENERAL'S REPORT:

APPRAISERS: The Deputy Attorney General, Mr. Robert Fukuda, reported that the Attorney General, Mr. Richard Sharpless, will need a few more days before he will be able to issue clearance for the three appraisers selected by HAC for appraisal of the Damon Tract area.

HOMESTEAD FIELD, MOLOKAI - HILO AIRPORT: Mr. Fukuda consulted with Mr. David Bent, Executive Secretary of the Hawaiian Homes Commission, and was advised that the HHC will not transfer any land to the HAC unless the Land Commissioner, with the approval of the Governor, will assure them equivalent public land exchange. The Governor has not seen fit to take any position in opposition to the Hawaiian Homes Commission. Since we have committed ourselves to the CAA to obtain title (Condition 8 of the Civil Aeronautics Agreement), Mr. Robert Fukuda was asked to draft a letter for the next regular HAC meeting to the Governor in regard to the exchange of land.

TERMINAL PLANNING: Mr. Fukuda was asked to draft a resolution for presentation to the Territorial Legislature in support of the bill in Congress for transfer of land now owned by the Navy. Mr. Dorsey Edwards and Mr. Fukuda discussed the matter of land exchange with the Navy attorneys in Washington and the Navy attorneys were of the opinion that the interim exchange was under the jurisdiction of Section 73 and not Section 91 of the Organic Act. Mr. Fukuda will discuss the matter with Mr. Frank W. Hustace, Commissioner of Public Lands, to see what he thought about the Navy's opinion. As soon as the decision is reached, Mr. Fukuda will proceed to write the final bill for legislation to Congress.

JET FUEL TAX AMENDMENT: It was stated that the Lockheed Research Team in their production report will make recommendations regarding the jet aviation fuel tax.

Addendum

SALARIES: The Committee recommended to ask the Legislature to "unfreeze" the Director and Assistant Director's pay schedule and to correct the inequities in the law.

4. SELECTION OF LEGISLATIVE COMMITTEE: The following were selected to serve on the Legislative Committee to enlist the aid of the Legislators in support of HAC projects:

Mr. Ralph C. Honda, Chairman
 Mr. George Y. Kobayashi
 Mr. Lionel V. Duponte
 Mr. David Furtado

All other members of the Commission were asked to support the Legislative Committee in all matters.

5. LETTER FROM DELEGATE: The Chairman read a letter to the Committee from Delegate John A. Burns stating his full cooperation to this Committee in its work.

The meeting adjourned at 5:45 p.m.

ATTENDANCE:Committee Members

Present: Dr. Francis K. Sylva, Chairman
 Mr. Ralph C. Honda
 Mr. Joseph V. Hodgson
 Mr. Charles J. Pietsch, Jr.
 Mr. George Y. Kobayashi
 Mr. David Furtado

Absent: Mr. Richard H. Wheeler

In Attendance: Mr. R. M. Walton, Acting Director, HAC
 Mr. Robert Fukuda, Deputy Attorney General, HAC
 Mr. Theodore A. Vierra, Airport Architect
 Mr. Tim Ho, Department of Public Works

Ralph C. Honda
 Secretary

Addendum to Minutes of H.A.C. Meeting of January 31, 1957

SPENCECLIFF CORPORATION, LIMITED
2709 Kalakaua Ave. - Waikiki, Hawaii

Spencer F. Weaver, Jr.
President

January 22, 1957

Hawaii Aeronautics Commission
Honolulu International Airport
Honolulu 17, Hawaii

Gentlemen:

It has been brought to our attention that two soft drink vending machines were installed recently in the Terminal Building in violation of our exclusive concession under our present lease with the Territory to operate a coffee shop, bar, cocktail lounge and soda fountain.

This development comes as a complete surprise to us in view of the fact that a controversy involving the same problem was completely settled over five years ago.

The history of this matter may be summarized as follows:

By letters dated August 30, 1948 and July 14, 1950 addressed to the Hawaii Aeronautics Commission, Spencecliff protested the operation of soft drink vending machines near the main entrance of the Terminal Building on the ground that the operation of these machines was in violation of the terms of the lease. Paragraph 1 of this lease provides:

"1. Concession Grant. The Lessor hereby grants to the Lessee for the term of this agreement or until its sooner termination, the exclusive concession, except as hereinafter stated, to conduct, operate and maintain on the Trans Pacific side of Honolulu Airport a dining room, coffee shop, bar, cocktail lounge, and soda fountain. The Lessor reserves the right to permit air carriers to purchase from persons other than the Lessee meals, food and liquor for consumption in flight."

By letter dated February 13, 1951, our attorneys, Smith, Wild, Beebe & Cades, apprised the Commission that the operation of such machines in competition with the products dispensed by Spencecliff in its soda fountain, dining room and coffee shop violated the terms of the lease. This letter demanded that the Commission account for all profits derived from the vending machines and requested immediate cessation of the operation of these machines.

After referring the matter to the Attorney General's office, and presumably with the advice of that office, the Hawaii Aeronautics Commission, by letter dated March 29, 1951 signed by Peyton Harrison, Director, advised Mr. Spencer F. Weaver as follows:

"In furtherance of various correspondence relative to disposition of proceeds from the Coca-Cola machine located in the Terminal lobby, please be advised that the account for the machine as well as the Bireley Orangeade dispenser will be transferred to you as of April 1, 1951.

"It is understood that proceeds from these machines will become a part of your concession revenue. The Hawaii Aeronautics Commission reserves the right to discontinue these machines in the lobby should such action be deemed advisable."

It may be noted that although the Commission reserved the right to discontinue operation of these machines, the Commission impliedly recognized the exclusive concession granted to Spencecliff by the lease.

Addendum

On the basis of the above facts, it would appear, therefore, that the recent action of the Airport Manager in permitting operation of such machines in competition with Spencecliff constitute not only a violation of the terms of the lease but a breach of the long recognized understanding reached in good faith by and between the Commission and Spencecliff in 1951. This action of the part of the Airport Manager is difficult to understand in view of the fact that Spencecliff stands ready and willing to install any additional machines which the Commission feels would best serve the public in the Terminal Building.

It is respectfully requested that this matter be placed on the agenda at the next meeting of the Commission on January 31, 1957 and that Spencecliff be given an opportunity to present its position with respect to its rights under the lease.

In the meantime, we shall be pleased to submit any additional information which you may consider helpful in the solution of the above problem.

Yours very truly,

SPENCECLIFF CORPORATION, LIMITED

By /s/ Spencer F. Weaver, Jr.

SPENCER F. WEAVER, JR.

President