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**Grand Junction Regional Airport Authority Board**  
**Regular Board Meeting**  
Meeting Minutes  
October 8, 2013

**I. Call to Order**

Mr. Denny Granum, Board Chairman, called the special meeting of the Grand Junction Regional Airport Authority Board to order at 5:15 PM on October 8, 2013 in Grand Junction, Colorado and in the County of Mesa.

**Present:**

*Commissioners Present:*

Denny Granum, Chairman

David Hibberd, Vice Chairman

Sam Susuras

Rick Wagner

Steve Wood

Paul Nelson

*Other:*

Not Available

*Airport Staff:*

Rex Tippetts, Director of Aviation

Amy Jordan, Clerk

Gary Schroen

Kathie Lucas

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**II. Approval of Agenda**

*Commissioner Hibberd moved to approve the agenda. Commissioner Nelson seconded. Voice vote: All Aye. The agenda was approved as distributed.*

**III. Conflict Disclosures**

Chairman Granum – Hangar Owner

Vice Chairman Hibberd – Hangar Owner

Commissioner Wood – Hangar Owner

Commissioner Susuras – None

Commissioner Wagner – None

Commissioner Nelson – None

**IV. Commissioner Comments**

Commissioner Wagner noted that the meeting conducted recently with the Airport Authority Board and the Tenants was productive.

**V. Citizens Comments**

None.

**VI. Consent Agenda**

**A. Minutes September 17, 2013 Regular Board Meeting**

Discussion: NONE.

*Commissioner Susuras moved to approve the consent agenda. Commissioner Nelson seconded. Voice vote: All Ayes. The consent agenda was approved as distributed.*

**VII. Action Items**

**A. Terminal Phase 1: Proposed Change Order #2**

Director of Aviation, Rex Tippetts briefed the Board on change order 32 for the terminal phase I project. Tippetts explained that the majority of the change order is to account for winter conditions and is over \$97,000 of the total change order.

Tippetts explained that the Board has two options with payment, regarding this change order. If approved, the change order could be paid by time and material, or by lump sum. Tippetts noted that the option for lump sum moves the risk to Shaw Construction.

Tippetts explained that the remaining costs in the change order is due to a subcontractor that was lost, due to the delay and escalated cost of material.

Tippetts also noted that Shaw gave back \$10,000 in their fee's, bringing the change order in at \$170,664.

Discussion:

Chairman Granum said that he appreciated the explanation provided by Aviation, as it answered the majority of questions he had.

Commissioner Wagner said that he appreciated the explanation as well. Wagner questioned the fees waived by Shaw construction and asked for additional clarification.

Mike Quinn, with Aviation explained that after talking to Shaw construction, it was their show of good faith that they are ready to go and they want to do this project and have a vested interest.

Commissioner Susuras noted that this was not an unusually gesture by Shaw construction. Susuras said that he has seen similar gestures on other projects, and very much so appreciates the gesture.

*Commissioner Susuras moved to accept Change Order #2 for the Terminal Phase I with Shaw Construction. Commissioner Hibberd seconded. Voice vote: All Aye. Motion passes.*

## **B. Building Lease (Air Traffic Control Tower)**

Director of Aviation, Rex Tippetts briefed the Board on the air traffic Control Tower (atct0 building Lease. Tippetts noted that this was the previously approved 2810 Building lease, with modifications for the ATCT space. Tippetts explained that West Star Aviation, Inc. needs to relocate fueling and line operations support functions.

Tippetts also noted that this building lease is for approximately 5,135 square feet of office space and garage space in the control tower and the proposed lease rate is \$14.00 per square foot.

Discussion:

Commissioner Wood asked if there would be any issues with relocating the fueling vehicles to that area of the Airport.

Director Tippetts answered that there is no seen issue. Tippetts noted that the ingress and egress of the Airport's emergency response vehicles is the primary concern, but it does not appear that will be affected.

*Commissioner Nelson moved to approve the Building Lease for the Air Traffic Control Tower. Commissioner Susuras seconded. Voice vote: All Aye. Motion passes.*

## **C. Purchase & Sale Agreement**

Director of Aviation, Rex Tippetts told the Board that this document is something that him and attorney, Mike Morgan have drafted collectively. Tippetts noted that this is a draft of the document that contains all the necessary steps that need to take place to make this project happen. Tippetts also noted that this is not necessarily the document to make the steps happen, but the commitment between West Star and the Airport to move forward.

Tippetts said that modifications are expected and that this document is intended to get the discussion going amongst the Board.

Discussion:

Chairman Granum said that he understands this as an agreement in good faith between the Authority Board and West Star Aviation.

Commissioner Wagner said that he appreciates the recitation of the rights and responsibilities of West Star, including the representation of resiliency and lack of litigation. Commissioner Wagner also said that he appreciates West Star's fiscal ability to follow through on this project. Commissioner Wagener said that there are a lot of blanks that still need to be filled in and would like to see those blanks completed before final Board approval. Commissioner Wagner asked Tippetts about the anticipated timeframe.

Director Tippetts said that time is of the essence, with winter operations approaching. Tippetts noted that getting bond counsel blessing is important, but it is difficult to get that without a written agreement between the parties. Tippetts also said that the tax-exempt status is imperative to this project and the financing.

Director Tippetts said that he would like to get all the comments before the purposed October 29, 2013 workshop, so that a more complete document could be put together for review. Additionally, Tippetts said that he would like to get feedback from the Board, in that is this the path that the board would like to proceed.

Commissioner Wagner said that on some of the items listed in the document are difficult to estimate until we are a bit further down the road, in particular those days allotted to construction.

Chairman Granum asked West Star Aviation's, Bob Raspberry for input.

Mr. Raspberry said that West Star's attorneys are reviewing the document. Mr. Raspberry noted that he is very project oriented and is ready to get this project underway, and needs direction from the Board in how to move forward. Mr. Raspberry noted that the Air Traffic Control tower lease is imperative to get the functions moved, so that the construction on the facility can begin.

Mr. Raspberry said that West Star has already lost a lot of business due to the delay in construction, nearly \$5-10 million in sales. Mr. Raspberry said that he is 100% focused on getting this completed.

Chairman Granum said that the Board just approved the tower lease, so that step is complete. Granum said that the next outstanding item is the approval of the PSA, which is difficult to give final approval on at this time, due to the unknowns.

Chairman Granum said that he wanted to assure Mr. Raspberry that the Board would like to move forward with this project, but final approval of the PSA is difficult at this time.

Commissioner Nelson asked if there was anything the Board Commissioners could do to help drive bond counsel. Mr. Tippetts said that he could take care of

that issue, and that one of the problems is the interest rate, which he is watching regularly.

Commissioner Wood said that he has to consider the “what if’s.” Commissioner Wood asked if there was any contemplation, if that between now and when the construction is complete of the facility, if alternative funding becomes available, would the parties be willing to consider that funding.

Mr. Raspberry said that he would hope that the Airport Authority would allow West Star to consider alternative financing, if it presents. The Board concurred that if West Star found a better offer on financing, they would like them to be able to consider the financing.

Commissioner Wood noted that the way the PSA is currently drafted, it anticipates one outcome, being that West Star builds the facility, the Airport Authority then purchases that facility for a determined amount. Commissioner Wood said that if the Board and West Star would like both parties to be allowed to look at alternatives, which should be included in the agreement.

Commissioner Wood wanted to know if the facility ends up costing anything over \$8 million dollars, who would be responsible for the overage. Mr. Raspberry said that West Star would be responsible for the overage, and would not receive any equity in the facility.

Commissioner Susuras said that he could care less about how the financing occurs, and the economic impacts and job creations for the Western Slope are what are essential. Commissioner Susuras said that the project needs to move forward.

Commissioner Wood said that, it is at this point that the Board becomes “pregnant.” In that once the PSA is executed, both parties are locked.

Commissioner Wood said that he would like to discuss the amount of transient aircraft parking that will be lost through the construction of this facility.

West Star Aviation’s, Dave Krogman, mentioned that West Star would be utilizing the space that remains more efficiently.

Chairman Granum asked if this would cause any issues with major diversions, when airports, such as Aspen or Eagle are closed and Grand Junction ends up with a lot of extra aircraft.

Director Tippetts said that it should not have much impact, because the diversion plan utilizes other ramp space, prior to pushing aircraft onto West Star’s ramp.

Commissioner Wood asked about the conditions that are included in the PSA, in particular, if the Airport does not receive satisfactory financing, is the Airport is obligated to purchase the facility?

Director Tippetts acknowledged that there are some items that need to be addressed in the agreement, and that Commissioner Wood's comment was similar to one that West Star's attorney's had presented. Tippetts noted that to make this project work, the Airport must keep tax-exempt financing and stay below 4% interest rate.

Commissioner Wood asked what the status of the amendments of the ground leases.

Director Tippetts said that most of them are in progress. Tippetts noted that the amendments concern P&L Properties, West Star Aviation, and Aero GJT.

Commissioner Wood asked the Board if the Airport expects to make money on this deal.

Director Tippetts answered that the facility will not make the Airport money until the building is paid off. Tippetts noted that the Airport gains two additional leases, being the 2810 Hangar Lease and the Tower Lease.

Commissioner Wood asked about the lease for the new hangar facility and if that would be an attachment to the PSA.

Director Tippetts said that it would be included as an attachment.

Chairman Granum noted that the Board is not going into this to either make money or lose money. Chairman Granum noted that this would be a breakeven proposition.

Director Tippetts said that he would like comments so that a new draft could be completed within the next week to 10 days.

Commissioner Wagner said that he would like, at this point, to authorize Airport Counsel to review the attachments to the PSA for synchronicity and to have counsel contact West Star and their counsel to merge the agreement into whole. Additionally, Commissioner Wagner would like Airport staff to assist as necessary.

Commissioner Wood said that he would like to make a statement about the statements made in the newspaper, in particular one that was made about West Star paying \$100 million to 300 employees. Commissioner Wood felt that it makes projects like this lose credibility.

Chairman Granum wanted to make sure there was nothing else to say and that the direction is clear. Granum noted that counsels need to get involved, bond counsel needs to get involved, and a lot of the questions pertaining to the documentation, prior to the meeting on October 29<sup>th</sup>.

#### **D. Extension for Request of New Standard Form Lease**

Director of Aviation, Rex Tippetts explained to the board that in February 2013, the Board adopted Aeronautical Use Lease Guidelines. Tippetts noted that the Guidelines gave leaseholders 180-days to request a new standard form lease, and anticipated that the new standard aeronautical use ground lease form and associated lease rates would be completed and adopted within 30-days.

Tippetts said that the Authority took longer than expected to develop and approve the new standard form lease and lease rates and in June, the Board approved an extension of 150-days, which is expiring on November 18, 2013, to leaseholders to request a new lease.

Tippetts expressed that this time restraint may be too restrictive to allow leaseholders adequate time to evaluate and make a decision, being that the new lease rate was just approved in September. Tippetts suggested the Board approve an extension to December 31, 2013 for lessees to request a new standard form lease.

Discussion:

Commissioner Wood said that he felt that December 31, 2013 was too short of an extension. Commissioner Wood also said that he would recuse from voting, but not from commenting. Commissioner Wood said that this is a decision that needs to be evaluated carefully, for him personally, and that there should not be a rush. Commissioner Wood suggested the end of February or March would be more appropriate.

Chairman Granum said that he thought that was fine and that there was no rush.

*Commissioner Hibberd moved to approve an extension to February 28, 2014, for requests for the new standard form lease. Commissioner Susuras seconded. Voice vote: All Aye. Commissioner Wood abstained from voting. Motion passes.*

#### **E. October 29, 2013 Budget Workshop**

Chairman Granum said that the meeting on the 29<sup>th</sup> of October would be a special meeting.

Commissioner Wood asked if there would still be a workshop.

Chairman Granum said yes, it would be a special meeting, followed by the Budget Workshop.

*Commissioner Hibberd made a motion to have a special meeting, followed by a workshop, on October 29, 2013. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.*

## **VIII. Discussion Items**

### **A. Submittal of the Proposed Grand Junction Regional Airport 2014 Budget**

Director of Aviation, Rex Tippetts presented the 2014 proposed budget to the Board. Tippetts noted that he would walk through the budget in detail at the October 29<sup>th</sup> workshop, but would like to highlight a few items at this time.

First, on page 12, Tippetts said that he is requesting the additional of an Airport Specialist I position. Second, on page 16, Tippetts highlighted the pie charts indicating where revenues come from and where revenues go to. Third, on page 19, Tippetts said that he is requesting an increase in parking lot fees from \$8 per day to \$9 per day. Forth, on page 23, Tippetts noted there is a summary of the budget.

### **B. Manager's Update**

Director of Aviation, Rex Tippetts acknowledged the passing of previous employee, Eddie Storer. Tippetts noted that Mr. Storer was the assistant director and construction manager at the airport for many years, and will be greatly missed.

### **C. West Star Facility Expansion Update**

Chairman Granum said that this had been discussed previously in the meeting and that nothing more is needed to be discussed.

### **D. Security Solutions Update**

Commissioner Steve Wood mentioned that the few words that the TSA has required be included in the amendment that both he and staff are not wild about, but are necessary, TSA has since softened their stance on. Wood noted that recently, himself, Rex Tippetts, Commissioner Hibberd, and Commissioner Frishe met with two local TSA officials and confirmed that they will approve plan A, with the softened words. Wood also indicated that they discussed plan B, which is a combination of technology and other means.

Chairman Granum asked about a timeframe.

Commissioner Wood said that the technology demonstration would take place sometime at the beginning of November and would like to invite the TSA local officials to come and observe.



**IX. Adjournment into executive Session**

*Commissioner Hibberd moved to adjourn into executive session to discuss security sensitive information as authorized by Colorado Revised Statute §24-6-402(4) (C). Passenger Exit Lane. Commissioner Susuras seconded. Voice vote, All Aye.*

The Board recessed into executive session at 6:30 PM.

**X. Adjournment**

*Commissioner Nelson moved to adjourn the board meeting of October 8, 2013. Commissioner Susuras seconded. Voice vote, All Aye.*

The Board adjourned the meeting at approximately 7:40 PM.

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Denny Granum, Board Chairman

**ATTEST:**

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Amy Jordan, Clerk to the Board