

Walker Field Airport Authority

Minutes of the Regular Board Meeting

August 17, 2004

BOARD COMMISSIONERS PRESENT: Miles McCormack Craig Springer
Gregg Palmer Karen Berryman
Roger Little Dan Lacy
Robert McCormick

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Gary Mancuso
Greg Treviso Ed Storer

ALSO PRESENT: Bob Kretschman of the Daily Sentinel and Paul Wisecup of
WS Flyers, LLLP.

I. CALL TO ORDER

The meeting was called to order at 5:15 p.m.

II. APPROVAL OF AGENDA

Commissioner Berryman moved to approve the Agenda. Commissioner Palmer seconded. Roll call: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: July 20, 2004 Regular Board Meeting

B. Acknowledgement of Receipt of May, 2004 Financial Statements

On the Statement of Revenues, Expenses, and Changes in Net Assets, a positive budget variance between operating revenues and operating expenses is reflected. Year to date operating revenues are \$107,337 over budget (11.2%). Year to date operating expenses are slightly over budget (1.6%). Year to date Operating Income Before Depreciation (OIBD) is \$176,027, which is \$93,138 higher than budgeted year to date.

Rental car, general aviation land lease, parking, and commercial aircraft fuel flowage and landing fee revenues exceeded budget projections (year to date). Because of the large amount of federal grant expenditures accrued at the end of 2003, the amount of capital contributions realized year to date continues to be minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments decreased 4.8% primarily from the payment of several large vendor invoices which resulted in a corresponding decrease in accounts payable. Land, Buildings, and Equipment increased \$112,702 with expenditures for:

- Terminal building boarding area expansion project
- Fencing near terminal building service entrance
- Signage upgrades in rental car parking lot
- East air carrier ramp expansion project
- Operations base radio

The Terminal Building Bonds Acquisition Fund (funds used for construction costs) decreased by \$86,087 with expenditures towards the terminal building boarding area expansion project, and the Bond Payment Fund decreased by \$18,650 from a semi-annual interest payment. Fee in Lieu of Improvements reflects the contribution from Enterprise Car Rental (\$10,096) towards future landside roadway and pedestrian improvements to be constructed by the Authority instead of Enterprise having to construct curbs and sidewalks on its leasehold at this time. This will benefit the Authority as it reconfigures and upgrades landside vehicle and pedestrian access in that area. PFC funds increased \$27,723 (net) with continued program collections.

Overall, May yielded positive financial performance for the Authority.

C. Acknowledgement of Receipt of June, 2004 Financial Statements/Accounts Receivable Report

On the Statement of Revenues, Expenses, and Changes in Net Assets, a positive budget variance between operating revenues and operating expenses is reflected. Year to date operating revenues are \$132,606 over budget (11.4%). Year to date operating expenses are slightly over budget (0.5%). Year to date Operating Income Before Depreciation (OIBD) is \$245,681, which is \$127,322 higher than budgeted year to date.

Rental car, general aviation land lease, parking, and commercial aircraft fuel flowage and landing fee revenues exceeded budget projections (year to date). Because of the large amount of federal grant expenditures accrued at the end of 2003, the amount of capital contributions realized year to date continues to be minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments decreased slightly (0.2%). Accounts payable increased \$91,570 with the receipt of several large vendor invoices at the end of the month, and accounts receivable decreased \$14,310 with the receipt of customer payments. Tenant security deposits decreased \$14,573 from the refund of Timberline Aviation/Alpine Ground Service, LLC's security deposit. The final retainage payment for the boarding bridges portion of the boarding area expansion project resulted in a decrease of \$51,725 to accrued liabilities.

Land, Buildings, and Equipment increased \$61,179 with expenditures for:

- Terminal building boarding area expansion project
- Terminal building HVAC upgrades
- Terminal building law enforcement workstation
- Terminal building upgrades for 1st floor restrooms
- Landscaping along Walker Field Drive
- Fencing near terminal building service entrance
- Workstation furniture for the Administration Office
- Climate control system for the Administration Office computer server room

PFC funds increased \$32,915 (net) with continued program collections

Overall, June yielded positive financial performance for the Authority.

D. WFAA Landside Commercial Property Development Position Statement

At the August 2004 Board Workshop, the Board reviewed a draft of a proposed Position Statement for the development of specific Authority-owned landside commercial parcels. The Position Statement would formalize the Authority's philosophy regarding development of the parcels.

Staff recommended that the Board approve the Position Statement for the Landside Commercial Property Development.

E. Consent to Ground Lease Assignment for Collateral Security from Larry G. Kempton, Jr. dba Kempton Air Service to American National Bank

Larry G. Kempton, Jr. dba Kempton Air Service provides flight instruction and aircraft maintenance services on the Airport and leases three (3) separate parcels of ground from the Airport Authority. One of the parcels contains Kempton Air Service's operations hangar. Mr. Kempton requested that the Authority approve a Landlord's Consent Agreement for that parcel for the benefit of American National Bank in order for Mr. Kempton to obtain financing for the hangar.

If Mr. Kempton defaults on his loan obligation, the Consent would give American National Bank the right to acquire Lessee's interest in the leasehold and also the ability to assign the lease to a third party, all of which would be subject to review and approval (in advance) by the Authority. The proposed Landlord's Consent Agreement form for this transaction was approved by the Board for a prior similar tenant transaction.

Staff recommended that the Board approve and authorize the Chairman to sign the Landlord's Consent Agreement, contingent upon:

- The Authority's receipt of the \$200 administrative fee for a change to an Agreement with the Airport Authority; and
- Authority Staff's approval of the final Landlord's Consent Agreement and Exhibits.

F. Second Addendum to Ground Lease Agreement with the State of Colorado, Acting by and Through the Department of Natural Resources, for the Use and Benefit of the Division of Wildlife and the Wildlife Commission

The Colorado Division of Wildlife and the Wildlife Commission (DOW) has leased ground from the Airport Authority and has operated from a hangar at the Airport since 1966. The DOW entered into its most recent ground lease agreement with the Airport Authority on March 16, 1995.

The hangar is used for the storage and maintenance of DOW aircraft. The DOW requested an extension of the existing Ground Lease Agreement for a period of ten (10) years expiring on July 1, 2014 and to increase the size of its leased premises by 3,390 square feet for a total of 13,190.75 square feet. Because of the amount of time it takes for the State of Colorado to execute entirely new lease agreements, an addendum to the existing Agreement would be the most efficient and expeditious solution. The initial amended ground rent would be \$112.45 per month. (Currently, the ground rent is \$81.92 per month.)

The Authority Attorney recommended the inclusion of updated provisions for Hazardous Waste and Compliance with Statutes, Rules, Regulations and Directives to the proposed Second Addendum in order to protect the Airport Authority. Staff incorporated these provisions into the proposed Second Addendum.

Although various State agency representatives have verbally approved the proposed Second Addendum, it is subject to final approval by the Colorado Wildlife Commission. Following approval by the Commission, it would be submitted to the State Controller's Office for consideration. Because this is an agreement with the State of Colorado, the Controller's Office does not review any agreement until it is signed by the outside party (in this case, the Airport Authority).

Staff recommended that the Board approve and authorize the Chairman to sign the Second Addendum to Ground Lease with the State of Colorado acting by and through the Department of Natural Resources, for the Use and Benefit of the Division of Wildlife and the Wildlife Commission, to be submitted to the Colorado Wildlife Commission for its review and approval. Additionally, Staff recommended that if the Colorado Wildlife Commission should require additional non-material provisions or changes to the Second Addendum, that the Board authorize the Chairman to sign an amended Second Addendum (incorporating the required provisions) for submittal to the State, contingent upon the Airport Authority Staff reviewing and approving the additional non-material provisions or modifications to the Second Addendum.

G. Request for Approval and Appropriation of Funds for Additional FY 2004 Capital Item

Current FY 2004 appropriated operating expenses total \$2,051,160 (excluding depreciation). If operating revenues and expenses for FY 2004 match exactly with the projected revenues and expenses, the December 31, 2004 non-restricted cash/cash reserves balance is projected to be at least \$774,752, which is also the targeted balance.

There is a small unpaved separator between the commercial air carrier ramp and the west public-use ramp leased by West Star Aviation. Because of increased utilization of the

public-use ramp by high-performance military aircraft, there has been an increase in the amount of foreign object debris (FOD) originating from the separator and disbursing onto the public-use ramp and commercial air carrier ramp. This presents a hazardous situation for aircraft and ground personnel. To mitigate the FOD, Staff has filled the separator with large river rock (heavy enough to withstand the thrust from jet and turbine engines).

Since it was imperative that the mitigation occur quickly, Staff completed the work using funds from the Authority’s operating contingency account.

Because of favorable year to date operating variances and the availability of existing funds, Staff recommended the approval, appropriation, and transfer of funds from the operating contingency account to a capital project account for the following capital item:

<u>Capital:</u>	
Ramp Separator Improvements (River Rock and	
Equipment Rental).....	\$10,500

Commissioner Little moved to approve the Consent Agenda. Commissioner McCormick seconded. Roll call: all ayes. Motion carried.

V. ACTION ITEMS

There were no Action Items.

VI. DISCUSSION ITEMS

There were no Discussion Items.

VII. AIRPORT MANAGER’S REPORT

Manager Nystrom introduced Greg Treviso, the new Administrative Assistant for the Airport Authority.

VIII. OTHER ITEMS

A. September Board Workshop

Manager Nystrom noted that Staff is in the process of preparing a proposed draft of the 2005 Budget, but there are no specific items to include on the September Workshop agenda at this time.

Commissioner McCormick asked for clarification of the timeframe for the landside commercial development process. Manager Nystrom stated that Staff is currently working with the City of Grand Junction Community Development Department to finalize the Airport Development Plan for the landside parcels. The Plan is scheduled to be considered by the Grand Junction Planning Commission on August 27th. Depending on the outcome, it will be presented to City Council for consideration.

Commissioner McCormick questioned if a timeline had been created for the development process. Manager Nystrom stated that Staff has created a timeline, which incorporates many steps within the landside commercial development process. She commented that a conservative estimate is that it will take approximately one (1) year before a request for proposals can be advertised for the development, but hopefully the process can be accelerated to nine (9) months.

Commissioner Lacy asked Manager Nystrom if there was a possibility that the Board could take a tour of the Airport in the near future to review some of the recent development and completed projects. Manager Nystrom responded that a tour will be incorporated into an upcoming Board Workshop.

IX. ADJOURNMENT

Commissioner McCormick moved to adjourn the meeting. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 5:26 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2004.

signature on file
Miles C. McCormack, Chairman

ATTEST:

signature on file
David J. Anderson, Clerk