

Walker Field Airport Authority

Minutes of the Regular Board Meeting

May 17, 2005

BOARD COMMISSIONERS PRESENT: Craig Springer Tom LaCroix
Gregg Palmer Dan Lacy
Robert McCormick

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Gary Mancuso
Ben Peck Donna VanLandingham

ALSO PRESENT: Glenn Bartter and Paul Peterson of BLM, Paul Wisecup of RMBC, Betsy Kirschbaum of Aero, LLC, David Gifford of Twin Otter, Harry Tucker of Plane Storage and Phil Smith.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Chairman Springer announced that presentation of a special award would be added to the agenda directly after Public Comments and Communications, as well as information regarding Airport Authority Insurance to be included under Action Items.

Vice Chairman McCormick requested that discussion on the commercial RFP be added to the agenda. Chairman Springer stated that it would be added under Discussion Items.

Vice Chairman McCormick moved to approve the agenda as amended. Commissioner Lacy seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments.

IV. SPECIAL PRESENTATION TO TED BALBIER, SAFETY MANAGER

On behalf of the Board and Airport Authority, Chairman Springer presented WFAA employee Ted Balbier with a plaque for 30 years of service to the Airport. Mr. Balbier thanked the Board and Staff for this special recognition.

VII. CONSENT AGENDA

- A. Minutes: April 19, 2005 Regular Board Meeting
- B. Minutes: May 3, 2005 Special Board Meeting
- C. Acknowledgement of Receipt of February 2005 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 \$55,535 over budget (13.6%) while year to date operating expenses are \$26,273 under budget (6.8%). This resulted in year to date Operating Income Before Depreciation (OIBD) of \$102,686, which is \$81,808 higher than budgeted year to date.

Rental car, general aviation land lease, commercial fuel sales tax, and parking lot revenues exceeded budget projections (year to date). Because of reduced activity levels on projects involving federal grants (due to weather), the amount of capital contributions realized year to date was minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments increased slightly (0.5%) even with the final payment of the Colorado State Infrastructure Bank (SIB) Loan. This resulted in a corresponding decrease in current liabilities. Accounts payable increased slightly (\$7,221) with the receipt of several vendor invoices at the end of the month. Approximately 33% of accrued liabilities consists of retainage payable attributed to large capital projects that are currently in-progress. Accounts receivable and State grants receivable decreased with the receipt of payments from vendors and the State of Colorado, respectively.

Land, Buildings, and Equipment increased \$31,971 with expenditures for:

- Boarding area expansion project- heating, ventilation, and air conditioning (HVAC control systems)

PFC funds decreased (net) \$125,775 with another payment towards the enterprise revenue notes issued for the boarding area expansion project. This resulted in a corresponding decrease in current liabilities.

Overall, February yielded positive financial performance for the Authority.

- D. Request for Approval of Proposed Improvements- Junction Property Management, LLC

Junction Property Management, LLC (Twin Otter International Limited) leases ground east of the BLM fire center for leasing and servicing of DeHavilland

DHC-6 Twin Otter aircraft, and has requested approval to place three (3) portable storage sheds on its parcel for aircraft parts storage. The proposed sheds would be the same color of Junction Property Management, LLC's existing hangar. Junction Property Management, LLC has already submitted an application for the sheds to the City of Grand Junction Community Development Department.

Since this request is a minor alteration to the site, Staff recommended that the Board approve Junction Property Management, LLC's request for three (3) portable storage sheds, contingent upon:

- Compliance with all applicable Ground Lease Agreement requirements, including the Development and Architectural Covenants;
- Planning approval issued by Grand Junction Community Development Department; and
- Compliance with applicable Mesa County Building Department requirements

E. Request for Approval of Improvements- Bureau of Land Management

The Bureau of Land Management (BLM) leases ground from the Authority for its slurry bomber/fire suppression operations center. Staff recently became aware that the BLM replaced one of its small modular office buildings with a newer modular building without Authority or City of Grand Junction Community Development Department approval. Staff sent a letter to the BLM on April 14, 2005 explaining that, per BLM's Ground Lease Agreement, any improvements or alterations by the BLM to its leased premises must be approved in advance by the Authority.

The BLM responded in writing on April 21, 2005, and provided the Authority with a site plan listing all BLM buildings on the leasehold for Authority review. BLM also provided a copy of the site plan to the Grand Junction Community Development Department. The major structures on the BLM site have been previously approved by the Authority.

Since the BLM responded immediately to the Authority's notice and request for information, Staff recommended that the Board approve the BLM's request for the replacement of the modular office building and any other existing BLM buildings, contingent upon:

- Compliance with all applicable Ground Lease Agreement requirements, including the Development and Architectural Covenants;
- Planning approval issued by Grand Junction Community Development Department; and
- Compliance with applicable Mesa County Building Department requirements

Additionally, Staff recommended that the Board not declare BLM in default of its Ground Lease Agreement since BLM has taken immediate actions to comply with the applicable approval process for alterations and improvements.

Commissioner LaCroix moved to approve the items on the Consent Agenda. Vice Chairman McCormick seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Ground Lease Agreement Award for Taxiway C1-A General Aviation Area Parcel

At the April 2005 Regular Board Meeting, the Board discussed the possible Ground Lease Agreement award for the Taxiway C1-A vacant parcel between the Plane Storage, LLC and Tom J. Daly leaseholds. The three (3) applicants discussed by the Board for possible approval were: Plane Storage, LLC; Analysis, Inc.; and Granum Village Park, LLC. After discussion, the Board decided to defer the selection until at least the May 2005 Regular Board Meeting, pending further discussion and review.

Since that time, one (1) of the applicants (South Camp, LLC) has approached Staff with a request that the Authority utilize the lottery system (an option listed within the Authority's Airfield and Landside Property Leasing Policy, Procedures, and Guidelines) to determine the successful applicant.

An additional option discussed by the Board at the May 2005 Board Workshop was the possibility of awarding the Ground Lease Agreement to the highest bidder.

Although Staff is receptive to any of the above-listed options, Staff recommended that the "highest and best use" methodology continue to be used for the eventual selection of a lessee for this parcel. Staff believes that the highest and best use for this parcel can be determined (in accordance with the Leasing Policy, Procedures, and Guidelines), and that the benefits from this type of selection process outweigh the unknowns that would result from selecting the lessee by the highest bid (rent) or a lottery system. Staff also recommended that the Board defer the selection of an applicant with which to enter into a Ground Lease Agreement for the parcel until such time that Kempton Air Service either cures its default or definitively does not cure its default, with a recommended selection at the June 21, 2005 Regular Board Meeting.

Manager Nystrom asked Staff to report on recent information received concerning an Airport parcel leased to Kempton Air Service. Staff referred to a timeline received from Mr. Kempton.

Staff continued that Mr. Kempton has finally agreed that the loose asphalt surface material he had placed on the parcel does not meet the requirements of the Development and Architectural Covenants. Harry Tucker stated that Mr.

Kempton is proposing a hangar and concrete or asphalt apron in front and an additional apron material for the remainder of the site. He added that a good portion of the material on site would need to be removed and pavement placed where required.

Discussion ensued concerning hangar size and taxiway offset. Manager Nystrom reminded the Board that the parcel under discussion was not the parcel under consideration for the ground lease agreement award.

Vice Chairman McCormick stated that he was concerned about postponing a decision concerning awarding of the ground lease agreement until the default issue with Kempton Air Service was cured.

Manager Nystrom stated the application for the ground lease agreement was from Plane Storage, LLC and not Kempton Air Service, although Mr. Kempton is a partner of Plane Storage, LLC. Mr. Tucker added that Mr. Kempton is not a majority partner.

Commissioner LaCroix suggested that issues concerning Kempton's existing lease be tabled.

Commissioner Palmer stated that the issue before the Board is the lease agreement along Taxiway C1-A and whether or not awarding of the lease should be determined by the highest and best use as recommended by Staff, the highest bidder, or the lottery, as suggested by one of the applicants (South Camp, LLC).

Commissioner Palmer asked what criteria was used in determining the highest and best use.

Manager Nystrom responded that all ten applicants met the Airport Authority's basic criteria. She added that historically the Authority has given preferential consideration to tenants who are located adjacent to the subject property as well as preference to commercial operations.

Several Board members suggested that the existing criteria be changed. Vice Chairman McCormick suggested that a weighting system of the criteria be implemented.

Commissioner Lacy asked how the parcel was advertised. Manager Nystrom responded that pursuant to the WFAA Leasing Policy, Procedures, and Guidelines, notice was sent to all the Airport tenants, and a sign was placed on the parcel. Staff indicated that the notice had been mailed to approximately 120 individuals.

Commissioner LaCroix stated that if the criteria had been in the lease application, perhaps an applicant would have changed its submittal to make it part commercial.

Chairman Springer stated it was his belief that Staff has a better feel for what the criteria should be and was comfortable with their recommendation. He pointed out, however, that he thought it unfair to give preference to an adjacent lessee.

Commissioner Palmer stated he felt commercial is the highest and best use; however, that diminishes aircraft storage. He continued that once this issue is settled, he would recommend that criteria be developed that is used consistently. Vice Chairman McCormick suggested that it should also be included as part of the Airport's leasing policy.

Staff cautioned against setting it in the policy. Staff pointed out that there are unique characteristics inherent with this particular parcel, lending to Staff's recommendation that an adjoining lessee could maximize the benefit of the parcel.

Vice Chairman McCormick suggested that the applications be rejected and the process started over. Commissioner Palmer added that the criteria could be included in the lease applications, adding that the criteria would be for this one parcel only.

Vice Chairman McCormick agreed and also commented that he felt strongly that something should be decided one way or the other at this meeting.

Vice Chairman McCormick moved that the ground lease on C1-A be awarded to Plane Storage, LLC as being the highest and best use. Commissioner Palmer seconded. Roll call: Commissioner Lacy, opposed; Commissioner Palmer, aye; Chairman Springer, opposed; Commissioner LaCroix, opposed; Vice Chairman McCormick, aye. Motion fails.

Commissioner Lacy moved to use the lottery system for the three applicants, Plane Storage, LLC, Analysis, Inc., and Granum Village Park, LLC. There was no second.

Commissioner LaCroix moved that the 10 applicants qualify for a lottery. There was no second.

Commissioner LaCroix moved that this matter be put back out for lease application with the weighted criteria that Staff and the Board would determine immediately after the disposal of the motion and that it be presented again at the June Regular Board Meeting. Commissioner Palmer seconded. Roll call: Commissioner Lacy, aye; Commissioner Palmer, aye; Chairman Springer, aye; Commissioner LaCroix, aye; Vice Chairman McCormick, opposed. Motion carried.

After considerable discussion it was agreed that weighting of criteria for this particular parcel would be:

- Specialized Aviation Services - 6 points
- Blended Use - 5 points
- Multiple Aircraft Storage - 4 points

- Paving – 3 points
- Single Aircraft Storage – 2 points
- Monetary Value – 1 point

Commissioner LaCroix moved that the Airport Authority adopt the criteria established by the Board on this leasehold only, that each criteria be assigned a numeric value, that the numeric values be given to each applicant, and the lease be awarded at the discretion of the Airport Authority based on the highest and best use (utilizing the weighted criteria). Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

The meeting recessed at 7:13 p.m. and reconvened at 7:30 p.m.

B. Airport Authority's Renewal of Insurance Coverage

Chairman Springer announced that as a shareholder, director, officer and manager of Home Loan & Investment Company, he would be excusing himself from this matter and turned the meeting over to Vice Chairman McCormick to conduct this portion of the meeting.

Staff reported that based upon information provided by Home Loan & Investment Company the Airport Authority's insurance broker of record, the Airport Authority anticipates all insurance coverage amounts to come in at or below the amounts that are budgeted for insurance for the upcoming year (June 1, 2005-May 31, 2006).

Commissioner LaCroix moved that the Board authorize the Airport Manager to execute any applicable documents for the renewal of the premiums for the upcoming coverage year. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

Vice Chairman McCormick turned the meeting over to Chairman Springer.

VI. DISCUSSION ITEMS

A. Request to Lease Non-Aeronautical Parcel J

Staff recently received a written request to lease non-aeronautical Parcel J (approximately 0.743 acres) located on the southeast corner of Eagle Drive and Horizon Drive, and an additional 0.5 acres adjacent to the east of Parcel J for a total leasehold area of approximately 1.25 acres.

The request to lease Parcel J was submitted by a local party who represents a development group that is interested in constructing a national franchise restaurant on the leasehold. The development group has asked the Authority to consider this request expeditiously in order to meet a stated franchise site selection process within approximately two (2) months. The development group

has requested that its identity not be disclosed until such time that a franchise agreement is assured.

During a telephone conversation with Staff, the development representative requested that the Authority dispense with its Airfield and Landside Property Leasing Policy, Procedures, and Guidelines for this transaction, and lease the parcel directly to the development group. He indicated that if the Authority follows the Leasing Policy, Procedures, and Guidelines and advertises the parcel for additional prospective lessees, the development group may withdraw its offer to lease the parcel.

Although no formal action is recommended at this time, Staff requested that the Board consider allowing Parcel J (and possibly an additional 0.5 acres adjacent to the east) to be leased separately from the other parcels that will be made available as a part of the Request For Proposals for landside commercial development. Staff also requested that the Board authorize Staff to proceed with leasing Parcel J (existing or expanded) in accordance with the Leasing Policy, Procedures, and Guidelines. Staff's intent in following the Leasing Policy, Procedures, and Guidelines is to attain the highest and best use for the parcel, including the maximization of revenue to the Authority.

Commissioner Palmer made a motion to authorize Staff to proceed with discussions to lease Parcel J separately from the other parcels that will be made available as a part of the Request For Proposals for Landside Commercial Development. Vice Chairman McCormick seconded. Voice vote: all ayes. Motion carried.

Manager Nystrom stated that Staff recommended the Authority not dispense with its Airfield and Landside Property Leasing Policy, Procedures, and Guidelines for this transaction and to advertise that the parcel is available.

Commissioner Palmer moved to direct Staff to post advertising for the parcel for a ten-day period and pursue a lease option based on the criteria established that the highest and best use would be based on a volume of percentage, that the Authority has the right to reject any and all offers, and the rent be a minimum based on percentage of gross. Commissioner Lacy seconded. Voice vote: all ayes. Motion carried.

B. Proposed Revised Requirements and Minimum Standards for Commercial Aeronautical Activities for Walker Field Airport, Grand Junction, Colorado—Self-Service Fueling

The Board was provided with proposed additions to the Requirements and Minimum Standards for Commercial Aeronautical Services and Activities for Walker Field Airport, Grand Junction, Colorado ("Minimum Standards") pertaining to self-service fueling operations. Staff drafted the proposed additions as a result of the growth of general aviation at Walker Field Airport in recent years and obtained comparative provisions from other airports.

Pending the Board's input and direction to Staff regarding this agenda item, Staff recommended that a final draft of the proposed revised Minimum Standards be presented to the Board for consideration at a future Regular Board Meeting.

Discussion ensued concerning the advantages and disadvantages of allowing self-service fueling, consideration of underground tanks, insurance liabilities, environmental impact, and minimum standards required for self-service fueling operations.

This agenda item was tabled so that Staff could further research some of the issues presented by the Board.

C. Request to Commence Notification Process to Amend Existing WFAA Passenger Facility Charge (PFC) Program and Submit New Projects for Consideration

At the February 2005 Board Workshop and May 2005 Board Workshop, the Board discussed the Authority's Passenger Facility Charge (PFC) Program. As a part of the discussions, the Board reviewed the existing Program projects and several potential new projects. One of the existing projects, Air Carrier Ramp Expansion, is the only project that has not been completed. Because of anticipated funding from other sources, including FAA Airport Improvement Program (AIP) discretionary grant funds, the PFCs that were originally programmed for this project (PFC portion is \$200,000) could be used for other new projects, including:

- Replace Baggage Carousels\$200,000
- Airline Ticket Office Improvements.....\$290,000
- Terminal Building Access Road
Reconfiguration and Reconstruction
(Walker Field Drive)..... \$4,250,000
 - (Design/Engineering..... \$750,000)
 - (Construction..... \$3,500,000)

To delete a project from an existing PFC Program, an airport operator must submit an application to the FAA to amend the Program. For new projects, separate applications to impose (collect) and use (spend) PFCs must be submitted to the FAA.

Staff provided the Board with a presentation of the Authority's PFC Program, including:

- Funding options (PFC and non-PFC) for the terminal building access road (Walker Field Drive) reconfiguration and reconstruction project
- Available options for timing of PFC amendment, impose, and use applications
- Contingency plans for unforeseen (emergency) projects

One of the available options which the Board could select is for the Authority to amend its existing PFC Program to delete the air carrier ramp expansion project and submit a new impose and use application for any of the above-listed projects. If this option was selected, Staff would proceed with notifying the public and the applicable airlines of the Authority's proposed changes and additions to its PFC Program.

However, Staff would not proceed with submitting the applications to the FAA until the Board reviews comments received from the public and applicable airlines, and subsequently adopts a resolution authorizing Staff to proceed with submitting the applications to the FAA.

The Board directed the Staff to commence the process to amend the existing PFC Program to delete the air carrier ramp expansion project and to submit a new application to impose and use PFCs for potential new projects including Replacement of Baggage Carousels and Airline Ticket Office Improvements.

D. Request For Proposals For Commercial Development Information

Vice Chairman McCormick referred to page 3 of the Request For Proposals for commercial development in which it indicates "consider various sites of retail." He stated that he felt "retail" was limiting and did not allow for other commercial applicants.

Commissioner Palmer suggested it be changed to business uses.

Vice Chairman McCormick questioned what the proposed timeline for submittal of Request For Proposals applications is. Staff responded that a six-month period for applications to be submitted was envisioned.

Discussion followed, and it was agreed that 120 days be allowed for submittal of applications and that the advertising process begin as soon as June 1st. It was also agreed to change the criteria to business uses rather than retail.

Chairman Springer suggested that the process in determining the successful applicants be discussed at the June Workshop in order to expedite the timeline.

VII. AIRPORT MANAGER'S REPORT

VIII. OTHER ITEMS

A. June Board Workshop

Manager Nystrom suggested that the major topic for discussion be the landside roadways issue. She added that a second topic could be a review of the Airport Development and Architectural Covenants.

B. Board Retreat

Chairman Springer asked if there were any prospective dates for a retreat.

After discussion, the Board agreed to table this item until the Board members who were not present at the meeting could provide input regarding their time schedules.

C. Compensation Committee

Chairman Springer commented that as part of the budgeting process last year, there were a number of questions raised concerning the process in setting compensation. He added that in order for the Board to accomplish a better understanding of the process, he would like to appoint a Compensation Committee to include Vice Chairman McCormick as chairman, Commissioners Little and Palmer, and Manager Nystrom.

D. Preliminary Airport Manager Performance Evaluation Criteria

Chairman Springer commented that the Board has gone through several different processes when completing the Airport Manager's annual performance evaluation. He stated that he and Vice Chairman McCormick had several discussions after last year's evaluation to determine if the process could be improved. He added that Vice Chairman McCormick developed a performance criteria worksheet draft for the Board to examine to determine if it is one that can be utilized. He asked the Board members to review the worksheet so that it can be discussed in the future.

IX. ADJOURNMENT

Commissioner Palmer moved to adjourn the meeting. Vice Chairman McCormick seconded. Voice vote: all ayes. Motion carried. The meeting adjourned at 9:48 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2005.

Craig N. Springer, Chairman

ATTEST:

Charles S. Novinskie, Deputy Clerk